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Master's Thesis of International Studies

**Korea's Professional Baseball
and Its Marketability:
A Comparison between MLB and KBO**

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Abstract

Korea's Professional Baseball and Its Marketability: A Comparison between MLB and KBO

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The impact and influence of sports on both the Korean culture and economy is starting to grow in recent years. Similar to the *hallyu* wave that has taken the world by storm, Korea is also starting to be recognised as a sporting powerhouse on a global scale, with internationally famous sports players such as Park Ji-sung, Son Heung-min, Choo Shin-soo, Ryu Hyun-jin, Kim Yu-na, Son Yeon-jae, just to name a few.

Time magazine listed Korean figure skater Kim Yu-na as 2010 “100 Most Influential People”, due to her record-breaking performance in the Vancouver 2010 Winter Olympics. Britain’s *Guardian* attributed the promotion of Korea’s brand value to Manchester United’s midfielder Park Ji-sung, after having scored against Italy’s AC Milan in the 2009/2010 UEFA Champions League. From being a means of enjoyment and recreation, sports have gradually evolved into a socio-cultural phenomenon that carries both national and global influence. As

such, my paper aims to discuss the importance of sports marketing and the successful ways of utilising it.

As with the specific sports industry that this paper will take its context, given that the national sport in both the United States (US) and Korea is baseball, coupled with distinct market differences, this paper will be drawing comparisons between the Major League Baseball (MLB) and the Korea Baseball Organisation (KBO). The first part of my research will analyse the characteristics of the MLB and KBO, followed by a chapter introducing the components of sports marketing. The second part of my research draws four main comparisons between the MLB and KBO – size of industries, competitive balance, broadcasting and licensing rights, and international recognition – and discusses the question of whether the KBO has the potential to be marketable and successful.

Keywords: Sports Culture, Sports in Korea, Sports Marketing, Sports Marketability, Marketability, Korean Baseball Organisation (KBO), Major League Baseball (MLB)

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List of Abbreviations

AL	American League
IBAF	International Baseball Federation
IOC	International Olympic Committee
KBO	Korea Baseball Organisation
KFA	Korean Football Association
KPBPA	Korea Professional Baseball Player Association
MLB	Major League Baseball
MLBI	Major League Baseball International
MLBPA	Major League Baseball Player Association
NBA	National Basketball Association
NFL	National Football League
NHL	National Hockey League
NL	National League
NPB	Nippon Professional Baseball
WBC	World Baseball Classic
WBSC	World Baseball Softball Confederation

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Chapter 1. Introduction to National Sport

1.1 Sports Nationalism

Sports nationalism is being defined as the social phenomenon that results from the relationship between a nation and its sports. Bairner (2008) states that the relationship between sports and national feeling does not depend solely on the existence and extent of international competition, and this is particularly so in the United States (US). In the US, baseball is regarded as America's game and hence became known as the national pastime. This allowed it to obtain domestic status, which was further propelled by territorial rivalries, such as those between cities and neighbourhoods. He further stated that on an international level, the idea of American isolationism played an integral role in forming sports nationalism in the US.

1.2 Concept of a National Sport

The concepts of "national sport" and "sports nationalism" take different forms and are able to show us the unique characteristics of countries. Arguably, baseball is regarded as Korea's national sport, the other contender being soccer, which is also highly popular in Korea. As such, my thesis will focus on baseball.

The idea of a “national sport” is related to concepts of historic nationhood (e.g. blood ties, language, geography), and concepts such as “imagined community” and “invented tradition”. Accordingly, Bairner (2008) states that a sport is considered a national sport due to a sense of true belonging (ethnic nationalism), whereas other sports are just sports played within the civic nation (civic nationalism) and lack authenticity. There is no one approach that can fully explain how particular sports obtain national significance, and historic factors and characteristics of the nation have to be considered and studied.

In both the US and Korea, baseball is considered the national sport. In the US, in addition to Major League Baseball (MLB), the National Football League (NFL), National Basketball Association (NBA) and National Hockey League (NHL) are three other sports which boast high popularity and viewership. In Korea, other than the Korea Baseball Organisation (KBO), the Korea Football Association (KFA) is the second most popular sport.

Chapter 2. Sport Leagues and Business Marketing

The relationship between a sport league and the business side of teams is important, i.e. how the features of a professional sport directly affects the marketing of teams. Ratten et al. (2011) states that theoretically, a sport league is a marketing channel network, and that the teams' business marketing strategy is directly and positively related to how the network system creates value. It is furthered argued that empirically, introducing a marketing channel network positively affects the financial value of the teams' business market. As such, attention and focus should be placed on the features and characteristics of sport leagues as they hold great influence on the teams' business market. This is particularly so for sports that are highly dependent and reliant on sport sponsoring, as well as gate revenues, broadcasting rights and prize money.

The relationship between sport leagues and business marketing is of particular importance and applicability in the US. Literature review shows that professional sport is the eleventh largest industry in the US (Danylchuk et al., 2008). The professional sport industry in the US possesses unique features that distinct it from other industries (Neale, 1964) which affect the business marketing of sporting organisations, to both other businesses and consumers (Mullin et al.,

2007). Accordingly, one unique characteristic of the US sport industry is the presence of national and international sport leagues, as well as an organisation that regulates competitions for a particular sport (Parks et al., 2007). The four major sport leagues in the United States include the NBA, MLB, NFL and NHL.

Sports are considered a huge phenomenon, both economic and social. In 2015, considering sponsorships, gate revenues, broadcasting rights, and merchandising, it was estimated that globally, professional sports generated a revenue of \$145 billion, \$28 billion of which belonged to Asia.¹ Revenue figures differ every year, depending on the type and scale of events held, such as the Olympic Games or FIFA World Cup. In recent years, Asia is starting to see more action in its sporting industry, with the 2018 Pyeongchang Winter Olympics, the 2020 Tokyo Summer Olympics, and the 2022 Beijing Winter Olympics.

¹ PWC (2011). Changing the game: Outlook for the global sports market to 2015. Available from URL: https://www.pwc.com/en_GX/gx/hospitality-leisure/pdf/changing-the-game-outlook-for-the-global-sports-market-to-2015.pdf

Chapter 3. Baseball in the US

3.1 Major League Baseball (MLB)

As abovementioned, MLB is one of the major sports leagues in the US, holding a long history. Currently, the MLB consists of the National League (NL), which was established in 1876, and the American League, which was formed in 1901. The two leagues combined have a total of 30 member teams, and 162 games in a regular season. Tables 1 and 2 below shows the structure and current teams of the MLB.

Table 1. American League Teams

	Team	City	Stadium
East	Baltimore Orioles	Baltimore, Maryland	Oriole Park at Camden Yards
	Boston Red Sox	Boston, Massachusetts	Fenway Park
	New York Yankees	New York City, New York	Yankee Stadium
	Tampa Bay Rays	St. Petersburg, Florida	Tropicana Field
	Toronto Blue Jays	Toronto, Ontario	Rogers Centre
Central	Chicago White Sox	Chicago, Illinois	Guaranteed Rate Field
	Cleveland Indians	Cleveland, Ohio	Progressive Field
	Detroit Tigers	Detroit, Michigan	Comerica Park
	Kansas City Royals	Kansas City, Missouri	Kauffman Stadium
	Minnesota Twins	Minneapolis, Minnesota	Target Field
West	Houston Astros	Houston, Texas	Minute Maid Park
	Los Angeles Angels	Anaheim, California	Angel Stadium
	Oakland Athletics	Oakland, California	RingCentral Coliseum
	Seattle Mariners	Seattle, Washington	T-Mobile Park
	Texas Rangers	Arlington, Texas	Globe Life Field

Table 2. National League Teams

	Team	City	Stadium
East	Atlanta Braves	Atlanta, Georgia	SunTrust Park
	Miami Marlins	Miami, Florida	Marlins Park
	New York Mets	New York City, New York	Citi Field
	Philadelphia Phillies	Philadelphia, Pennsylvania	Citizens Bank Park
	Washington Nationals	Washington, D.C.	Nationals Park
Central	Chicago Cubs	Chicago, Illinois	Wrigley Field
	Cincinnati Reds	Cincinnati, Ohio	Great American Ball Park
	Milwaukee Brewers	Milwaukee, Wisconsin	Miller Park
	Pittsburgh Pirates	Pittsburgh, Pennsylvania	PNC Park
	St. Louis Cardinals	St. Louis, Missouri	Busch Stadium
West	Arizona Diamondbacks	Phoenix, Arizona	Chase Field
	Colorado Rockies	Denver, Colorado	Coors Field
	Los Angeles Dodgers	Los Angeles, California	Dodger Stadium
	San Diego Padres	San Diego, California	Petco Park
	San Francisco Giants	San Francisco, California	Oracle Park

In 1901, the annual league attendance was 3,603,615 and average attendance per game was 3235. More than a century later, by 2014, those numbers have multiplied more than 20, and have increased to 73,739,622 and 30,345, respectively. Following this increasing trend, the average annual growth rates have remained high, at 2.68% and 1.98%, respectively.

3.2 Major League Baseball Players Association

The current labour union for MLB players is the Major League Baseball Players Association (MLBPA). It was founded in 1953 and brought about the introduction of the MLB's free agent system in 1976. In the MLB, players can declare free agency after playing for six seasons. The MLB has put in place a salary cap in the form of a "luxury tax" to prevent larger market teams from hoarding star players, thus ensuring competitive balance.

3.3 Governance Structure and Business Objectives

Research has shown a couple of distinctions between the MLB and the KBO in terms of governance structures, business objectives, revenue determinants, industry size, competitive balance, and fan loyalty. One of the most significant distinction is governance structure. This characteristic affects and

impacts the business objectives of the leagues, and results in different sources of competitive balance. MLB teams are independent firms, and team are recognised by their city (e.g. the LA Dodgers, the New York Yankees).

