Discussion About How Small Market Team Maintain Attendance Rate

Shitong Chen*
Nord Anglia bilingual school, Shanghai, China
Corresponding author: cst050127@126.com

Abstract. Attendance is one of the most important profit indicators for small city teams, as it visually represents ticket sales and customer loyalty. High Attendance frequently indicates high business potential and value for team IP and athletes. It is one of the key metrics that investors must evaluate. The natural disadvantage of geographic location has forced small city teams to make marketing strategy adjustments to improve attendance in the face of inconsistent records. This article will use the Oklahoma City Thunder as an example of a small city team, through the application of fans' psychological model to analyze the reasons for attendance changes and suggest ways to help small city teams sustain high attendance.

Keywords: Professional Sports League, Attendance Rate, Fans' Behaviors Psychology.

1. Introduction

Even though the NBA is the premier basketball league in the world, it remains a profit-driven commercial league. The primary objective of a commercial league is to maximize profits by leveraging the influence of teams and celebrities [1]. Although all clubs compete in the same league, an insurmountable financial disparity remains between teams from large and small cities. Attendance is one of the most important predictors of a team's revenue, as it visually represents ticket sales and customer loyalty. Attendance frequently indicates high business potential and value for team IP and athletes. It is one of the key metrics that investors must evaluate. Customers are less sensitive to fluctuating ticket prices for large-market teams since their markets are more extensive and their incomes are higher. They also have better exposure; superstars and brilliant players like to play in large cities due to the location's inherent business value. Despite fluctuating records, these natural advantages help city teams retain steady attendance. The obstacles experienced by small city teams rose exponentially. The media tends to favor clubs from large cities since their fan bases are fundamentally different, and they need to maximize their earnings quickly. Remote locations restrict the market size, and minimal visibility makes it difficult to attract celebrities. The absence of stars results in performance unpredictability and unappealing games, which lower the financial worth of small city clubs, a vicious cycle that all teams would wish to avoid.

1.1 Professional sports league

Professional sports leagues are for-profit enterprises with separate legal entities. Typically, the investors of all clubs establish an organization to manage the season's regular operation and the umpires' uniform fairness. The investors of one of the clubs recommended that a single tournament organization was necessary to manage and schedule the season [2].

The league office was founded after securing backing from investors of other teams. Consequently, the most fundamental duty of a professional sports league is to service all clubs and ensure that the season runs well. As the league develops, club investors formulate strategies for reducing losses and increasing profits. A team's volume and bargaining power are insufficient to realize the benefits of talks with some national television stations. The league would be responsible for maximizing the advantages for all teams equally. The national television network must negotiate with a single, structured rights holder. When negotiating with this rights holder, it would need to consider its rivals' prices. Other comparable earnings exist for rights to essential categories such as fashion and video games and the opportunity to negotiate for some sponsorship categories. All teams transfer a
percentage of their income interest to the league to equalize the revenue disparity between significant and small baseball markets through an equitable distribution system. The effectiveness of this approach lies in the fact that, by distributing income equitably, even small-town clubs can acquire elite players on the transfer market and have a chance to win a title [2].

1.2 Thunder from Oklahoma City

The Oklahoma City Thunder were once known as the Seattle Super Sonic. From 1967 through 2008, the Seattle Super Sonic was a member of the National Basketball Association. The franchise was successful in league history and maintained a winning percentage greater than fifty percent. Several exceptional players, like Gary Payton, Shawn Kamp, and Jack Sikma, contributed to the Super Sonic's first and only title in team history. The Professional Basketball Club LLC bought Super Sonic from the previous owner in 2006, then relocated the team to Oklahoma City due to litigation between Super Sonic and the city of Seattle over constructing a new arena [3]. Even if the club was renamed the Oklahoma City Thunder, Super Sonic remains a part of the franchise's heritage. The Thunder retained all Super Sonic's retired numbers and records.

Prior to the Arrival of the Thunder, Oklahoma was well-known for farmland, tornadoes, and the bombing of a federal religious structure. Although Oklahoma is a smaller market than Seattle, the supporters enthusiastically embrace the team. This freshly arrived major league sports club infused the city with vitality, and locals view the Thunder as their firstborn child [4].

