Introduction and Literature Review

Professional soccer in the United States has thus far not experienced near the success of its counterparts in Europe. The historical lack of success of the leagues reached its peak with the failure of leagues like the North American Soccer League in 1980s, has since been replaced with the now growing Major League Soccer (MLS). It is often conjectured that there is a slim chance for any new sport leagues, such as the MLS, to become an equivalent major sport in the United States due to the availability of incumbent substitutes such as the NFL, MLB, NHL, and NBA. Nevertheless, as the United States national teams (USWNT/USMNT) have recently shown potential international competitiveness, a burgeoning interest in soccer within the U.S has seemingly followed. For example, 26.5 million U.S. soccer fans are reported to have watched the men’s World Cup Final in 2014 (Stubits, 2014), a game that didn’t even feature the country’s own team. The MLS has also been slowly exerting greater influence on sports fans throughout the continent, and expanding its reach to new markets like Orlando, Florida. The average attendance for the MLS in 2014 regular season was recorded as 19,151, which was more than the average game attendance in both the NBA (17,809) and in the NHL (17,502). However, the level of interest has yet to meet that of the English Premier League (EPL) in England, the Bundesliga in Germany, or the La Liga in Spain. Therefore, the current study set out to understand soccer demand through a comparative lens of professional soccer in the U.S. and abroad.

There has been limited research on demand for the MLS in the sport management and economics literature. Paul and Weinbach (2013) found support for interest in Rottenberg’s (1956) Uncertainty of Outcome hypothesis in the context of television viewership demand. And Wooten’s (2014) study was centered in to estimate the rivalry effect within the MLS with other traditional economic determinants. However, Bergsgard (2007) asserted the importance of comparative study within the context of international sport policy, and Fort (2003) specifically calls for more global comparisons. Further, Szymanski (2003) laid out the institutional differences that exist between major professional leagues in the United States and European Football Leagues and how it affects operation, organization, and league policy. Specifically, he notes that less uncertainty seems preferred to more uncertainty in European leagues. While these studies are enlightening regarding fan interest and league policy across international boundaries, with some exceptions (Lee & Smith, 2007), much of this work has addressed sports differences both across continental boundaries and across sports. There remains a gap in international sports comparisons from the demand perspective, particularly within the same sport. Therefore, comparative analysis of the impacts of these league characteristics is pivotal in understanding the link between research in the North American and European contexts.

Data and Model

This study is based on the fundamental demand theory of sporting contests. That is, we define the demand (attendance) function as:

\[
\text{Attendance}_{ij,s} = f(T, GC, OU, GQ, ED),
\]

where the attendance for a match between team i and j (i ≠ j) in season s is explained by ticket price (T), a vector of game characteristics (GC), an outcome uncertainty vector (OU), a game quality vector (GQ), and a vector of traditional economic characteristics surrounding the team and its location (ED), which can change across seasons.

This work is currently in progress, but attendance data has already been collected for all 2010-2014 regular season games for the Major League Soccer and the English Premier League for the past five years. The variables included in the domestic and international models will be identical in order to make direct comparisons of coefficient estimates. We employ tobit regression to account for the right censoring of attendance data (sellouts), and the Wald test to evaluate the statistical difference in coefficient estimates of specific variables in the comparative regression models.
We round out our examination and analysis with identifying the economic significance of these differences across leagues, and how it has likely shaped—and will shape—league policy and organizational development.

Expected Results and Implications

While we currently have all attendance and game outcome information for both the MLS and the English Premier League (EPL), our study is in the data collection stage, particularly for control and predictor variables. Therefore, we hypothesize our expected results here based on past literature, and detail implications for the sport management field.

We predict that ticket price is will have negative effects on attendance; however, we hypothesize the price elasticity to be larger in the MLS than in other, more established leagues like the EPL, revealing useful comparisons related to price elasticity in the primary ticket market (or lack thereof) found in past literature. Additionally, we expect that there will be a convex relationship between attendance and home team win probability will be more convex, as in Coates et al. (2014), for international leagues than in North American leagues. Furthermore, we expect to see positive effects of higher levels of recent game performance. Traditional economic determinants are expected to follow findings in previous literature, with higher income levels and population having positive effects on the attendance in accordance with Rottenberg’s (1956) initial demand specification in professional sports. However, we expect to find lower elasticity of demand with respect to income in European leagues than in the MLS.

Implications of this comparative study will provide empirical support for how institutional differences in league development can influence demand and organizational structures. Despite the recent growth of the MLS and expansion, the league has a myriad of issues to address in order to reach top tier soccer league around the globe, and understanding the preferences of their consumers relative to a more global market will be key in their continued growth and in developing strategies to compete with more established international leagues. We will summarize these implications further in our presentation based on the findings of our models.