There is literature review on the managerial objectives of professional sports teams. Fort (2015) concluded that professional sports teams are utility-maximisers, but their utility functions differ for each team. Sloane (1971), in the context of English football clubs, stated that non-profit goals may be pursued, and that utility function was determined by certain factors, including team success, attendance, state of the league, profits and revenue. Quirk and El Hodiri (1974) also found that profit maximisation was not the sole objective, and went further to develop a dynamic utility maximisation model. The business objectives of baseball leagues can be explored using the following additive utility function provided in Table 3.²

² Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues." *Asian Economic Policy Review* 11.1 (2016): 95-112. Web.

Table 3. Function for Analysing Business Objectives of Baseball Team

$$U_{jt} = \alpha\Pi_{jt} + \beta W_{jt} + \gamma A_{jt}$$

where U_{jt} is the utility of team j in season t , Π is profits, W is the winning performance, and A is attendance. The weighting parameters, (α, β, γ) , are allowed to be heterogeneous across teams or leagues as well as over seasons.

Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Where the only business is to win, $\alpha = 0$, $\beta = 1$, $\gamma = 0$. This brings the equation down to the win maximisation model of Késenne (1996). In other words, the specified utility maximisation is winning, and only winning. Thus, it can be seen that business objectives of baseball teams depend on the values unitality function, which are heavily dependent on the preferences of the owner.

No MLB teams are associated or affiliated with a corporation, nor are they used for marketing purposes. Since MLB teams are independent business identities that have to make profit and generate revenue, each team has to make up for its financial losses and deficits. In other words, MLB teams can be considered as profit maximisers and following which the values of their utility function are $\alpha = 1, \beta = 0, \gamma = 0$, which is the same as the profit function.

Chapter 4. Baseball in Korea

4.1 History of Korean Baseball

There is no clear timeline as to how baseball started in Korea. Records state that it was introduced during the early 1900s during the Korean Empire by US missionaries, after which it gradually gained prominence, especially during the Japanese rule. The KBO was founded in 1982 and regarded as the first professional team sports league in Korea. Unlike the MLB, rumour has it that the KBO was not organised voluntarily. Rather, it is believed that the leader of the military government during the time formed the KBO due to political reasons.

Professional baseball in Korea officially took off in the 1980s, with the launch of six baseball clubs which played in the Korean Baseball Championship. By 2015, the league had expanded to the current 10 teams, as seen in Table 4.

Table 4. KBO Teams

Team	City	Stadium
Doosan Bears	Seoul	Jamsil Baseball Stadium
LG Twins	Seoul	Jamsil Baseball Stadium
Kiwoom Heroes	Seoul	Gocheok Sky Dome
SK Wyvems	Incheon	Munhak Baseball Stadium
KIA Tigers	Gwangju	Gwangju KIA Champions Field
Lotte Giants	Busan	Sajik Baseball Stadium
NC Dinos	Masan	Changwon NC Park
Samsung Lions	Daegu	Daegu Samsung Lions Park
Hanhwa Eagles	Daejeon	Daejeon Hanbat Baseball Stadium
KT Wiz	Suwon	Suwon Baseball Stadium

4.2 Korea Baseball Organisation (KBO)

The Korea Baseball Organisation (KBO) is the governing body for professional baseball in Korea. It was founded in December 1981 and launched in March 1982. The KBO governs two leagues – the KBO League and the KBO Futures League. The KBO Futures League is similar to the Farm League in the US, also known as the Minor League, and consists of 12 teams, as seen in Table 5.

Table 5. KBO Futures League Teams

Team	City	Stadium
Doosan Bears	Icheon	Doosan Bears Park
LG Twins	Icheon	LG Champions Park
NC Dinos	Masan	Masan Baseball Stadium
SK Wyverns	Incheon	SK Futures Park
KIA Tigers	Hampyeong	KIA Challengers Field
Lotte Giants	Gimhae	Sangdong Baseball Stadium
Goyang Heroes	Goyang	Goyang National Baseball Training Stadium
Samsung Lions	Gyeongsan	Samsung Lions Ballpark
Hanhwa Eagles	Seosan	Seosan Baseball Training Centre
KT Wiz	Iksan	Iksan Stadium
Sangmu Phoenix	Mungyeong	Sangmu Baseball Stadium
Police	Goyang	Byeokje Baseball Stadium

Each regular season holds 144 games. In 1982, the annual league attendance was 1,438,768, and the attendance per game was 5,995. Thirty years later, in 2014, these numbers have multiplied by more than four, increasing to 6,509,915 and 11,302, respectively. Following this increasing trend, the average annual growth rates have also remained high, at 4.68% and 1.94%, respectively.

4.3 Korea Professional Baseball Player Association

The Korea Professional Baseball Player Association (KPBPA) was founded in 2000. However, unlike the Major League Baseball Players Association (MLBPA), the KPBPA is not formally recognised as a labour union. The lack of formal status results in its inability to officially make negotiations in collective bargaining with the KBO.

In an attempt to emulate the MLB, the KBO also adopted similar player market regulations. Similarly, there exists a draft system, as well as a reserve clause-salary arbitration-free agency chain. College graduate players can only declare free agency after fulfilling a minimum of eight seasons, and there is a higher requirement of at least nine seasons in order for high school graduate players to declare themselves free agents. However, unlike the MLB, salary caps or luxury taxes do not exist in the KBO.

4.4 Governance Structure and Business Objectives

Majority of KBO teams are owned by major conglomerates, with the name of the parent company included in the team name (e.g. the KIA Tigers, the Samsung Lions). Amongst others, one representative corporation in the KBO is Samsung Electronics, who generated the largest revenue of \$140 billion. The

difference in governance structures within the MLB and KBO goes to show that they have different business objectives and purposes. In the KBO, business objectives of teams are highly dependent on parent companies and the interests of their shareholders.

Generally, KBO teams have negative profits. However, parent companies make cash injections to allow them to break even, thereby reflecting that no loss was suffered. Due to the fact that KBO teams are heavily dependent on their parent companies, they are consequently very reliant on business cycles and the state of their domestic economic. Table 6 provides a list of revenue structures of six KBO teams in 2013. The Hanhwa Eagles received about \$30.4 million from the Hanhwa Group, which is about 76.5% of its total revenue, making it the team most reliant on its parent company. This is followed by the KIA Tigers receiving cash incomes of \$17.2 million from its parent company, and then the Doosan Bears receiving \$13.7 million. This shows that business objective is heavily reliant on the preferences of the parent company, which is dependent on fluctuations of the economy.

Table 6. Revenue Structures of the KBO (2013, \$100 thousands)

Team	Total revenue	Gate revenue	Affiliates revenue	Oper. cost	Oper. income
Hanwha Eagles	398.8	39.6 (9.9%)	304.9 (76.5%)	414.9	-16.1
Kia Tigers	283.8	40.8 (14.4%)	172.2 (60.7%)	294.4	-10.6
Doosan Bears	341.8	65.4 (19.1%)	137.0 (40.1%)	337.5	4.3
LG Twins	382.6	91.9 (24.0%)	170.6 (44.6%)	387.3	-4.7
Samsung Lions	399.0	44.4 (11.1%)	189.7 (47.5%)	514.0	-115.0
Nexen Heroes	220.7	46.6 (21.1%)	-	277.6	-56.9

Note: proportions are in parenthesis.

Source: Data Analysis, Retrieval and Transfer System Homepage.

Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Serving as a face for a brand, KBO teams were only set on winning. As such, referring to Table 3 set out in Chapter 3 above, the values of KBO's utility function are $\alpha = 0$, $\beta = 1$, $\gamma = 0$, which is similar to the win maximisation model. However, during economic crisis or financial setbacks, parent companies find it difficult to bear the burden of cash injections. As a result, teams started to consider the direction of their business objectives and began to take a more effective and useful purpose by subjecting itself as a marketing tool to enhance their parent company's brand. Undoubtedly, winning the championship title remained important, but expanding fan base to reduce deficits and marketing

costs also became a common goal. As a result, the utility functions values saw slight changes to $\alpha = 0.1$, $\beta = 0.7$, $\gamma = 0.2$.

In recent years, the KBO started to see some changes in its governance structure, notably the case of Kiwoom Heroes. The franchise started off as the Sammi SuperStars and was later renamed the Hyundai Unicorns in 1996. Later on, Centennial Investments came in and took over and named the team Woori Heroes. Unlike other KBO teams, the Heroes are not owned by a major conglomerate, but by a collection of individuals headed and founded by Lee Chang-suk. In 2008, Woori broke the naming sponsor deal due to payment issues, and the team used only “Heroes” for its name and traded many of its star players for cash. In 2010, naming rights were sold to Nexen Tire, thereby becoming “Nexen Heroes”. In 2018, naming rights were again sold to Kiwoom Securities, thus changing its name to the current “Kiwoom Heroes”.

Furthermore, two other teams NC Dinos and KT Wiz, have parent companies that are quite different from “conventional” parent conglomerates. Notably, NC and KT are smaller in size than most parent corporations, with NC’s revenue being less than 1% of Samsung’s and KT originally being a public company. As a result, it is expected that both teams will not receive cash injections and substantial subsidies in the far future.

Jang et al. (2016) suggests the fact that the Heroes has remained strong despite its turbulent past might point to the possibility that the KBO's market size and fan demand is sufficiently large to operate on an efficient level. In the long run, it may even be possible for the KBO to run without substantial help from parent corporations. Consequently, the KBO is starting to see a shift in its business model, where the weighting parameter of profit is gradually increasing to, maybe, $\alpha = 0.2$, $\beta = 0.5$, $\gamma = 0.3$.

4.5 Mandatory Military Service for Korean Males

One very significant distinction between the MLB and the KBO is mandatory conscription in Korea that requires all male citizens between the ages 18 and 28 to perform mandatory military service over a period of 22 months, subject to exceptions. This causes a large majority of baseball players to take almost two years off their professional career to enlist into the army.

Park Jun-tae³ (28), an outfielder of the KIA Tigers who recently completed his military service in September 2017, addresses the difficulties of such a national requirement. Not only do sports players have to pause their professional careers for two years, time is needed to get back in shape and to the

³ Interview with Park Jun-tae, KIA Tigers outfielder, on 21 October 2019. See Appendix B.

same skill level as before. Essentially, the time spent is more than just the 22 months required, as an adaptation period is needed when they return to being sports players.

