EARLE F. ZEIGLER LECTURE

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The Changing Fanscape for Big-League Sports: Implications for Sport Managers

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First, let me say that receiving this award was completely unexpected. Given my great surprise when Stan Brassie informed me, I was immediately overwhelmed with a rush of conflicting thoughts. My very initial reaction, "Me? Why me, when there are many qualified members so much more deserving than me?" led to, "Oh my, am I that old?" which led finally to the realization: "Oh my goodness, now I've got to give a speech!" Well, here I am, flattered but a bit overwhelmed. I'm obviously greatly appreciative of the honor NASSM has bestowed upon me, especially given the great admiration I have for all of those recipients that have preceded me.

And, of course, I must first thank Earle Zeigler, for whom this honor is so appropriately named. I am so very pleased that you are here this evening. Before I present my lecture, I'd like to share this special moment with some people who have largely defined my professional life for the past 15 or 20 years. I have had the great fortune to be partnered for more than 30 years with my wife, Lin, who, because of work conflicts, couldn't be here tonight. As my primary sounding board and editor, she will play a prominent role this evening, as always, even in her absence. I have also had the great pleasure of serving as the advisor to a wonderful group of Ph.D. students (21 to be exact!) who are all now productive members of faculties on four different continents. They have brought me so much joy and are a great source of pride. If I am to have any kind of legacy, it will be through their contributions. I'm pleased that several of these former students could be with me this evening.

I thought long and hard about tonight's presentation topic. In the end, I used two framing criteria. One, keep it short. When I heard someone mention that there was a 3-hour open bar prior to the banquet, I thought for all our sakes, something along the lines of the Gettysburg Address would be appropriate. And two, talk on a topic I know something about. That narrowed my options dramatically. So after

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seriously considering a few possibilities, I decided to focus on a topic I've spent a lot of time thinking and writing about: the current reality of professional sports in North America. In my judgment, the Golden Era is over. In fact, "big league" sports have been on the decline for years. The owners and managers of these organizations face a much more difficult future than most realize or are willing to admit. I'd like to talk about some of these issues and what they might mean to those of us charged with the responsibility of preparing the next generation of students to enter the sports industry.

I recognize that professional sports is just one facet of what is now estimated to be a $350 billion managed sports industry *(The Nation,* 1998). But it is certainly, a prominent segment. I was surprised to find that 31% of the graduates from the Ohio State University Sport Management program are working in some capacity in professional sports. I believe that many of the issues I'll touch on transcend major league sports and are relevant to many collegiate and amateur sport organizations as well.

Some Personal History

First, let me take you back a bit—actually, about four decades. I'd like to put the current economic reality of professional sport into an historical context—mine! When I was a young boy, my father took me to my first major sporting event. Along with my mom and older brother, we went to see the San Francisco 49ers at old Kezar Stadium, where the seagulls outnumbered paying spectators. In fact, I even saved the program—it cost 25¢—of that 1957 game between the 49ers and what was then the Chicago Cardinals. You can imagine my thrill at seeing heroes like Y.A. Tittle, Joe the Jet Perry, John Henry Johnson, and Hugh McElhenney. The media called them "The Million Dollar Backfield," even though in fact, they were not paid nearly that much! I wonder what they'd be worth today. Sadly, no one team could afford to have all four of these Hall of Famers on their roster.

Using one of today's favorite expressions, my dad would surely have said, "fo' gedda bout it" if faced with the choice of taking my mom, my brother, and I to a game in today's market. Table 1 shows the striking economic differences between the NFL of 1957 and 1997. In 1957, according to the National Football League Player's Association, the average player was paid $15,000 per season. In

Table 1 The Changing Economics of the NFL

Variable	1957	1997
Average player salary	$15,000	$785,000
TV revenue	$85,000	$41,500,000
Start-up costs	$250,000	$500,000,000
Cost to family of four (FCI)	$12.50	$257.00

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contrast, last season players on average made $785,000. With the new national television contract in which the NFL receives $17.6 billion from ABC, CBS, ESPN, and Fox over the next 8 years, salaries for the 1998 season are projected to exceed on average $1 million. In 1957, the 49ers realized $85,000 from a local broadcast agreement with KPIX and Falstaff Beer. Next year, their share from the NFL's new television deal will be an estimated $73 million.

