



**M.Sc. in Business Management
Department of Business Administration**

**Challenges of the Canadian Premier
League in its first season**

**Learnings from early experience and contrasting with business
start-ups**

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Name of student: Sebastian Goldstein

Kennitala: 050388-4339

Supervisor/s: Thóranna Jónsdóttir

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Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document, I confirm and agree that I have read RU's ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

January 4th, 2021, Winnipeg, Canada 050388-4339



.....
Date and place

Kennitala

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Abstract

In 2019, the Canadian Premier League (CPL) kicked off its inaugural season. The CPL is a newly established tier-one domestic entity that filled a void for professional football in Canada. Previous attempts to establish a professional football league in the country failed due to various reasons. League officials seemed to face insurmountable challenges prior to the start of the league's inaugural season. Nevertheless, the new venture concluded its first season and received great reviews from local media. Little research has been published regarding the CPL in general and on its challenges in particular. Therefore, this thesis investigates the challenges of the Canadian Premier League in its first season and additionally contrasts the findings with obstacles regular business start-ups are facing.

The researcher utilized a qualitative research approach for this study. Semi-structured interviews with open-ended questions were conducted with eight study participants. The research shows that league officials did a great job of anticipating potential challenges and put a sound league structure in place that facilitates the viability of the league and its clubs. However, the study also shows that the CPL and its clubs faced both, previously known and unknown obstacles that appeared prior, as well as during the inaugural season. Many of the league's identified challenges are similar to the ones regular business start-ups are facing. However, both entities are difficult to contrast as they demonstrate stark differences. Sport in general is a particular business and the CPL sets itself apart due to its community involvement and unique ownership structure.

Keywords: *Canadian Premier League, Sport Management, Business Challenges, Business Start-Ups, Entrepreneurship*

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1. Introduction

The Canadian Premier League (CPL) is a newly established professional football league in Canada. Its inaugural season kicked off on April 27, 2019 at Tim Hortons Field in Hamilton, where Forge FC hosted York9 FC for the very first match of the CPL (Canadian Premier League, 2019a). Seven teams, situated across the country from coast to coast participated in the competition, which concluded in October 2019 (Canadian Premier League, 2019a). The CPL filled a void for professional football in Canada as there was not an established domestic league in place prior to the establishment of the new venture (Canadian Premier League, 2017). The Canadian Soccer League (CSL) served as a professional football league in Canada from 1987 until 1993, but had to cease operations due to financial mismanagement and unreasonable expectations (Rockerbie, 2014). Prior to the establishment of the CPL, three franchises, located in Canadian cities (Toronto, Montreal, and Vancouver), joined the Major League Soccer (MLS) and currently compete primarily in the United States (Rockerbie, 2014). Up until the spring of 2019, there were very few opportunities for Canadian football players to showcase their talents on an appropriate stage. Second-tier developmental leagues, provided by the American United Soccer League (USL) were seen as the only opportunity to play soccer on a higher level in Canada (United Soccer League, n.d.), but they did not provide intriguing platforms that facilitate the development of the sport in the country. With no clear path for Canadian soccer talent to showcase their skills and fulfil their potential on an appropriate stage, the CPL tried to establish itself as the main professional football league in Canada. It's slogan 'for Canadians, by Canadians' highlights the fact that the league's primary focus is to develop Canadian players (Canadian Premier League, n.d.).

It is not very common to develop a domestic tier-one professional football league from close to scratch. Most professional football leagues possess a rich history and manufactured entities like the MLS and the CPL face an uphill battle to establish themselves and grow in a sustainable way that facilitates survival as the development of a new sports league is quite complex (Francis & Zheng, 2010).

When looking at Canada, league officials are hopeful that two factors will boost the popularity of the CPL and create demand for the product in the country. On the one hand, Canada's multicultural population and demographic makeup (Berry, 2013). A high number of immigrants view football as their sport of choice and might serve as an

essential base of passionate supporters for the league. On the other hand, Canada will serve as a co-host of the FIFA World Cup in 2026 in an united bid with Mexico and the United States (Ludvigsen, 2019). This landmark event might boost the interest regarding the sport of soccer in the country and therefore offers the CPL with an excellent opportunity to market itself in a way to take advantage of the growing enthusiasm leading up to the competition. Although these two factors might provide the newly established league with great growth opportunities that have CPL officials optimistic about future prospects, doubts persist in regards to the feasibility of the league as Canada is still seen as a hockey nation (Robidoux, 2002).

At the time of the CPL's initial announcement, the researcher was working in the Canadian soccer industry and initially doubted the viability of a new Canadian professional football league. The country in itself poses several obstacles when considering the sheer size and unforgiving climate. There was a need of massive investments and a sound business plan to attract potential sponsors and financially sound investors. Although challenges were omnipresent, the league's first game kicked off on April 27, 2019 (Canadian Premier League, 2019a), and by the time this thesis will be published, the league finished its second season despite a global pandemic. The inaugural CPL season received great reviews from the media, however, very little to no research has been conducted and published when it comes to the league in general. There is a lack of existing research that examines the obstacles that league officials and the individual clubs had to overcome in order to provide a good product on the field that attracts spectators.

1.1. Research Question

This thesis aims to uncover challenges, the CPL and its individual clubs faced during the inaugural season in 2019. In addition, the researcher intended to uncover obstacles that arose during the buildup of the league and future challenges the CPL and its teams need to overcome in order to establish a prosperous product. Furthermore, the researcher aims to compare the obstacles regular business start-ups are facing to challenges of the CPL, that emerged from the research findings highlighted in the *Results* chapter of this thesis. Thus, the researcher identified two research questions that will be explored in this thesis that provide the study with a structure to meet set objectives. In addition to the two research questions, the researcher aims to provide the reader with

context regarding the approaches the CPL put in place to establish the new venture. The context and background information regarding the league set-up will serve as the base of this study.

1.1.1. Context of the CPL: What approaches did the CPL use to establish a professional soccer league in Canada?

The objective of this topic is to explore the structures, concepts, and specific approaches the CPL put in place and used in order to establish a product that aims to thrive for years to come.

1.1.2. Research Question 1 (RQ1): What are the challenges of the CPL?

This question aims to examine obstacles the league was facing prior to kick-off and during its inaugural season. The goal is to discover unique challenges that have not been publicly discussed. Additionally, potential future challenges will be highlighted that might threaten the viability of the league.

1.1.3. Research Question 2 (RQ2): Did the CPL face similar obstacles than regular business start-ups and to what extent are the two entities comparable?

The purpose of this question is to compare obstacles the CPL faced, that emerged from the findings in the *Results* section of the thesis, to challenges regular business start-ups experience, which will be uncovered by reviewing current literature. Once contrasted, the researcher aims to reflect on whether the two entities are comparable or not in his concluding remarks.

To provide readers with the context of the CPL and to answer the two research questions, the researcher conducted qualitative research by interviewing eight individuals that possess deep knowledge of the CPL and professional football leagues in general. With the use of current literature, presented in the *Literature Review* chapter, as well as the findings in the *Results* chapter, the researcher critically examines and interprets the collected data in the *Discussion* chapter. The *Methodology* section of the thesis describes in significant detail how the researcher conducted the study and which research methods were applied. The *Conclusion* chapter offers a review of this study and the researcher reflects on the question whether the CPL is comparable to regular business start-ups.

Additionally, limitations of the study, as well as future research recommendations will be presented in the *Conclusion* chapter.

The topic was chosen by the researcher due to his past work experience in the Canadian football sector and by virtue of his passion for the sport. The findings of this study aim to shed light on previously expected and emerging challenges of the Canadian Premier League and its individual clubs during the league's inaugural season. This thesis will create a base for further research regarding the new venture and start-up leagues in general.

2. Literature Review

This chapter provides an overview of the relevant literature that has been published to date regarding challenges of professional sports leagues and business start-ups. This section will examine the setup and general composition of leagues and new ventures, as well as their attributes, along with unique characteristics. Continuing, the researcher aims to establish an understanding regarding the differences in sport league architecture between North American and European entities, as there are stark disparities to point out that will support the argumentation in the following chapters of this thesis. Additionally, the background, circumstances, and unique challenges of football leagues in the United States and Canada will be examined. In the latter part of this chapter, the new venture process will be scrutinized and particular challenges and conditions, that lead to either, start-up failure or success will be discussed.

2.1. Context and background in regards to professional sports leagues in North America and Europe

There are countless professional sports teams around the world, competing in their respective leagues. In general, sports play a big role in the lives of many people and a connection towards a specific team can be very profound and emotional. Borland and Macdonald (2003) explained that a fan establishes a strong identification with a club through either geographical or emotional connection. Therefore, one cannot deny that professional sport leagues attract passionate fans, who regularly cheer for their favourite teams. Nonetheless, not only fans profit from a thriving team, as it also plays an integral role in their respective communities as well.

According to Greenwood et al., (2006) sports play an essential part in our society as a whole and will continue to do so in the future. The authors continue to explain that even mid-level professional sport teams shape, and have a lasting effect on the makeup of numerous communities worldwide, where their current and future success further strengthens the economic and social infrastructure (Greenwood et al., 2006). But in order to stage a competition in the first place, a professional sports league has to be established through set rules and regulations that require the participating teams to follow predetermined statutes.

Research by Mason (1999) shows that a professional sports league should be defined as the business entity, as various teams cannot simply establish a product by

themselves. The author continues to explain that when a team agrees to join a league, it also agrees to abide by the league's rules and by-laws. Teams then have the right to compete against each other throughout a scheduled competition, governed by the league itself (Mason, 1999). Rottenberg (2000) explains:

Like firms in other industries, teams employ scarce resources in producing entertainment. Those resources include the services of players and administrative staff, transportation, stadiums, playing equipment, and resources employed in the search for talented players and in the improvement of their playing skills. (p.12)

According to Fort and Quirk (1995), professional team sports, especially leagues that are established in the United States (Baseball, Basketball, Hockey, and American Football), are prime examples of business cartels. They are referred to as business cartels, since sport clubs restrain economic competition to facilitate the notion of uncertainty of outcome regarding league games through set agreements such as roster limits, salary caps, draft rules, transfer fee system, as well as the sharing of income generated from ticket sales, broadcasting, and merchandising, which would be restricted in any other context (Alavy et al., 2010). Neale (1964) described that clubs participating in a specific league need each other in order to produce a product. The product of a professional sports league is simply the live sporting event itself (Greenwood et al., 2006).

2.1.1. Comparison between North America and Europe

Szymanski and Valletti (2010) explained that the National League of baseball, the oldest surviving team sport league in North America, as well as the English Football League, the oldest surviving soccer league in Europe, served as templates for the creation of professional sports leagues on their respective continents.

Avgerinou (2007) stated that there are significant differences when it comes to organizational structures of team sports in North America compared to Europe, namely: varying objectives, geographic allocation of teams, and measures sport leagues have in place that ensures proper operation. Hoehn and Szymanski (1999) explained that contrary to European league systems, where annual promotion and relegation of teams between higher and lower divisions is commonplace, North American league models can be described as 'hermetic' where new teams are rarely admitted, but when they are, current clubs first have to approve the expansion process and then are able to divide a corresponding entry fee amongst each other.

In general, North American franchises have the objective of profit maximization, compared to the utility maximization approach by their European counterparts (Avgerinou, 2007).

When only examining the aspect of profitability, the North American structure of granting franchise rights for owning a club is preferable to the European model of promotion and relegation between respective leagues (Drewes, 2003). Additionally, Szymanski (2003) suggests that teams competing in sport leagues across the United States are profit maximisers, whereas European soccer stands in contrast with this notion due to cultural and institutional circumstances and are not all profit maximisers. The author continues to explain that “many clubs in Europe are also ‘clubs’ in the legal sense – operating under a club committee who are volunteers and have no powers of borrowing and no shareholders to whom to distribute surplus” (Szymanski, 2003, p.1170). Especially in British football, clubs are described as quite unusual businesses by Guzmán and Morrow (2007):

Although constituted as limited liability companies and hence ostensibly operating within the same legal and governance framework as companies in other areas of economic activity, they exist in a peculiar emotional and social space, where unusually strong relationships often exist between the company and stakeholders like its supporters and the community; those relationships typically being based on issues like identity and belonging. (p.309-310)

The major leagues in the United States use a closed league system where franchises are able to relocate under certain circumstances, apply revenue sharing, salary caps, and a university player pool to replenish their playing talent through annual drafts, whereas the European league model uses a promotion and relegation league system where no collective measures apply (Avgerinou, 2007). According to Ramchandani et al., (2018), both professional team sport models, in Europe and North America, are aware of the importance of competitive balance between clubs that in turn facilitates fan interest and demand for the product. In North America, leagues use various methods in order to achieve a balanced competition throughout a season. In theory, the implementation of a salary cap should lead to an improved competitive balance between teams competing in the same league and a set roster limit per club inhibits teams to amass a high number of high end players (Szymanski, 2003). In addition to salary caps and roster limits, Szymanski and Valletti (2010) identified draft rules, luxury taxes, and the sharing of gate and broadcast revenue as additional methods to achieve a competitive balance.

When looking at the rookie draft system in North America, Andreff (2011) explains that team owners in major US leagues see the system where university players are being drafted by league teams in reverse-order-of-finish as a way to control the league's competitive balance, but at the same time restricts clubs to freely choose which player they would like to hire.

Rosen and Sanderson (2001) described the differences between North American and European Leagues as such:

All schemes used in the United States punish excellence in one way or another. The European football approach punishes failure by promoting excellent minor league teams to the majors and demoting (relegating) poor performing major league teams back down to the minors. The revenue loss from a potential demotion to a lower class of play is severe punishment for low quality – severe enough that salary treaties, league sharing arrangements, and unified player drafts are so far thought to be unnecessary, even though star salaries are enormous. It is an interesting economic question as to which system achieves better results. (p.66)

Andreff (2011) suggests that one can compare North American (closed sports leagues) and European (open sports leagues) in regards of their organization and uncertainty of outcome, as both systems strive for competitive balance. However, the author continues that the two systems are not comparable when it comes to financial variables, as closed league teams have strict constraints regarding their budget, where open league teams have soft constraints regarding their budget, which leads to contrasting team recruitment strategies (Andreff, 2011).

2.2. General challenges of professional sports leagues

There are numerous examples of professional sports leagues that failed to establish themselves due to their inability to overcome emerging challenges.

