

"The playoff safety bias": Exploring how the sequential goal heuristic could make playoff appearances matter more than championships

Ryan Rabinel, Laurentian University

Norman O'Reilly, Laurentian University

**Marketing
Session 10**

**Friday, May 30, 2008
8:00 AM - 8:25 AM**

**Presentation (25-minute)
Abstract 117**

Introduction: Consider yourself in the following scenario. You are a fan of the New York Yankees, who have made 13 straight appearances in post season play. Your friend, who lives in Kansas City and is a fan of the Kansas City Royals, is upset because her team has not made the playoffs since 1985. Intuition would suggest that you would be opposed to expanding the number of teams allowed in the post-season, as this would decrease the probability of the Yankees winning the championship each time it is admitted to post-season play. This line of reasoning also suggests that your friend would favor the expansion of teams allowed in the post-season, because this would increase the likelihood that the Royals would have a chance of making the playoffs, and of course, winning the league championship. But, does this reasoning hold true? We suggest that it does not, as it is felt individuals tend to overallocate importance to the first goal (making the playoffs) at the expense of the second goal (winning the championship), even when the second goal is installed as the goal one should seek. In the following work-in-progress, we theorize a heuristic termed the Sequential Goal Heuristic and propose an experiment to test whether it exists and, in addition, whether it leads to individuals to employ what we term the Playoff Safety Bias.

Competitive Balance. Because of its potential to impact league revenues, the issue of competitive balance (CB) has been a popular topic in the sport management and economics literature (Kessenne, 2000; Sanderson & Siegfried, 2003). The thrust towards conceptualizing CB began with Rosenberg (1956) who noted that teams who compete against each other must be of equal size/ability to maintain fan interest. Zimbalist (2002) carried forward this thought, by asserting that fans have a latent interest in games that have uncertain outcomes. Recent evidence and conjectures show, however, that there are other factors at play. In a report for Major League Baseball (where CB has been studied extensively), renowned economist Richard Levin and his colleagues (2000) state that "proper CB will not exist until every well-run club has a regularly recurring hope of reaching postseason play" (pg.5), suggesting that the more teams that have a chance of reaching post season play, the more fan interest will be present league-wide. This perspective has been supported by a number of empirical efforts that show that post-season admittance structures can have an impact on how CB is perceived by fans (Levin et al, 2000; O'Reilly & Kaplan, 2007). Such evidence suggests that having their team appear in post-season play is important to fans, perhaps more so than other goals such their team winning the league championship.

Heuristics and self efficacy. One explanation for the importance of post season appearances to fans can be forwarded by extending Bandura's (1986, 1997, 2000) ideas around perceived self-efficacy. Perceived self-efficacy refers to individuals' perceptions or expectations of their capabilities in future situations. Importantly, this differs from self-esteem in that self-efficacy is necessarily context specific. For example, an individual may be very confident in his/her ability to make a basketball free throw, but much less confident in his/her ability to dribble the ball around a skilled defender. When perceived self-efficacy interacts with outcome expectancies (i.e., the expected outcomes of a successful course of behavior), Bandura (1977) suggests that self-efficacy often takes precedence in determining future behavior. Thus, fans may be drawn to the goal of playoff appearances versus winning championships simply because it seems more attainable, amidst the lower outcome expectancy. We propose, however, that in sequential goal environments, the prevalence of efficacy leads to a heuristic and associated bias (see Tversky and Kahneman, 1974), which we term the Sequential Goal Heuristic and Playoff Safety Bias, respectively. We theorize that given two sequential goals (i and j for example, where j depends on i), positive outcomes for j that are compounded on the positive outcomes of i , and scarce resources to allocate between the two goals (i.e., allocating more resources to i depletes the probability of j occurring), individuals tend to over-allocate resources to i at the expense of j . In the context of this study, where i is the goal to make the playoffs, j is the goal of winning the championships, and the "scarce resources to allocate" are the number of teams to appear in post-season play (implying that the greater the number of post-season teams, the greater the probability of one's team making a post-season appearance, but the lesser the probability of the team winning the championship), we expect fans to be favorable of admitting more teams into the playoffs than is optimal, regardless of whether they are instructed that the goal is to make the playoffs or the goal is to win league championships.

Method: The proposed experiment will be a 2×3 design (win championship goal/make playoffs goal x good team/mediocre team/bad team). In the winter semester of 2008, approximately 400 undergraduate students will read a scenario that asks them to imagine that they are a fan of a fictional team (the "Bolts") and the commissioner of the league has asked them to determine how many teams should appear in post-season play each year. They will then be given six pieces of information that outlines the number of teams in the league (10), the number of regular season games played (80), and the lack of a divisional structure in the

2008 North American Society for Sport Management Conference (NASSM 2008)

league. The information presented is identical across treatments, except for the fifth point, which gives the Bolts' regular season standing (in no particular order) for the past six seasons. Standings will vary to manipulate the good team/mediocre team/bad team construct. To manipulate the goal, subjects will then be asked to provide the number of teams that either (i) maximizes number of times the Bolts' make the playoffs in the next six years or (ii) maximizes the number of times the Bolts win the league championship in the next six years.

Three notable assumptions are also present in the information provided to respondents in order to control for confounding variables. The first explains that no matter what place a team finishes in the regular season, each team who does make the playoffs has an equal chance of winning the championship. This ensures that subjects do not over-estimate the optimal number of teams simply because more teams will give rise to upsets of front running teams. For example, if the Bolts place 4th and assigned goal is to maximize championship hopes, the subject may choose to admit 8 teams into the playoffs because there is more chance that the first place team (or other league leaders) will be "upset" by other, lower ranking teams, thereby increasing the Bolts' chances of winning the championships. The second assumption is that the league will not increase or decrease in size. This ensures that subjects do not over-estimate the optimal number of teams to account for assumed growth in league size. The third assumption is that the performance of the Bolts in the next six years can be assumed to be identical to the previous six years. This control ensures that subjects do not account for variances in team performance when recommending the optimal number of teams. After the subject recommends the optimal number of teams, several manipulation checks will be taken to ensure that the subjects have adequately understood their goal (either to maximize playoff appearances or maximize championships).

Implications and Future Research: This research represents the first known work in the sequential goal heuristic. The outcomes of this research will have natural implications for professional league managers, who are faced with the challenge of optimizing playoff structures to account for fan preferences. In leagues with traditionally "tight" structures (e.g., Major League Baseball) where long regular seasons are played and only a few teams are admitted into the playoffs, the results of this study could suggest that even fans of teams who consistently make the playoffs may not be opposed to expanding the number of teams admitted into post-season play, even when it decreases the probability of their team winning the league championship. In addition to carrying out the proposed study, we are also interested in investigating this phenomenon more in other environments such as those that moderate regulatory focus and cognitive capacity.