1.3 Attendance rate

The attendance rate is the result of ticket sales. A high attendance indicates that ticket sales are brisk since attendees avoid purchasing tickets but fail to show up [5]. Higher sales increase the team's cash flow and eliminate the potential cost of empty seats. Fans are more inclined to spend additional money in the stadium on items such as beverages, snacks, and jerseys. High attendance indicates consumer loyalty since supporters are eager to support the home club regardless of its performance. A positive atmosphere will encourage repeat purchases and increase season ticket sales, converting as many onlookers as possible into fans.

High attendance guarantees home support for the home team and increases the athletes' motivation to succeed [6]. Social psychologists refer to this behavior as emotional contagion: the propensity to adopt the emotions of others. We do so when our peers experience happiness, anger, or anxiety. Stronger emotions in our environment typically elicit stronger emotional reactions. In this way, professional athletes are no different from the rest. When surrounded by enthusiastic fans, NBA players respond more favorably on the field, resulting in more outstanding results for the home side [6-7].

2. Small city cases —— OKC

The NBA league's income has increased substantially, but Covid's power is gradually dwindling. The 2021-2022 league has set a new revenue record of $10 billion, a huge gain compared to the previous two seasons, which saw a decline in spectator attendance. Despite unprecedented earnings, the financial status of not every team is thriving. OKC has seen two straight years of dropping earnings totaling $75 million, while attendance at Payton Center, its home stadium, has dropped from 13th to third lowest in the league. This relationship demonstrates the feasibility of teams in smaller cities. This article concludes with various causes for the annual decline in attendance in Oklahoma City [8-9].
According to the framework of neoclassical demand theory, Feehan (2006) identified the determinants of sports venue attendance. According to this theory, a product's desired quantity depends on its price, the prices of other items (complements or replacements), consumer income, and consumer preferences.[10] Based on this demand theory, Feehan addressed the influence of ticket pricing, team quality, superstars, weather conditions, local market size, the unpredictability of outcomes (Rottenberg, 1956), and how new facilities increase attendance. This essay analyzed and concluded the causes of attendance in small city marketplaces based on sports event attendance (2006).[10]

2.1 Failure

Feehan categorizes the impact of floating game records on attendance into two primary groups. The first category is long-term uncertainty, which is associated with the dominance of a group of teams in the league over time. [10] Feehan states that a team's dominance over several seasons diminishes the attendance of failing teams and, eventually, the attendance of successful clubs due to the saturation effect.[10] The 2018-2022 champions are the Toronto Raptors (2018-2019), the Los Angeles Lakers (2019-2020), the Milwaukee Bucks (2020-2021), and the Golden State Warriors (2021-2022). There is no league dominance, as two clubs from the East and two teams from the West won the championships. Long-term uncertainty cannot affect the turnout at Oklahoma City.

Attendance would be affected by the second form of uncertainty, which is the outcome of an individual match. The match uncertainty hypothesis postulates that viewers appreciate an unexpected contest. When fans expect a low likelihood of a home victory (a one-sided encounter), match uncertainty is low, and attendance declines. However, if the ex-ante likelihood of a home win grows, attendance increases. Consequently, there is likely a quadratic link between attendance and the likelihood of a home victory (Peel and Thomas, 1988; Forrest and Simmons, 2002). Chris Paul was the fourth all-star to leave OKC, as he led the Thunder to a fifth place (W/L 44-28) finish in the Western Conference and the thirteenth-highest average attendance in the NBA during the 2019-2020 season. This season has the highest average attendance since the 13-14 season, which won 59 games. (Identical to the 17-18 season, ranked 13th) The record for the 2020-2021 season is W/L 22-50 with an average attendance ranking of 27th, while the record for the 2021-2022 season is W/L 24-58 with an average attendance
ranking of 27th. According to the statistics, the number of victories positively correlates with the attendance rate, confirming Feehan's second category of how the outcome of a single game would affect attendance in a small community. We can deduce that fans' patience and appreciation for the team are waning. The fact that Oklahoma City Thunder supporters ranked eighth on the 2020 Forbes list of America's Most Passionate Sports Fans lends credence to this assertion. The dramatic difference between years suggests that fans were dissatisfied with the club management, and uncertainty influenced the attendance rate.[7]