Vic Morabito, the original owner of the 49ers, spent lavishly, reputedly investing $250,000 to buy and outfit the team in the mid-1950s. You may have seen recently that the expansion fee alone for the new Cleveland Browns team is projected to reach $500 million. That's just for the "privilege" of buying the team and doesn't include costs associated with players' salaries and franchise operation costs. It cost my dad $12.50 for the entire experience, including tickets and concessions for the entire family. There was no parking available! Contrast that with the 1997 Fan Cost Index (the FCI is published regularly by *Team Marketing Report*) which estimated that a family of four would have spent an average of $257 last season for tickets, concessions, parking, and souvenirs to attend a 49ers game at 3 Com Park.

Current Economic Reality

With all this television and gate revenue, you'd think the financial position of the 49ers would be solid. Unfortunately, this is far from reality. Their 1997 before-tax and depreciation profit margin on $90 million in gross revenues was about 3%. I suspect their margins were better in 1957. You and I could do better with an individual passbook savings account.

The reality is that a lot of major league teams are currently losing money. Some facts to consider:

- Net income has steadily declined across all leagues; the average net earning in 1996–1997 was just 3%.
- 78% of the teams in Major League Baseball and 75% of the teams in the National Hockey League finished in the *red* in 1996–1997.
- Since 1993, Major League Baseball has lost money each year, usually between $200 and $300 million annually.
- The National Football League's profitability fell 30% in 1996–1997.

As these facts indicate, net income has steadily declined across all leagues with three fourths of major league baseball teams and 20 of 26 National Hockey League teams losing money or finishing in the red in 1996–1997 (Bernstein, 1998; McGraw, 1998). Even the league with the deepest pockets, the NFL, saw a serious plunge in profits last season (Badenhausen & Nikolov, 1997).

Bringing it down to the micro or team level, the Cleveland Indians are a troubling example of just how hard it is for even the most successful teams to make money in the current economic environment. Since the opening of Jacobs Field, the Cleveland Indians have been one of the most successful teams in all of professional sport. Over the last two seasons, they have pre-sold over 3 million tickets, in contrast to most major league clubs, which struggled to sell 50% of their

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inventory. Yet the team claimed, in a recent Securities Exchange Commission filing, that only their successful appearance in the post-season playoffs allowed them to turn a modest profit.

Excerpts from a prospectus filed by the Cleveland Indians with the SEC to offer $73.6 million public stock sale, stated:

> Management believes that the Indians' local revenue potential has already been realized, and that future increases in net income, in any, are likely to be substantially less than in the past five years.
>
> Without the contribution of postseason playoff revenues, the team would not have produced a profit in 1997.

Out of Whack

How can it be that one of the most successful teams in sport is struggling to make a profit? The answer is obvious. The salary structure of major league sport has long been out of control. Costs are growing more rapidly than revenues. Over the last 5 years, player salaries have increased 123% across all four major professional leagues (Badenhausen & Nikolov, 1997).

Speaking on the need for restructuring the current labor agreement with NBA players, Russ Granik, Deputy Commissioner of the NBA, commented, "We have an economic system we think is out of whack." That the economics of professional sport leagues are out of whack comes as no revelation to most of those who own and (or) operate individual franchises. Owners keep shooting themselves in the foot. After all, ultimately they are responsible for paying the players' salaries. Some owners, like Jerry Reinsdorf of the Chicago Bulls (NBA) and White Sox (MLB), express their disgust at the current situation. Ironically, Reinsdorf is the owner who is paying Albert Belle $10 million per season to play for his White Sox. Teams are engaged in a protracted arms race. Those with more, spend more, driving labor costs ever-upward. The ante gets larger and larger. The leagues have tried to impose salary constraints, but the NFL and NBA salary caps are so ineffectual, one could argue that they aggravate, rather than impede, salary inflation.

> In paying ballplayers, we are at the mercy of *our dumbest* competitor.
>
> —Jerry Reinsdorf, Chairman, Chicago White Sox and Bulls

With salaries continuing to spin out of control, most owners have responded by frantically scrambling to find new revenues. In 1988, William Davidson showed the way. Davidson, owner of the Detroit Pistons of the NBA, built the Palace at Auburn Hills. Into this new state-of-the-art arena, Davidson stuffed 180 luxury suites, which he was able to pre-sell, generating $18 million in annual revenues. He was the first to demonstrate the tremendous income-generating capability of "fully loaded" sports venues. Davidson started what I call the *palace revolt*. Seeing the tremendous success of the Pistons new arena, every owner wanted his or her own cash machine. The result has been an unprecedented building boom in the

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1990s. Since 1990, 124 sport stadiums and arenas have been built or renovated. Total spending for specialized sport venues in this decade is projected to exceed $16 billion. What makes this figure so impressive is that combined spending on sports facilities over the previous two decades amounted to $3 billion. In 1998 alone, $2 billion will be spent on sport facility construction, more than was spent during the entire decade of the 1980s.