2.2.1. Demand

One challenge every professional sports league encounters is the creation of demand. Research by Borland and Macdonald (2003) suggests:

Understanding about the nature and determinants of demand is arguably the most important empirical issue in analysis of professional sporting markets. Team owners and managers, sporting league administrators, and public policy-makers

or regulators simply cannot make correct judgements on issues of vital importance to them, without having some knowledge about demand. (p.480)

Therefore, in order to establish on how to best determine the price and promote a product, it is invaluable to recognize and understand consumer behaviour, attitudes, and desires (Greenwood et.al., 2006). According to Borland and Macdonald (2003), maximizing fan interest should be one of the main interests of sporting leagues, as fan interest can be viewed as the basis of demand. Furthermore, the authors suggest that, in order to maximize fan interest, league officials have to take into consideration the geographic composition of teams participating in the league and how that affects live attendance and TV ratings, as well as an even competition with a good quality of play (Borland & Macdonald, 2003). Research by Mason (1999) revealed that the fans, television and other media, communities that build facilities and support local clubs, as well as businesses that interact with the league and teams are the main four groups of purchasers of the league product. The author continued to explain that in order to sustain its consumer base, it is absolutely crucial for a league to maintain the uncertainty of game outcome (Mason, 1999). In addition to this, Rottenberg (2000) suggests that the quality of the game will be higher when an outcome of a specific game is uncertain before the start, and for a long duration during play.

2.2.2. Financial Constraints

One critical challenge a high number of professional sports leagues face are financial constraints due to expensive infrastructure costs and league structures that facilitate overspending.

Research by Francis and Zheng (2010) suggests:

Start-up leagues are not immediately profitable due to large upfront infrastructure costs incurred (stadiums, player salaries, training facilities, etc.) with very little revenues initially being accrued. Even teams with existing leagues may experience losses in a given year, due to factors such as team performance and merchandise sale. Therefore, in order to develop a sustainable business model in the long run, owners must have a strong financial backing to be able to absorb losses in the interim. (p.551-552)

According to Avgerinou (2007), “financing of professional team sports lends itself to economic analysis from 2 aspects: one is the financing of stadia, where economists seek the appropriate portion of public financing and the other is the financing of the operations

of the club” (p.9). Solberg and Haugen (2010) argue that despite teams, especially in European club football, generate enormous revenues, they are prone to experiencing substantial amounts of debt and the possibility of bankruptcy. Immense investments in top-class players, state-of-the-art stadiums, coupled with a lack of sporting success causes clubs to spend more money than they generate, which might lead to disastrous consequences (Kennedy & Kennedy, 2012). Millward (2013) suggests that a very high portions of a clubs’ revenue will directly be invested in playing personnel, which in turn leads to very small profit margins or even financial losses. Research by Dietl et al., (2008) shows that overinvestment in playing talent fostered by bitter competition between clubs leads to the dissipation of a league’s revenue. In addition, the authors revealed the following as factors that promote overinvesting:

- A stronger correlation between talent investments and league performance.
- A more unequal distribution of the league’s revenue.
- An additional exogenous prize (e.g. participation to international competition) awarded to the winner of the domestic championship.
- A system of promotion and relegation.
- An increased inequality between first and second division of a domestic league. (Dietl et al., 2008, p.366)

Szymanski and Valletti (2010) argue that open European sport leagues foster an environment that promotes the existence of fierce rivalry through competition of championships, as well as through a competition to avoid relegation at all cost. In addition, the author’s research found that in Europe, where promotion and relegation is applied, teams compete ferociously and are unwilling to share resources, even if the measures result in bankruptcy, whereas in North America, where a closed league system is in place, teams compete economically less intense and do share resources (Szymanski & Valletti, 2010). Andreff (2011) states that when relegated, a team’s revenues might decrease by 75-80% in a lower league, whereas a promoted team in a higher division can expect its revenues to increase by approximately five times. The concept of promotion and relegation, as well as win-maximization deployed by European leagues teams through continuously spending and investing of revenue in better players to avoid penalization can be described as the rat race principle, explained by Akerlof (1976). As an example for this, Szymanski and Valletti (2010) stated the following:

The three teams with the poorest winning records in both the American and National Leagues spent less than the league average of 54% of total revenues on the payroll. In the Premier League only one out of the seven worst performing teams spent less than the league average of 60% on salaries. Blackburn Rovers who were in fact relegated in this season, spent more than 100% of their income on payroll. (p.11)

This is a perfect example of a team that is overspending just to avoid relegation and by doing that, the team compromises its entire future and revealed a dangerous challenge of open league concepts.

2.2.3. Revenue generation

When it comes to generating revenue, Ramchandani et al., (2018) stated that the predominate revenue sources of professional football clubs and leagues are matchday revenue from ticket sales, commercial revenue from sponsorship deals, as well as broadcasting revenue from television companies. In addition, Rottenberg (2000) explained, the main revenue source for clubs are the sale of tickets at games and the sale of broadcast rights. In order to achieve a competitive balance and to promote a balanced distribution of playing talent, sport league administrators can apply a revenue sharing model amongst bigger and smaller league clubs (Kesenne, 2000). Feess and Stähler (2009) mentioned that gate-revenue sharing is a common practice amongst major American sports league (e.g. NFL and MLB), while major European football leagues (e.g. English Premier League, German Bundesliga) use revenue sharing to distribute the return from sold broadcasting rights amongst league clubs via set rules and regulations. In the US, professional sport leagues have very equal revenue sharing arrangements in place, whereas in European football leagues, a higher league finish, as well as more screen time on live-television can contribute to a higher share of revenues for an individual club (Ramchandani et al., 2018).

Easton and Rokerbie (2005) explained in detail that especially central-pool revenue sharing is able to increase profits for a majority of clubs through the sharing of central fund revenues (TV, apparel, and licensing rights). However, the authors also suggest in their article that revenue sharing can be seen amongst some clubs owners as highly controversial, as large revenue clubs will not be able to dominate smaller market teams for an extended period of time on the playing field and additionally secure their financial viability (Easton & Rokerbie, 2005). Additionally, research by Chang and Sanders

(2009) found that pool revenue sharing amongst teams in professional sport leagues actually diminishes the competitive balance of teams, as such arrangement tempts club owners in lower revenue markets to rather pocket the money they received from the agreement instead of spending it on player talent. Even with revenue sharing in place, some professional sport leagues experience issues with financial disparities among teams that participate in the same league, as some clubs are able to gain a competitive advantage through the generation of higher revenues compared to others (Mason, 1999).

2.2.4. Team location

The location of franchises has to be strategically decided to ensure maximal fan exposure in both, small and large markets (Francis & Zheng 2010). Fort and Quirk (1995) mentioned that one of the main problems for sport leagues is to make sure that clubs, located in weak-drawing markets, remain financially viable over time. Once teams have established themselves in a league (in a North American closed league system), they possess territorial rights and no additional team may be placed in that specific market without the consent of the team that is already rooted in the area (Rottenberg, 2000). According to Szymanski (2003), supporters tend to cheer for a specific team due to geographic location, and support the team even though it might be lacking sporting success. The author further explained that league officials have to be careful and must put measures in place to ensure a level playing field for all teams, since supporters of a club with a perennial lack in success might lose interest in the team and the sport altogether (Szymanski, 2003).

Sport leagues must be cautious when expanding and have to take into account the existence of a ‘natural’ upper limit regarding the number of teams, in order to maintain profitable (Fort and Quirk, 1995).

2.3. Lessons learned from the establishment of professional soccer in the US

When examining professional soccer in the United States, it is historically and presently seen as a “second-tier” sport from the perspective of the American population when it comes to popularity and audience demand (Francis & Zheng, 2010). Lindner and Hawkins (2012) explained that soccer is seen by many as un-American and a target of resentment, despite it being the most popular youth participation sport in the country, which is experiencing a steady grow in popularity amongst many Americans.

In the mid-1970's the North American Soccer League (NASL) enjoyed a short period of success through the signing of global football stars, but it had to fold in 1984 as international superstars retired and smaller market teams suffered due to a decline in demand (Lindner & Hawkins, 2012). In an effort to attract more spectators and increase demand for the product, league officials changed various soccer rules, such as a game clock counting down to zero and the introduction of shootouts to avoid a tie game, that, in retrospect, had a negative effect on participation of the sport (Francis, 2011). In addition, the author suggests that although the NASL folded, it facilitated the soccer movement in the United States and provided a blueprint for future leagues that could learn from the mistakes that led to failure of the league (Francis 2011).

In 1988, the FIFA World Cup was awarded to the United States, which led to the development of the Major League Soccer (MLS), as the US Soccer Federation agreed to establish a professional soccer league in the country as a condition that was attached to the winning bid (Gerke, 2019).

Francis (2011) explained that the newly established MLS, which launched its inaugural season in 1996, took a far more conservative approach when it comes to long term strategy and structure when compared to the previously failed NASL. Haas (2003) states that one of the biggest challenges of the MLS was to engage and attract potential team investors that were financially strong, as the demand of the new soccer league was at that point in time still unknown.

Flynn and Gilbert (2001) explained that the MLS established itself as a single corporate entity, where individual club owners not solely own the respective club but also a financial stake of the league itself as investor-operators. The article continues to describe that the MLS model differs from the major four American leagues (NFL, NBA, MLB, and NHL), as the leagues are organized as unincorporated associations that consist of their member clubs (Flynn & Gilbert, 2001). According to Haas (2003), "in such an ownership structure, the league can be viewed as a stock corporation with subsidiaries in different locations in the form of the individual MLS teams" (p.205).

Additionally, Francis (2011) explained that this system provides the MLS a strong centralized leadership, that, with the addition of a set salary cap that limits team spending, a focus on national players due to a limitation on international players per team, great TV

deals, as well as an emphasis on soccer specific stadiums, led to a sustainable future of the league.

2.4. Football in Canada

When it comes to sports in Canada, Robidoux (2002) explained that since the confederation of Canada in 1867, ice hockey (or just called hockey in Canada) has been one of the primary national symbols and the country's most popular sport to date. In addition to hockey, the author stated that lacrosse, a game played by North American indigenous peoples long before European settlers set foot on Canadian soil, became very popular and was referred to as Canada's national game (Robidoux, 2002). To this day, both, hockey and lacrosse are seen as typical Canadian. It is interesting to note, however, that Canada has strong ties to the UK, as it was a former colony of the British Empire that still shares historical, cultural, and sporting history (Green, 2007).

Buma (2009) explained that one can apply the American anti-soccer perception of many people to Canada as well, however, soccer fans in Canada are actively trying to establish the sport and elevate it from its ethnic niche sport designation, as it is regularly perceived to be. In 2010, Canada ranked fifth worldwide in regards to the largest foreign born population, which equals roughly 20% of the country's entire residents and highlights that fact that immigration and multiculturalism are firmly embedded in Canadian society (Berry, 2013). According to Palacios-Huerta (2004), "football (soccer) is the world's most popular sport" (p.241) and many newcomers to Canada grew up playing the game and bringing the passion for it to their new home country. Therefore, it comes as no surprise that many immigrants have a deep connection to soccer and were actively involved in the development of the sport in Canada. Buma (2009) explained that in the former Canadian Soccer League (CSL) various teams with strong ties to specific ethnic communities, such as Portugal FC and Toronto Croatia, competed against each other.

Prior to the introduction of the Canadian Premier League, Holt (2002) explained that even though soccer is a thriving sport in Canada, played by a high number of people throughout the country, it lacks a professional structure, a national passion for the sport, and is viewed as predominantly played by children. Soccer is a very popular sport in Canada and enjoys popularity amongst youth players nationwide. However, the lack of a

professional league in the past decades hindered the development of talented players to showcase their skill on an appropriate stage. Rockerbie (2014) argues that “what Canada lacks is its own viable semi-professional football league that can serve as a development platform for Canadian players” (p.3). Rockerbie (2014) explained that even though there are three Canadian teams competing in the MLS (Toronto, Montreal, and Vancouver) and various other Canada-based clubs participating in second-tier US leagues (NASL, PDL), they hardly feature Canadian players in their squads. Rockerbie’s research referenced to the time prior to the CPL being announced as the new domestic professional football league in Canada.

Prior to the Canadian Premier League, the CSL operated nationally between 1987 until 1993 and featured predominantly Canadian players, however, the league folded due to bad financial management, unreasonable expectations, and weak Canadian football markets that seemed to deter potential sponsors and investors (Rockerbie, 2014).

The World Cup in 2026 was awarded to Canada, Mexico, and the United States in their combined bid for the event branded as ‘United 2026’, which will comprise 16 host cities, with ten of them being located in the US and three each in Canada and Mexico (Ludvigsen, 2019). In his article, Green (2007) argues that “sport as a cultural institution is a significant contributor to the vitality, vibrancy and international profile of a nation” (p.922). Ludvigsen (2019) explained that it is the first time for Canada to host the World Cup, which can also be viewed as a sport mega-event (SME), and provides a great opportunity for the country to create a positive legacy while showcasing its culture, attractions, and facilities to visitors and viewers from all over the world. According to Szymanski (2003), the soccer World Cup plays an important role when it comes to the development of the sport in countries where poor league infrastructure exist, since portions of the profit, generated by the competition, are allocated towards the development of the sport. Therefore, the CPL must use the momentum of the World Cup announcement and anticipation to further foster the development of the league. However, this will be a difficult undertaking, as the attributes of the country itself present immense challenges.

According to Holt (2002), Canada is facing various challenges when it comes to the establishment of a professional soccer league and talent development in the country. The author further explained that soccer is not seen as a major sport by many Canadians, the

climate is unforgiving during the winter months, that last from November until at least March, and don't allow for outside soccer activities during this period, as well as the nation's geographic circumstances, with it being the second largest country in the world, represent immense challenges (Holt, 2002).

2.5. The business start-up

What exactly is a business start-up and how can it be defined? Michael I. Luger and Jun Koo proposed the exact same question and tried to establish a universal, omnibus definition that was lacking up until they published their work. When looking at previous attempts to define business start-ups in literature, three different definitional criteria consistently emerged: "new", "active", and "independent" (Luger & Koo, 2005). The authors explained that all three variables should be taken into consideration when defining the new term, as all start-ups are new entities, have to actively engage in the trading of goods or services, and should be set up as an independent entity with no existing ties to already established business organizations (Luger & Koo, 2005). To conclude their research, Luger and Koo (2005) established the following definition:

A start-up can be defined as a business entity: which did not exist before during a given time period (new), which starts hiring at least one paid employee during the given time period (active), and which is neither a subsidiary nor a branch of an existing firm (independent). (p.19)

According to Ries (2011), a start-up is a "human institution designed to create new products and services under conditions of extreme uncertainty" (p.8). The author continues to identify a start-up as an institution where individuals convert specific ideas to products or services, measure customer feedback, and then react according to the received responses (Ries, 2011).

Blank and Dorf (2020) explained that business start-ups stand in stark contrast to large companies, as they constantly seek a profitable business model that enhances the chance of success through the application of profound tools and guidelines. Additionally, the two authors argued that it is crucial for new ventures to learn from past mistakes and that the ability to adapt distinguishes a successful entity from a failing enterprise (Blank & Dorf, 2020).

2.5.1. Entrepreneurship

In his research, Venkatraman (1997) described two distinct premises when examining the topic of entrepreneurship and based his assertions on the fact that change is a fact of life, as there will always be a supply of worthwhile opportunities and individuals with a creative mindset that are looking to exploit those. The author explained the existence of a weak premise of entrepreneurship, where the inefficiencies of markets and societies lead to business-minded individuals taking advantage of the status quo, and the existence of a strong premise of entrepreneurship, where enterprising individuals working in a continuous aspiration towards general enhancements, coupled with further technological advancement will sooner or later disrupt markets that approach a state of equilibrium (Venkatraman, 1997). Shane and Venkataraman (2000) define the field of entrepreneurship as the “scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (p.218).