Chapter 5. Sports Marketing

5.1 Sports Marketing vs Marketing of Most Goods and Services

Wakeland (2007) draws comparisons between the sports marketing and the marketing of most goods and services, and pointed out the fundamental difference between the two. He states that consumers of most goods and services consider value as an economic assessment, i.e. evaluating price against its worth. On the other hand, sport fans view value as something more than an economic evaluation. As such, the aim and final goal is to make them fans, and not just consumers. Accordingly, Wakeland (2007) provides an example of what actions a sports fan would undertake, as provided in Table 7.

Table 7. Characteristics of a Fan

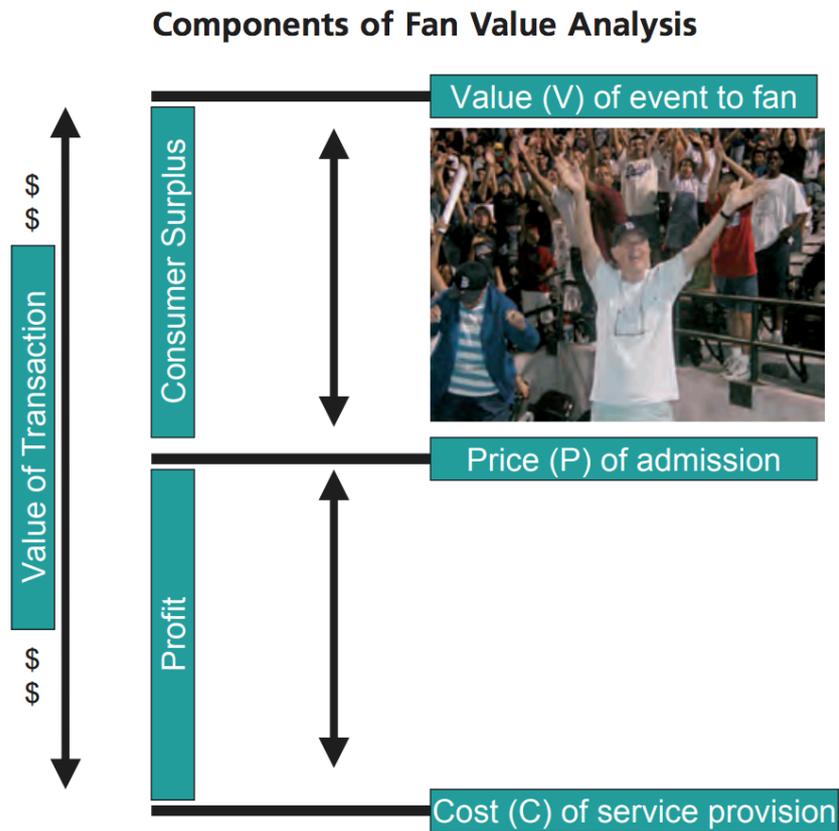
If an individual is a fan of a professional or major college sports team, even a losing team, we can predict that the fan will likely:

1. Identify with and follow the behaviour of the team and individual players on that team, on and off the field (via www.espn.com, team websites, newspapers, television, radio, wireless, etc.).
2. Purchase licensed merchandise (jerseys, automobile paraphernalia, caps, mugs, etc.) promoting the team.
3. Donate or pay for permanent seat-licenses (PSLs) in order to buy season tickets.
4. Travel to see games of that team outside the local market.
5. Support tax-based initiatives to pay for a new arena or stadium for the team.
6. Be a supporter of the conference or league in which the team plays.
7. Devote significant social time attending, watching, and discussing the team with others devoted to the same or other teams.

Source: Wakeland, Kirk. Team Sports Marketing, Routledge, 2007.

Wakeland (2007) goes on to explain that the main reason fans are happy and willing to spend supporting their favourite teams is the presence of consumer surplus, which he defines as “the difference between what the fan is prepared or willing to pay and the price that a team charges for a ticket”.

Figure 1. Fan Value Analysis



Source: Adapted from Roberts, John H. 2000. Developing new rules for new markets. *Journal of the Academy of Marketing Science*, 28 (Winter): 31–45.

Figure 1 illustrates the situation where a fan's perceived value exceeds the price of admission. Consumer surplus is the difference between the value of the event to the fan (i.e. fan experience) (V), and the price of the admission to the

game (P). Sports teams are able to sell tickets when V is equal to or more than P , and tickets are sold when V exceeds C .

It can be seen that in comparison to the consumption of most goods and services, the value fans derive from attending games is not just an economic evaluation, but also encompasses non-economic factors such as fan experience. As such, there are certain respects of sports marketing that makes it different from marketing of most goods and services. Table 8 lists the top 10 differences between the abovementioned two forms of marketing, thereby drawing distinctions between consumers and fans.

Table 8. Top 10 Differences between Sports Marketing
and Marketing of Most Goods and Services

	Dimension	Goods/Services	Sports Teams/Events
1	Purchasers	Customers	Fanatics
2	Adoption	Loyalty – repeat purchasers of the same brand (viz., lack of switching <u>behaviour</u>)	Psychological identification with individuals and teams that goes beyond mere loyalty
3	Promotion and Media	Owner pays media for promotion	Fans, sponsors, and media pay to promote team/event
4	Distribution Channel	Static; more site-limited	Mobile; more flexible
5	Product	Adapted	Global
6	Price	Customer pays a given price for good/service	Two-part: Fans frequently pay for the <i>right</i> to pay for tickets
7	Facilities	Corporate owner buys/builds own facilities	Government (taxpayer) typically pays for facilities
8	Competition	Individual branding in competitive markets	Cooperative contractual relationships → monopoly power and antitrust exemption
9	Exchange	Principally economic exchange	Principally social exchange
10	Employees	Contractual power <u>favours</u> owners	Contractual power <u>favours</u> employees (players)

Source: Wakeland, Kirk. *Team Sports Marketing*, Routledge, 2007.

5.2 Characteristics of Sports Marketing

5.2.1 Fans

As abovementioned, the main distinction between sports marketing and marketing of most goods and services is the kind of consumer we are looking at. For consumption of most goods and services, one is referred to as a customer or purchaser. The focus is on creating customer satisfaction and meeting expectations. Achieving consumer satisfaction would bring about three advantages to the business or company – increased value of the firm to shareholders, assurance of future cash flow to the firm, and reduction in the variability in future cash flow.⁴

On the other hand, in the context of sports, we are looking at sports fans, i.e. fans of teams and players. Fans experience the happiness and satisfaction of their team's success, which creates in them a fan identity that tend to be long-term.⁵ In satisfying a fan or fanatic, it is crucial that sports teams develop a loyal and faithful fan base which results from high levels of identification. This is a unique feature, and a very important point of differentiation, in sports marketing.

⁴ Gruca, Thomas S., and Rego, Lopo L. 2005. Customer satisfaction, cash flow, and shareholder value. *Journal of Marketing* 69 (July): 115–130.

⁵ Oliver, Richard J., Rust, Roland T., and Varki, Sajeve. 1997. Customer delight: Foundations, findings, and managerial insight. *Journal of Retailing* 73 (Fall): 311–336.

5.2.2 Identification

Consumers of most goods and services are loyal to goods and services, and loyalty would mean the repeat purchasing of goods and services. However, fans identify themselves with teams and players, and eventually develop fan identification where they react to events that occur to the team or player as though it happened to him or her. Wakeland (2007) defines fan identification as “a deeper psychological affiliation that is a basis for a fan determining his self-esteem and self-worth”. Sports marketing is successful when it builds upon fan identification, seeking ways to promote the team and players.

5.2.3 Promotion and Media

While manufacturers and/or retailers of goods and services have to pay brand placement and advertising, sports teams are able to achieve such promotion and advertising both directly and indirectly. Direct promotion takes the form of sponsors promoting the team by advertisement and media. Indirect promotion occurs when fans buy and wear licensed team merchandise.

However, most promotion occurs through the broadcast of games or events. That, in itself, differentiates sports from most goods and services. For example, in 2007 for eight years, Fox, ESPN/ABC and Turner Broadcasting paid

\$4.48 billion for all media rights to NASCAR events. Coupled with the advent of technology and social media, there are other forms of media outlets that allow for distribution and promotion, such as Facebook, Twitter and Instagram.

5.2.4 Two-Part Pricing

In purchasing goods and services, customers typically pay one price, i.e. one pays the price that is marked on the item. However, in sports, fans usually pay a two-part price. In other words, there is a first payment possibly in the form of a membership fee or season ticket price, and a second payment which will then give the opportunity to purchase tickets and/or preferable seats.

Another way of imposing two-part pricing in sports is the event itself. The initial payment is the price of the ticket itself to enter the event, and the second payment takes the form of other products one purchases upon entering the event. Other products include food, drinks and souvenirs. This can also be considered a form of price bundling.

5.2.5 Monopolistic Competition

In the US, most professional sports leagues have a monopoly control with little of virtually no competition. The MLB is no stranger to such monopolistic

power. It manages franchises, develop broadcasting contracts, and controls the labour market.

A prime example of monopoly control in the US sports leagues is the NFL, where despite being the second largest sports market in the US, the city of Los Angeles has no NFL team. This is due to the fact that the NFL's revenue sharing plan has resulted in an extremely high barrier to entry into the league. The owner of a prospective teams has to pay an initial franchise fee exceeding \$700 million (which the Houston Texans did pay to enter the Houston market).

5.2.6 Economic and Social Exchanges

As abovementioned, consumers of most goods and services consider value as an economic assessment, i.e. monetary value. In contrast, fans make not only an economic, but also a social investment. In attending a sports event, the fan pays a price to enjoy and create experiences with others. Sports attendance is mostly with at least another individual, and hence can be seen as a social exchange where they are able to share their experiences. The price a fan pays not only encompasses the right to entry, but also the excitement, atmosphere and aura of star power at the stadium.

With these differences in mind, we turn to the discussion of how the unique features of sports marketing can be fully utilised and enhanced to allow the sporting industry to be a successful and profitable one, with focus being placed on baseball.