Public Support Wanes

After an exuberant run of sweetheart stadium deals, public taxpayers' enthusiasm for underwriting the cost of these expensive new sport edifices has waned considerably in recent years. In the 1970s and 1980s, taxpayers paid 90% of the construction costs, but in 1994 and 1995, the public's contribution dropped to an all-time low of 46%. Voter resistance to publicly financing new arenas and stadiums has grown fierce. Just ask stadium proponents in Columbus (Ohio), Pittsburgh, Minneapolis, the Triad (Greensboro) area of North Carolina, and most recently, Birmingham (Alabama). Referenda failed in each of these areas within the last 12 months. In each of these cities, voters resoundingly defeated propositions to finance new sports facilities with tax dollars.

> There's no sound argument for the construction of publicly funded sports stadiums. Period. End of story. You can look it up.
>
> —From the June 16, 1997, editorial in the *Toronto Globe & Mail*

Voter resistance comes as no surprise. In the past several years, researchers have provided overwhelming evidence that these major sports projects do not provide substantial economic benefits (Rosentraub, 1997). Economists Roger Noll and Andrew Zimbalist (1997) claim the economic return of professional sports teams to be equivalent to a large supermarket in terms of job creation and payroll effects—hardly the engines driving local community development proponents would have us believe. As the above remark suggests, the media has certainly taken up this drumbeat.

As a result of taxpayer resistance, teams and their owners have been forced to dig much deeper into their own pockets to finance new sports facilities—to the tune of about $120 million on average for projects recently completed or underway. The San Francisco Giants borrowed $160 million from a bank to build their new Pac Bell Ballpark. Abe Pollin, owner of the Washington Wizards, owes $200 million on his new MCI Center Arena. Even where there is public financing involved (as is the case in Dallas, for a new $240 million arena), the team's share can still be very substantial (in this case, $100 million).

Three Serious Consequences

The results of this dramatic shift to team or private financing has created serious repercussions that the sport industry has not yet faced up to. Let's look at three of these very troubling consequences.

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1. Staggering Debt Burden for Teams With New Venues

As Michael Ozanian (1997) noted in *Forbes* magazine, "All 12 teams that have borrowed heavily to finance new venues have debt-to-worth levels of over 70%; 8 in excess of 100%. . . . The incremental income from new arenas for hockey and basketball is almost laughable." Over the past 2 years, almost every team that has borrowed to finance the construction of a new facility is awash in debt. In fact, three fourths of these franchises now owe more than they are worth! While owners built them to be cash cows, they have proven in most cases to throw off modest amounts of "incremental income," the amount of money a new venue generates after debt expenses. Ozanian (1997) estimates that a new arena for basketball and hockey will at most generate additional incomes of $5.4 million and $7.7 million, respectively. The debt service owed by the teams is so expensive, there is simply not much left over. In the context of today's salaries, an additional $5–7 million per year—about one fourth of the annual salary of the Minnesota Timberwolves' Kevin Garnett and about one third of the annual salary of the Colorado Avalanche's Joe Sackic—is not going to buy much.

The teams that build new facilities are "hocked to the gills," as CNBC's Don Dahler described the San Francisco Giants (who have recently taken on $160 million in debt to construct their new Pac Bell Park), is a growing concern. Of the 24 venue projects currently underway or on the boards, 17 will require the teams who occupy them to assume an average of $100 million in debt. It is conceivable that by the year 2000, as many as 32 teams—approximately one third of all major league franchises—will be in debt over 50% of their actual value. Does this highly leveraged situation mean we will see many teams declaring bankruptcy in the near future? Probably not, but it does mean that teams will be under unrelenting pressure to raise revenues to service their massive debt. As a consequence, fans and those corporations who use sport to further their business interests will be asked to spend ever more in order to enjoy access to their favorite teams. (The implications of teams increasing dependence on fans and companies' willingness to spend more to view and (or) attend major league sports will be discussed later.)