Gnyawali and Fogel (1994) study found the following:

Entrepreneurship can flourish if potential entrepreneurs find opportunities in the environment, if environmental conditions motivate entrepreneurs to take advantage of these opportunities, and if environmental conditions enhance entrepreneurs’ ability to start and manage a business.

The framework Gnyawali and Fogel (1994) developed for an entrepreneurial environment consists of the following five dimensions that are crucial for every business start-up: socioeconomic conditions, government policies and procedures, entrepreneurial and business skills, financial support for businesses, and non-financial support for businesses. According to Shane and Venkataraman (2000), entrepreneurs have to possess either prior knowledge of information, or the cognitive abilities to value and take advantage of potential business opportunities.

2.5.2. Start-up process

Korunka et al. (2003) suggest that the actual creation of a start-up is a complex and dynamic mechanism between factors such as preparation and decision making processes. According to the authors’ definition, “the startup process begins with the first actions of the nascent entrepreneur (e.g., initial contact with a chamber of commerce or a bank) and ends with the first business activities of the new venture (e.g. launching a product/service)” (Korunka et al., 2003, p.23). Carter et al. (1996) suggest that a personal

commitment by an entrepreneur and other individuals involved in a new start-up is most often the very first event when it comes to the creation of a venture.

Various scholars discuss different frameworks that explain the new business venture process. Gartner (1985) outlined four different dimensions to explain the establishment of a new start-up: the individual(s) that are involved in the new venture, the organization of the specific business, the environment that influences the business, and the process that comprises the entrepreneurial activities of the individual(s) to establish the venture.

Research by Shook et al. (2003) introduced a four-step organizing model that specifically describes the start-up process which includes the entrepreneurial intent, opportunity search and discovery, the decision to exploit by new venture creation, as well as the opportunity exploitation activities.

2.5.3. Challenges

Every entrepreneur is faced with an enormous number of obstacles that must be overcome to establish a new venture. Keat and Ahmad (2012) suggest that challenges and obstacles predominantly exist in the early stages of a start-up process. When starting a new venture, there is always risk involved. As Venkatraman (1997) explained, “entrepreneurship requires making investments (times, effort, and money) today without knowing what the distribution of the results will be tomorrow” (p.124). Ries (2011) argued that start-ups operate with a high amount of uncertainty as new ventures often times lack initial customers and a final product.

Sarasvathy and Dew (2005) argued that entrepreneurs face various issues if they aim to create new markets for their products and services, such as time lags, uncertainty, and obstacles in regards to the exploration of opportunities. Additionally, March (1991) argued that “the essence of exploration is experimentation with new alternatives. Its returns are uncertain, distant, and often negative” (p.85).

Researched by Young and Welsh (1993) showed that obstacles can be identified and divided into three categories: business, individual, and family. The authors explained that business obstacles are mainly financial nature, lack of guidance, and difficulty finding appropriate facilities and location; individual obstacles are the burden of risk, lack of encouragement, not being taken serious, and the lack of confidence from potential customers; family obstacles are the difficulty to juggle a busy business schedule with family obligations (Young & Welsch, 1993).

Fogel (2001), investigated challenges business start-up face in Hungary and concluded that high taxation, poor financing option, as well as a lack of preferential treatment particularly stood out as entrepreneurial obstacles. In their study of Russian and American small business entities, Zhuplev et al. (1998) found that the main obstacles entrepreneurs face are high taxation, government regulations, financing as well as finding good employees.

According to Kozan et al. (2006) fierce competition and initial financial requirements are entry barriers to overcome in order to launch a new venture. Bhide (1992) found that a lot of entrepreneurs are eager to raise money by proposing promising business plans to venture capitalists and other investors in start-ups and more often than not walk away with empty hands as possible investors declined the opportunity to invest in the specific enterprise. The author continues that investors decide very carefully in which business to invest in and are trying to identify opportunities with high potential that are able to demonstrate scale, proprietary advantages, well defined plans, and well regarded founders, whereas the majority of start-ups are pursuing niche markets that at first glance seem too small to attract the attention of potential investors (Bhide, 1992).

According to Carter et al. (1996) individuals that decrease and eventually cease their entrepreneurial activities over time commonly test their ideas and realized that they would not lead to success. The authors continue to explain that these individuals either are shrewd enough to test their new product or service ahead of time to avoid failure in the first place, or they are not able to adapt, lack flexibility, and cannot come up with creative solutions to problems that arise (Carter et al., 1996). Peña (2002) emphasizes that it is crucial to hire qualified employees and suggests that in regards to economic value of human capital, entrepreneurs struggle to identify what type and how much human capital is necessary to establish a new business venture.

2.5.4. Growth opportunities

Once a new business start-up overcomes the initial barriers, entrepreneurs have to look ahead and identify future challenges that might influence the growth process of the entity. According to Kozan et al. (2006) the two main obstacles that prevent a new start-up from growing are financing, as well as a lack of know-how. Obtaining loans and getting credit extensions approved is very challenging, which negatively influences

technological improvement, such as equipment purchases, facility expansion, and employing skilled employees (Kozan et al., 2006). Watson et al. (1998) suggest that ambitious entrepreneurs that are willing to grow their business are in need of support when it comes to the management of employees, recruitment, training, and leadership.

Research by Fogel (2001) is limited to only one country but her concluding remarks on how to improve entrepreneurial processes in Hungary can be used by other countries as she recommended the following:

- 1) Small businesses be given opportunities for low-cost borrowing and venture capital funds;
- 2) Technical support and access to technology should be made a priority for small business development;
- 3) More entrepreneurial and business training programs should be made available;
- 4) The government should offer tax incentives and other special programs for small business and should reduce reporting requirements; and
- 5) Financial and regulatory institutions in the country should create a more enterprise-friendly culture that supports entrepreneurs not only financially but also through networks, training, and business information systems. (p.108)

3. Methodology

The following chapter will provide readers with an overview of the methodology that was utilized to compose this study. First, the readers will be presented with an overview of the applied methods and the participants that agreed to collaborate with the researcher. Furthermore, the author will describe the data collection method, how the data was analyzed, and potential limitations that had to be taken into consideration when conducting this study.

3.1. Methodological Approach

The primary focus of this research was to explore the challenges of the Canadian Premier League during its first year of operation. The findings were then compared with challenges that general business start-ups face in the *Discussion* chapter of this thesis.

The inaugural CPL season kicked off in April 2019 (Canadian Premier League, 2020) and with that, a new era of professional football began in Canada. Due to the fact that the CPL is a recently established entity, little to no research has been conducted regarding the challenges and the success of the new venture. News releases and articles have been published online, reviewing and praising the inaugural season and overall product of the league. However, to the researcher's knowledge, there is a lack of analytical research, scrutinizing the first season of the CPL, as well as the process that led to the establishment of the brand new professional sports league in the first place. The researcher's initial goal was to uncover challenges that CPL officials and individual clubs encountered during the first year of league operation, but he was also intrigued to learn more about the initial process and the obstacles that had to be overcome in order for a ball to be kicked in the first place. Additionally, the author wanted to compare his findings with the challenges regular business start-ups face when it comes to the establishment of a product or service.

For this study, the researcher interviewed league officials that were directly involved with the establishment of the CPL, club officials that oversaw the inception of brand new teams, as well as sports economists that possess vast knowledge of the football industry in general. The author felt that it was crucial to talk to individuals that experienced challenges of the CPL and its individual clubs firsthand prior and during the inaugural season of the league to properly answer the research questions and to obtain

insights of individual experiences that until now have been unidentified. In order to gain an understanding and access of the respective perspectives, motivations, and opinions of the interviewees, the researcher utilized a qualitative research approach. Fossey et al. (2002) explained that “qualitative research methodologies are oriented towards developing understanding of the meaning and experience dimensions of human lives and their social worlds” (p.730). Therefore, this research method allowed the researcher to acquire a deep understanding of challenges surrounding the Canadian Premier League that emerged prior and during its inaugural season. In addition, the researcher inquired about potential future challenges of the CPL and asked interviewees how the league compares to regular business start-ups. Thomas and Magilvy (2011) stated that:

Qualitative research is focused on depth, richness, and context, which can result in the emergence of a new theory, model, or development of a valid instrument, and a larger amount of data is collected with a smaller number of participants, for example, focus groups or interviews. (p.152)

In order to gather data necessary for this study, the researcher conducted semi-structured interviews with participants, which will be further explained in the *Data collection* section of this chapter.

3.2. Participants

As the author was researching his topic of interest, it quickly became clear that he had to interview individuals that were directly involved with the initial league planning and execution process. Current and former CPL employees were immediately identified as primary interview candidates. Additionally, the researcher wanted to interview sport economists that have been researching the field for an extended period of time and are able to provide a more general perspective of challenges start-up leagues might face in the sports industry. The more time the author spent researching potential interview partners, the more he realized that it would be necessary to interview various club officials to gain an insight of the specific challenges of individual clubs as well. This was very important to the researcher, as the league is comprised by its teams and without clubs there would be no league. Therefore, the author found it crucial to also include club officials in this study to investigate the unique challenges a team might face in a newly established sports league, as they also have to start from scratch.

It is for certain that the participants of this study have been carefully chosen and had to fulfill certain criteria. The researcher's aim was to interview league officials who were part of the initial planning processes that led to the establishment of the CPL. When it comes to club officials, the researcher's goal was to interview professionals that experienced the league's inaugural season firsthand, while carrying out managerial positions at the individual teams. The criteria for sports economists as potential interview partners was that they must have prior experience researching football specific issues and topics.

The researcher reached out to potential interview partners individually via email to see if they are interested and able to find time in order to talk to him.

The author ended up conducting a total of eight interviews, which included the following: Three current and former CPL employees that were involved in the establishment of the league from the very first day and possess intensive knowledge in regards to the challenges and obstacles that had to be overcome to launch the new venture and are unique to Canada; three current and former employees of two different CPL clubs that found themselves in completely different preconditions when it comes to location and individual circumstances; as well as two renowned sport economists who have been conducting football specific research in the past and are experts in field.

Table 1: Participant Profile

	Organization	Position	Referred to in this thesis as
Interviewee 1	CPL	League Official	LO1
Interviewee 2	CPL	League Official	LO2
Interviewee 3	CPL	League Official	LO3
Interviewee 4	Individual Club	Club Official	CO1
Interviewee 5	Individual Club	Club Official	CO2
Interviewee 6	Individual Club	Club Official	CO3
Interviewee 7	University	Sports Economist	ECON1
Interviewee 8	University	Sports Economist	ECON2

Table 1 contains the list of participants that were interviewed as part of this study. The table provides a general overview of interviewees, their background, and how they will be referred to in the following chapters of this thesis with the help of an abbreviation.

The interviews have been conducted one-on-one and an established interview schedule (Appendix A) helped facilitate the conversations in a way that allowed the researcher to access desirable information. The main themes the author wished to explore were the challenges of the CPL and its teams, future opportunities and obstacles that might emerge, means that were used to facilitate the viability and survival of the CPL, as well as the comparison of the league to regular business start-ups.

3.3. Data collection

In order to learn more about the unique challenges of the CPL, semi-structured interviews with open-ended questions were utilized (Appendix A). Fossey et al. (2002) explained that “semi-structured interviews are used to facilitate more focused exploration of a specific topic, using an interview guide” (p.727). Due to the fact that challenges of the CPL, especially prior and during its first year of operation, is a relatively under-researched topic, the researcher wanted to explore the issue by asking very broad questions to elicit valuable information from interviewees. Francisco et al. (2001) argued that through the utilization of exploratory questions, qualitative research methods offer a deep understanding concerning a small number of people, help to determine new variables to study, as well as establish new relationships between variables that otherwise might not have been identified. The prepared questions were designed in a way that created a certain structure but also allowed participants to be flexible with their answers and to elaborate in any way they may see fit.

In addition, the semi-structured interviews allowed the researcher to ask subsequent questions with the result that participants were able to elaborate on their train of thought and previous comments. Fossey et al. (2002) confirmed that semi-structured interviews provide researchers with a possibility to follow up on interesting ideas and issues that come up during an interview. Furthermore, Britten (1995) explained that “semi-structured interviews are conducted on the basis of a loose structure consisting of open ended questions that define the area to be explored, at least initially, and from which the interviewer or interviewee may diverge in order to pursue an idea in more detail” (p.251).

For the actual interviews, Zoom calls were set-up online that were recorded and transcribed after gaining permission from each participant to do so. This method worked out really well, as our daily routine was turned upside down by the emergence of Covid-19 and forced almost everyone to work from home, having to rely heavily on the internet

and online communication methods. Therefore, all participants were very familiar with the applied software and had no issues communicating in this way.

In addition to the conducted interviews, the researcher extensively reviewed academic literature that has been published in regards to professional sports leagues and regular business start-ups in general, their set-up, and the challenges they encounter. During the *Discussion* chapter of this thesis, the researcher used the produced findings from the interviews and combined them with the reviewed academic literature in order to critically examine the data, which led to the concluding remarks and future recommendations.

3.4. Data analysis

The method the researcher chose to analyze the qualitative data received through the conducted interviews is the thematic analysis approach.

Braun and Clarke (2006) suggest that a thematic analysis approach is an outstanding method to evaluate and interpret highly complex and in-depth qualitative research. Due to its flexibility, researchers using the thematic analysis technique are able to establish, interpret, and report themes within an enormous amount of data (Braun & Clarke, 2006). Maguire and Delahunt (2017) argued that a thematic analysis is not necessarily associated with a specific epistemological or theoretical approach, but rather it may be seen as a flexible method that can be applied to various research topics. “The goal of a thematic analysis is to identify themes, i.e. patterns in the data that are important or interesting, and use these themes to address the research or say something about an issue” (Maguire & Delahunt, 2017, p. 3353). According to Vaismoraldi et al. (2013), a thematic analysis is a great method, especially for less experienced researchers, to analyze qualitative data, as it utilizes a user-friendly design and format.

In their work, Braun and Clarke (2006) presented the following step-by-step guide for a thematic analysis, which comprises six distinct phases:

- 1) Familiarizing yourself with your data:

Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.

- 2) Generating initial codes:

Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.

3) Searching for themes:

Collating codes into potential themes, gathering all data relevant to each potential theme.

4) Reviewing themes:

Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.

5) Defining and naming themes:

Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.

6) Producing the report:

The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis. (p.87)

The researcher chose the thematic analysis approach to analyze the data received from his qualitative research due to the fact that it provides a step-by-step manual, which is flexible and easy to follow, due to the fact that he is a novice researcher.

