

After spending the last 2 days ripping up carpet and refinishing hardwood floors, it's time to fire up some brain activity as my body can't take much more. As the terms "tack cloth", "80 grit" and "polyurethane" leave my brain slowly over the day, let's get going on a Lazy Sunday with Spring Training still in its infancy and on a topic more compelling than what one week of Spring Training games can offer.

And with that, we're off...

Just to present a quick synopsis of the items of importance from Goodyear, the Indians are undefeated and Asdrubal's out for a week with a g-g-groin injury while Kerry Wood fights off his usual Spring soreness

. If you need to play catch-up or need some insight as to what's happening at camp, Terry Pluto (as usual)

hits on the high points

, writing that the back-end of the rotation "battle" is progressing precisely as expected ( <u>here</u>

, at least) and Rusty Branyan's balky back could open the door for the assumed alignment of Brantley-LF/LaPorta-1B that seemed so likely way back when.

With those pleasantries out of the way, let's launch headlong into today's topic, starting with a great piece from Joel Hammond of Crain's Cleveland Business, with a hat tip to Vince Grzegorek at "64 and Counting" in <u>a piece that passes along word that the prospects for selling out even Opening Day are tenuous</u> ....yikes. Back to

Crains and the matter at hand,

Hammond's article

examines how the three major sports teams in Cleveland are adapting to the economy as well as to what their expectations are for the future of their attendance.

While the Cavaliers and Browns have clearer futures (for differing reasons), the current Indians do not fall into the category of "Cleveland's Mistress" the way that the current Cavs do or "Cleveland's Spouse", the way that the Browns always have. The Indians, by virtue of the success of the Cavs and the perpetual support of the Browns, find themselves in a precarious position as they enter their second rebuild/reload/whatever in the past decade and their ticket sales reflect that:

"The Indians have adjusted downward their sales goals for this year after a 65-win season in which attendance fell 17.6% from 2008.

"They're most vulnerable because of their ticket price point," said Cleveland State economist Ned Hill. "The Cavs and Browns draw the more serious fan, while the Indians draw more pure entertainment dollars. That entertainment dollar goes to movies, dinner, the bingo table and now gambling."

The Indians, though, are undeterred, citing improvement in attendance when they've won: In 2005, when the Indians won 93 games and fell just short of a playoff berth, attendance jumped 11% from the year before; in 2007, when the Indians were one win away from the World Series, 14% more fans bought tickets than in 2006. That's nothing like the 455 straight sellouts of the mid-1990s, but it's nothing at which to sneeze, either.

The whole piece is worth a read, even if I'm regrettably not linking until nearly a month after it was written, as it puts some hard data on Northeast Ohio's ability to support sports teams, but I'll get to that a little later.

First off, let's use Hammond's piece, and specifically the part that the Indians "are undeterred, citing improvement in attendance when they've won" as a jumping off point to introduce a bit of heavy analysis done by Sky Andrechek of Baseball Analysts, who did a comprehensive study examining <u>"What Puts Fan The Seats"</u>.

For the study, Andrechek used data from as far back as the 1950s to analyze attendance for each team and how attendance was affected by winning percentage, previous year's performance, playoff berths, new stadiums, and expansion teams. Since the new stadium and expansion team aspects haven't applied for quite some time, let's start off with Andrechek's analysis on the effect of winning percentage on a team's attendance:

The average .500, non-playoff team that does not have a new park or any other advantages draws about 24,500 fans. Every extra game won adds about 300 fans per game. Of course, the relationship is not linear, but that's an approximate estimate. All else being equal, a .400 team will draw about 20,100 fans, while a .600 team will draw 29,900 - difference of about 10,000 fans per game. Obviously, winning teams draw more fans and the effect is quite large.

Starting from there, let's see if these numbers have held up over the last 7 seasons in Cleveland, beginning with the first full season after the Colon deal:

2003 Attendance – 21,358 (24th in MLB) - .420 Winning Percentage 2004 Attendance – 22,400 (25th in MLB) - .494 Winning Percentage 2005 Attendance – 24,861 (24th in MLB) - .574 Winning Percentage 2006 Attendance – 24,666 (25th in MLB) - .481 Winning Percentage 2007 Attendance – 28,448 (21st in MLB) - .593 Winning Percentage 2008 Attendance – 27,192 (22nd in MLB) - .500 Winning Percentage 2009 Attendance – 22,492 (25th in MLB) - .401 Winning Percentage

If Andrechek asserts that "a .400 team will draw about 20,100 fans, while a .600 team will draw 29,900", he's not far away from where the Indians' attendance finished in 2007 (28,448 with a .593 winning percentage) and in 2003 (21,358 with a .420 winning percentage) or 2009 (22,492 with a .401 winning percentage). Using those numbers, the lows don't go quite as low as Andrechek's findings suggest they should have in 2003 or 2009 (though we'll see about 2010) when the team is losing nor as high as they "should have" when the team was winning, most notably in 2007.