2. Over Dependence on Luxury Seating

As an increasing number of teams have borrowed in order to finance new sports venues, they have come to rely on the sale or lease of luxury suites as the primary source of income to pay off their debt obligations. The money received from leasing luxury suites has been increasingly used as the primary security on construction financing. Their reliance on suite sales should come as no surprise. Dan Funk (1997) found that premium seating in sports venues in the U.S. and Canada generates close to $1 billion annually. However, while most of these suites are leased for 3-, 5-, and 7-year periods, the loans they secure extend for periods of 20–30 years. The math is pretty simple: Some suites will have to be "resold" 10 times to cover the extended debt obligation.

This situation raises some serious what-if questions. Several possible scenarios exist, and a team could face any one or a combination of them. First, growing evidence suggests that an increasing number of markets have more suites

available than can be sustained by demand. The primary purchasers of suites are corporations, and there is serious concern as to whether the corporate community is big enough and motivated enough to gobble up all the suites in several areas. Suite sales have been very sluggish in Buffalo, South Florida, Philadelphia, Oakland, and Montreal, just to cite a few.

In Table 2, I compare the number of "prime corporate prospects" in selected markets against the number of suites built or proposed. After talking with suite directors at a number of venues, I used companies with $100 million in annual earnings as a threshold for determining prime corporate suite holders. This seemed to be the best single criterion for qualifying those companies most likely to lease luxury suites based on current purchase patterns. In each of the markets I examined, there are substantially fewer prime prospects than available suites. For example, my suite-corporation ratio indicates there are almost twice as many suites as prospective tenants in the Baltimore–D.C. area. It appears we are on very tenuous ground here; there should be lots of very nervous investment bankers, bond holders, and team owners out there. In addition, when we take into account reports that teams facing their first generation of suite renewals are struggling to convince current suite holders to recommit, we find ourselves edging closer and closer to the abyss.

3. Pricing the Experience Beyond the Means of Most Fans

According to *Team Marketing Report*, "Ticket prices for teams that moved to new venues since 1990 have increased by 34% on average the year following the move. . . . When the Washington Wizards moved into the MCI Center in 1998, the average ticket price jumped to $51.63, a 42% increase over the previous season." Corporations are not the only ones paying the freight for these new facilities. Individual consumers (i.e., fans) have been required to pay substantially more. In some venues, though, teams appear to be squeezing fans too hard. The Buffalo Sabres are struggling to fill seats in just the second season of residence in the Marine-Midland Arena. The MCI Center has seen dwindling crowds in just the first year of operation. It is apparent that teams can't simply count on the novelty factor to fill seats any more.

Table 2 Luxury Suites: At the Brink

Market	Suites	Corporations with $100M+ sales*	Suites: Corporations
Baltimore/Washington, D.C.	524	274	1.91
Miami	337	192	1.76
San Francisco Bay Area	499	354	1.41
Seattle	194	158	1.23

*Source: *D & B Rankings* (1998).

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Table 3 Cost of Attending Rising Two to Four Times Faster Than CPI

League	1991	1997	% change	Projected for 2003
MLB	$77.41	$106.44	+37.5%	$146.36
NBA	$138.82	$214.28	+56.3%	$296.93
NFL	$152.55	$222.45	+46.3%	$285.57
NHL	$132.62	$228.97	+77.0%	$367.22

Note. From 1991 to 1997, the Consumer Price Index rose 18.6% in the U.S. These figures are based on the Fan Cost Index as calculated by TMR to represent the average cost for a family of four attending a major league game.

There has been a steady and substantial increase in the cost of attendance across all leagues (see Table 3). Using the Fan Cost Index (created by *Team Marketing Report*) that estimates the average cost for a hypothetical family of four, I compared the four major professional leagues over a 6-year period. All of the price figures are adjusted to 1995 dollars to allow for "apples to apples" comparisons. I then compared the changes from 1991 to 1997 against the Consumer Price Index for that period. The results show that the price of attendance has risen two to four times the magnitude of the rate of inflation. The National Hockey League leads the way, with a 77% price increase over the 6-year period. A recent report indicated that the cost this season for a family of four to attend an NBA ($214.28), NFL ($222.45), or NHL ($228.97) game amounted to about 30% of an average household's weekly earnings (McGraw, 1998). You can see from my straight-line extrapolations through 2003 that projected fan costs will be truly stratospheric. The projected cost of attendance for that mythical family of four, ranging from $146.36 (MLB) to $367.22 (NHL), places me in the same frame of mind as my father, and I can imagine myself saying, "fo' gedda bout it!"