3.5. Limitations of study and encountered obstacles

Besides numerous strengths, qualitative research methods also carry some limitations. Francisco et al. (2001) for instance explained that discoveries from qualitative research are very difficult to reproduce, conclusion that might emerge from outside the existing set of data are seldom to be derived, and it is challenging to generalize findings and apply them to other populations, as research approaches are less methodical. In addition, Queirós et al. (2017) argued that qualitative research methods, and especially in-depth interviews, which were utilized for this study, are very time consuming, not generalizable, and interviewees have to be carefully chosen by the researcher in order to generate relevant data.

Initially, the researcher wanted to conduct two additional interviews to increase the number of participants to ten, however, due to various reasons, this was not possible and the final number of interviewees remained at eight. Of course it would have been nice

to obtain a bigger sample size, however, the researcher is delighted to have interviewed very resourceful people that were able to greatly contribute to this study.

When it comes to the thematic analysis approach, one can also highlight potential disadvantages when utilizing the method. According to Nowell et al. (2017), “the lack of substantial literature on thematic analysis – compared to that of grounded theory, ethnography, and phenomenology, for example – may cause novice researchers to feel unsure of how to conduct a rigorous thematic analysis” (p.2). Additionally, Braun and Clarke (2006) explained that although researchers praise the flexibility of a thematic analysis, the trait of being flexible and broad could potentially be a disadvantage, as the analysis of a certain topic and the establishment of guidelines can prove to be quite difficult when one has to decide which set of data to concentrate on.

4. Results

The results of this research will be revealed in the following chapter. The researcher's aim was to discover challenges the CPL and its individual clubs faced prior and during the league's inaugural season. Additionally, this research aims to investigate how the Canadian Premier League differs from regular business start-ups, from the viewpoint of the interviewees.

While analyzing the data, three distinct themes emerged that are accompanied by various sub-themes. Firstly, this chapter will provide the reader with a context and overview regarding the approaches league officials used to set up the new professional sports league in Canada. Secondly, experienced challenges of the league and its teams will be scrutinized in great detail. In addition, the second theme comprises the examination of future obstacles and opportunities of the CPL and its clubs that might emerge. Lastly, differences and similarities of the CPL compared to general business start-ups will be highlighted and emphasized.

4.1. Approaches used to establish a new professional soccer league in Canada

Interviewees consistently highlighted the various approaches of the league and its clubs that were put in place to establish the new venture and therefore can be identified as the first theme of this chapter. Careful decision making regarding the league structure, the team owner profile, league employees, as well as partnerships and sponsors were identified as sub-themes of this section.

The newly established Canadian Premier League is a result of meticulous research and commitment by league officials, individual team owners, and club employees. Throughout the analysis of the conducted interviews, participants emphasized that the CPL was carefully structured and gradually established over time. The initial start of the league was even delayed by one year, as league officials believed that not all necessary pieces were properly in place yet. "They wanted to start sooner but I think better heads prevailed on that" (ECON2). When looking back at a project, that tried to establish a professional league for a different soccer association, one sports economists recounted that those responsible were missing a proper foundation and business model:

Their main emphasis was 'let's get players on the field and start kicking the ball'. That was what they wanted. They figured everything else would just work. People would show up and just watch this and networks would be falling all over them

wanting to televise it or stream it. It doesn't work that way. You got to have a business model in place first. You got to do your marketing research. You got to find your target market. You got to find sponsors. You got to do all this before you get any players and kick a ball on the field - that's the big thing. You have to have a foundation before you do anything. And don't rush it. (ECON2)

Not only was the league a product of careful planning, numerous interviewees argued that there was an acute need for a professional soccer league in Canada. "Canada, at that point, before we launched the league, was the wealthiest country in the world without its own professional league" (LO1). A club official argued that "this league has been needed in Canada" (CO3), to provided players with an opportunity to showcase their skills at a higher level in the country that "up until this league existed, just drifted" (CO3). Furthermore, a league official explained that the CPL "wanted to be atop of the Canadian pyramid...Canada has a very good middle and bottom of the, the pyramid...but there is just a plateau...players had nowhere to go when they have reached a certain age or certain level" (LO3).

Albeit participants highlighting a need for a professional soccer league in the country, one sports economists urged caution and explained that newly established professional sports leagues fail more often than they survive. "Over 99 percent of new professional sports leagues anywhere, try to get established, fail within the first two to three years...we only see the ones that are still there...but there are many, many failures (ECON2).

4.1.1. Employees

Interviewees emphasized that the league did a great job on identifying appropriate employees that immediately were great assets due to their prior experiences and professional backgrounds.

The president of the time, Paul Beirne, who had been involved with Toronto FC¹, he had been involved with the Raptors², he was involved with Brighton & Hove Albion³, he had been in different levels of football and knew what it takes to do this. (CO3)

¹ Toronto FC is a professional soccer team based in Toronto (Canada), competing in the American Major League Soccer (MLS) (Major League Soccer, n.d.-a).

² The Toronto Raptors are a professional basketball team based in Toronto (Canada), competing in the American National Basketball Association (NBA) (National Basketball Association, n.d.).

³ Brighton & Hove Albion Football Club is a professional soccer club, based in Brighton (England), competing in the English Premier League (EPL) (Premier League, n.d.).

Interviewees LO2, CO1, and CO3 spoke highly of league commissioner David Clanachan, who has a passion for soccer and knows the Canadian landscape very well due to his duties as former executive at Tim Hortons⁴. One club official praised his approachability and a league official lauded his leadership skills. Additionally, LO2 highlighted the hire of Roy Nasrallah, who is a former Nike executive, now leading the CPL's Marketing department and James Easton, a former consultant that worked closely with Canada Soccer and now acts as the Vice President of Football Operations for the league.

One club official explained that the CPL acted in a consulting way towards the individual clubs and provided meaningful guidance. "The league office is there as a resource to...more to consult with and to advice." (CO3). The club officials further explains that "there is not this off-shoot league, that office, that tells you everything you have to do...but there is, there is collaboration and I, I think of them of consultants...consultation...and advice" (CO3).

Throughout the interview process, it became very clear that league executives and employees were very carefully chosen to provide the CPL with a strong leadership architecture in order to successfully launch the new venture.

4.1.2. League Structure

Setting up a new professional sports league is not a very common proposition. "Most leagues in the world are historically grown leagues and it is very...rare to see a league like Canada, with an economic...country behind it without any league" (ECON1). However, various interviewees attested, that the CPL has developed a very sound business plan. Participants mentioned that the centralized structure, which was established by the league, was a crucial foundation to ensure a level playing field amongst clubs. Specific roster rules have been established that apply to all clubs.

Rosters of 23, of which no more than seven can be international players...on a starting eleven, at least a minimum of six had to be Canadian and a maximum of five could be internationals, right. And you also had then to dedicate a...one thousand minutes...to players 21 and under. (LO1)

⁴ Tim Hortons is Canada's largest restaurant chain that mainly serves coffee. Over the years, it became a national symbol and established deep connections within Canadian communities (Tim Hortons, n.d.).

In addition to strict roster rules, participants mentioned that a set salary cap and a revenue sharing approach served as crucial parameters of the CPL. A club official argues that at “the league...there is a bit of centralization of policy...and a lot of the idea behind that is just the early days to have some consistency across the clubs” (CO3).

The CPL adopted a closed league format and plans to be very careful when it comes to the growth of the league and only expand when it is financially viable. A league official explained that the CPL won't desperately add new teams just to cover its expenses.

What we don't want to do, is to get into this sort of typical death spiral where you just try to bring in new teams, new franchises to hold off the debtors, or the people that you own money, right. (LO1)

An additional measure, the CPL implemented in order to set the course for a prosperous future, was the creation of the Canada Soccer Business (CSB) entity, that was inspired by its highly successful US counterpart Soccer United Marketing (SUM). One league official explained that the CSB serves as the league's marketing vehicle that, amongst others, is in charge of the media rights and corporate partnerships of the CPL and the Canadian Men's and Women's National teams (LO1).

The great interesting piece in all of this, at least to me, this is sort of the thing that I think drives the league, is that we took what we have learned from Major League Soccer, and it wasn't the league in and of itself, it's the affiliation and it's the marketing arm of Soccer United Marketing that really drives Major League Soccer forward. And I don't know if you know anything about Soccer United Marketing, but we have an equivalent in Canada, called Canada Soccer Business. And what was fundamental to getting this all off the ground, was identifying...what the major product, soccer products were, which is the men's and women's national team and getting Canada Soccer⁵ to be a partner in this with us. And so getting them on board, helped launch an agency that now we can go out and work with different groups to bring them in, to sort of prop up and augment what we are doing on the Canadian Premier League. (LO1)

⁵ Canada Soccer is the official governing body for soccer in Canada and promotes the growth and development of soccer in the country (Canada Soccer, n.d.).

In addition, one sports economist explained how the CSB greatly influences the CPL and highlighted the fact that the entity aims to sell league properties, where generated profits then will then be paid out to investors.

The CPL is not just the league...there is an organization called Canadian Soccer Business, or CSB, which is, works alongside the CPL...and what the CSB does, is it seeds money from the owners and investors, acquires property rights to things like TV broadcasts or apparel rights, or various properties they can get...and what they do, is they try to sell these things to make a profit, and then each investor in the CPL and CSB earns a dividend on that. (ECON2)

One league official explained that the establishment of the CSB, combined with the support and assets of Canada Soccer as part of this agency, “will help offset inevitable losses in the first years of a league” (LO1).

4.1.3. Team owner profile

One aspect that was of great importance to league officials was finding appropriate owners for the individual clubs. “One of the things we have definitely tried to do this time around versus the old Canadian Soccer League, was to create a different profile of owner, who could sustain early losses” (LO1).

However, this research found that club owners do not solely provide monetary investments, but also place a special emphasis on the development of the game in the country. “It was not just a bunch of people who had money and hope that they can make this work and make money off it, they were very passionately involved in it” (CO3). In addition, individual club owners are not just seen as club owner per se, they are also investors in the CPL, as they hold shares in the CSB as well. “You are not talking about owners, you are talking about investors in the league. And the investors also all sort of own a piece of the pie of the league” (ECON2). Additionally, a club official highlights the overall importance of the individual club owners, as “the nature of the way this league is structured is, sometimes people say that the teams are the league, in a sense that...the owners of each team have a say at the table” (CO3).

4.1.4. Partnerships and Sponsors

Partnerships play a crucial part in any professional sports leagues and during this study, an overwhelming majority of interviewees highlighted the importance of the league’s broadcasting deal with the Spanish multimedia communications group MediaPro

that live streams all CPL games online via their in-house channel OneSoccer (Canadian Premier League, 2019b). “I think milestone moments in all of this is first of all the broadcast agreement with MediaPro...it gave the league a profile that made it look professional from the first day” (CO3). Additionally, a league official explained that “the partnership with OneSoccer and MediaPro...is phenomenal. It makes the product look fantastic and...it’s been an amazing addition to what we have been trying to do and it helped legitimize the whole product right from the get-go” (LO1). A league official explained that “MediaPro saw in us nothing but potential. They looked at Canada and they say ‘nobody owns the Canadian soccer landscape, and these guys are going to build it and we can come along with them – great’. And so they saw nothing but opportunity” (LO3).

One sports economists highlighted the fact that all league partners and sponsors are committed to the league for an extended period of time. “At the start of the season, they [the CPL] have a ten year commitment from FIFA⁶, from CONCACAF⁷, from all their sponsors, from OneSoccer...there is a ten year commitment there” (ECON2).

Numerous interviewees mentioned that it was a challenge to attract a lot of local sponsors – findings regarding sponsorships will further be covered in the *Challenges* section of this chapter. However one league official emphasized the fact that the CPL did a great job with attracting international sponsors that in turn led to promising results.

Canadian companies looked at us and saw risk, international companies looked at us and saw opportunity...Volkswagen is the Canadian arm, but the, the CEO is Germany [meant German] and, and so I kind of look at him as an international, right. So those are the types of partnerships that really were exciting for us. And they also opened more doors for us internationally. They put us in a different conversation. If we had, if we had a Canadian broadcaster and a Canadian kit provider, and Canadian sponsors, nobody would know who we are around the world. Because we have all these friendships now globally...it’s a much bigger opportunity and...we are part of the global community of football now. (LO3)

⁶ FIFA is the highest governing body of football with 209 member associations and its goal is the constant improvement of football (FIFA, n.d.).

⁷ CONCACAF is the Confederation of North, Central America and Caribbean Association Football and one of FIFA’s six continental confederations (Concacaf, n.d.).

Therefore, league officials seem optimistic that they are well-positioned with the accumulation of current sponsors, but they also acknowledged that there is room for improvement in that department.

4.2. Challenges

The second theme that emerged from the data of the conducted interviews were the challenges experienced by the CPL and its clubs prior and during the league's inaugural season. The perception of the sport in Canada, the country's geography, a poor infrastructure, monetary issues, the perception of quality of play, operational challenges, as well as future challenges and opportunities were identified as sub-themes and scrutinized in the following section of this thesis.

An extensive variety of challenges were discovered throughout the interview process that needed to be overcome by the league and its individual clubs in order to launch the product as immaculately as possible for consumers to enjoy. Some challenges were previously expected, however, the upcoming sections will also highlight obstacles that were not necessarily anticipated by the study participants and created challenging circumstances that required creative problem solving abilities.

4.2.1. Perception of the Sport in Canada

Especially in the early planning stages of the CPL, league officials and advocates faced various challenges from the very start of the undertaking. One specific challenge was the negative perception towards the project coming from the general public and even individuals involved in the Canadian soccer industry. "Many people thought that 'forget it', 'there is no chance', 'don't even bother trying'" (ECON2). One league official described that there were a lot of individuals that doubted the feasibility of the project.

There were a lot of naysayers in the market place. People, because it has been tried many times before and had failed, there was a lot of negativity that existed within the Canadian football market. That it couldn't be done. That we couldn't do this or that the talent in Canada wasn't good enough and so on and so forth. So we were trying to get over the negative sort, the negative sort of feelings and viewpoints. (LO1)

In addition, Canada is not known to be a country that embraces the sport of soccer. "In Canada, there is a challenge, you know. Because it is not a football nation - it's ice-hockey

of course” (ECON2). It seems that people are under the impression that Canadians simply are bad at playing the sport. “There are a lot of people in Canada that think that, or even in the world, that think Canadians can’t play. That Canada is a hockey country and that there are no good footballers here” (LO1). One sports economist explained that “Canada doesn’t have a great soccer history. It has been tried in the past but usually...things have always failed.” (ECON2).

4.2.2. Geography

Although the size of the country was well known to all parties involved and did not evolve as a surprising obstacle for the league and its clubs, the great majority of interviewees argued that travel and the strain caused by travelling vast distances to and from games was one of the biggest challenge experienced. “We knew that travel would be a lot of work, but I do not think we really knew that, the amount of toll it would take on people’s bodies” (CO3). A different club official argued that “the travel was unbelievable, because obviously Canada is such a big country, and some of the travel days were virtually impossible” (CO1). The interviewee added that “the travel schedule, people knew would be tough but I think on the playing side, no one knew it would be that tough and it would take that much of a toll” (CO1). With teams located all over the country, from coast to coast, one league official acknowledges that players have to cope with stresses and strains that are unusual and do not occur in many other leagues.