5.3 How Does MLB Measure Marketability?

One way of looking at the marketability of sports players is to look at how much they are being paid. Forbes lists the highest-paid athletes and data will be taken from 2018, 2015 and 2013. Forbes' annual earnings figures include salaries, bonuses, prize money, appearance fees, as well as licensing and endorsement income for the past 12 months. Marketability of sports players is heavily reliant in endorsements, licensing and appearance fees. The higher the figures, the more sought after the player, and consequently the more marketable the player.

In 2018, athletes from 11 different sports made it to the list. There were 40 NBA basketball players, 18 NFL football players, 14 MLB baseball players, 9 soccer players, 5 golf players, 4 boxing players, 4 tennis players, 3 racers, 1 cricket player, one MMA player, and one tracker. Out of the 23 countries that represented the Top 100, Americans dominate with 65 athletes. In 2015, amongst others on the list, baseball led with 27 players, basketball 18, football 16, and

soccer 15. In 2013, baseball had 27 players, basketball 21, football 13 and soccer 12.

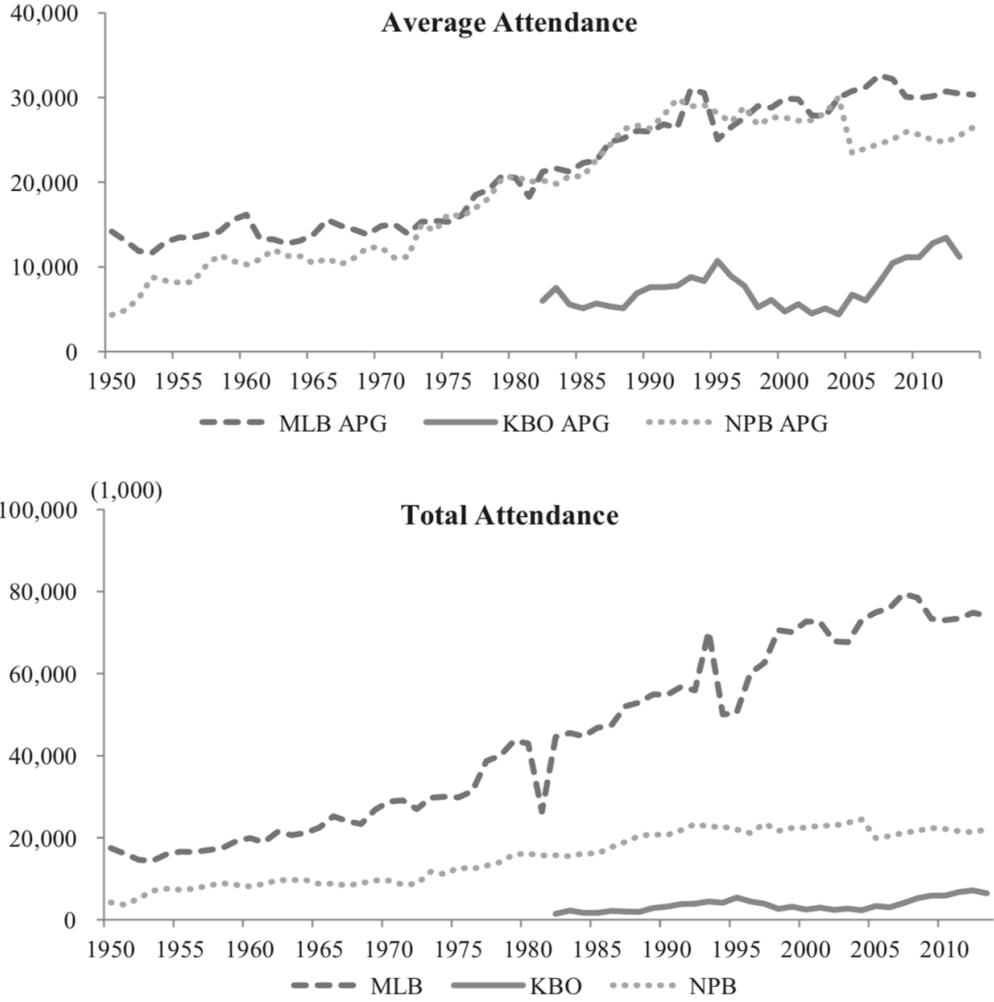
As it can be seen from the above statistics, MLB baseball players are highly paid and deemed to be of high marketability. Alongside the NFL and NBA, these three sports are among the most marketable sports in the US sports industry. The US has managed to market the baseball industry to make it a profitable industry for the US, and we shall now turn to the factors of success of the MLB.

Chapter 6. Comparison 1: Size of Baseball Industries

6.1 MLB vs KBO

The size of a baseball industry can be measured in terms of game attendance and ticket sales. Attendance directly indicates fan demand and generates revenue. Chart 1 compares the league attendance and attendance per game for MLB and KBO (as well as the Nippon Professional League (NPB) of Japan) throughout the decades. Undoubtedly, the MLB, who has the most teams, has the largest total attendance.

Chart 1. Average Attendance and Total Attendance of MLB, KBO and NPB



Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

With reference to Chart 1, the KBO can be considered a “developing” baseball league in both respects of history and market size. The attendance of the KBO was far below as compared to MLB, and remained relatively low for about 20 years before it started to increase significantly in 2006.

Various factors determine the level of attendance and these include ticket price, income, market size, state of stadium, performance of team, competitive balance, and fan loyalty (Fort, 2010). Tables 9 and 10 compare both the quantitative and qualitative aspects of stadiums in the MLB, KBO and NPB.

With reference to Chart 1 and Table 9, there is a direct relationship between the demand, and the quantity and quality of the stadiums, across both leagues. MLB teams see a higher demand and have an average stadium capacity of 43,214. Comparatively, MLB stadiums are relatively new with an average stadium age of 25 years. In the early 1990s, many new ballparks were constructed and hence many MLB teams are able to play in relatively newer stadiums. Notably, Wrigley Field (Chicago Cubs) and Fenway Park (Boston Red Sox) are two exceptions where the stadiums are more than 100 years old, but have been renovated to provide modern facilities. However, in the KBO, with a significantly lower demand, average stadium capacity is 20,676, which is about half of the MLB.

Table 9. Comparison of Baseball Stadium Circumstance

League	Stadium	Average	Std.	Max.	Min.
Major League Baseball	Capacity	43,214	5,193	56,000	31,042
	Age	25	25	103	3
Nippon Professional Baseball	Capacity	36,423	6,985	47,757	23,451
	Age	37	29	91	6
Korean Baseball Organization	Capacity	20,676	7,665	27,600	10,000
	Age	31	18	67	1

Table 10. MLB Income Structure (2011, 2013, \$ million)

Team	2011				2013			
	Gate rev.	Total rev.	Total expen.	Oper. income	Gate rev.	Total rev.	Total expen.	Oper. income
NY Yankees	302.4	454.7	444.3	10.4	246.0	461.0	470.1	-9.1
LA Dodgers	91.1	238.2	237.2	1.2	112.0	293.0	373.9	-80.9
Boston	186.4	321.1	295.2	26.3	179.0	357.0	331.7	25.3
Chicago Cubs	145.0	275.5	246.5	29.1	117.0	266.0	238.7	27.3
San Francisco	113.9	238.2	228.9	9.1	129.0	316.0	262.7	53.3
Minnesota	104.6	220.6	203.0	17.2	79.0	221.0	190.8	30.2
Kansas City	36.2	166.7	137.7	29.5	35.0	178.0	184.5	-6.5
Oakland	29.0	165.7	150.2	15.1	39.0	187.0	159.6	27.4
League average	80.4	219.5	204.7	14.9	77.7	236.6	226.9	9.7

Source: Rodney Fort's Sports Business Data (<https://sites.google.com/site/rodswebpages/codes>).

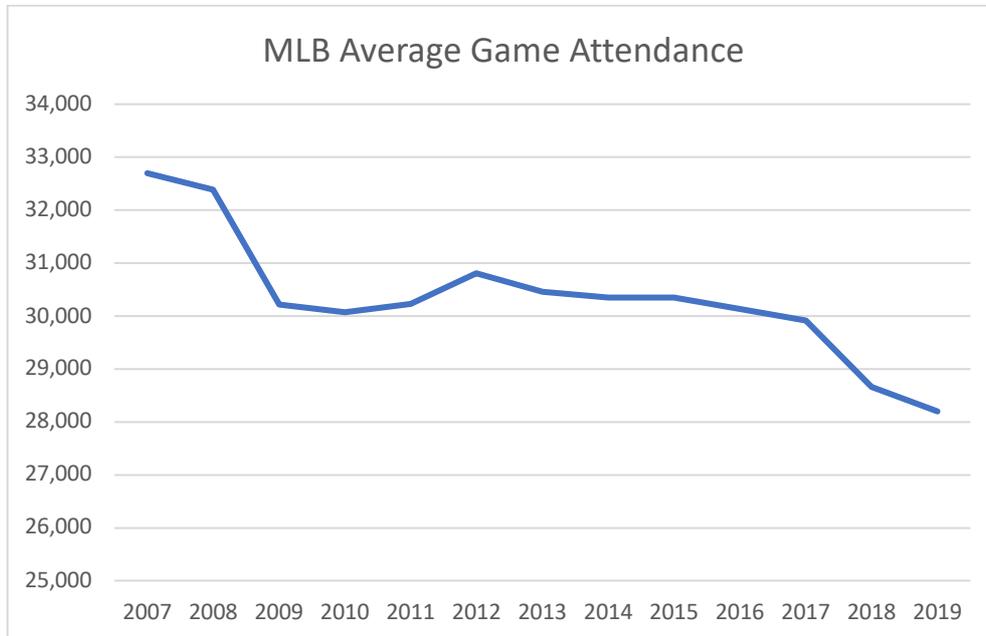
Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Tables 6 and 10 provide revenue data for the KBO and MLB. While the MLB sees large disparities in gate revenue, the numbers for total revenue are less varied due to revenue sharing. In 2013, the New York Yankees had gate revenues of \$246 million (53% of total revenue), while the Oakland As earned \$39 million (21% of total revenue). While there is great disparity in revenue between the KBO and MLB, the same is not seen for attendance where there is a smaller gap. However, gate revenues of the KBO constitute a relatively small proportion of the total revenue (10–40%) and most of its total revenue take in the form of subsidies from parent companies.