Even the owner of the Washington Wizards, Abe Pollin, is embarrassed by what he charges fans at his MCI Center—on average almost $52 a ticket. In a *Washington Post* story in 1997, Pollin admitted, "It bothers me enormously that no longer can a family of four see a game . . . tickets are too expensive." But he also has a $200 million loan on his new arena to pay off.

It is clear that attending a live major league sport experience is now beyond the reach of a vast majority of the general population. According to a recent report by the Sports Marketing Group, 9 of 10 Americans say ticket prices are so high that it is difficult for them to attend a professional sporting event.

It is not surprising, then, to find data that documents the increasingly narrow demographics of those attending big-league games. Growing empirical evidence and opinion indicates that middle-income and blue-collar fans, the traditional bedrock consumers of professional sports, have been pushed out of stadiums and arenas

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and replaced by more affluent spectators. Roger Angell, columnist for *The New Yorker*, recently proclaimed that "going to a ball game is becoming a perk of the new rich" (p. 9). Angell's claim is given credence by a recent report indicating that the household income of Washington, D.C.–area residents attending Baltimore Orioles games averaged $87,500 (Fehr, 1997). According to the most recent census data, the average household income of those residing in the Baltimore–D.C. area is around $53,000. The most compelling evidence, however, for the gentrification of big league sport fans is found in an article that appeared recently in *American Demographics* (1996). The study reported by Shannon Dortch found that adults with household incomes of $75,000 and above were 72% more likely than average wage earners to attend Major League Baseball games. As we've seen, baseball is by far the biggest bargain of all professional sports.

Clearly, the changing demographic composition of professional sport attendance is being dramatically influenced by the increasing number of tickets purchased by corporations for their customers and employers. While it is difficult to get an exact reading on the proportion of those attending games with tickets furnished by corporations, estimates provided in the popular press commonly fall in a range of 50 to 80%, particularly for NBA and NHL games (Burke, 1997). I hesitate to refer to these corporate spectators as fans, because it is problematic to assume they bring the same level of emotional commitment or loyalty to a game as consumers who pay out of their own pockets. In fact, the no-show or "drop-rate" is becoming a serious problem at many venues around the country. *The Charlotte Observer* recently reported that the NBA Charlotte Hornets suffering one no-show for every four tickets sold!

Will the Next Generation Attend Sports Bars?

Although there is no empirical evidence, I believe columnist Glenn Dickey (1997) was on to something when he wrote for the *San Francisco Chronicle*, "Youngsters grow up with little or no experience of actually going to a game. If not playing video games, they grow up watching sports on TV. . . . When they become young adults, they head to the sports bars. For many in this generation, their idea of fun is going to a sports bar and watching the game with friends." We should pay attention to his assertion that we are in jeopardy of losing an entire generation to video or virtual representations of sport. With many young people denied the opportunity to attend the "real thing" and their exposure strictly limited to electronic consumption, Dickey speculates that the primary social arena for young adults spectators will move from the living room to the sports bar.

Dickey's scenario actually seems optimistic. At least his prediction still has young people watching sport. If the price of live attendance continues to place professional sports beyond the means of the vast majority of the young (and old), it is certainly possible that they will be attracted to an increasing array of entertainment options that have nothing to do with sport.

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Thinning Fan Base

When such a narrow segment of the market (according to the latest U.S. Census data, only 13.6% of the households in the U.S. have incomes in excess of $75,000) can afford to attend professional sporting events on a regular basis, it is not surprising to find a substantial number of teams' revenues slipping at the gate. During the 1997–1998 season, 61.1% of teams in the NBA and NHL (where ticket prices average about $40) reported flat or declining attendance compared to the previous season (*Sport Business Daily*, 1998).

I am particularly concerned about the NHL. Even some of the league's most venerable franchises, including Montreal, Boston, and Chicago, have struggled recently at the gate. The Buffalo Sabres, even though playing in a new arena (the 2-year-old Marine-Midland Arena) and advancing to the Stanley Cup playoffs, suffered a 14% attendance loss this past season, selling only 74% of their seating inventory. This is a disturbing situation given the fact the NHL depends on gate receipts for almost 61% of its gross revenues (Badenhausen & Nikolov, 1997). This past season national television ratings, never high to begin with, dropped by double digits (Bernstein, 1998). With the league's national TV deals up for renewal at the end of next season, there is real concern that Fox and ESPN will terminate their relationships with the NHL. The loss of exposure would be more damaging than the approximately $47 million per year the league would lose in rights fees.

