

Trends in Major League Sports in the U.S. From 2000-2015

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Abstract

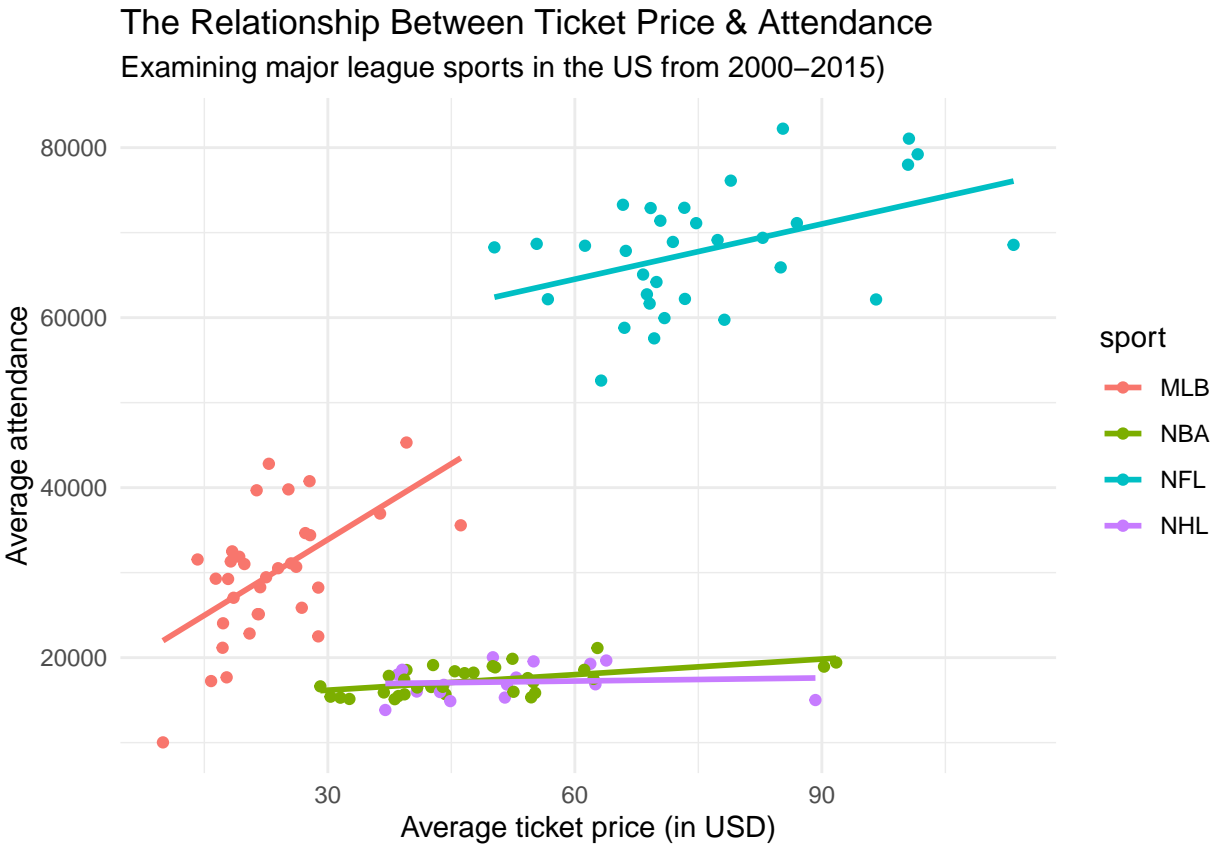
Marketing research has frequently used the context of sports to explore one facet of consumption. Additionally, the data within the sports realm is well-documented and detailed across time which allows for analyses to be tracked across time and different locations. While the current analysis is mainly exploratory in nature the goal of this project is to familiarize ourselves with this dataset prior to using it in future marketing studies. In this project specifically we look at how the 2008 financial crisis impacts ticket price for professional sports teams. However, in the future we plan to use this data in conjunction with other datasets that have unique time and location identifiers to look more specifically at how consumers engage with sports in reaction to other events occurring simultaneously, whether that be financial crises, political uncertainty, or natural disasters.