6.2 Declining Trend in MLB

While baseball is dubbed as America's *National Pastime* and the MLB has seen much success throughout the decades, recent years have seen a declining trend in game attendance.

Chart 2. MLB Average Game Attendance



Source: Baseball Reference. <https://www.baseball-reference.com/leagues/MLB/misc.shtml>

MLB's overall average peaked at 32,696 in 2007, thereafter numbers began to suffer a declining trend. Steady falls in average game attendance can be seen in most recent years, with 29,908 in 2017, 28,659 in 2018 and 28,198 in 2019. Majority teams have seen a fall in their average attendance.⁶ According to

⁶ Ronald Blum, "MLB attendance down another 1.4%, 4th straight drop", 31 May 2019, The Associated Press. <https://sports.yahoo.com/mlb-attendance-down-another-1-4-4th-straight-193141658--mlb.html>

The New York Times, MLB saw an estimated one million more empty seats in the 2019 season.⁷

Even with MLB's domestic and international outreach and success, its marketing techniques are not without problems. In 2018, MLB Commissioner, Rob Manfred, addressed the declining trend in attendance, noting a fall of nearly 10% from the previous year. While MLB is considering rule changing, pitch clocks and fan-friendly game scheduling, focus should also be placed on marketing strategies.

Interestingly, despite being the most popular and exposed sport in the US, MLB and even its college baseball counterpart suffer from a lack of hype, particularly so during drafting and free agency. Drafting season in the MLB is just not able to create the same hype found in the NFL and NBA. The lack of free agency movements, as well as the delays and late signing of contracts, make it more challenging for clubs to sell season tickets. Furthermore, many clubs choose to hold down talents in the Minor League due to service clock manipulations (i.e. the period it takes for a player to reach free agency).

⁷ Danielle Allentuck and Kevin Draper, "Baseball Saw a Million More Empty Seats. Does It Matter?", 29 September 2019, The New York Times. <https://www.nytimes.com/2019/09/29/sports/baseball/mlb-attendance.html>

Furthermore, the MLB Network is in dire need of improvement during the off-season period. Even though MLB has its own channel, no efforts are seen to have been made to create new, refreshing content such as documentaries. Fans have taken to complain the same format and replays of programmes, such as interviews by star players. The lack of creativity and new content results in the inability to draw interest and garner the attention of the public and potential fans.

Fuelling the decline in popularity of baseball in the US is MLB's blackout policy, which refers to certain local broadcasters and broadcasting companies having the priority to televise certain games in certain regions and at certain times. This policy greatly impacts product exposure and outreach, and is the number one complaint by fans.

6.3 Growing Trend in KBO

Given its growing success and recognition, Korea is starting to become a sporting powerhouse on a global scale. Although its market is significantly smaller compared to the MLB, certain unique features and factors of the KBO makes it possible for it to achieve greater success and potentially more marketable.

Chart 3. KBO Game Attendance

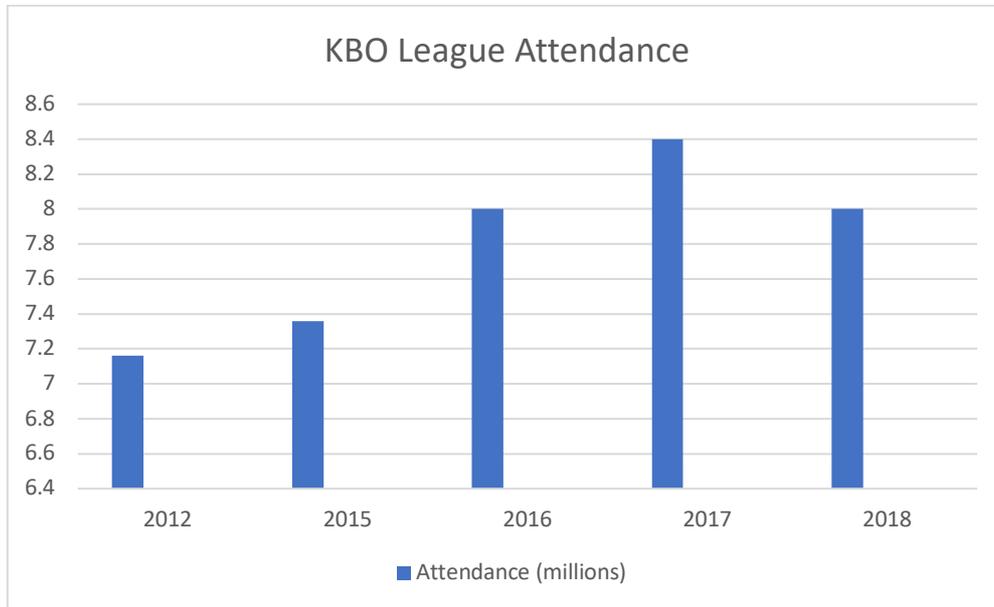


Chart 3 shows the attendance of the KBO League for the years 2012, 2015, 2016, 2017 and 2018. Attendance hit 7.16 million in 2012 and has been on the rise since. In 2015, the total number of people who attended games was 7.36 million. In 2016, for the first time ever in history, attendance record surpassed 8 million. In 2017, and increased to 8.4 million in 2017. It continued to maintain an 8 million attendance in the 2018 season. The growing size of the league and its exponentially rising attendance show an increase in popularity of the sport, and is currently at its peak in terms of popularity.

Chapter 7. Comparison 2: Fans and Competitive Balance

7.1 Fan Identity and the Model of Fan Identification

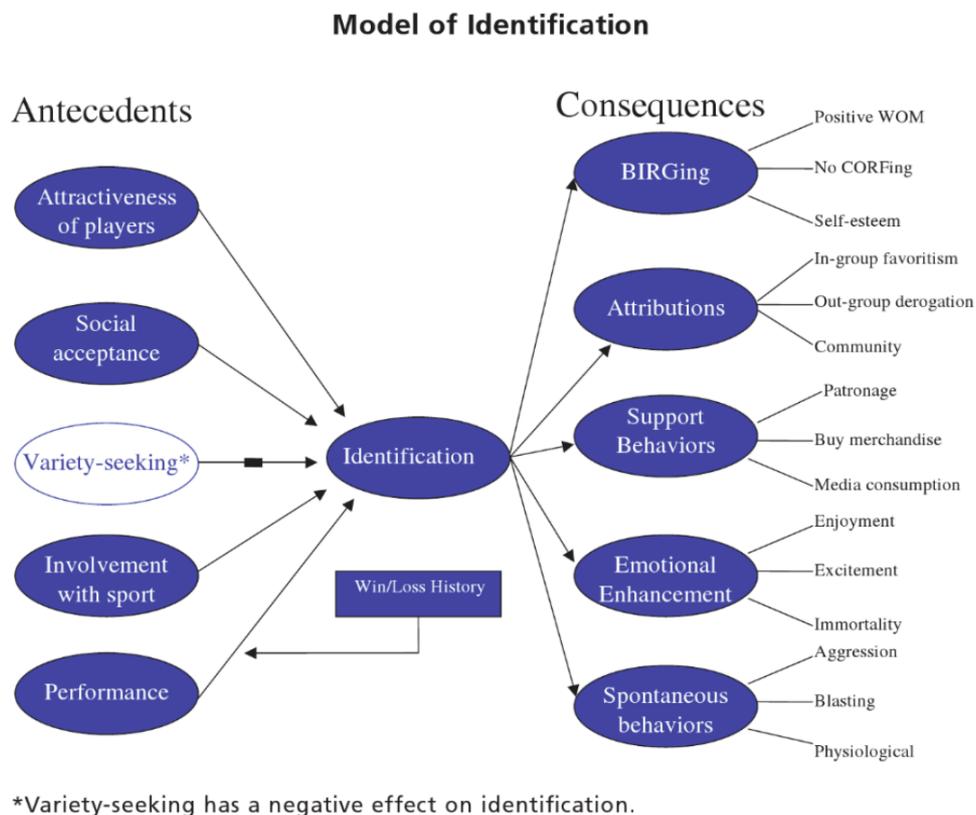
Wakeland (2007) states that in the context of sports, identification occurs when an individual reacts to events that occur to the team or player as if it happened to him or her.⁸ Accordingly, a fan who is highly identified will internalise and adopt those attitudes and behaviours as their own. As such, a fan feels good and the team wins and vice versa, feels bad when the teams loses. The fan, therefore, feels that the team is a representation of himself or herself, and that he or she is part of the team. However, not every fan identifies highly with a team or player, and this is where the importance of sports marketing steps in. Sports marketing can be utilised to build a sense of identification, and accordingly, sports organisations aim to sell such an identity.

Wakeland (2007) discusses a model of identification, where there are five factors that lead to fan identification – attractiveness of players, social acceptance,

⁸ Hirt, Edward, et al. 1992. Costs and benefits of allegiance: Changes in fans' self-ascribed competencies after team victory versus defeat. *Journal of Personality & Social Psychology* 63 (November): 724-738

variety seeking, involvement with the sport, and performance (team/player) – as seen in Figure 2. In considering these five factors, sports marketers are able to adopt marketing strategies that will benefit sports organisations.

Figure 2. Five Factors of the Model of Identification



Source: Wakeland, Kirk. *Team Sports Marketing*, Routledge, 2007.