It is important to point out that the NHL is not the only league suffering from a loss of viewers. Network ratings for all major professional leagues have been declining for the past decade with the MLB down 30%, the NBA, 14%, and the NFL, 22%. There is a double whammy effect here, with consumer interest dissipating for both live and televised offerings of major league sports. Dan McGraw (1998), in his recent appraisal of big league sports, concluded that the greatest danger facing professional sports was fan "apathy." As part of his evidence for this assertion, he cited a 1998 *Los Angeles Times* poll in which 59% of the respondents did not consider an NFL team in the LA-area important to them.

Serious Challenges Face Our Students

It appears obvious that there are some very tough issues ahead for the students we are preparing for entry into professional sport. Some of the key challenges they must address include:

- Bringing the cost structure of professional sport under some kind of control.
- Preserving affordable opportunities for middle and lower income fans to experience major league sporting events.
- Sustaining corporate investment in luxury seating opportunities in an increasingly crowded and competitive marketplace.

Finding the right answers to these questions may determine the fate of professional sports, at least the economic vitality of major sports leagues, in the next

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millenium. It is clear that we cannot simply perpetuate the status quo. My hope is that we are seeding the industry with a new generation of managers who will recognize and be reactive to—better yet, proactive to—the serious problems facing major league sports in the U.S. and Canada. As educators, we face an exciting and daunting challenge.

Where the Action Is

Although the "Big Four" of major league sport face a number of troubling issues, it is important to place my remarks about the current state of professional sport into a broader context. To dwell on the economic difficulties of big-league teams would provide a very distorted view of the overall status of professional sports. In fact, professional sport leagues at the "minor league" level are generally thriving.

Figure 1 illustrates the current state of several major and minor sports leagues on a product life cycle continuum. The product life cycle concept is one of the most familiar in marketing. The concept is based on the notion that companies or specific products, like people, evolve through a development cycle. From birth to death, the cycle is generally divided into five stages that may be broadly described as a period of ascending (where the rate of growth accelerates), a period of maturity (where the rate of growth begins to dissipate), and a period of decline. The life cycle has been used as a way of determining the stages of a company's acceptance (according to consumer demand) from its introduction to its inevitable decline.

Not surprisingly, the Big Four leagues are nestled on the *maturity-decline* side of the slope, as their rate of growth across the board has been flat or declining. It is interesting to note that through the first half of the current season, Major League Baseball attendance has not improved perceptibly (to date) over the 1997 season. In fact, in the American League, 8 of 14 teams have declined or shown no improvement in gate receipts from last season, with overall league attendance down 1% (*Sporting News Daily*, July 13, 1998).

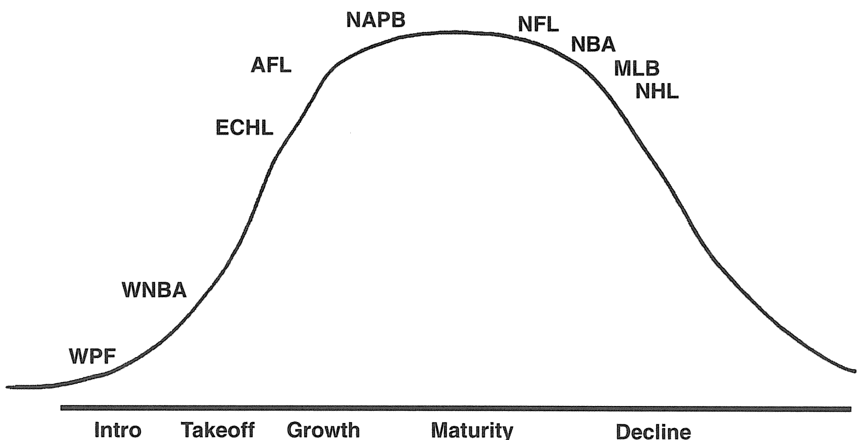

Figure 1 — Where the Action Is and Will Be

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However, when we examine the so-called "secondary" or minor leagues, a much different picture emerges. I have placed two of the new women's sports leagues on the PLC continuum. As they enter their second seasons, it appears that the Women's National Basketball League (WNBA) is poised to explode. Preseason ticket sales for new WNBA franchises in Detroit and Washington have been particularly impressive and suggest that this new summer league will continue a rapid rate of growth through its sophomore season.

