To what extent do payroll and fan attendance predict the number of wins for MLB teams?
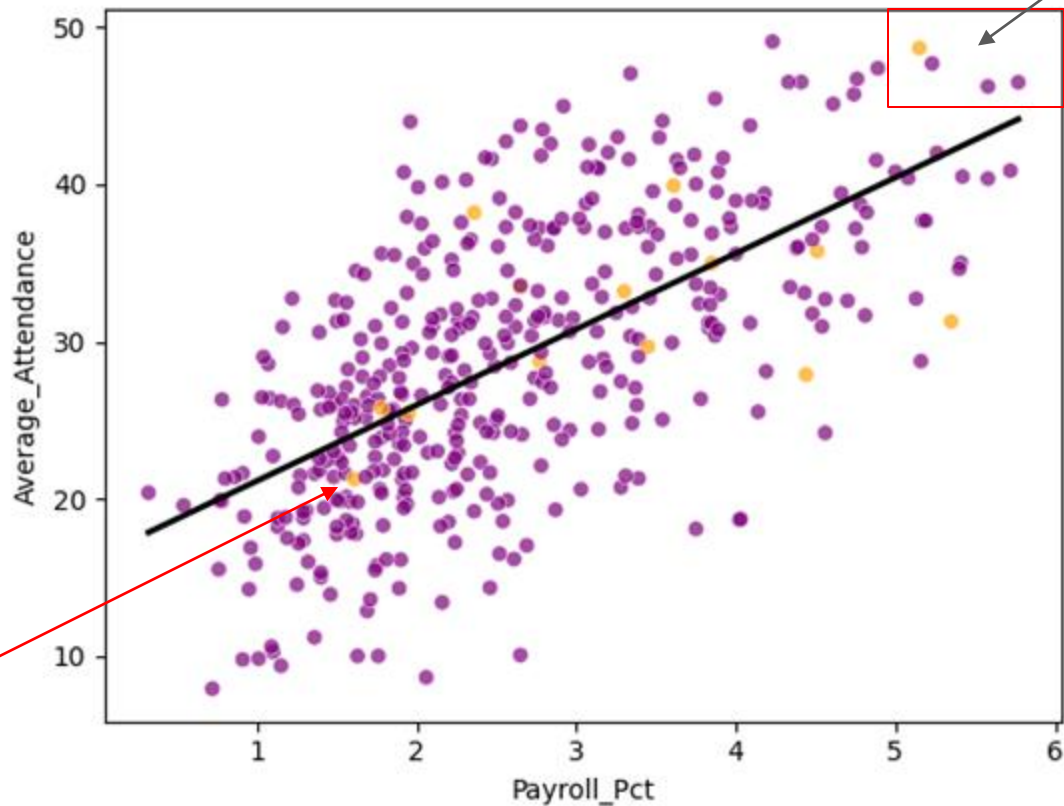
Joe Lis and Juan Fernandez
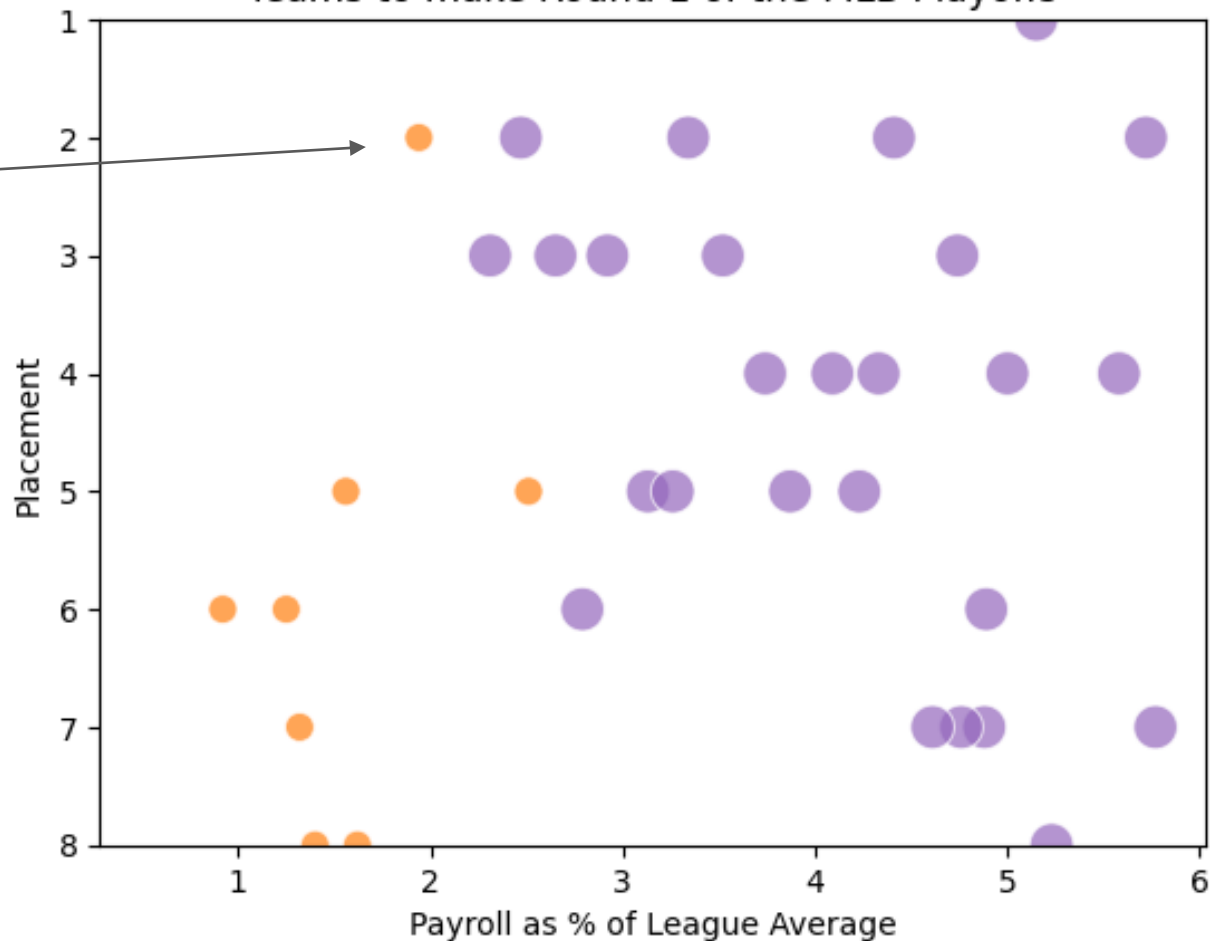
2013, 2015, 2022, 2024 LA Dodgers - Finished Top 8 each year, 1 WS

2012 SF Giants - Avg. Attendance of 21,200, Payroll % of 1.61%, won WS

Teams to make Round 1 of the MLB Playoffs

2016 Cleveland Indians - Only team with Avg. Attendance under 20,000 to make the World Series since 2012

Placement

Payroll as % of League Average

Key Findings and Conclusions

Higher payroll share leads to more wins
- Each 1% increase in a team's share of league payroll predicts about 2 additional wins.

Teams with larger fanbases win more games
- Every increase of 1,000 fans in average attendance predicts about 0.44 more wins, even after accounting for payroll.

Attendance and payroll reinforce each other
- Teams with big fan bases generate more revenue, spend more, and perform better on the field.

Market size shapes competitive advantage
- Because spending power is tied to attendance and revenue, small-market teams are at a structural disadvantage, while big-market teams benefit from built-in financial strength.