7.2 Team Performance and the Effect of Winning

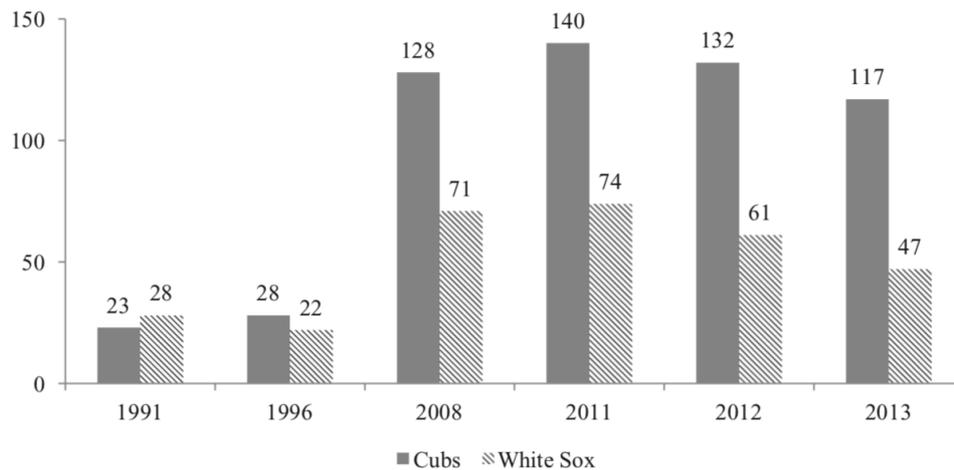
Chen et al. (2012) conducted an event study on the relationship and effects between the Nippon Professional Baseball (NPB) championship competition and stock prices of a parent company, in the context of sports marketing. The data perused by the study conducted where taken from the stock prices of all parent companies involved in the NPB Championship Series, Tokyo Stock Price Index (TOPIX), Tokyo Stock Exchange, Datastream Database, and the official NPB website. A total of 130 samples were collected, over a duration of 49 years from 1961 to 2009.

Empirical results from the study show three results. Firstly, when teams qualify for the championship, abnormal stock prices of parent companies are positive. Secondly, when a team wins the championship, the parent company enjoys higher cumulative abnormal returns. Thirdly, when teams win the championship, retail sees positive abnormal stock returns, and hence the retail industry uses sports marketing strategies to increase performance and profits. Common examples of marketing strategies that may be implemented could include discounts at shopping malls owned by the parent company, advertisements for star athletes, sales of related products, etc.

7.3 Fan Loyalty and Demand in the MLB

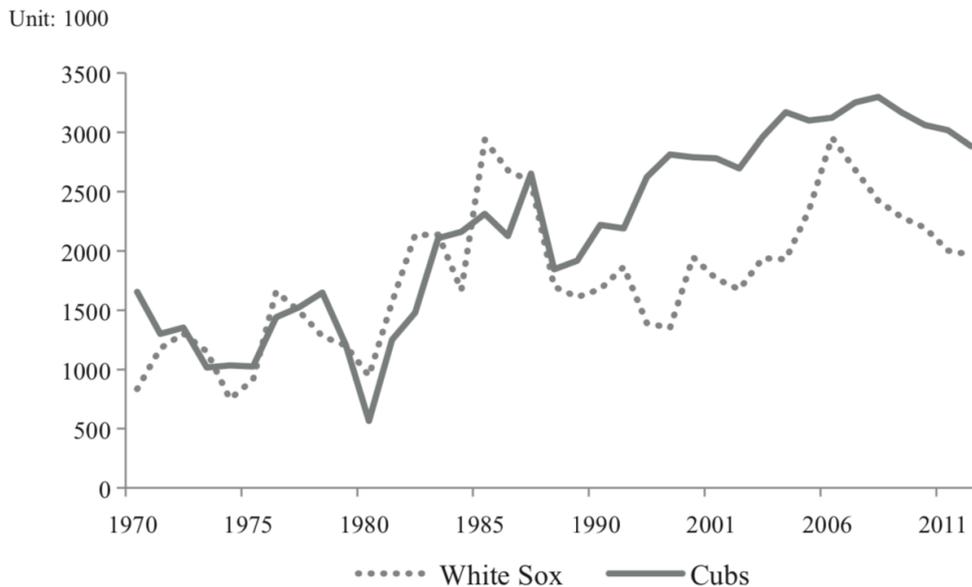
Fan loyalty is an integral factor in determining fan demand. Teams with loyal fan bases are able to sell more tickets at higher prices. In measuring fan loyalty, Depken (2000, 2001) defined it as the difference in attendance across teams, keeping in mind determinants that affect attendance. A study between two MLB teams – Chicago Cubs and White Sox – reinforces the importance of fan loyalty, as seen in Charts 4 and 5 below.

Chart 4. Gate Revenue of Chicago Cubs and White Sox (\$ millions)



Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Chart 5. Fan Loyalty Estimates of Chicago Cubs and White Sox



Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Referring to Chart 4, from 1991 to 1996, there was little difference in the gate revenues of both teams. However, from 2008 to 2013, there was a huge gap started to appear between both teams. This is surprising and unexpected as the Cubs were a perpetual losing team, while the White Sox had an average above 0.500. This disparity is due to the difference in fan loyalty. In accordance to Chart 5, there was slight or insignificant gap in fan loyalty of both teams until the mid-

1990s. However, while there was no drop in fan loyalty of the Cubs after the 1994 labour strike, it did so for the White Sox. It can be seen that the 67% increase in attendance of Cubs games was due to fan loyalty.

In 2017, a survey was conducted on approximately 39 million people results showed that MLB fans are among the most family-oriented group in the US. For the second consecutive year, baseball was the most participated sport in the US with 25.1 million, followed by basketball at 23.4 million, and football at 17.4 million. In recent years, baseball has seen much annual growth in both casual play and total play, with an increase of 14.3% and 6%, respectively. As a result, in order to maintain fan loyalty, as well as attract potential fans, baseball teams are starting to make watching baseball games more family-oriented, thereby encouraging families to go to baseball games as part of their leisure.

As a result, in order to bank in on that popularity, MLB took measures to deepen the involvement of families with baseball by creating a variety of programmes and activities, with a particular interest in engaging young children. One such programme is Pitch, Hit, and Run, a school programme for children ages 8 to 12. It was first introduced in Australia in 1994, and eight years later in 2002, more than 3 million children globally had been introduced to it. Another programme would be MLB's Play Ball initiative which launched in June 2015,

encouraging young adults and communities to familiarise themselves with the sport. Many of such programmes aim to build and strengthen the foundation of young players.

MLB also has developed a variety of televised programmes, an example being Baseball Max, which is a weekly programme comprising of game clips and baseball player interviews. Additionally, there is also the MLB Little League Classic, where MLB players, the Little League International and Walt Disney's ESPN collaborated to allow young children to experience the Little League World Series. In 2018, MLB and Facebook signed an exclusive contract granting streaming rights.

7.4 Fan Loyalty and Demand in the KBO

Unique to Korean baseball is its fervent sports fan culture, which is commonly compared to the recent *hallyu* wave that has taken the globe by storm in recent years. Fans are often decked out in their favourite team's or player's uniform, cheering enthusiastically and waving fan paraphernalia. Fans are willing to purchase a variety of fan goods, such as baseballs, caps, hairbands, clappers, watches, towels, bags, scarves, baseball gloves, etc. Not only are these fan goods available, other products such as homeware, mobile phone accessories

and car accessories are made available to fans. These include products such as slippers, floor mats, air fresheners, seatbelt covers, keychains, etc, which are all commonly seen fan merchandise sold in both stores and online websites.

An interesting feature of Korean baseball that cannot be found in other baseball leagues are the personalised cheers for each and every player of the team. These personalised cheers are made with the tunes of popular pop music, and the lyrics changed such that encouraging words are being used to cheer for the players. Coupled with these cheers is simple choreography that the fans can easily learn and follow. Many fans have described cheering in a baseball stadium as akin to a three-hour karaoke session.

Notably, another unique feature of Korean baseball is the presence of full-time cheerleaders. On weekdays, about three cheerleaders will be present, and on weekends and important games, a full roster would include six to seven cheerleaders. Cheerleaders are an important aspect of Korean baseball as they lead the fan cheers and maintain the cheering atmosphere. In fact, not only for baseball, many of Korea's popular sports leagues, such as soccer, basketball and volleyball, have cheerleaders. These cheerleaders have gained so much popularity that they are often compared to idol singers. One example would be Park Ki-ryang, who has been a cheerleader for the Lotte Giants for almost a

decade. She is dubbed as Korea's best cheerleader⁹ and has amassed a following of almost 200,000 on Instagram.

In Korea, watching a baseball game is commonly considered a family outing, where parents take their children to the stadiums to watch the game and have a picnic. As a result, the newer ballparks such as the KIA Champions Field in Gwangju and the Munhak Baseball Stadium in Incheon have picnic areas at the outfields, even providing barbeque pits for families to rent. During the weekends, many families gather at the stadium and have popular "baseball stadium food" such as fried chicken and pizza. With "beer boys" circling the stadium, adults are able to have a beer anytime and anywhere.

In a bid to attract more children and families, Korea has taken to building children-friendly stadiums. Many of the new ballparks in Korea have play areas for young children, such as playgrounds and sandpits. Marketing strategies have been put in place to garner to interest of families, such as family events and fan signs. During the summer (from June to September), some stadiums hold summer festivals, where water events and performances are being held for the audience's enjoyment. Famously, the Munhak Baseball Stadium has a water slide on its

⁹ Celena Jung, "Park Ki-ryang, Korea's Best-Known Cheerleader", 22 December 2014, Korea Bizwire. <http://koreabizwire.com/park-ki-ryang-koreas-best-known-cheerleader/26788>

rooftop, and the KIA Champions Field has a huge water park in the outfield spectator area.

7.5 Habitual Attendance

Habit formation is crucial in the sports business as it helps accumulate fan loyalty. Habitually attending baseball games helps teams accumulate loyal fans, which consequently leads to an increase in gate revenues and an improvement of the brand power of parent companies. Lee and Smith (2008) analysed the habitual consumption of the MLB and KBO. Evidence showed that there is significant habit formation in the MLB in terms of habitual attendance, but not so much so for the KBO.

The world baseball industry started to see noticeable changes in the 2000s, particularly in Asia. The World Baseball Classic (WBC) was established in 2006 and Asian teams saw much success, going on to attain medals at the Summer Olympics. The success of Korea's national team on the global stage drew great fan interest and positively influenced its domestic status. In Korea, the baseball culture is rapidly changing. Nowadays, not only do fans wear team caps, uniforms and other merchandise at games, they also wear it elsewhere as part of their daily outfits. Korean fans are beginning to develop fan identification,

identifying themselves as fans of a certain team and/or player.