Keywords: sports, NBA, NHL, NFL, MLB, NCAAF

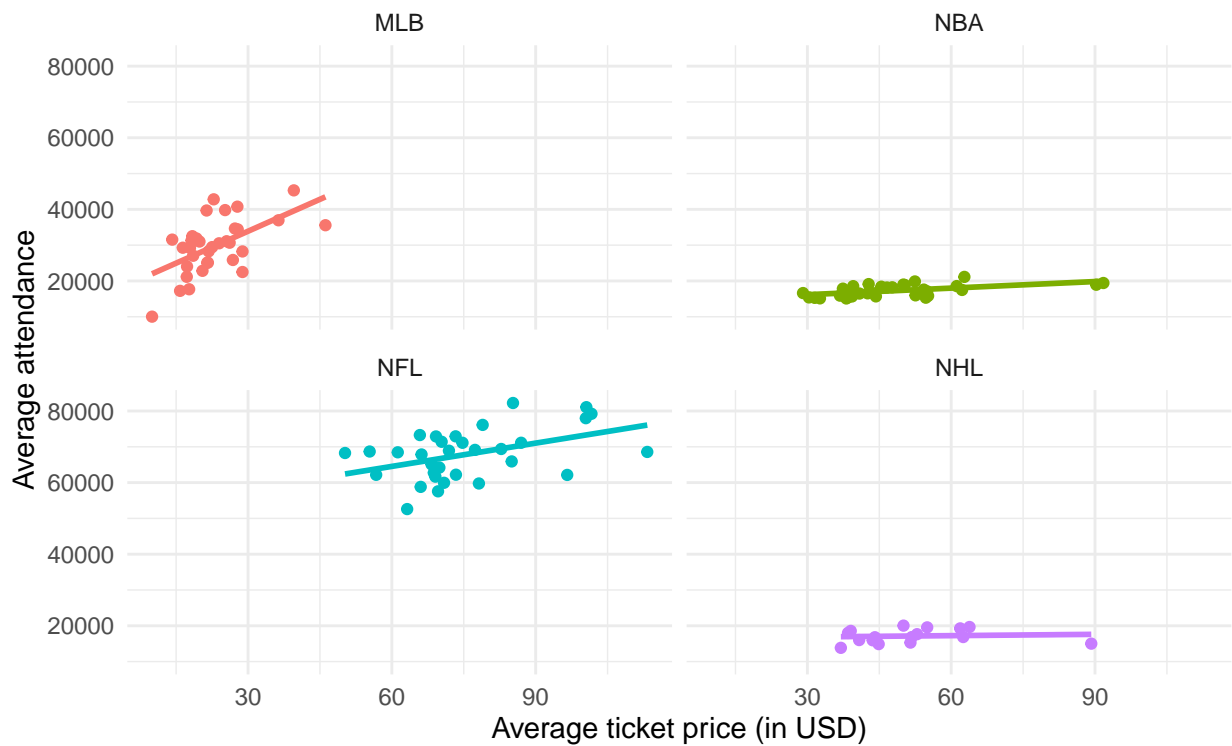
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Introduction

Humphreys (2010) explores the impact of the global financial crisis on sport in North America. He finds that while attendance and franchise values declined slightly, and a few teams experienced notable financial problems, the nature of sports as a consumer product in addition to institutional factors associated with the sports industry have, so far, insulated professional sports from significant negative shocks as the result of economic uncertainty. Coates and Humphreys (2007) investigate the demand for attendance at professional sporting events using a data set that includes ticket prices and a price index reflecting prices for ancillary goods associated with attendance. Both mathematical modeling and empirical methodology are used in their research (see Coates & Humphreys, 2007).