The attendance generally fell in line with what the study found based on the criteria of winning percentage, with the outlier happening in 2008. In that year, the team that finished the season at .500 outdrew Andrechek's assertion that "the average .500, non-playoff team that does not have a new park or any other advantages draws about 24,500 fans" as an average of 27,192 people attended the 2008 games.

The reason for that is one that Andrechek addresses in two parts, one having to do with the attendance following a season in which the team won at a .600 winning percentage and following a season in which the team made the playoffs. Starting off with the "previous year winning percentage" (WPCT) portion, Andrechek writes:

As you might expect, the team WPCT from the year before also has a very large effect. This effect is not as large, but a .500 team who was a .400 team the year before draws 22,700, while a .500 team who was a .600 team the year before draws 26,400. This "year before" effect makes sense. At the beginning of the season, fans don't really have an idea if their team will be good, so it makes sense that they use last year's performance as a guide. The previous season's success draws fans back to the park, even if that success isn't repeated the following year.

Putting this back in the context of the Indians' attendance in the 2000s, the 2004 team finished with a .494 winning percentage after the 2003 team finished with a .420 winning percentage and drew an average of 22,400 people, a mere 300 per game less than Andrechek's findings predict. The 2008 season (winning percentage of .500) on the heels of the 2007 season (winning percentage of .593) saw an average of 27,192, above the 26,400 that the study predicts in terms of expected attendance.

The reason for that bump (and not the one in other years) is obvious as Andrechek examines the impact that making the playoffs the previous year has on attendance. He states that "making the playoffs the year before raises a .500 team's attendance by about 3,000 fans per game - a major boost." Thus, if the attendance for the 2008 season (.500 winning percentage) was 27,192 and the study asserts that a .500 team generally draws 24,500 people, the numbers are right about spot-on.

What's surprising to me is that the Indians did not get a perceivable leap in attendance after the 2005 and 2007 seasons on the surface, or at least the bump that may have been in their expectation. However, the numbers for each season actually fall right in line with what the expectations for attendance should be based on their performance and accomplishments on the field from Andrechek's study.

Obviously, the club would like to see the attendance jump higher than what the findings of Andrechek findings assert they should do, but the attendance numbers over the past seven years might ultimately be what the Indians are looking at in terms of expected attendance.

It's been pointed out that the lack of consistency in winning is a major factor as the Indians were never able to build on their success from one season to the next. To that end, the one issue that the Indians have unquestionably been sabotaged was their slow starts. However, it is worth mentioning that the average home attendance in 2008 (just after the ALCS appearance) was 25,240 (58% capacity filled at Progressive Field) from the Home Opener until the beginning of June in their first 32 home games, meaning that the crowds were not showing up en masse because of the ALCS appearance and prior to the trade of CC or while the bottom dropped out.

As a quick aside here (and to debunk the notion that "activity" in an off-season generates more fan interest), the average home attendance in 2009 – the season after the Indians signed Kerry Wood to the 10th largest contract, per annual salary, in the off-season) – was 22,453 (52% capacity filled at Progressive Field) from Opening Day to the end of May in their first 25 home games.

But I digress...the most surprising aspect of applying these numbers to the performance and attendance of the Indians over the past 7 years is that Andrechek's findings look to be consistent with the amount of people going through the turnstiles at the corner of Carnegie and Ontario...and yet, the highest the Indians ranked in MLB in that 7-year stretch is 21st in MLB in 2007 instead of closer to the middle of the pack.

For a possible explanation on that, we go back to <u>the excellent article from Joel Hammond in</u> <u>Crain's</u>, in as much that the Northeast Ohio area may be incapable of supporting three teams in the major sports. Obviously, the conclusions of the study that Hammond cites shouldn't come as a surprise to anyone with a good sense of the dwindling population in Northeast Ohio as "the TPI (Total Personal Income) needed to support the city's three sports teams at \$160.4 billion — baseball at \$86.7 billion, football at \$37.6 billion and basketball at \$36.4 billion annually — for a huge disparity" due to the fact that Cleveland's TPI is "only" \$83.2 billion.

Why is this all relevant now?

As most of us have now received the letter to tell us to anticipate another letter with our Census information (the US government...like a finely-tuned machine), let's just examine the Census data for the city of Cleveland for the last 50 years:

1960 Census – 876,050 people (8th largest city in US)
1970 Census – 750,903 people (10th largest city in US)
1980 Census – 573,822 people (18th largest city in US)
1990 Census – 505,616 people (23rd largest city in US)
2000 Census – 478,403 people (33rd largest city in US)
2010 Census Estimate – 433,748 people (41st largest city in US)

I know that those numbers simply relate the population of the city of Cleveland proper and that the Combined Statistical Area of Cleveland-Akron-Lorain still ranks as the <u>15th largest in the</u>, but that doesn't

hide the fact that the area is shrinking and the obvious effect on the Indians is that there have to be MAJOR concerns about the Indians' ability to draw in 2010, much less into the future.