Then you got, you know, five different time zones, I think it is, between our two furthest away clubs on each coast. So there is certain stresses put on players that you might not see in other leagues and getting ample rest in order for the players to play on top level, can be a challenge at times. (LO1)

One club official described the same issue and added the team’s performance greatly suffered due to extreme travel itineraries.

Travel was problematic in the first year. Having to get commercial flights obviously everywhere and sometimes...you leave your house at three AM in the morning to get to Halifax or Pacific by three PM in order to train the day before. I mean, impossible then to try and perform the next day when your body blocks and everything. (CO2)

4.2.3. Infrastructure

Another challenge that was brought up by the majority of interviewees was the lack of existing infrastructure. When starting a professional sports league from scratch, a lot of work and money needs to be invested to lay the groundwork for an adequate and efficient infrastructure.

4.2.3.1. Stadiums

The lack of suitable stadiums for teams to hold their games in was an issue that was addressed by various study participants. One league official mentioned that it was a real struggle to stage the league competition in appropriate outdoor stadiums that were suitable for their purposes. Existing stadiums were too large and building a brand new facility would be an expensive endeavor, especially in the early stages of the CPL.

We don't have outdoor stadiums. You know, the few that we do have are too big really. Like, you know, if you have a football match...if you are at a match with 5,000 people in a 5,000 seat stadium, the atmosphere can be terrific. But if you have the same 5,000 people in a 20,000 seat stadium, it can be horrible. So for us, having the right size venues was fundamentally important, and we don't have any. We don't have any across the country. So we had to build them and that is a very expensive proposition. And you don't have any track record. You can't go to the bank and ask for money. You have to build it yourself. (LO3)

Participating teams had to either use an existing stadium, build a brand new facility, or modify an existing stadium that was not built for soccer specific purposes and use it as an interim solution. One sports economist explained that some of the venues are only interim solutions.

In some places like Victoria, Halifax, and a few others, the facilities are kind of temporary. Even in Calgary, you know, they play at a horse jumping facility. Which is ok, but it is not the, it is not the quality that you would get in Europe or somewhere else. (ECON2)

One club official shared his experiences and noted that "we built a stadium from essentially nothing" (CO3). The interviewee also mentioned that the club built the stadium on municipal property, which added another layer of complexity and emphasized the time constraint the club was experiencing during construction.

Our stadium is on a municipal property. So it is a grass field...there are only two grass fields in the league. So you are working with municipal staff to, to manage

the fields. And we had to build a stadium in a very, very short amount of time.
(CO3)

Two clubs are affiliated with Canadian Football League teams and use their existing stadiums to host their games. However, this poses a potential pitfall due to the enormous size of the venues. One sports economist argued that “they have Canadian Football League stadiums, but they are far too big...for the scale that they [CPL] are looking at was 5,000 to 10,000 fans per game” (ECON2). One club official provided an example of the challenges a big stadium poses and explained that “the stadium is very large. I mean it seats 33,000 people. So that was a huge challenge for us, was to make it feel homey and make it feel like a place you want to go to” (CO2).

One of the main goals of the league was to get fans in the stands and create an atmosphere at games that should attract spectators. However, due to the lack of adequate facilities, creating a great atmosphere became a challenge. One league official explained that some clubs had problems creating a compelling atmosphere on game days due to their stadiums.

I think we were able to catch lightning, you know, built a great arch and tell the story of the league before it starts and then...you are getting 2,000 people up at York stadium...it is not the dream, you know. We positioned this as a magical moment, but in reality, you know, that is not a great experience at York 9. It is not a great stadium. (LO2)

4.2.3.2. Establishment of new clubs

Besides the need of appropriate stadiums, brand new teams had to be established as well. One club official highlighted various obstacles that accompanied the establishment of a new entity and mentioned that “we were building a team from nothing” (CO3). The interviewee continued to explain that the team’s front office setup was very rudimentary at the very beginning of the new venture.

There is no health insurance...only about six weeks before I came, did they fully set up like payroll systems. The bookkeeper was a person who was like a football mom, who sort of did this on the side of two other businesses. We, we needed to grow up really quickly” (CO3)

Although the establishment of a brand new team proved to be quite challenging, a new start can also be associated with new opportunities, which led to beneficial outcomes for some teams. One interviewee described that “we were very pleased in establishing what

our values were, what our brand was...and start to build the culture of what the club needs to be...for the future inside of the organization” (CO2).

4.2.3.3. Player housing

An interesting challenge that was brought up by club officials was the obstacle to provide housing for their players. Of course housing is not the first thing that comes to mind when thinking about obstacles a newly established club faces during its inaugural season, but a club official described the housing situation as a crucial challenge.

Housing was a huge, huge issue. I mean, we were always excited to get new players in, but I think that was one of my biggest headaches, was like ‘oh my god, where is this guy going to live’. You know, we kind of said ‘hey, you are going to live with so and so, you don’t have an option’. (CO1)

One interviewee working for a different team also identified housing as an obstacle. However, the club official mentioned that they used creative approaches to supply housing for players, in order for them to feel welcome, and utilized this added service as a mean to gain a competitive advantage towards their competition.

So you are talking about housing...that kind of was something I felt was really important that we provided, specific houses for the players. We did not just say ‘here is your money and good luck, find somewhere to live’. We found housing for the players...that then involved like ‘ok, you have to furnish them’. So that was like, crazy amount of money to go to IKEA, basically, and I am talking like this, this sounds crazy but again, as a start-up, like my wife went to IKEA and picked out everything that would go into a players apartment. And then we found some guy on Kijiji⁸...who had a side business where he had a bunch of guys that usually snowplow, but they were also very good experts at building IKEA furniture really quickly – so like they came in. (CO3)

4.2.4. Monetary issues

According to one sports economists, one of the biggest challenges of a newly established sports league are the unknown factors about demand, revenues, and expenditures that complicate the budgeting process of the league and its member clubs.

⁸ Kijiji is Canada’s largest classifieds site and provides people with a platform to buy and sell items online (Kijiji, 2011).

The main challenge is that there is a lack of information. So thinking about a league running over thirty, forty years, you collect data on revenue. You collect data about demand, you can measure...the gate revenues, the player's salaries, the behavior of players, coaches – so you are aware of that. And so you don't have this information with a new league. And when you have no information...you take decisions under uncertainty, which leads to incomplete contract. (ECON1)

This lack of information translates directly to financial uncertainty of the individual teams, which therefore require affluent owners that can absorb potential losses over an undetermined period of time. One league official argued that it was crucial to attract wealthy owners to invest in the new venture, due to the fact that “this is...not an organic, grassroots driven professional league the way professional football leagues around the world emerged – this is kind of manufactured” (LO3). The interviewee further explained that the league had to attract affluent owners with a long term vision that additionally were willing to absorb early losses.

We had to find owners with deep pockets. We had to create an ownership architecture so that they would be able to see that they could ultimately, they are in it for the long haul. But they, they needed to be able to see profitability at some point in the future, and as you know, in football around the world, there is no guarantees of profitability. (LO3)

4.2.4.1. Sponsors

As a surprise to some league officials, it turned out to be very challenging to convince Canadian companies to invest in the newly established league and sign a sponsorship agreement. One league official mentioned that the league struggled to close sponsorship deals, that are essential for the league's financial wellbeing, due to a “lack of awareness at the beginning” (LO3). The interviewee also disclosed the interesting fact that “Canadian companies looked at us and saw risk” (LO3). Various league officials offered explanations on why Canadian companies were reluctant to invest in the new venture and mentioned that major national companies were deterred by the missing affiliation to the big American leagues.

I think the decision makers for many national companies are based in Toronto, Vancouver, or Montreal. Those cities have traditionally had a big league team in an American league. So NHL, NBA, Major League Baseball...it is a very typically Canadian thing to think that ‘if we can associate ourselves with the

Americans, that will make us bigger, or better, or, you know, accepted'. But we are fiercely Canadian. (LO3)

A different interviewee added that managing directors lack a familiarity when it comes to the sport and get confused on how it is set up from a global point of view.

A lot of the decision makers, who can decide to either sponsor your league, or be partners in your league, a lot of them come from a hockey background, right. And soccer, or football is not their foremost sport or favorite sport. And football is a very, is a very confusing sport to people that have not been brought up in it. So if I am talking to somebody, like the Chief Marketing Officer of Pepsi, for instance, right, who is based in Canada, they understand the NFL. And if they want to affiliate or associate with the best of baseball, then they know where to go to. There is only one game in town – Major League Baseball. And the same with the NBA, you align yourself with basketball, there is the NBA. But if you want to align yourself with football, right, a football league, or team, or sport, who do you go to? There are all these acronyms. It is almost like an alphabet soup of acronyms. You got UEFA, FIFA, CONCACAF, and MLS...so what is what? Just give me something simple. It is confusing if you don't know the game. (LO1)

4.2.4.2. Cash Flow

Various club officials mentioned that it was challenging to balance a team's cash flow and operate within a set budget. "We do not have a massive cheque book that is just sitting there to just write cheques for anything. We had to be very meticulous on how we spend money" (CO3). A different interviewee highlighted the fact that working with a restrictive budget altered a vast number of decisions that were made by the team and explained that "we really didn't choose the best options for the players on travel and hotel. We had to go with the most cost effective" (CO2). In addition, a club official explained that they had to apply creative measures in order to delay payments and cope with cash flow issues.

We had to really, really beg and plead with partners where sometimes a cheque you are waiting on to come from a big sponsor does not come and now the people who have giving you the plumbing at the stadium, or the people who have like done some, some field clean up after the game, they cannot get paid quick, as quick as they are used to. So cash flow was a massive thing. (CO3)

4.2.4.3. Salary Cap

Another perceived challenge that was brought up by various study participants was the presence of the salary cap for players. Although interviewees understood that a set salary cap is beneficial and necessary to contain costs and establish a level playing field, interviewees faulted the salary cap for challenges that emerged when it comes to player personnel. An exact number of the salary cap was never published by league officials but it is expected to be “between half a million and one million dollars” (ECON2). The challenge that presented itself with the implementation of a set salary cap was the expectation of players regarding high earnings. One club official explained that “the expectation of wages for Canadian players was way above...they see numbers in the newspapers and think they are going to earn millions of dollars” (CO2). The interviewee added that “it was very difficult negotiating and also just setting that level of expectancy for the league...they [the players] just expected it to be more because it was a first tier league and the hype around it” (CO2). A study participant mentioned that players were drawn to the league, however, due to monetary restrictions, many deals fell through.

People were anxious to come to play in the CPL, because mostly of the country. People knew a lot about Canada through Major League Soccer and they wanted to experience it. So players wanted to come but no one is making money in the CPL. (CO1)

Interestingly, one club official explained that not only a player’s wages was included in the salary cap, but also other necessary expenses. “Included in that has to be their [the player’s] housing, flights, visas, and insurance” (CO2). The interviewee further described that this caused difficulties in regards to the team composition as “most players were [falsely] thinking that they were going to get \$40,000 to \$50,000 just on wages alone” (CO2).

4.2.4.4. Human Resources

The research found that in addition to the CPL’s player salary cap, an additional cap was in place that regulated staff spending. Therefore, the staff salary cap, combined with the limited cash flow of teams led to staffing related issues. Clubs had to be creative and find alternative ways in order to make ends meet. One interviewee explained that the team had to rely on various volunteers to fulfill very important tasks.

I think staffing for us was an issue. You know, not having money to bring in a dedicated strength and conditioning coach, or nutritionist, these are all things that

you strive for. So...I mean we had a volunteer equipment manager the first year...because the club didn't want to pay for one. And it is like, it is like one of the most important jobs that a teams has. Like we had a volunteer, older gentleman who was retired, and, you know, by the end of the season he was like 'I can't travel anymore'. So we had, you know, the coaches on away games, we were laying out kits after training, and the day before a game, and like setting up the locker room. You know, so things like that were, you know, difficult. (CO1)

Additionally, a different club official acknowledged that "we were drastically understaffed" (CO2). However, this research discovered differences between individual clubs when it comes to staffing, especially when a club has an affiliation with a pre-existing Canadian Football League team. One interviewee was mesmerized when visiting a club that was considered an affiliated team, due to the high number of employees the team had available for their game day operations.

I remember I went to their stadium and they were like 'yeah, would you like to sit in, we are having like a weekly check-in with the team for our stadium operations'. And there is me going 'cool, I am stadium operations too'. I walk in, eight people, and I am like 'eight people'! I am doing this job and there are like eight people and there is like one guy is in charge of logistics, one guy is in charge of ordering food, one guy is...and I am like 'oh my god, I am doing all those things'. (CO3)

The study found that teams that were affiliated with Canadian Football League clubs were able to use game day staff, that usually works during Canadian Football League games to ease the pressure on overburdened CPL club employees that otherwise were not able to fall back on extra help. One interviewee described the high amount of work that was necessary to prepare the stadium on gameday, due to the fact that the club was continually understaffed.

We would actually setting up tents in the morning of game days. It was like big, big efforts to like set it up and then tear the stadium down and things like that. So I think, you know, I think there were moments when I was looking at it and thinking 'Jesus, I wish we did not have to fold all these tables and chairs away between games'. (CO3)

4.2.5. Quality of play

One of the CPL's primary goals was to develop Canadian soccer talent by providing players with an opportunity to showcase their skills at an appropriate level, that

prior to the establishment of the league simply did not exist in Canada. One league official highlighted that the CPL is “committed to the development of the Canadian player” (LO3) and was trying to fully establish itself as Canadian with no affiliation to the American MLS. The interviewee explained that “our expenses, our, our player salaries, and our quality of play are probably going to be lower than MLS, but we are not a developmental league for MLS. We are just Canada’s top league – full stop” (LO3). Due to the fact that certain regulations were established that placed an emphasis on the development of young Canadian talent, that restricted clubs to boost their squads with foreign talent, and the creation of a set salary cap, led to the general public questioning the competitiveness and quality of the league from the very start. One interviewee explained that “quality of play and perception of quality of play were, especially before we kicked the ball, were challenges” (LO3).

4.2.5.1. Squad composition

This research found that especially club officials lamented with the lack of professionalism of some players. This originated from the fact that a high proportion of CPL players were first time professionals. One club official attributed a lack of success on the pitch directly to “having a very immature, professionally I mean, immature group of players” (CO2). The interviewee continued to explain that many young players had to learn what it means to behave and conduct oneself like a professional.

You got young players that are not training well and then they want to play and they don’t know why they are not playing, or they internalize it, and they, they got to learn...you have to learn what it means to be at your job every day, to turn up, show up. And those guys were too used to it being their hobby...’I can play well but I don’t have to train hard every single day’. So there was a lot of adjustments I think for players in that first year. (CO2)

In addition, a study participant described that due to the restrictions of the salary cap, the team had to rely on relatively young players with very limited professional experience.

