

ation may bring into focus. The timing couldn't be better. As the Yankees ready themselves for their new smaller stadium scheduled to open in 2009, fans' access to tickets will no doubt be more curtailed. The new features on YES and DIRECTV create a premium viewing experience—a halfway mark between a traditional broadcast and live viewing—that allows fans to exert more control over what they watch, possibly softening the blow of not being able to afford or find a ticket to the game.

## THE WIN-REVENUE RELATIONSHIP

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The results of the statistical analysis—primarily multiple regression analysis—applied to revenue estimates of each MLB team, generated several conclusions that were consistent across all teams (for a more detailed discussion of the methodology used in this analysis see the sidebar, “Measuring the Impact of Winning on Revenues”).

### **Winning Has a Definitive and Measurable Impact on a Team's Revenue**

For all teams, there was a positive and statistically significant relationship between winning and revenue over a meaningful range—typically 70 to 105 wins.<sup>17</sup> The slope of the relationship differs by ball club, suggesting that some teams' fans are more responsive than others to improvements in the team's on-field performance.

### **At the Extremes, Regular Season Wins Have Little Impact on Revenue**

While winning is an important revenue driver, at the extremes, a win or a loss means far less. For teams that win fewer than 70 regular season games, fans (and hence revenues) are not sensitive to changes in wins. For all practical purposes, a 63-win season is the financial equivalent to a 67-win season. The revenue a team generates when winning 70 or fewer games in a season is considered baseline revenue. From year-to-year, baseline revenue would typically vary based only on price changes (i.e., ticket price increases, new broadcast contracts, etc.), but over the long-term certain factors can cause baseline revenues to shift, as will be discussed later. Conversely, above 98 wins, there is a reduced impact on revenues.<sup>18</sup> Since a team has virtually secured a spot in the playoffs at that point, additional wins tend to add little to the local fans' enthusiasm. Any gains seem to be offset by the fact that the team is likely to play “meaningless” home games in September, long after they have clinched their playoff berth and are resting their starters to ready them for the postseason. These are not desirable games to attend, as fans' interest is already turned to the postseason. A statistical study by three University of Wisconsin–La Crosse economics professors