# How much of a concern is it?

That brings us to the reason that this whole attendance examination becomes interesting as  $\underline{\text{th}}$  <u>e recent article from Tom Verducci</u>

introduced the idea of "floating" re-alignment. If you're confused by the term, "floating" re-alignment would mean that "teams would not be fixed to a division, but free to change divisions from year-to-year based on geography, payroll and their plans to contend or not."

If you parse through the whole concept, the idea ostensibly boils down to just showcasing the big-market teams to increase attendance (and revenue) for non-divisional teams that generally wouldn't play them very often because of the unbalanced schedule instead of attempting to legitimately level the playing field.

Yeah...pick your chin up off the floor as here's how Verducci presented the idea in concrete terms:

One example of floating realignment, according to one insider, would work this way: Cleveland, which is rebuilding with a reduced payroll, could opt to leave the AL Central to play in the AL East. The Indians would benefit from an unbalanced schedule that would give them a total of 18 lucrative home dates against the Yankees and Red Sox instead of their current eight.

Really...this is the solution that MLB is proposing for narrowing the gap in competitive balance to find, as Verducci writes "a work-around to the Boston-New York axis of power in the AL East" because "in the 15 seasons during which the wild-card system has been in use, the Red Sox and Yankees have accounted for 38 percent of all AL postseason berths."

Forget just going back to a balanced schedule...this concept gained "strong support" among committee members?

Lest you were wondering who voiced that "strong support", here's the list of the 14 committee members:

Tony La Russa - St. Louis Cardinals Jim Leyland - Detroit Tigers Mike Scioscia - Los Angeles Angels of Anaheim Joe Torre - Los Angeles Dodgers Andy MacPhail - Baltimore Orioles Terry Ryan - Minnesota Twins John Schuerholz - Atlanta Braves **Mark Shapiro - Cleveland Indians** Chuck Armstrong - Seattle Mariners

Paul Beeston - Toronto Blue Jays Bill DeWitt - St. Louis Cardinals Dave Montgomery - Philadelphia Phillies Frank Robinson George Will

And maybe now we start to come full circle on this as the committee proposing this (with "strong support" includes the man who will be stepping up from his GM post to a more business-related position in an attempt to maximize revenue after this year.

Do you not think that Shapiro knows that the Indians averaged 30,065 "fans" at the 4 Yankees games in 2009 and 21,514 at the other 77 games?

If this is the "solution", what does that tell you in terms of expectations for ever seeing a more level playing field?

Ultimately, it means that nothing within the structure of MLB is going to change anytime soon and these small-to-mid-market teams are attempting to maximize revenue and to capitalize at their gates when they go through the down cycles of their circular tear down/rebuild existences. These "cycles" are the new reality of MLB and, if a team like Cleveland is not going to generate revenue in those down cycles through their gate (nor should they if they aren't winning), then you start to see the rationale behind this, as flawed as it may be in that it doesn't solve anything and only exacerbates the competitive balance issue at hand.

Consider what Shapiro told Tyler Kepner in <u>a piece for the New York Times</u> :

"What we try to do is to aggressively manage the cycles," Shapiro said. "Take that as the underlying premise, that cycles, as our market has evolved, are a given. It's not New York, it's not Boston; there aren't the resources to artificially go through the cycles. We're going to have them. What you're trying to avoid is what's occurred in similar markets, where you go into the down cycle and you're unable to get out."

Kepner then continues on his own regarding the "down cycles" in "similar markets" when he points out the struggles of other small-market teams:

The Pittsburgh Pirates have had 17 consecutive losing seasons, a major league record. The Baltimore Orioles have had 12, the Cincinnati Reds 9, the Royals 6.

As a quick aside here, anyone else notice that those four once-proud franchises captured 7 of the 16 World Series flags from 1970 to 1985 and have won one (CIN in 1990) World Series since then?

Even if the Indians' attendance per game is going to fluctuate between 20,000 and 30,000, depending largely on the success of the team, that may be where the Indians are going to sit for the foreseeable future. Where does this leave us for expectations for the 2010 attendance?

Not good...and obviously a fast start would help to generate some interest (you hear that Manny?), though it is likely that the length of the NBA playoffs (and the assumed participation of the Cavs in said playoffs) would affect attendance and interest until the end of the Cavaliers season.

So, a fast start is probably going to have to continue until June or so to legitimately generate enough interest in this team out outpace last year's average attendance of 22,492 people. While PECOTA has now amended <u>their projections for the 2010 season and now project the Indians</u> to finish 84-78 , with the Indians' offense projected to score the 5th most runs in the AL while allowing the 10th most runs in the AL, one would have to hope that a majority of those wins are going to come in April, May, and June – if only to generate interest in a team that isn't generating much local interest just three weeks away from Spring Training.

Maybe the Indians surprise some people and finish around where PECOTA has them pegged for, not unlike the 2004 season (remember that we're still attempting to <u>compare the two</u> <u>seasons</u>). It should be noted that the average game attendance for a .500 team in the 2004 was 22,400 people...or a little less than 100 fewer people per game than what the Indians drew last year.

It could be a long summer down at the corner of Carnegie and Ontario and the longer it gets, the lonelier it might become.