2.2 Preference

The engagement of the media is a double-edged sword. The media cannot treat each team equally to assure ratings and earnings. Often, a team's exposure relies on the size of the market. According to Feehan, market size is often determined by the census population of the city or urban region where a team is located (Schmidt and Berri, 2001). As seen by a cursory glance at the national TV schedule, the league caters to advertisers wanting to promote clubs from significant markets. Although both the OKC Thunder and Pelicans finished the first half with 15–21 records, the NBA postponed second-half scheduling and awarded Zion's Pelicans with 11 nationally televised games compared to the Thunder's single NBA television game (their lone national game of the season). Since the NBA is essentially a business, there is a clear correlation between sponsors, TV exposure, and popularity. Unfortunately, this means that large markets will continue to have a distinct edge regarding enticing superstar talent or players willing to take a lesser salary to join clubs in large areas.[10-11]

2.3 Broadcast

Feehan contends that the impact of broadcasting on attendance at sporting events is disputed. Using data from the 1993/1994 English premier league, Baimbridge (1996) determined that weekday attendance would decrease by 15% if matches were aired. Using data from the 1992/93- 1997/98 English Premier League and the first football league level, Forrest et al. (2004) showed that broadcasting had a minor influence on attendance. [10]

Using identical league statistics, the two writers arrived at opposite findings. The U.S. team sells nearly all its broadcast rights, while the U.K. squad sells only a tiny fraction. Due to the widespread coverage of sporting events in the United States, Feehan devised a feasible solution: "blackout." It is challenging to ascertain the precise effect of broadcasting on attendance. In broadcasting, a blackout is the non-broadcasting of a television or radio show in a particular media market. Occasionally, NFL games are not shown on local television due to unsold tickets. Such an outage would be disclosed 72 hours beforehand. [10]After adjusting for the popularity of the teams, we would anticipate attendance to be more significant for restricted broadcast games if live broadcasts cut attendance.[12] By analyzing the blackout phenomena, Siegfried and Hinshaw (1979) determined no correlation between NFL attendance and broadcast rates.

Nevertheless, a more thorough econometric examination of the blackout phenomenon by Putsis and Sen (2000) revealed that live broadcasts diminish NFL attendance after accounting for the popularity of the games. There are contradictory findings about the impact of television broadcasts on live attendance at U.S. sporting events. The Thunder played three nationally televised games from 19-20 (ESPN 2, NBATV 1) and four nationally televised games from 21-22 (NBATV). Attendance rates were significantly different with similar numbers, so we infer that broadcasts have less impact on attendance for smaller city teams.

2.4 Individual stardom and exposure

Feehan mentioned that the audience demands individualistic sports events or players. They tend to follow specific players (trail the player). On the other hand, team sports supporters tend to have a geographically based passion for a particular team. Unscientific evidence implies that fans at a golf event respond favorably to one player's sustained dominance (Tiger Woods). [10] Consequently, long-term result uncertainty may be less severe than in team sports. In addition, instead of being concerned
with the quality of a "team," viewers at an individualized sporting event may focus on the quality of the participants. We cannot precisely quantify the attendance impact of Chris Paul's presence with the Thunder, but we can see the precipitous drop in attendance following his departure. Geographical considerations contribute to the rarity of superstars, and it is not easy to retain them once they are found. The NETS instance demonstrates that free agents will prefer massive marketplaces. While Harden battled to construct the Big 3 outside of Houston, Kevin Durant and Kyrie Irving selected the Brooklyn Nets in free agency. Blake Griffin and LaMarcus Aldridge agreed to play on a super squad for significantly lower salaries.