While also in its embryonic stage of development, the Women's Pro Fastpitch (WPF) league is entering its second season with a great deal of positive momentum. Although its presence has been mostly confined to the southern region of the U.S., the league recently entered into a broadcast agreement with ESPN2 that promises to greatly expand WPF's national exposure. The WPF plans to expand from its current 6 teams to a coast-to-coast 18-franchise league by 2002. While it is difficult to imagine the WPF ever supplanting one of the major leagues in mass popularity, it appears that women's professional softball is finding a comfortable niche in the marketplace and has a promising future.

Minor leagues across a number of sports are thriving. Minor league baseball has enjoyed sustained growth in the 1990s. In 1992, 168 minor league ball clubs drew 27 million fans. By 1997, attendance had reached 34.7 million, an increase of almost 29% in just 5 years. Perhaps the most surprising development of the decade has been the explosive growth of minor league hockey. While its roots are in the Great North, hockey's future appears to be in the Deep South and Southwestern U.S. Minor league hockey teams are now successfully established in places like Waco, Texas, and Jacksonville, Florida. Such developments would have been almost unthinkable even 10 years ago. The East Coast Hockey League (ECHL), for example, has grown from 5 to 29 teams in just 9 years. Over the past four seasons, ECHL attendance has more than doubled, topping 4.7 million in 1997–1998.

McGraw (1998) suggests that the ascendance of minor league sports may be a function of fans "shifting their allegiance away from big-money sports" (p. 46). In minor league sports, fans have found a "fan friendly," low-cost alternative to the wallet-emptying major league experience. This point was made convincingly in a recent cost comparison of the Washington, D.C.–area's two professional hockey teams. Writing in the *Washington Times*, Tom Knott (1998) concluded that a night out at an ECHL Icebreaker's game cost $156.34 *less* than attending an NHL Cap's game at the MCI Center, "but was not $156.35 less pleasurable" (p. 3).

To me, the fun, excitement, and greatest opportunity exists at the minor league level for our students interested in pursuing careers in professional sport. The upside is tremendous. According to the 1997 edition of *The Sport Market Place*, there are almost 800 professional sports teams in the U.S. and Canada. By the year 2000 and accounting for the announced expansion plans for the five preeminent leagues (which include Major League Soccer), the number of major league teams will total 131.

The real explosive growth, however, has occurred and will continue to occur at the "secondary" league level. There are already more than six minor league

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teams for every one major league franchise. The gap will become even greater over the next few years. In 1998–1999, in addition to planned *expansion* across almost all existing minor league sports (e.g., two new teams will be added to the WNBA, two new teams will join the ECBL), at least four *new* leagues are planning to begin play by late-1999 or early-2000. If the International Basketball League, the National Rookie League, and the Collegiate Professional Basketball League all come on line as planned, as many as 22 new "minor" league basketball franchises will be added to the professional sports club inventory. In addition, there is a good chance that NBC and TBS will combine resources to launch a new 10- to 12-franchise football league in the spring of 2000. Although it is unlikely that all of these new enterprises will survive the furiously competitive entertainment marketplace, the overall prospects for so-called secondary sports looks very promising.

I expect the reason I'm so bullish about the future of minor league sports is that the experience of attending a minor league game today most closely resembles that wonderful first game impression I had as a child attending a 49ers game in the late-1950s. You can still buy a program for two bits at some minor league ballparks!

While I sometimes yearn for that simpler and, in my mind at least, bucolic era, when pro football was just emerging from baseball's shadow and the NHL was still mostly Canadian, I have to admit that I'm more excited about the many daunting challenges facing professional sports in the U.S. and Canada today. Along with these many challenges facing the industry come an infinite number of exciting opportunities for those entering this segment of the industry. Never has there been so many opportunities for the next generation of managers, and never has there been so much potential for them to make such a difference. Sustaining, or perhaps more correctly, resurrecting, the economic viability of big league sports will occur only if (a) player costs can be brought under reasonable control, (b) corporate investment in sport properties can be maintained and extended, and (c) access once again becomes inclusive of middle- and lower-income fans. While resolving the many serious issues facing major sport leagues will preoccupy many of our graduates into the next millenium, substantially more of this next generation will assume key roles in sustaining the vibrant, often entrepreneurial growth of secondary sports leagues.

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