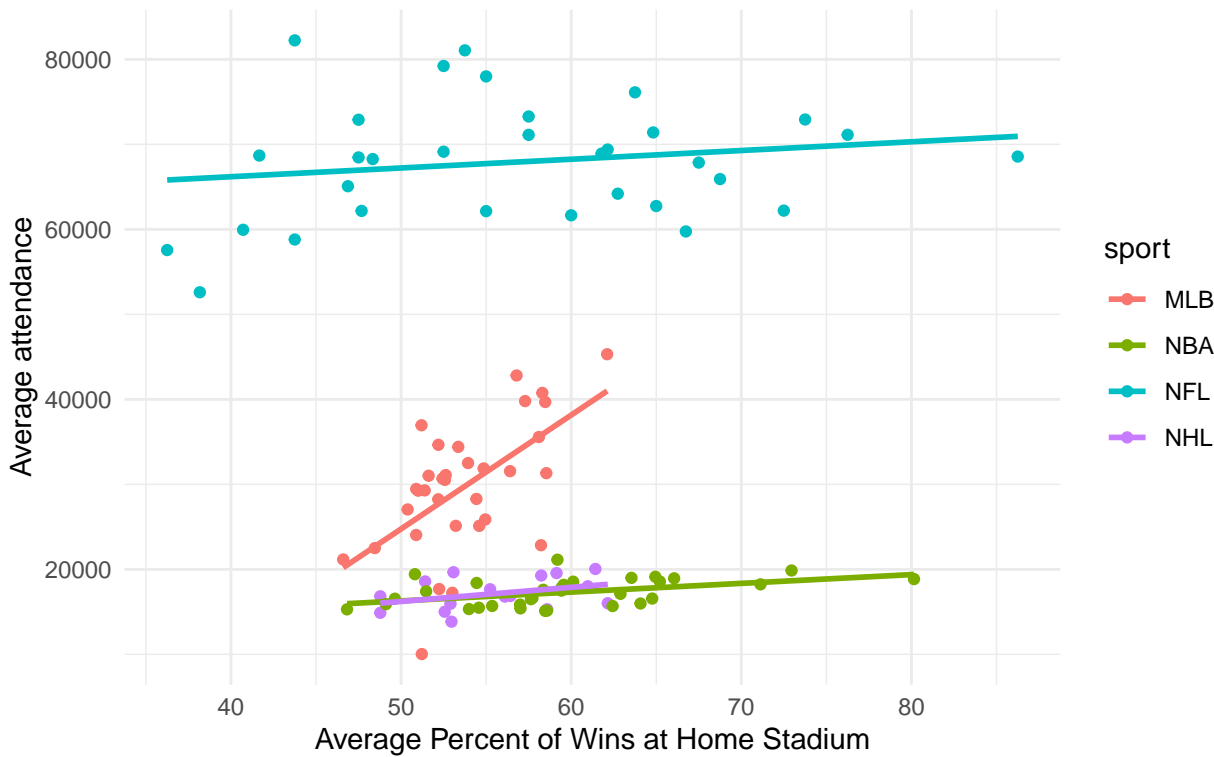


The Relationship Between Ticket Price & Attendance
Examining major league sports in the US from 2000–2015