I think for our squad in general last year, the challenges we faced were, obviously with the salary cap being quite low...we had a lot of players that have been brought in that had no professional experience. So I think for us in particular, that was a big challenge, is getting these players to understand what it means to be professional. (CO1)

A different interview participant pointed out that it was quite challenging to assemble a functioning team when establishing a brand new club.

In terms of the challenges of the team make up, when you pull twenty-three people together, who, some of, most of them never really met each other and who have never played together, you bring together personalities...you pull together a locker room full of people who are from different backgrounds, different motivations, different expectations, and you hope it all works, but the truth is that, that there were just challenges. (CO3)

In general, one interviewee viewed the rules and regulations set by the league in regards to a club's roster composition as a hindrance. "There were a lot of rules trying to create a parity amongst squads and we found it extremely sort of time consuming and restrictive in actually building your squad" (CO2). Although the club official acknowledges the need for said rules, the participant argued that they prevented clubs to provide a better product on the pitch.

I think the long term strategy is correct, but in terms of a first year, if you just could have built your roster freely, it would have been a lot easier and I think you would have seen a better product on the field. (CO2)

4.2.6. Operational challenges

Various interviewees mentioned operational challenges during their interviews. A club official outlined numerous issues associated with the leagues jersey supplier Macron. The interviewee described that the company was having difficulties to deliver necessary gear in due time. "There were so many problems with jerseys and shirts in year one, not enough stock and...getting proper training gear" (CO1).

In addition, one league official explained that the league ran out of new game balls towards the end of the season. By playing on artificial turf throughout the year, the once white game balls turned black from the rubber on the field and towards the end of the season, all games were played with used, black balls, due to the fact that the manufacturer stopped producing the product.

We did a deal with Nike, with balls and we ordered way too few balls and we couldn't get them anymore. They stopped making them. So...at the games at the end of the season, the balls were black, because they were playing on fields, right, and they turned black. (LO3)

The interviewee further explained that small operational issues as such, “that you just never anticipate...effect the product quality” (LO3).

4.2.7. Potential Future Challenges and Opportunities

During the conducted interviews, various future challenges and opportunities of the newly established CPL were brought up by study participants that tie in with perceived obstacles during the league’s inaugural season and will play a crucial part in the future of the new venture.

4.2.7.1. Demand and the challenge of becoming mainstream

Various interviewees had a very positive perception of the league’s future and provided several examples on why. On the one hand, study participants emphasized Canada’s demographic makeup as a factor that should only promote the sport and help it grow in the future.

There are demographic changes happening in Canada, that work in favor of CPL. One is, we [Canada] continue to bring in about one percent of our population as outsiders, as newcomers. And in just about any country, football is the...number one or number two sport. (LO3)

In addition, a different league official explained that this unique demographic makeup in Canada will only help the league to establish itself and to grow the sport in the country.

In the world today, it [Canada] is one of the few countries that is still taking in foreigners, right. And so, the demographic makeup of Canada will certainly help going forward improve the level of football in Canada, which can only ultimately help the CPL and Canadian football at large. (LO1)

Multiple interview partners also mentioned that the league was well received by fans and that there was a great fan momentum building before the first ball was kicked in an official CPL game. “There was a fan-driven effort to, to support the team before the team had ever played a game, which is amazing” (CO3). An interviewee added that there is a big passion for soccer in the country and stated that “there is a love for soccer across Canada and people were receptive to it” (LO2). A league official highlighted the fact that ticket pricing was set at an affordable amount and that league expectations regarding spectators were fulfilled in year one. “We had set a goal of 3,500 paid tickets per game as a threshold for what we wanted to achieve in year one. And we sold 4,000, just under, like 3,900

tickets per game” (LO3). The interviewee added that “our ticket price is much lower than a NHL ticket price” (LO3).

The main future challenges that various study participants mentioned were a sustainable growth rate of the league, the CPL becoming more mainstream, and that the league has to further establish itself by attracting additional sponsors and long term fans. Although all club and league officials expect the league to grow through the addition of multiple clubs in the upcoming years, both sports economists warned to let the entity grow in a slow, sustainable way to enhances its chance of survival.

The league should not be too confident that they are going to survive and they always have to be working hard and don't get too greedy. Don't try to sign star players. Don't try to raise ticket prices. Don't...do too much. Let it grow and then I think in five years, it will still be around. (ECON2)

In addition, league officials are also considering to apply an open league concept in the future to follow the common setup of international football leagues.

I think we have ambition. I think what we would like to do is follow the norms of international or global football and promotion and relegation is so integral to that. And it is such a fascinating piece of football that you don't see in North American sports. (CO1)

Although promotion and relegation are options league officials would like to explore in the future, one sports economists warned that a premature implementation of such concept might cause more harm than good.

I would also not recommend to open the league in the first five years...an open league means that there will be always a team being relegated, meaning that those clubs face high uncertainty of investments. But actually, the clubs would need very high amount of investment in facilities and players, and training, and human resources...and for this achievement, you need certainty. (ECON1)

The interviewee further explained that a closed league would be beneficial for a club's financial well-being and allows teams to establish themselves in an appropriate way with the certainty of always competing in the CPL, no matter the standings.

You begin to start slow but they remain in the league...so they can plan their costs and their infrastructure investments and then getting financially sustainable. But if you begin from the first day with this...ghost of relegation, you get in trouble and then there begins the rat race, which it is called in economics. Because if there

is relegation, every club naturally tries to overinvest. Yes, since there is uncertainty involved of the performance of the other clubs, so you put in every money you have left into player, into salaries. (ECON1)

Multiple interviewees mentioned that it will be crucial for the CPL to become more mainstream and to attract a broader audience and additional sponsors. One club official explained that “right now, it [soccer] is not a back-page sport here if you think about the context of newspapers...it is still a small-column space for sport, for soccer here” (CO3). A league official mentioned that some Canadian media outlets and sports writers initially refused to cover the league. “TSN⁹ would not cover it in the initial dates because it was not a mainstream story...Steve Simmons of the Toronto Sun¹⁰, he would not write about it, because, you know, it did not have any impact” (LO2). In order for the league to get noticed and become more mainstream, an interviewee suggested that it has to produce a quality product on the field, which was the case during the league’s inaugural season.

The challenge to break thorough and to become mainstream is really about consistent quality of play and when we are measured against the MLS teams, or international teams, those are our opportunities to continue to, you know, stand on our own two feet. So last year we had Forge FC playing in the CONCACAF tournament and not being embarrassed – great. We had Cavalry kicking the Whitecaps¹¹ out of the Canadian Championship – great. We need to continue that. (LO3)

The CPL seems to have a great core base of passionate supporters, according to multiple interviewees, but the challenge will be to attract a broader audience. “There is passion in the soccer community, your hardcore fans. But there is that secondary, the sports fans...their kids are playing, they like soccer, but they are not watching it” (LO2). Due to the fact that the league was an exciting new addition to the sporting market in Canada, one league officials argued that the CPL’s second year would always be more difficult as the euphoria of its inaugural season slowly diminishes.

The second year is always going to be difficult. You know, the second and third year of any start-up in sport are always tougher than the first. So you will see a

⁹ The Sports Network (TSN) is a Canadian television network exclusively devoted to sports (The Canadian Encyclopedia, n.d.).

¹⁰ Toronto Sun is a Canadian newspaper based in Toronto, Ontario (Postmedia, n.d.).

¹¹ Vancouver Whitecaps FC is a professional soccer team based in Vancouver (Canada), competing in the American Major League Soccer (MLS) (Major League Soccer, n.d.-b).

spike in the first year and then a small dip, and the challenge is to manage that dip. (LO3)

One interviewee added that when this lack of euphoria after a first season also translates to fans and it becomes challenging to grow the general interest.

These kind of fans, because the fans are not actually historical fans, and cultural, socially, or historically bonded to the club. They are more event fans in the first years. And there comes a point that these event fans find some other event which is more exciting for them...it will get hard to remain the level or even...to grow. (ECON1)

An additional challenge to grow the level of fan support for the CPL in Canada was that the soccer community seemed quite intimidating and less welcoming to people that didn't possess much prior knowledge of the sport.

Soccer has got a little bit of a problem where they talk to each other, you know, in their community, and they are not talking outside. So, you know...it is intimidating...if you are a sports fan....they [the core group] are not as welcoming if you are not in the 'club', you know...soccer as a whole, that whole community has got to be more welcoming to the late fans to grow the sport in my opinion. (LO2)

Multiple interviewees agreed that the World Cup in 2026 will help boost the demand of soccer in Canada, which ultimately will be beneficial to the CPL as well. "We are co-hosting the World Cup and of course that provides the biggest push for this league...we are going to be there, we are going to have a team" (ECON2). Additionally, a league official explained that the "CPL is starting eight years before a World Cup...it will be a mature, vibrant, professional league by the time the World Cup happens here, and the World Cup will just sort of vault it into another stratosphere" (LO3).

4.2.7.2. Professionalism

Starting a professional sports league from scratch holds both, opportunities, and challenges at the same time. A league official explained that football in Canada does not possess a rich history and therefore, it is easy for the CPL to adjust processes that initially did not work as envisioned.

One of the things that we have as a new league, is we are not encumbered by one hundred years of history. So if there is something that we can do differently, that

other leagues can't, then we can do it, right. Nobody is going to say 'oh, but you know, thirty years ago, you didn't do it that way'. Well, you know, we don't have thirty years that...people can point at. We just started, so we can change things. (LO1)

However, according to one club official, Canada as a whole and the CPL in particular has a long way to go in order to properly professionalize the sport of soccer in the country.

I think just the other difficulties are, you know, professionalization of the sport in the country. So referees, administrators, lots of the groups didn't have ticket sales. They were building stadiums and developing as the league evolves as some of the facilities were not adequate, lighting wasn't adequate, fields weren't adequate for what the level needs to be. So I think for a first year...there were lots of positives. And look, we much rather here talking about that, right...there is a league and we are talking football and all of those things. But we got a long, long way to go in terms of getting it to the professional level it needs to be. (CO2)

4.3. CPL comparison to regular business start-ups

The third theme of this chapter consists of the comparison between the CPL and regular business start-ups. Similarities and differences between the two entities were identified as sub-themes and further discussed in this section.

An in-depth comparison between challenges of regular business start-ups and the CPL can be found in the *Discussion* chapter of this paper. Nevertheless, the next section of this thesis will discuss similarities and differences of the CPL and regular business start-ups in general, that were identified by the study participants. The researcher was interested to find out if club and league officials identify the league and individual clubs as regular new ventures. In addition, the author was curious to hear the thoughts of sports economists regarding the issue, in order to use the findings for the *Discussion* chapter.

4.3.1. Similarities between the CPL and regular business start-ups

The majority of interviewees acknowledged that numerous similarities exist when it came to comparing the CPL and its individual clubs to regular business start-ups. A league official described that "we looked upon ourselves as being this little sort of start-up operation" (LO1). Additionally, a separate league official acknowledged that "it was...a start-up comparison, yes, that was totally, totally the atmosphere when we were

getting going” (LO2). Interviewees explained that both, the CPL and regular business start-ups are able to start from scratch and have a “clean slate” (LO2) when setting-up the entity. One league official commented that just like start-ups, the CPL does not possess a rich history and therefore was able to change things and adjust processes when needed. “We don’t have thirty years...that people can point at – we just started, so we can change things” (LO1).

Cash flow and personnel problems were pointed out by one club official as being challenges that both, a CPL club and regular start-ups are facing, especially in the early stages of a new venture. “All the things we are doing, you can apply to any start-up business, it does not matter what they are doing. You roll up your sleeves, you get curveballs, you have cash flow issues, you have personnel issues” (CO3). Passion was identified as a characteristic that both, running a CPL club and starting a regular business require. One club officials mentioned that working either at a CPL club or at a start-up requires individuals to make sacrifices and exemplified that “we all have different things that we have given up on a personal level to make this happen” (CO3).

Interestingly, both sports economists vehemently denied any similarities between the newly established CPL and regular business start-ups. ECON1 suggested that both entities differ “completely” and ECON2 was not able to find one similarity and solely referred to differences between the two enterprises during the conducted interview. One of three league officials denied any similarities between the league and new ventures. However, all three club officials acknowledged some correlations between the two entities.

4.3.2. Differences between the CPL and regular business start-ups

Although, the majority of interviewees acknowledged that similarities between the CPL and regular business start-ups exist, study participants provided more detailed examples of why the two subjects are indeed quite different and difficult to compare. It is worth mentioning that two study participants, one league official and one sports economists categorically refused to recognize that similarities between the CPL and regular business start-ups exist.

4.3.2.1. Target market and community involvement

One club official identified the CPL's target market as a difference when comparing the league to regular business start-ups and described that clubs focus on local customers and try to mainly entice community members to buy tickets to their games.

Typically in business, I would say maybe my experience...being involved in a tech start-up...you go hunting a lot to other regions and other countries to get work...but when you are talking about a sports team, like you cannot convince people to fly across the world and come to visit you to go to your game, you got to build off the community. (CO3)

The interviewee continued highlighting the importance of the community presence when it comes to the CPL and its individual clubs.

The big thing from a club perspective, maybe is a bit different to a, to a business, is just the reality of the community presence and the fact that you, that you acknowledge that the community really is the lifeblood of your business. (CO3)

A league official argued that the CPL had an advantage towards regular business start-ups, as prior to the inaugural season, fan bases and affinities towards individual clubs had formed in the respective communities.

It [the CPL] has got a core base...it has got some, some passionate community already...it has got a whole network of influential, or you know, passionate supporters which, which are great...you would not get that with a new tech company or a, a start-up...they [the clubs] have the advantage there and sport is, sport is unique...being community based, they are established in each of the markets now...that is definitely an advantage, where if I am a business start-up, it takes a while to earn the trust of community and to get, to get those people on board. (LO2)

4.3.2.2. Partnerships

Multiple interviewees identified the owner profile of CPL clubs as a differentiating factor when comparing the league to business start-ups. One league official argued that club owners see themselves as business partners that have the greater good of the collective in mind, instead of individual success.

I think our owners look at it as a partnership. So they each own their own club, but they are also...they care about each other's businesses, care about the health of the game overall in the country. So it is different [compared to a business start-

up], because it is, it is a very local business but it is part of a national family. And so Bob Young¹² can't be happy if his team sells out every game and wins every game. Because that means, if the other teams aren't doing as well, the other teams are really struggling and that is not good for the game and that is not good for Bob. And so they all understand that and they all have a very collective view, so they pool together their resources. (LO3)

Additionally, one sports economists highlighted the fact that club owners are primary committed to promote and develop the sport of soccer in the country and their main objective is not to make a profit with their investment in the league.

These are investors, they are not owners. You know, in economics, we talk about 'owners always have the right to residual profits'. We talk about profit maximizing owners, all this kind of stuff. Well that is not the case here. The objectives are different. You have to understand why you are involved in this, that the biggest thing you are involved in is promote Canadian players. Because you will probably not going to make money on it. You might make a little bit or break even, but that is not the point of it. (ECON2)

4.3.2.3. Human resources and production function

According to one team official, the CPL is not offering a brand new product where potential customers do not have to be educated on.