The Nets have received unparalleled attention and attendance since the arrival of these superstars. In the 18-19 season, the Nets had the lowest attendance in the league, but in the 21-22 season, with three superstars, they placed 12th out of 30 teams. Even if injury unexpectedly ended the Nets' season, the events in Brooklyn served as a sharp reminder that clubs like the Thunder will never play on a level playing field. [13] Often, a team's exposure relies on the size of the market. According to Feehan, market size is often determined by the census population of the city or urban region where a team is located (Schmidt and Berri, 2001).

As seen by a simple glance at the national television schedule, the league caters to advertisers who favor major market clubs because of their high exposure rate. Although both the Thunder and Pelicans finished the first half with 15–21 records, the NBA postponed second-half scheduling and awarded Zion's Pelicans 11 nationally televised games compared to the Thunder's single NBA television game. Since the NBA is essentially a business, there is a clear correlation between sponsors, TV exposure, and popularity. Sponsors are ready to make substantial investments in major cities since the exposure of a sufficiently large market size allows them to return the funds to other regions. Unfortunately, this means that huge markets will continue to have a distinct edge regarding enticing superstar talent or players willing to take lesser compensation to join, regardless of whether they are pursuing extrinsic commercial value. [11] The lack of a superstar will likely result in a decline in attendance.

2.5 Performance characteristics

A conceptual examination of NBA attendance influencing performance characteristics (Mark Andrew Davis and John Miller (2019) analyzed the relationship between overall team performance and offensive and defensive elements and consumers' decision to attend NBA games from 2007-2008 to 2016-2017.[10]

Analysis of the data through the perspective of the theory of choice indicated that the most significant connections were between NBA game attendance and offensive prowess. The most offensively oriented games are the ones that consumers prefer to attend. The Thunder have been one of the league's worst offensive teams compared to similarly rated clubs. ORtg stands for Offensive Rating (available since the 1977-78 season in the NBA). It informs players of the number of points produced every 100 possessions. This grade was devised by the author of Basketball on Paper, Dean Oliver. During the 19-20 season, the Thunder's ORtg was 110.8, which ranked 16th out of 30 teams in the league. During the 20-21 season, the Thunder's ORtg was merely 103.5, ranking 30th out of 30. For the 21-22 season, the Thunder's ORtg is still at 104.9, placing 29th out of 30. We may conclude that there is a strong likelihood of a positive association between ORtg and attendance, confirming Mark and Andrew's study of the offensive component that would affect attendance.

2.6 Travel expense

Fort and Quirk (1996) model Major League Baseball attendance and predict a ticket price elasticity of -0.43 for the American League and -0.50 for the National League, based on the average ticket price and attendance for each league. Welki and Zlatoper (1994) calculated an American soccer ticket price elasticity of -0.275. Borland (1987) and Borland and Lye (1992) simulated Australian soccer attendance and reported -0.58 and -0.59 ticket price elasticities, respectively. Using English soccer as an example, Dobson and Goddard (1995) calculated the ticket price elasticity for Division 1 to be -0.078. Bird (1982) calculated the whole English soccer league's ticket price elasticity to be -0.22. The
average ticket prices for the Thunder over the past five seasons have been $74 (2018-2019), $53 (2019-2020), $53 (2020-2021), and $61 (2020-2022), with little association to attendance patterns.[14] Using the aforementioned statistics, we may conclude that fans of all team sports are indifferent to changes in ticket prices or that demand is price inelastic.

This is contradictory to classic demand and supply theory, and Forrest proposed the idea of trip cost in 2002, which is absent from the computation. Travel expense might be seen as opportunity cost (Wieser, 1914) - the value of forgoing the following best options. In addition to the worth of other possibilities (supplements or substitutes) and a fan's "taste" for a particular sport or team, the audience that comes to support the team may also depend on these variables.[14] Travel expenses include direct and indirect expenditures (tickets, transportation to the stadium, etc.). (Merchandise related to participation such as jerseys and food...). The replacements range in value from other local athletic events (or teams) to going to the movies or shopping.