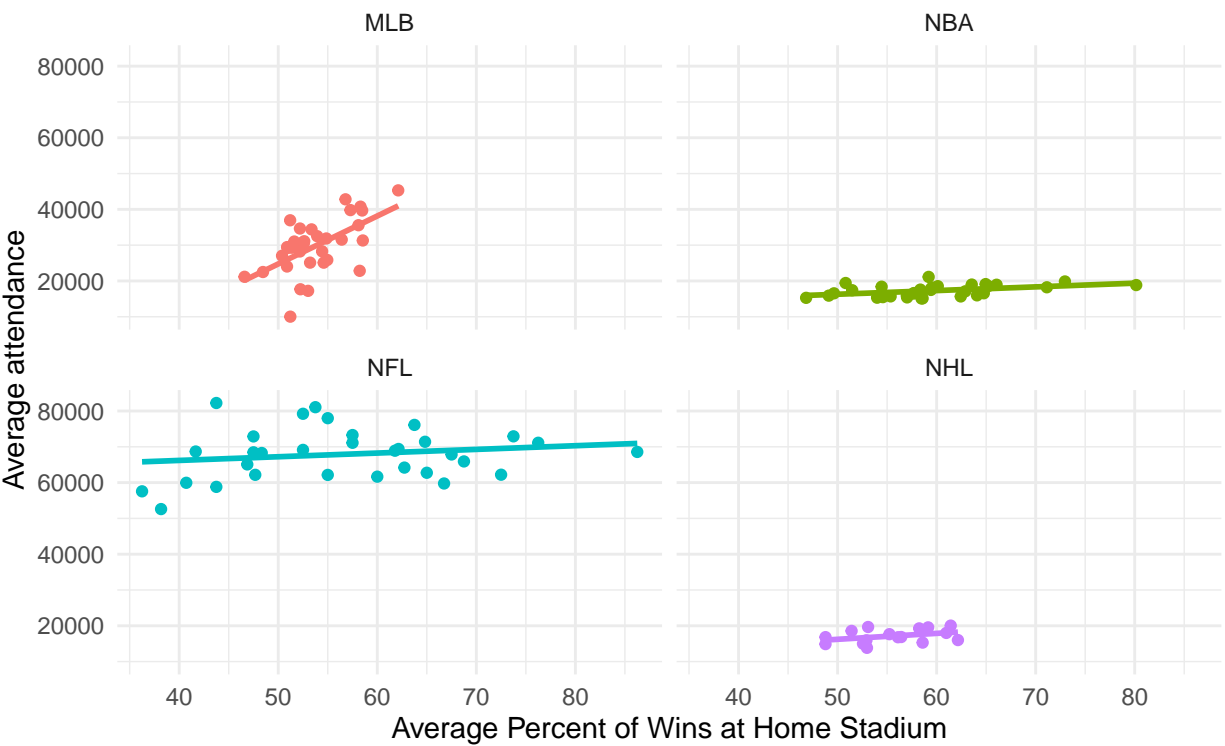
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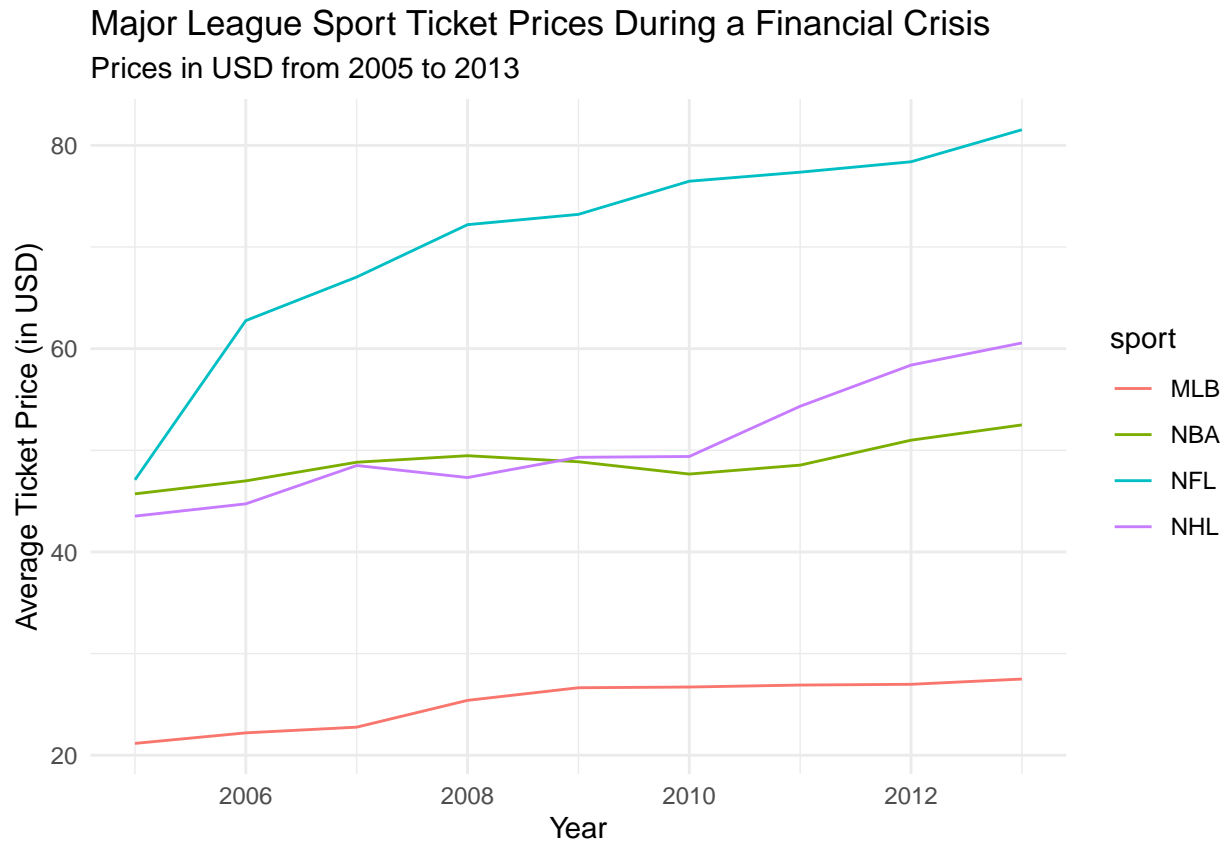
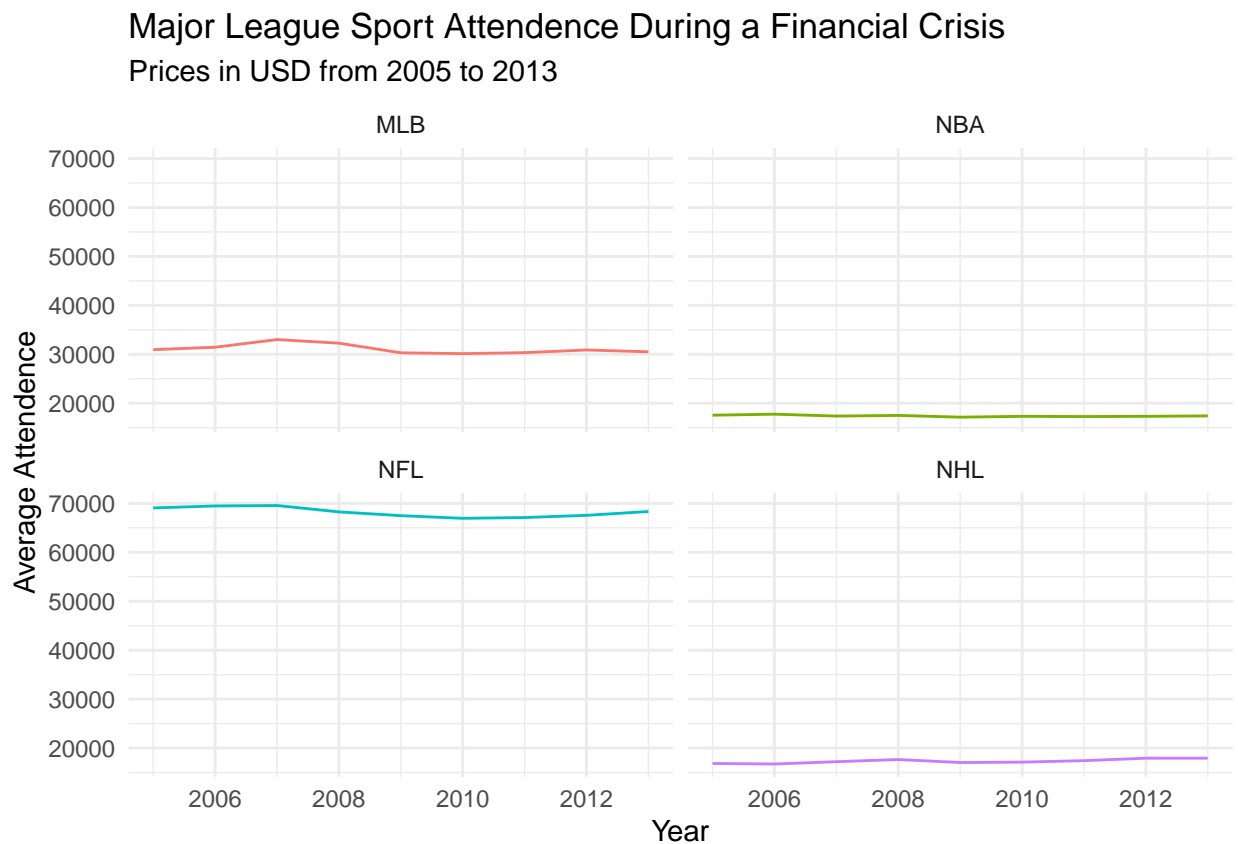