It is not like a new technology where you have to educate people on, you know, all of a sudden, the day before the iPhone was released, nobody has ever seen an iPhone before, so you then have to sort of create this market. Everybody in this country knows about soccer. (LO1)

Although soccer is a known commodity, one sports economists argues that soccer in general and team sports in particular differ compared to regular products due to their production function. Especially the high amount of human resources, that are necessary to carry out the sport, contribute that in all probability, expected outcomes will not be fulfilled.

Human resources play a big part, or is [are] a team's production function. And that makes it difficult for a manager to cater to production, the upcoming production. So assume a company producing shoes. So you can calculate the cost

¹² Bob Young is a Canadian business man and co-founder of the Canadian Premier League team Forge FC (Forge FC, n.d.).

of the material, you can calculate the, the time an average worker needs to produce the shoe, and you can calculate the marketing cost. And then you end up with the price of the shoe. You can calculate round about the revenue and done. But with team production function, you put in eleven players, you think they might achieve, might win the cup, but then you find out 'oh no...the production of the players were higher in other teams'. Because in the other teams, there were other players and they helped these players to get better but in my team, they don't work as expected. And so you fail the expectations much more often than a usual company.
(ECON1)

5. Discussion

This section utilizes the researcher's findings, gathered through interviews outlined in the *Results* section of this thesis, and the information collected from the *Literature Review*, in order to explore the author's research questions.

5.1. Context - Approaches of the CPL to overcome threats

CPL officials recognized that it is an enormous undertaking to successfully establish a new professional soccer league in Canada. Therefore, every single structure, rule, and regulation that was put in place has been diligently reviewed and deployed in order to enhance the viability of the league in the long term.

5.1.1. North American approach

In order to limit spending and to create a competitive balance amongst clubs, the CPL utilized a centralized structure and applied measures such as set salary caps for players and coaching staff, revenue sharing amongst clubs, rules and regulations that facilitate playing time for young, domestic players, as well as set roster limits. The implementation of such approaches can be identified as very North American, where sports leagues use measures like salary caps and set roster limits in order to achieve a competitive balance between competitors (Szymanski, 2003). Additionally, the CPL applied a closed league system, which are universally utilized in major US sport leagues (Avgerinou, 2007). In general, the CPL can be described as a business cartel, as it is often the case in major North American professional team sport leagues (Fort & Quirk, 1995). The CPL and other North American leagues are referred to as business cartels as set arrangements, such as roster limits, salary caps, as well as the sharing of revenue restrain economic competition to facility the notion of uncertainty of outcome regarding league games (Alavy et al., 2010).

Although one league official stated that the American MLS served as the example for the establishment of the crucial Canada Soccer Business entity, league officials did not necessary admit during the conducted interviews that they used the MLS as an illustrative model for the CPL. However, there is little doubt in the researcher's mind that the league decision makers very closely examined the stipulations that worked for the US league and the ones that did not. Like the CPL, the MLS took a very conservative approach when it comes to a long term strategy and future (Francis, 2011). The MLS also utilizes a strong centralized leadership, with a set salary cap to limit team spending, and focuses on the

development of domestic players (Francis 2011). The structures as well as the rules and regulations that have been put in place by the CPL seem very sound and risk-averse. The researcher argues that especially the North American closed league system provides individual teams with the security that is necessary when trying to establish a new professional football club.

5.1.2. League employees and Ownership structure

Multiple interview partners confirmed that league executives and decision makers possess a strong business acumen and soccer background. As Shane and Venkataraman (2000) explained, many entrepreneurs either hold prior knowledge of information or the cognitive abilities to value and take advantage of potential business opportunities. Furthermore, study participants stressed the fact that league officials placed high emphasis on finding the right owners for the individual clubs. The findings of this study revealed that owners of CPL clubs are more seen as investors that committed to the league for a minimum of ten years. The CPL's ownership structure again resembles the one utilized by the MLS, where individual club owners not solely own the respective club but also a financial stake of the league itself as investor-operators (Flynn & Gilbert, 2001). It is important to point out that this ownership structure differs from the other big American leagues (Flynn & Gilbert, 2001), where franchises have the objective of profit maximization (Avgerinou, 2007; Szymanski, 2003). Various interviewees argued that CPL team owners have the objective of developing the sport of football in Canada and therefore cannot be viewed as profit maximizing investors. One can therefore argue that although the CPL utilizes North American league structures, the objectives of MLS and CPL team owners are different when compared to the ones in other big North American sports leagues. However, this attitude will be put to the test if individual clubs keep losing money for a long period of time and fail to cover their high initial cost of investment.

5.1.3. Broadcast deal

The literature review revealed that one of the main revenue sources of professional football leagues and clubs are the sale of broadcasting rights, as well as sponsorship deals (Ramchandani et al., 2018; Rottenberg, 2000). Therefore, multiple interview partners highlighted the importance of the league's broadcast deal with the Spanish multimedia communications group MediaPro as a cornerstone moment that instantly legitimized the CPL and helped to attract sponsorship deals. The researcher agrees that the broadcast deal

with MediaPro was a milestone event for the league that secured important revenue and created international exposure. However, the lack of screen time and media coverage from national media outlets seem to slow down the establishment of the overall product in the Canada.

5.2. RQ1 - Challenges of the CPL

Prior to the establishment of the CPL, league officials were faced with various known and unknown obstacles that needed to be accounted for. Some challenges were of general nature that universally occur at newly established professional sports leagues, whereas other threats were country specific and related to Canada's unique characteristics and makeup.

5.2.1. Infrastructure

CPL officials were aware of the enormous infrastructure costs, coupled with the possibility of little revenue being accrued in the early stages of a professional start-up league (Francis & Zheng, 2010). It was necessary for league officials to attract team owners and investors that were financially strong, as demand for the new entity was unknown before kick-off, which is comparable to the experiences of the MLS (Haas, 2003). With Canada being the second largest country in the world, league officials were aware that geographical circumstances, as well as a harsh climate represented immense challenges for travel and scheduling (Holt, 2002). Canada lacks a professional infrastructure of the sport (Holt 2002), and can be described as a hockey country (Robidoux, 2002) that views professional soccer as a niche sport (Buma, 2009).

Challenges in regards to infrastructure were well known to league officials, as they also have been identified in current literature prior to the CPL's establishment. The findings therefore effectively confirmed prior expectations and presumptions. However, it is worth noting that although travel was identified as a known challenge to the league and its individual teams, interviewees did not expect it to have such a big impact on the overall product. Particularly club officials lamented that travel negatively affected a team's overall performance and consequently impacted the overall product of the league.

5.2.2. Perception of the sport

One of the challenges that stood out to the researcher was the perception of the sport in the eyes of sponsors, the neutral sports fans, and the media. Various club officials

admitted that the league was not able to successfully engage Canadian companies and convince them to invest in the newly established league. That was a particularly concerning discovery, as sponsorship deals are one of the main revenue sources for professional sport leagues and teams (Ramchandani et al., 2018). It came as a surprise to learn that decision makers in major Canadian companies perceived the CPL as a risky investment and found the concept of football too confusing, due to the existence of numerous acronyms (e.g. FIFA, UEFA, CPL, MLS, CONCACAF). League officials assumed that the CPL involvement in the global soccer industry was not ‘American enough’ as large Canadian companies already affiliated themselves with clubs participating in major US sports leagues where one single entity dominates the market and provides lucrative investment opportunities. One can compare the struggles of the CPL with the initial challenges of the MLS, as the US league had a hard time attracting potent investors at the start of the new venture, due to the fact that the demand about a new soccer league was unknown (Haas, 2003).

Interview partners highlighted the fact that there is a great base of very passionate football fans in the country. However, one interviewee mentioned that precisely this passion can be perceived as intimidating to neutral fans with little to no prior soccer experience. According to one study participant, passionate soccer fans would come across as unwelcoming to newcomers to the sport, as they lack common soccer knowledge. This is quite an interesting discovery, which did not cross the researcher’s mind prior to the interview process. A growing fan support is absolutely crucial for the league and individual teams, as ticket sales are one of the main sources of revenue for professional football leagues and clubs (Ramchandani et al., 2018). Of course, this could only have happened on very few instances, but the league and its individual clubs cannot afford to lose potential customers due to this issue and have to somehow monitor the situation.

The literature review revealed that television and other media were one of the top purchasers of a league product (Mason, 1999) and therefore fundamentally important to the CPL. Interviewees explained that on one hand the league did a great job in securing a multi-year broadcasting deal, but on the other hand, study participants admitted that there was a lack of coverage in the national media. Canadian media outlets and sports writers deemed the league not mainstream enough and at times declined to provide crucial exposure to a national audience. Again, one can attribute the media’s perspective to the

unknown demand regarding the product (Haas, 2003), but the lack of national media coverage seems to be a huge issue of the CPL, and one of great repercussions. In order to establish the product and access a bigger audience, outside the already established fan bases, it will be crucial to produce headlines and attain exposure of meaningful sources with a national range.

5.2.3. The product of the CPL

In order to grow the visibility of the league, the product on the pitch has to be great. According to multiple interviewers, the quality of play was identified as one of the key obstacles to overcome in order to successfully establish the new entity and to entice fans to watch the games. However, the league should proceed with caution and make sure that a competitive balance amongst teams will still be intact. As research by Mason (1999) showed, it is absolutely crucial for a sports league to offer a product where the outcome of a game is uncertain, in order to sustain its fanbase. In addition, Rottenberg (2000) stated that the quality of the game will be higher when an outcome of a specific game is uncertain. In retrospect, CPL teams did great when competing against alleged superior competition and were able to achieve very respectable results. However, multiple club officials argued that due to a set salary cap and roster rules, which should lead to an improved competitive balance amongst teams (Szymanski, 2003), teams were struggling to sign players that offer years of professional experience and quality. According to various interviewees, irrational salary expectations and a limited number of roster spots for international players, led clubs to fill their rosters with domestic, first time professionals that often time lacked a professional attitude. On the one hand it is great to give local, unproven talent a chance to present themselves on the field, but on the other hand, it is in the best interest of a new league to provide spectators with the best possible product, as the main focus of sports leagues should be to maximize fan interest (Borland & Macdonald, 2003). One can argue that it will be crucial how the individual clubs will handle the balancing act of providing a great product on the pitch while at the same time working with budgetary constraints. The goal of the CPL must be to increase fan interest and it will be interesting to see how the rules and regulations set-up by the league have an effect on the objective moving forward.

5.2.4. Future challenges and opportunities

Besides challenges that emerged prior and during the CPL's inaugural season, study participants identified various future obstacles that need to be addressed by the league and its clubs in order to establish a viable product. Future challenges of the CPL will be to attract more spectators and fans, become more mainstream, and grow the league in a sustainable fashion.

One league official explained that it will be crucial to attract spectators after the first year euphoria has settled, as the sale of tickets is one of the main revenue streams of individual clubs and the league (Ramchandani et al., 2018; Rottenberg, 2000). However, one sports economist warned that it will be a challenge to grow or even maintain the current level of spectators, due to the fact that CPL fans did not develop a historical bond to the newly established clubs that continually was established over time. Again, Canada is a hockey nation (Robidoux, 2002) where professional soccer is seen as a niche sport (Buma, 2009; Holt, 2002). A great number of fans could be considered event fans that tend to switch to a different event once they find something more interesting. However, when looking ahead, multiple interview partners are optimistic when it comes to the growth of the game. The fact that Canada is a multicultural country with a large foreign born population (Berry, 2013) will be an advantage for the league. As football is the most popular sport in the world (Palacios-Huerta, 2004), many newcomers to Canada are very passionate in regards to soccer and league officials hope that this passion translates to them supporting the CPL in the near future. Additionally, CPL officials hope that the World Cup in 2026, which will be played in Canada, Mexico, and the United States (Ludvigsen, 2019) provides a major boost for Canadian soccer in general and the CPL in particular. As Szymanski (2003) argued, hosting the soccer World Cup plays an important role when it comes to the development of the sport in countries where football is not yet fully established. Of course, there is no question that this event provides the CPL with a great chance to utilize the spotlight that comes with hosting the tournament, and position itself in a way to attract new fans and further establish the league. However, Canada and Mexico will only provide three host cities for the World Cup, compared to ten host cities that are located in the United States (Ludvigsen, 2019). One could argue that Canada and Mexico might only play a secondary role to the US with its overwhelming majority of host cities. That is not to say that Canada and Mexico will not receive any spotlight at all, but it will be absolutely crucial for the CPL to properly take advantage of this unique opportunity in order to further grow and establish the league.

In order to become more mainstream and receive coverage and airtime from national and international media channels, one league official argued that CPL teams need to keep making headlines by achieving success when playing against teams from more established leagues. Future success of CPL clubs on national and international stages, as well as a more established product may draw more interest of Canadian companies to invest and sponsor the league. With the inaugural season being played, potential sponsors now have a better idea on how to evaluate the product and don't face the obstacle of an unknown demand, compared to prior to the first season (Haas, 2003).

When it comes to the growth of the league, sport economists advised CPL officials to exercise caution when expanding and applying changes to the current system. Fort and Quirk (1995) explained that sport leagues must be cautious when expanding and have to take into account the existence of a "natural" upper limit in regards to the number of teams. Multiple league officials declared that at one point in the future, the league might switch from a closed league to an open league that supports promotion and relegation of teams in order to follow the norms of international football. Current research indicates that European open league systems foster an environment that facilitates fierce rivalry to win championships on one hand and to avoid relegation at all cost on the other hand, even if it would result in bankruptcy (Szymanski & Valletti, 2010). When relegated, a team's revenue might decrease up to 80% in a lower league, whereas a promoted team in a higher division can expect its revenues to increase by approximately five times (Andreff, 2011). The open league approach would stand in stark contrast with the structure the CPL is currently utilizing. Current league teams compete economically less intense and share resources, like it is commonplace in other closed leagues in North America (Szymanski & Valletti, 2010). One sports economists urged league officials not to change the current closed league system to an open league system for at least the first five years, as teams require a specific certainty when heavily investing in a clubs' infrastructure and can't afford to be in an environment that facilitates overspending. Therefore, league officials should carefully consider if and when they plan to switch to an European open league system, as the change would drastically alter the league set-up. Approaches that were put in place, that currently facilitate the league's viability would be hard to preserve and current club owners could potential turn their back on the project and terminate their investment in the CPL.

5.3. RQ2 - Regular business start-ups vs. CPL

In this section of the chapter, the researcher uses data gained from the *Results* section and applies current literature in order to examine similarities and differences between challenges of the CPL and regular business start-ups.