Big city fans tend to pay more in travel expenditures (higher per capita spending) and have more spectators than fans who merely utilize the game as a hobby, estimate attendance based on the worth of alternatives, and have lesser customer loyalty. [16] In contrast, supporters in smaller cities have fewer options, and devoted fans may follow their team obsessively and attend games without considering other attractions, leaving them with no alternatives. Early in May 2021, The Athletic issued an article based on their FCI index (a cost indicator based on the average price of four non-premium tickets, two beers, two sodas, four hot dogs, and two souvenir caps as a proxy for product purchases and parking). Premium seating was not factored into the FCI's standard rankings. (Neither of these is secondary ticket sales.) The index ranks all 30 NBA clubs and describes the cost for a family of four to attend an NBA game. The Thunder placed 21st in the FCI with $357.98 for a home game at the Paycom Center in the previous season. This is an increase of 0.6% over the previous season. Regardless, although it is now more expensive for a family of four to attend Thunder home games, it is still very affordable compared to other clubs in the league. [17] The season average is $444.12 per team. We could not derive a specific impact of the travel cost on attendance because of the lack of actual regional revenue data to measure the value.

3. Competitive advantage - Community identity and belonging

Smaller communities have a greater sense of community pride, and its citizens have fewer alternatives for attending basketball games, which makes them more devoted basketball fans and increases their team's home-court advantage. Wann's (2006) Social Psychological Health Model reveals a clear correlation between team identity and social well-being. Team identification would enhance one's social well-being since humans like to play with those with commonalities, fostering social relationships within the community. To retain an excellent social identity, individuals prefer to join organizations perceived as equivalent to or somewhat superior to themselves (Cialdini et al., 1976; Tajfel & Turner, 1979).

Two writers have expanded this field of study using the Social Well-Being Scale and the Social Psychological Health concept (Keyes, 1998). This measure categorizes social well-being into the following five categories: social integration, social acceptability, social contribution, social actualization, and social coherence. College students must take surveys examining their overall fandom, affiliation with local and distant teams, and well-being inventory. The purpose of these five investigations is to demonstrate that identification with the local team is positively connected with social well-being. Local supporters are more likely to have an emotional relationship with the team since the team's elements surround them, establishing a stronger connection than fans of faraway clubs. To achieve a sense of social engagement and well-being, people would like to interact with individuals who share their traits. Lastly, Wann's perspective implies that team identification is more directly tied to social well-being than individual well-being, suggesting that sport may be integral to an individual's total social identity (Daniel L. Wann and Stephen Weaver, 2009). In addition, social integration and coherence were effective, independent predictors of team identification. According to
Wann, social integration is characterized by a person's sense of belonging and impressions of shared experiences with others. For instance, "I feel close to others in my community" (Daniel L. Wann and Stephen Weaver, 2009). Active engagement in community events fosters a sense of belonging and team identification, enhancing social well-being.

Keyes (1998) defines social coherence as the notion that an individual's social world is predictable and comprehensible. When people commit to several pursuits while working towards a single objective, they feel fulfilled and purposeful. People develop team identity through social integration and cohesion, which is very difficult in densely populated areas. Even though there are physically fewer people in smaller cities to fill a stadium, J. Willoughby argues that the population has an inverse relationship with attendance at athletic events. An increase of 100,000 in a city's population results in a loss of around 0.24% in average attendance (p-value = 3.62E-3). This verifies Mizruchi's (1985) forecast that a city with a lower population will experience an increase in attendance. One possible explanation is that people of smaller towns have fewer options for attending athletic events or that smaller cities promote greater community pride, which boosts the urge to support local teams during sporting events.

4. Conclusion

Every squad has its triumphs and defeats. Large city clubs’ benefit from sustaining a consistent attendance rate while the team is struggling. Attendance is crucial for small-market NBA clubs to survive. Teams must boost competitiveness as much as possible, decrease fan emphasis on individual superstars, and market themselves as a unit. As soon as possible, while the club's record is floundering, deepen or build an emotional connection between supporters and the team (not individual players)—Focus marketing efforts on the future rather than the present outcomes. Encourage athletes to attend more social events to strengthen their relationships with fans. As audience members become more familiar with the players on the field, they feel a part of the team's revival.

References