The Relationship Home Wins and Attendance
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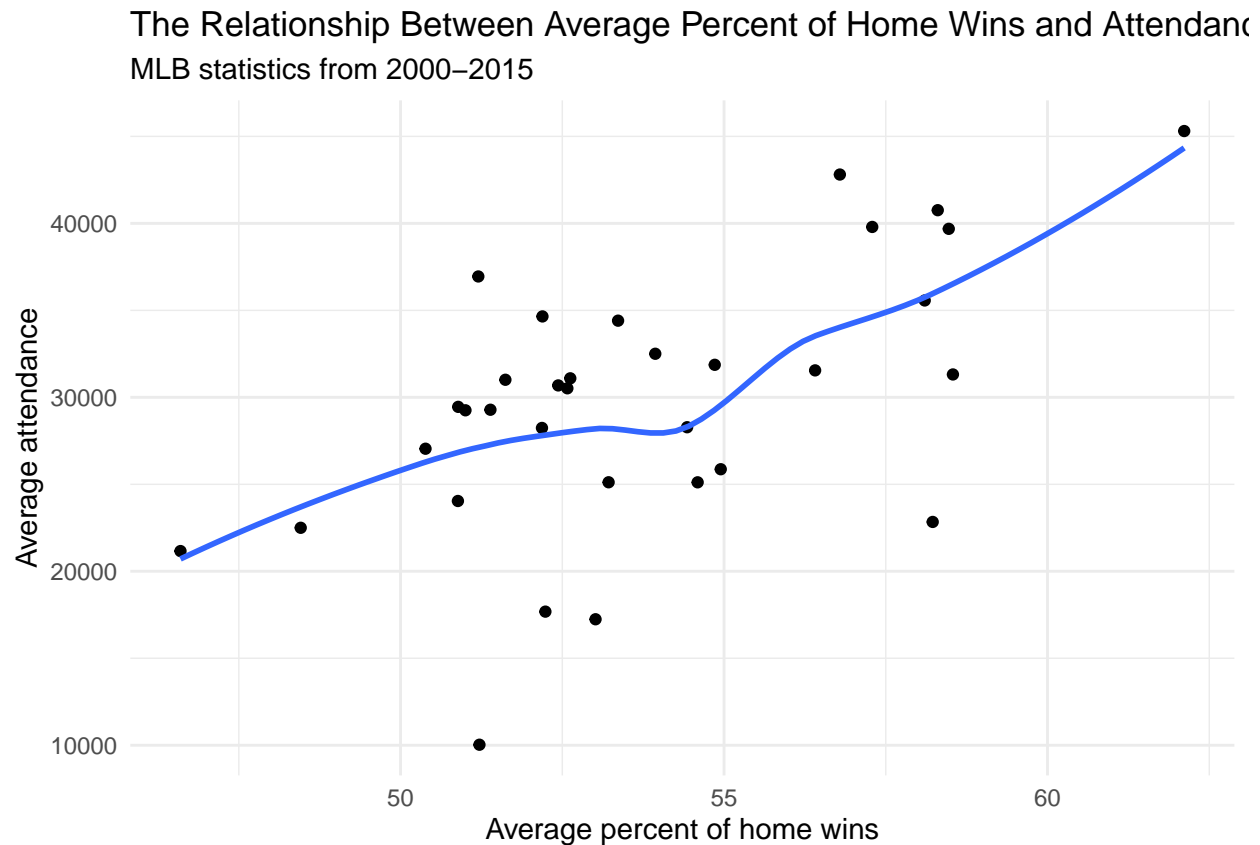