5.3.1. Similarities

Both, the CPL, as well as regular business start-ups face financial obstacles. For multiple interviewees, monetary difficulties were one of the first aspects that came to mind when discussing challenges of the league and its individual clubs. In addition to financing (Young & Welsch, 1993; Zhuplev et al., 1998) current literature identified obtaining loans and receiving credit extensions from banks as very important obstacles, as without financial means, entrepreneurs will not be able to invest in better equipment, facilities, and human resources (Kozan et al., 2006; Fogel, 2001). One league official also identified obtaining a loan as highly challenging, as the newly established league was not able to provide a proven track record. Ideally, the CPL will be expanding its operation in the near future and the accessibility of financial means will play a crucial part in the undertaking. Kozan et al. (2006) identified financial obstacles as one of the main barriers that prevents a start-up from growing. Therefore, the newly established league and its clubs could face difficulties when trying to improve current infrastructure and other matters, as it might be a challenge to have access to the appropriate financial resources.

Bhide (1992) explained that the majority of start-ups have a hard time attracting potential investors, as they start their entrepreneurial path in niche markets, that at first glance seem too small to draw the attention of financial backers. Just like new ventures, where a high amount of uncertainty regarding the demand of the product might deter investors (Ries, 2011), the CPL faced multiple challenges when it came to attracting potential financial backers. Especially Canadian companies identified the league as not appealing enough and therefore too risky to invest in. The fact that national sponsors shied away from investing in the CPL seems like a missed opportunity that might get corrected in the future, once the league further establishes itself, as the CPL provides companies with exposure to intriguing markets outside the big Canadian cities like Montreal, Toronto, and Vancouver.

Current literature revealed that there is a lot of risk involved when starting a new venture, especially in the early stages of a start-up process (Keat and Ahmad, 2012). Additionally, Venkatraman (1997) argued that there are many unknown factors when it comes to entrepreneurship and major investments have to be made without exact future knowledge about demand and results. When it comes to the CPL, league and clubs officials knew before they established the CPL that there is an existing fanbase impatiently waiting for the ball to be kicked. However, as one sport economists mentioned, there are a lot of unknowns when it comes to newly established professional sports leagues. As start-ups operate with a lot of uncertainty, especially in the initial stages of the new ventures (Ries, 2011), the CPL faced a lack of knowledge regarding demand, revenues, and expenditures that impeded the budgeting process. Canada doesn't possess a rich soccer history and league officials cannot simply use data from previous years to establish a budget. Therefore, decision makers made decisions under uncertainty, especially in the early stages of the CPL, that might lead to undesirable outcomes – similar to regular business start-ups (Venkatraman, 1997). The lacking football history however could prove to be an advantage of the CPL, as league officials and teams are able to adjust poor processes that have been applied during the inaugural season and provide superior solutions for issues in the future. Just like business start-ups, that are very flexible and able to react quicker to customer feedback and improve products or services when compared to large companies (Ries, 2011), the CPL has the opportunity to improve their product at a fast pace without the impediment of deeply embedded rules and regulations.

One can argue that CPL officials can be seen as pioneers that took advantage of an existing status quo. When looking at the four-step organizing model that describes the start-up process by Shook et al. (2003), the researcher argues that CPL officials followed all four steps. However, one can argue that prior to league officials developing an intend to create a new venture, a discovery about a future business opportunity was made, as the entrepreneurs saw a need for a professional soccer league in Canada. Subsequently, the individuals decided to pursue the opportunity, and started exploitation activities by talking to potential partners, investors, and sponsors.

New business start-ups are established from a similar notion, where inefficiencies of markets and societies lead to business-minded individuals taking advantage of the status quo (Venkatraman, 1997). CPL officials took advantage of the opportunity at hand, as Canada was lacking a domestic league and according to a league official was the

wealthiest country in the world without its own professional football league. With the establishment of the CPL, league officials exhibited entrepreneurship where individuals identified opportunities, evaluated the situation, and then took advantage and exploited these opportunities (Gnyawali & Fogel, 1994; Shane & Venkataraman, 2000).

According to Shane and Venkataraman (2000), entrepreneurs have to possess either prior knowledge of information, or the cognitive abilities to value and take advantage of potential business opportunities. This is the case with the CPL executives and decision makers possess vast knowledge of the soccer industry from previous experiences. Finding the right employees is crucial for a start-up (Peña, 2002) and according to multiple interview partners, the CPL did a great job identifying and hiring employees that instantly were great assets due to their prior experiences and professional backgrounds. Having the right decision makers and employees in place is a big advantage of any entity, as it increases a company's reputation and credibility.

5.3.2. Differences

The interview findings did not provide stark contrasts between challenges of the league and regular business start-up. Both experience very similar obstacles that need to be overcome in order to establish a successful entity. However, multiple interviewees identified the community involvement as a salient contrast when comparing the CPL to regular business start-ups. In general, a professional sports league should be defined as a business entity (Mason, 1999). However, Guzmán and Morrow (2007) described football clubs as quite unusual businesses, where a strong relationship between the club and its stakeholders, like fans and the community, exist. This is quite an interesting point, as one club official mentioned that the community really is the lifeblood of their business and therefore identified as the main target market of teams, as the relationship between fans and a club is based on identity and belonging (Guzmán & Morrow, 2007). Whereas regular start-ups do not necessarily need to solely rely on regional markets, but can extend their reach further with no limits. CPL teams have no other choice but to rely on the local community to support their business by purchasing tickets to games and by acquiring merchandise.

One can argue that the CPL did not face a big competition from the national soccer scene. Compared to start-ups, where competition is fierce and considered as one of the

main entry barriers when launching a new venture (Kozan et al., 2006), the league does not directly compete with any other soccer league in the country and was more held back by high financial costs and a missing infrastructure. The Canadian teams competing in the American MLS are not seen as direct competition, as the describes itself as ‘fiercely Canadian’ according to one interviewee. Although there is no existing football league in the country that could rival the CPL, the new venture has to compete with other North American sports leagues that offer strong, already established products.

One league official explained that the league’s fan base proved to be a huge advantage towards a new venture, as it normally takes a lot of time and effort to gain the trust of customers in order to establish a product in a new market place. Regular business start-ups face issues of uncertainty, time lags, and exploration obstacles when it comes to the creation of a new market for certain products and services (Sarasvathy and Dew, 2005; March, 1991). Although the full demand of the product was unknown at the start of the new venture, the CPL was able to bypass the complicated opportunity exploration phase when compared to a regular new business ventures. The newly established league had the advantage to build off an already existing customer base, as one club official mentioned that there was a fan driven effort to support the team before the club was even fully established.

It was interesting for the researcher to learn about the motives that enticed club owners to invest in the CPL. It is important to mention that the league utilizes the North American closed league system, that applies measures like revenue sharing and salary caps (Avgerinou, 2007) to improve the competitive balance amongst teams (Szymanski, 2003). Many schemes utilized by such North American leagues punish excellence through the application of salary caps that reduce the market demand for high-end player talent and a reverse-draft order rewards teams for poor performances (Rosen & Sanderson, 2001). Whereas regular business start-ups compete in a highly competitive environment (Kozan et al., 2006) that punishes failure with bankruptcy. Commonly, if activities of new ventures do not lead to success over time, entrepreneurs would decrease and eventually cease their efforts (Carter et al., 1996). However, one sports economists argued that owners are not involved in the league to make money, but rather to promote Canadian soccer talent and develop Canadian football as a whole. Of course there is competition amongst league teams, but overall, team owners view their involvement as a

partnership and genuinely care about the well-being and success of the league and their rival clubs. This stands in contrast to the approaches of most regular business start-ups as they operate in a highly competitive environment with a lack of compassion, where the primary goal is to upstage business rivals.

6. Conclusion

The aim of this research was to uncover challenges, the CPL and its individual clubs faced during the inaugural season in 2019. In addition, this study intended to utilize the findings regarding challenges of the newly established league and compare them to obstacles regular business start-ups are facing. Qualitative research was applied in order to answer the author's research questions.

The researcher considered it necessary to provide readers with context regarding the CPL and the approaches the league applied to establish the new venture, as this background information served as the basis of this study. The study found that CPL officials did a great job of setting up a league structure where employed measures facilitate the viability of individual clubs. League executives were carefully chosen based on prior experience and relevant knowledge. Team owners had to share certain characteristics and a coinciding long term vision. Although it turned out to be quite challenging, the CPL was able to secure a great broadcasting deal and sponsorship agreements with international companies. One can argue that the CPL provided a sound foundation for its clubs to grow and to develop the sport of football in Canada. The research found that the CPL planned the organization of the new venture meticulously and put measures in place that obviated potential challenges. The CPL had the benefit to learn from mistakes of failed leagues in the past and was able to adapt the knowledge gained from the establishment of the American MLS.

With the context established, the author now aims to answer the first research question: *What are the challenges of the CPL?*

During the early planning stages of the CPL, challenges seemed omnipresent and the league was exposed to many pessimists that viewed the project as an impossible undertaking. Generally, the challenges of the CPL can be divided into previously known and unknown obstacles. Many challenges were known to league officials and individual clubs, such as monetary issues, a lacking infrastructure, as well as the geographical makeup of the country that could be accounted for in the initial planning processes. However, the researcher specifically conducted qualitative interviews in order to uncover unique challenges that emerged during the CPL's inaugural season that have not been publicly discussed. This research revealed many obstacles that unexpectedly emerged and future challenges that need to be addressed by league officials and its individual clubs

in order to ensure the league's future viability. Amongst others, it was interesting to learn that Canadian sponsors were reluctant to invest in the new venture and that national media outlets barely reported on the league, as the entity seemed not mainstream and newsworthy enough. Many unknown challenges that emerged throughout this research surprised the author and were not considered prior to this study. For example, the lack of adequate player housing and Canadian football fans being viewed as intimidating by casual fans that possess little football knowledge. It is worth mentioning that travel has been identified as both, a known and an unknown challenge. Team officials in particular highlighted the incredible amount of travel and the toll it took on players' bodies, even though they were aware of the issue beforehand.

As this study uncovered numerous challenges of the CPL, the author now aims to answer the second research question: *Did the CPL face similar obstacles than regular business start-ups and to what extent are the two entities comparable?*

The research shows that the CPL indeed faced similar challenges when compared to the obstacles of regular business start-ups. Nearly all challenges of new ventures that were identified by the academic literature are able to be applied to the newly established football league. The question that now arises is as follows: *To what extent are the two entities comparable?*

Yes, the CPL demonstrated similar challenges that also occur in regular business start-ups. However, the researcher argues that both entities are very difficult to contrast as they completely differ from one another. Technically, the CPL can be considered as a start-up league due to the fact that league officials started the organization from scratch and have the ability to quickly adapt processes due to a lack of a rich history as well as deeply imbedded rules and regulations. CPL officials can be identified as entrepreneurs and the league went through the four-step organizing model that specifically describes the start-up process introduced by Shook et al. (2003). However, the main difference of the CPL compared to a regular business start-up is the community involvement and the ownership structure of the league. Sport can be described as a very particular business that is unlike any other. Local communities have been identified as the lifeblood of individual teams and club owners have the objective of developing Canadian football talent, without the notion of profit maximization.

The aim of this study was to uncover the challenges of the Canadian Premier League during its inaugural season. Due to the fact that the CPL is a recently established sports league, there is a lack of existing research that examines the new venture.

The researcher expected to uncover unique challenges of the new league that have been unknown to the general public. The results of this research matched the high expectations of the author, as many interesting obstacles were unveiled that prior to this study have been undisclosed. Initially, the researcher feared that study participants were reluctant to share many details, but it turned out that all interviewees greatly contributed to this research with an open attitude and a willingness to share their experiences.

6.1. Limitations

One of the limitations of this study was that the researcher was quite restricted when it came to study participants. The CPL is a newly established league with few current and former employees. Only seven individual clubs participated in the league's inaugural season, which were also comprised of a limited number of employees. Therefore, the quantity of potential interview partners was very low, as the researcher aimed to exclusively recruit individuals that occupied managerial positions at the CPL or at the respective clubs. Additionally, the author would have liked to conduct several more interviews. The study features insights from three team officials that were part of two different clubs. Ideally, the researcher would have included at least two more study participants from two separate clubs in order to generate additional research data. Due to the fact that this study utilizes a qualitative research approach and focuses primarily on the Canadian Premier League, it will be challenging to generalize the research results.

6.2. Future Research

It is the author's expectation that additional studies of the CPL will be published in the near future. It will be interesting to see how the current Covid-19 pandemic influenced the newly established league. Furthermore, future research will be able to present the implications of the FIFA World Cup in 2026 on the CPL. It would be intriguing to study how the current challenges experienced by the league and its clubs will shift and alter over time. Additionally, future research will be necessary if CPL officials decide to change the league's current closed league system to an open league system. Will owners stop investing in the CPL when the overinvesting begins? There are

many interesting topics in regards to the CPL that require examination and the author is hopeful that this study will be used as a basis for future research.

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Appendix A – Interview guide for qualitative research

Semi-structured interview guide for league officials:

1. With the CPL's first season in the books, what is your general feedback on the first year of operation?
2. Looking more specific at your role/department, how would you summarize and review the first year?
3. What challenges did the CPL face in general during its first year of operation?
4. What challenges stand out when looking at your role/department?
5. What were some notable challenges that emerged, that you and your team did not necessarily expect and that surprised you?
6. Bob Young said in an interview once: "One of the stupidest things you can do as a business man is launch a new sports league." What are your thoughts on that?
7. From your point of view, how does the CPL differ from a regular business start-up?
8. From your point of view, what will be the biggest challenges of the Canadian Premier League going forward?
9. Where do you see the league in five years?

Semi-structured interview guide for club officials:

1. Would you be able to quickly summarize your main duties and range of responsibilities at the club?
2. With the CPL's first season in the book, what is your general feedback on the club's very first season in the CPL?
3. How would you summarize or review the first season of the Canadian Premier League in general?
4. With what specific challenges were you faced in your role at the club?
5. What challenges did you club face in general during its first season in the CPL?
6. What were some notable challenges that emerged, that you and your team did not necessarily expect and that surprised you?
7. Bob Young said in an interview once: "One of the stupidest things you can do as a business man is launch a new sports league." What are your thoughts on that?
8. From your point of view, how does the CPL and your club differ from a regular business start-up?

9. Looking ahead into the future, what will be the biggest challenges at the club?
10. From your point of view, what will be the biggest challenges of the Canadian Premier League going forward?
11. From what you have experienced thus far, where do you see your club and the CPL in five years from now?

Semi-structured interview guide for sports economists:

1. With the CPL's first season in the books, what is your general feedback on the first year of operation?
2. 1.From your point of view, what are the main challenges to start a new professional football or sports league in general?
3. What challenges did the CPL face in general during its first year of operation?
4. What do you think were some notable challenges that emerged that league/club officials did not necessarily expect in year one?
5. From your point of view, how does the CPL compare to any other sports/football start-up league?
6. What challenges do you expect a professional sports/football league will face during its first year of operation?
7. What is crucial for a brand new start-up league to develop over time in order to become financially sustainable?
8. Bob Young said in an interview once: "One of the stupidest things you can do as a business man is launch a new sports league." What are your thoughts on that?
9. From your point of view, how does the CPL and your club differ from a regular business start-up?
10. From your point of view, what will be the biggest challenges of a new sports/football league going forward?
11. Where do you see the league in five years?