7.6 Competitive Balance: MLB vs KBO

Neale (1964) pointed out that uncertainty of league standing is an important factor in determining fan demand. Competitive imbalance in a league inevitably causes fan interest in losing teams to drop. However, it has been found that as time passes, even well-performing teams suffer a loss in revenue due to the general fall in interest of the entire league. As such, in recognising the importance of competitive balance (CB), MLB has adopted policies and regulations that maintain player distribution. Such measures include revenue sharing, a draft system, luxury taxes, and reserve clauses.

Noll (1988) and Scully (1989) discusses the concept of relative standard deviation (RSD), which is a conventional CB measure that examines the dispersion of winning percentages at the end of the regular season. It is measured as the ratio of the standard deviation of actual winning percentages to the idealised standard deviation, which assumes equal strength of all member teams. A lower RSD implies higher CB. Table 11 and Chart 6 show the level of CB in the MLB, KBO and NPB.

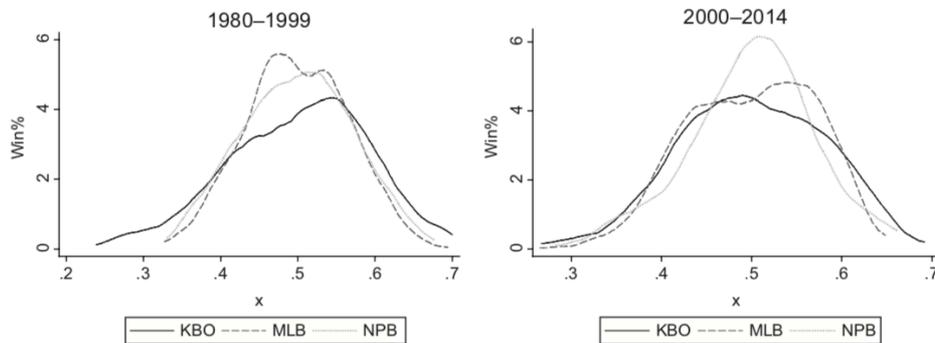
Table 11. Comparison of Competitiveness: Decade Average RSD

	MLB		NPB		KBO
	AL	NL	CL	PL	
1901–1909	2.49	3.14	–	–	–
1910–1919	2.67	2.21	–	–	–
1920–1929	2.37	2.37	–	–	–
1930–1939	2.71	2.36	–	–	–
1940–1949	2.38	2.45	–	–	–
1950–1959	2.40	2.08	2.85	2.80	–
1960–1969	2.05	2.11	1.78	2.11	–
1970–1979	1.93	1.83	1.64	1.98	–
1980–1989	1.66	1.63	1.89	1.59	2.09
1990–1999	1.67	1.76	1.60	1.75	2.08
2000–2009	2.09	1.67	1.82	1.77	1.94
2010–2014	1.81	1.79	1.86	1.23	1.85

Note: MLB, Major League Baseball; AL, American League; NL, National League; NPB, Nippon Professional Baseball; CL, Central League; PL, Pacific League; KBO, Korean Baseball Organization; RSD, relative standard deviation.

Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Chart 6. Winning Percentage Distribution of MLB, KBO and NPB



Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Table 11 lists the decade averages of RSD. Both the MLB and KBO see a gradual fall in RSD throughout the years, which implies that CB is consistently improving. In general, MLB is more competitively balanced than the KBO. Chart 6 shows the distribution of winning percentages, and the results are consistent with Table 11. From 1980 to 1999, MLB's distribution is relatively symmetrical, whereas KBO's distribution saw a slight left skew which suggests that excessively weak teams caused competitive imbalance in the league. However, from 2000 to 2014, both MLB and KBO showed relatively symmetrical distributions.

Competitive balance, or imbalance, are caused by a number of factors. It may be caused by territorial rights, such as rivalries between cities and states. Differences in market size lead to disparities in revenue and payroll, which affects distribution of playing talent, and consequently cause competitive imbalance. This is more so for profit-maximisation leagues such as the MLB, where larger market teams are able to hoard star players because winning brings in higher revenues.

However, competitive imbalance caused by market differences and revenue/payroll disparities only works in a profit-maximisation league such as the MLB. In the KBO, such disparities can be set off by substantial subsidies from parent companies, thereby maintaining competitiveness of their teams.

7.7 Improving Competitive Balance of KBO

As abovementioned, a distinctive feature of the KBO is that teams are owned by major conglomerates. As such KBO teams do not suffer from the revenue disparity-payroll disparity chain as in the event of such disparities, parent companies provide sufficient subsidies that act as a cushion. However, there are shifts in business objectives in recent years, where teams are starting to see themselves as marketing tools of the parent brand, and as such have started to put

more weight on cutting deficits and increasing profits. As a result, the revenue disparity-payroll disparity chain may take effect in the future.

If this were to happen in the future, the KBO will have to consider strategies that can help maintain a reasonable level of CB. While the KBO need not be as aggressive as the MLB, it should consider implementation of regulations that ease competitive imbalance. For example, in 2012, KBO implemented a new “second draft” system where each team can draft players from other teams who are not on the 40-player protection list. Other MLB measures may also be considered, such as salary caps, luxury tax, and reserve clauses.

Chapter 8. Comparison 3: Broadcasting and Licensing Rights

8.1 MLB's Broadcasting, Licensing and Sponsorship Rights

Table 12. Media Revenue of MLB, NPB and KBO (\$ million)

Team	Est. avg. annual local TV revenue	National TV revenue	Total TV revenue
MLB (2014)			
Boston Red Sox	60.0	51.7	111.1
Chicago Cubs	50.0	51.7	104.2
Kansas City Royals	20.0	51.7	83.5
Los Angeles Dodgers	340.0	51.7	304.3
Minnesota Twins	29.0	51.7	89.7
New York Yankees	90.0	51.7	131.8
Oakland As	46.0	51.7	101.5
San Francisco Giants	30.0	51.7	90.4
League average	58.3	51.7	110.0
NPB (2008)			
Chunichi Dragons	–	–	6.1
Hanshin Tigers	–	–	30.4
Hiroshima Toyo Carp	–	–	3.0
Tokyo Yakult Swallows	–	–	3.0
Yokohama BayStars	–	–	3.0
Yomiuri Giants	–	–	60.8
Chiba Lotte Marines	–	–	0.1
Fukuoka SoftBank Hawks	–	–	6.1
Hokkaido Nippon Ham Fighters	–	–	1.7
Orix Buffaloes	–	–	0.0
Saitama Seibu Lions	–	–	0.4
Tohoku Rakuten Golden Eagles	–	–	1.2–2.8
League average	–	–	9.7–9.8
KBO (2014)			
Each team	–	3.0	3.0

Sources: The MLB data were obtained from www.fangraphs.com, the data for the NPB were obtained from Nagel and Brown (2009), and the data for the KBO were obtained from www.koreabaseball.com.

Source: Jang, Hayley, and Young Hoon Lee. "A Business Analysis of Asian Baseball Leagues."

Table 12 shows the stark difference in media revenues for the MLB and KBO in 2014. LA Dodgers has the highest total TV revenue at US\$304.3 million. For MLB, the numbers vary for local TV revenue as teams individually contract with local broadcasters. However, the numbers do not see any variation for national TV revenue, as the MLB makes a national TV contract and distributes the revenues evenly across all teams. As for KBO, all games are televised on national TV and there is no local broadcasting. Similar to MLB, the KBO makes a national TV contract and distributes the revenue evenly across the teams.

From 2014 to 2021, over a period of eight years, MLB is expected to earn approximately \$12.4 billion from FOX, TBS and ESPN. A large proportion of MLB's international revenues comes in the form of broadcast rights in other countries, with Japan currently being the biggest market at \$275 million. In recent years, deals and contracts have been signed in with Venezuela, the Dominican Republic, Australia, and the UK. Foreign corporate sponsors are also seeking partnerships with the MLB, including promotions during the All-Star Game. With the growing number of foreign players in the MLB, licensing sales have also grown proportionately.

This phenomenon is not only seen in baseball, but also in other sports leagues. In 2016, CNN Money reported that in order to broadcast Thursday Night

Football, CBS and NBC are paying approximately \$450 million per year, i.e. a cost of \$45 million per game. The contract, expected to last from 2014 to 2022, that the NFL signed with CBS, FOX, NBC and ESPN is estimated to be worth \$40 billion. The same is seen for basketball, where the NBA is expected to receive an approximate \$24 billion from ABC, ESPN and TNT, over a period of 9 years from 2016 to 2025.

From the above numbers, it can be seen that broadcasting rights holds great importance in the success of any sports industry. Not only in the US, this can also be seen in Europe. According to ESPN FC, the broadcasting deal for the English Premier League (EPL), possibly the world's most renowned and popular football league association, is estimated to be worth about £ 10.4 billion. Given that the broadcasting deal is expected to last from 2016 to 2019, the EPL will earn about £ 1.7 billion per season.

8.2 KBO's Domestic Market

Compared to the US market, the broadcasting market in Korea is, without question, much smaller. However, despite its relatively smaller market size, it is growing in terms of success and popularity, both domestically and internationally. In the early 2000s, broadcasting rights for the KBO was valued around 7 to 8

billion won. However, with growing international achievements and recognition, this number has seen much growth, especially in recent years. With the clinching of Gold medal at the 2008 Beijing Summer Games, Korea's successful performance on the global stage has caused a surge in the popularity of baseball. Accordingly, the value of broadcasting rights reached 10 billion won. This major breakthrough is a first for the Korean sporting industry.

Following which, in March 2016, the KBO signed a 5-year deal with Korea's three major broadcasting companies – Korean Broadcasting System (KBS), Munhwa Broadcasting Corporation (MBC) and Seoul Broadcasting System (SBS) – worth 180 billion won, which translates to approximately USD\$158 million. This means a value of 36 billion won annually, which is twice of what the KBO made from broadcasting rights in 2010.