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The Relationship Home Wins and Attendance
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*Figure 1*



Average Home Attendance, Average Home Ticket Price and Average Home Win pct by Sports (2000-2015)

sport	attendance_mean	ticketprice_mean	homewinpct_mean
MLB	30420.90	23.51	53.88
NBA	17335.68	49.04	59.70
NFL	68039.56	75.29	56.86
NHL	17342.74	51.76	55.94

Average revenue per homegame for Major league Baseball (MLB) teams spanning from 2007 and 2009 is \$794,445.22 while the one for three years after **financial crisis** is \$818,114.18. Major League Baseball seems that it was not affected by recesion in terms of *revenue* and it actually made more than before the crisis. However, to understand how the recession impacted MLB in greater detail we would need to account for other variables.

Average Home Game Revenue before and after economic recession

Average revenue per homegame of MLB spanning from 2007 and 2009 is \$794,445.22 while the revenue 3 years after the **financial crisis** is \$818,114.18. Major League Baseball seems that it was not affected by depression in terms of *revenue* and it actually made more than before the crisis.

Methods

The sports dataset was collected by marketing professor Conor Henderson. It covers four major league sports (NBA, MLB, NFL, NHL) as well as NCAA college football (NCAAF). For each sport, the data spans from 2000 through 2015 and is currently in the process of being updated through present. The data was originally compiled from a number of reputable sports-focused sources including Rodney Fort's Sports League Database as well as ESPN. In the final dataset that combines all the sports we have 1398 observations across 15 years and 10 different variables. The 10 variables we selected were: sport, team, year, stadium capacity, total attendance, average attendance, number of games, ticket price (in USD), and the number of home wins.

Data analysis

We used R (Version 3.6.1; R Core Team, 2019) and the R-packages *dplyr* (Version 0.8.3; Wickham, François, Henry, & Müller, 2019), *forcats* (Version 0.4.0; Wickham, 2019a), *ggplot2* (Version 3.2.1; Wickham, 2016), *here* (Version 0.1; Müller, 2017), *janitor* (Version 1.2.0; Firke, 2019), *kableExtra* (Version 1.1.0; Zhu, 2019), *knitr* (Version 1.25; Xie, 2015), *lme4* (Bates, Mächler, Bolker, & Walker, 2015), *Matrix* (Version 1.2.17; Bates & Maechler, 2019), *papaja* (Version 0.1.0.9842; Aust & Barth, 2018), *purrr* (Version 0.3.3; Henry & Wickham, 2019), *readr* (Version 1.3.1; Wickham, Hester, & Francois, 2018), *rio* (Version 0.5.16; C.-h. Chan, Chan, Leeper, & Becker, 2018), *stringr* (Version 1.4.0; Wickham, 2019b), *tibble* (Version 2.1.3; Müller & Wickham, 2019), *tidyr* (Version 1.0.0; Wickham & Henry, 2019), and *tidyverse* (Version 1.2.1; Wickham, 2017) for all our analyses.

Results

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73 In all four leagues, it turns out that average ticket price and average rate of home wins
74 is positively associated with average home attendance even though NFL fans seem they are
75 not as sensitive to wins as are the fans in the three other major league sports. This provides
76 empirical evidence for a finding that is relatively intuitive in the sense that as teams win
77 more, demand for tickets likely increases which would drive prices up. Ultimately, people
78 enjoy watching their home team win and as a result, are willing to pay more when their
79 team is doing well in a given season. However, this is likely correlated with the outcomes of
80 previous seasons as well. In all four leagues, it turns out that average ticket price and
81 average home win rate have a positive relationship with average home attendance even
82 though NFL fans seem to be not as sensitive to win as other three leagues' fans are. In
83 addition, the 2008 financial crisis did not result in crisis in the US professional sports leagues.
84 While some of the leagues experienced slight decrease in home attendance, all four leagues
85 got through economic downturn as if there was nothing happened. Actually, their home
86 game average revenue went up after financial crisis. We assume this counterintuitive
87 outcome is attributed to the facts that sports were kind of immuned to the crisis for some
88 reason or even during recession people are willing to spend money for watching games.

Discussion

Sports continue to play an important role in the United States. In an time when individuals are becoming increasingly isolated [Chalmers2012differences;Shachar2011brands], sports games provide a form of entertainment from that can be bring people together, whether that be through watching the game at the sadium or field or on television. While the motivation to watch sports differs for individuals, the widespread appeal of watching teams compete provides a context for marketers to understand sponshorship, group marketing strategies, and targeted advertising.

In all four leagues, it turns out that average ticket price and average home win rate have a positive relationship with average home attendance even though NFL fans seem to be not as sensitive to win as other three leagues' fans are. In addition, the 2008 financial crisis did not result in crisis in the US professional sports leagues. While some of the leagues experienced slight decrease in home attendance, all four leagues got through economic downturn as if there was nothing happened. Actually, their home game average revenue went up after financial crisis. We assume this counterintuitive outcome is attributed to the facts that sports are kind of immuned to the crisis for some reason or during the span some of big market teams opened brand new stadiums such as Yankee Stadium (2009, MLB), AT&T Stadium (2009, NFL), MetLife Stadium (2010, NFL).

Discussion

Sports continue to play an important role in the United States. In an time when individuals are becoming increasingly isolated (Chalmers Thomas, Price, & Schau, 2012; H. Schau et al., 2011), sports games provide a form of entertainment that can be bring people together, whether that be through watching the game at the sadium or field or on television. While the motivation to watch sports differs for individuals, the widespread appeal of watching teams compete provides a context for marketers to understand sponshorship, group marketing strategies, and targeted advertising. The current exploratory study provides inital

insight into how major league attendance varies over time both in regard to attendance as well as ticket prices. Through the analysis, it is clear that each of the major league sports operates very differently from each other in regard to the variables of interest isolated for the purposes of this research. As this dataset is used going forward, it will be important to identify more clearly the differences between each of the sports to understand if they can indeed be collapsed into an overarching category of “major league sports attendance” across all four major league sports (MLB, NBA, NFL, NHL). Another aspect that was not taken into account in the current research is team-specific factors including how long the team has been in a city as well as how many times a team has moved.

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