In addition to traditional means of television, the sports broadcasting market in Korea has expanded and diversified into other forms of new media channels, including cable television (such as Naver) and mobile devices (such as Naver TV and LG U+). Internationally, the KBO has taken steps to make the games available to Koreans living outside of Korea and foreign fans, by having a deal with Naver to stream the games overseas.

Not just in the baseball scene, broadcasting have seen much growth in other sports leagues as well. In 2015, the viewership for the men's volleyball league (V-League) was 1.07% during the 2015 season. This rise in viewership was followed by an increase in the value of broadcasting rights, from 300 million won to four billion won per year. Women's golf (KLPGA) is also seeing a similar increasing trend, where the value of its broadcasting rights increased from one billion won in 2013 to 4.7 billion won in 2014.

Chapter 9. Comparison 4: International Recognition

9.1 Major League Baseball International (MLBI)

The success of US baseball's global marketability can be attributed to a couple of factors, with the establishment of MLBI being one of more importance. The MLBI gives the MLB its international dimension and is responsible for generating foreign revenue. It focuses on worldwide growth of the sport and promotes MLB clubs such as trademarks and copyrights. It manages market development, sells broadcast rights, secures corporate sponsorships, licenses products, and stages events abroad. MLB games are broadcasted in 189 countries in 14 different languages. MLBI helps to create a baseball world outside of the US.

Additionally, MLBI stages global events annually, not only to increase international awareness but also to bring in global revenue. These include preseason exhibition games such as the weekend series in Venezuela in 2001 between the Houston Astros and the Cleveland Indians, regular season games such as the 2004 opener in Tokyo between the New York Yankees and the Tampa Bay Devil Rays, and the biennial postseason visit of an MLB all-star team to cities throughout Japan to play against stars of the NPB league.

Additionally, MLBI continues to extend its global hand by introducing baseball to countries where baseball barely exists. Previously, in South Africa, baseball was relatively unknown. However, with MLBI's programmes, hundreds of thousands of school children are now exposed to the game. Surprisingly, in an unanticipated development, the South African government has proclaimed baseball as part of the "new South Africa." Till today, the Royals continue to help the game grow in South Africa, teaching young players and holding coaching clinics. The resulting consequence is since 1999, seven South Africans have signed contracts with MLB clubs.

9.2 World Baseball Classic as MLB's Global Marketing Strategy

The World Baseball Classic (WBC) is an international baseball tournament sanctioned by the International Baseball Federation (IBAF) from 2006 to 2013, and thereafter by the World Baseball Softball Confederation (WBSC). It was proposed to the IBAF by the MLB, MLBPA, other professional baseball leagues and their respective players associations. Globally, it is the main baseball tournament, which grants the winner the title of "World Champion".

Previously, the WBC co-existed with Olympic Baseball and the Baseball World Cup. However, baseball was voted out by the International Olympic Committee (IOC) in 2005 and hence has not been on the Olympic programme since 2008. As for the Baseball World Cup, it was last held in 2011 and thereafter discontinued.

The WBC features professional players of IBAF member teams, which includes MLB, KBO and NPB. The WBC aims to provide a platform for baseball players to compete for their country on an international stage, as well as to further promote the game globally. The first competition was held in 2006, then in 2009, 2013 and 2017.

Goss (2009) analyses the 2006 World Baseball Classic (WBC) as a promotional strategy by MLB in an attempt to engage in global branding. The WBC is a global sports event that serves as a marketing platform for the MLB to further its growth as an international brand. As sports start to cross international borders and enter other domestic markets, in ways such as influx of worldwide talent, growing global audiences, and easier access to merchandise, it is only reasonable that the MLB starts to place focus on global growth.¹⁰ This

¹⁰ Fullerton, S. (2007). *Sports Marketing*. New York: McGraw-Hill.

encourages international participation and consumption.¹¹

Gillespie et al. (2007) advocates the four-step global brand strategy in developing and administering a global brand. The first step is to identify consumer needs. Accordingly, the firm must first identify the recurring consumer needs in a global context, and determine how its brand can provide functional and emotional benefits to these consumers. The second step is to communicate the brand identity to its consumers through various channels. This means WBC aimed at the inclusion of already big-player countries that were already veterans in the international baseball industry, as well as fledging baseball nations such as China, South Africa and Italy. The third step is to track global brand identity. Traditionally, television rating and ticket sales were the primary means of tracking global success. However, with the advancement of technology, modern platforms such as social networks serve as a new means of monitoring the success of global identity. Lastly, the fourth step is to determine the movement and direction of branding decisions. Different countries adopt different strategies, and MLB is seen to be adopting an individualised, country-specific approach in its branding decisions. For example, in China, MLB focuses on player development

¹¹ Lizandra, M., & Vail, S. (2005). International sport governance. In B. L. Parkhouse (ed.), *The management of sport: Its foundation and application*. New York: McGraw-Hill, 111-136.

in hopes of producing a Chinese major leaguer (such as NBA's Yao Ming) in order to capture the Chinese market's interest and attention.¹² This approach appears to be successful in light of the New York Yankees signing two Chinese players¹³, and the Seattle Mariners signing another two Chinese players¹⁴ in June and July 2007, respectively. Furthermore, just days after the Yankees' signing of the two Chinese players, the club became the first MLB club to sign a sponsorship with a Chinese company.¹⁵

With the birth of the WBC, more action is starting take place in Asia. MLB opened its Tokyo office in 2005, and shortly following that development, Asian sponsorships started to pour in and increased from 20% to 60% in 2006.¹⁶ One eye-catching sponsorships include Nippon Life Insurance Company for the Chicago Cubs, which also included special events and fan signs for their Japanese outfielder Kosuke Fukudome.¹⁷

¹² King, B. (2006, March 13). Speaking their language. *Sports Business Journal*, 1.

¹³ "Yankees sign two Chinese players." (2007, June 18). Retrieved June 23, 2007, from <http://sportsillustrated.cnn.com/2007/baseball/mlb/06/18/bc.bba.yankees.china.ap/index.html>.

¹⁴ "Mariners follow Yankees, sign two from China." (2007, June 20). Retrieved June 23, 2007, from http://seattlepi.nwsourc.com/local/6420AP_BBA_Mariners_China.html.

¹⁵ "Yankees first MLB club to get Chinese sponsor." (2007, June 26). Retrieved June 26, 2007, from <http://www.sportbusiness.com/news/162045/yankees-first-mlb-club-to-get-chinese-sponsor>.

¹⁶ King, B. (2006, March 13). Speaking their language. *Sports Business Journal*, 1.

¹⁷ Coast to Coast. (2008, April 14). Chicago: Cubs add Nippon Life to team. Retrieved May 14, 2008, from <http://www.sportsbusinessjournal.com/article/58701>.

9.3 KBO on the Global Platform

In the recent decade, Korea has performed exceptionally well on the international stage. The Korean national team clinched the Gold medal at the 2008 Beijing Summer Games, and attained Gold medals at the 2010, 2014 and 2018 Asian Games. All these led to an exponential surge in the popularity of the sport, which is reflected in TV ratings – an average of 1.1% for regular season games and 10% for postseason games.

Part of KBO's growth strategy is to have the league's top stars represent the national team in major international competitions such as the World Baseball Classic (WBC) and the World Baseball Softball Confederation (WBSC) Premier 12. Being winners of the 2015 WBSC Premier 12 has led the Korean national team to rise to an overall third place in in terms of world standing, which is a historical high for the nation. With the recent announcement of baseball's return to the Olympic Games in 2020, and Korea being the defending Gold medallists, the KBO is positioned to attract more fans and generate more growth in the near future.

More importantly, since 1994, more than twenty Korean baseball players have made it to the international stage by having played in the MLB, with Park Chan-ho Park, Choo Shin-soo, and Ryu Hyun-jin being all-time-favourite star players. Table 13 is a non-exhaustible list of past and present Korean baseball players in the MLB.

Table 13. List of Past and Present Korean Players in the MLB

1	Choo Shin-soo	Texas Rangers
2	Park Chan-ho	Pittsburgh Pirates
3	Ryu Hyun-jin	Los Angeles Dodgers
4	Kim Byung-hyun	Florida Marlins
5	Oh Seung-hwan	Colorado Rockies
6	Kang Jung-ho	Pittsburgh Pirates
7	Choi Ji-man	Tampa Bay Rays
8	Bong Jung-keun	Cincinnati Reds
9	Lee Dae-ho	Seattle Mariners
10	Kim Hyun-soo	Baltimore Orioles
11	Tommy Phelps	Milwaukee Brewers
12	Rob Refsnyder (Kim Jun-tae)	Tampa Bay Rays
13	Cha Seung-baek	San Diego Padres
14	Choi Hee-seop	Los Angeles Dodgers
15	Cho Jin-ho	Boston Red Sox
16	Hwang Jae-gyun	San Francisco Giants
17	Kim Sun-woo	Cincinnati Reds
18	Ryu Jae-kuk	Tampa Bay Rays
19	Lim Chang-yong	Chicago Cubs
20	Seo Jae-weong	Tampa Bay Rays
21	Koo Dae-sung	New York Mets
22	Lee Sang-hoon	Boston Red Sox

Source: MyKBO. <http://www.mykbo.net/>

Not only do some have the players have MLB experience, players such as Lee Dae-ho has also played for the NPB with the Fukuoka SoftBank Hawks and Lim Chang-yong was part of the Tokyo Yakult Swallows. Koo Dae-sung also had experience in the Australian Baseball League (ABL), having played for the Sydney Blue Sox for five years.

9.4 Recruitment of Foreign Talents

While the MLBI focuses on placing MLB in the global spotlight, domestically, all MLB teams are involved recruiting foreign talent. Big market teams such as the LA Dodgers (who are considered pioneers in international baseball), the Atlanta Braves, and the New York Mets are most involved. Previously, when Dominican superstars such as pitcher Pedro Martínez signed with the LA Dodgers in 1988, almost no Latin American players could get contract deals for more than USD\$10,000. However, 20 years later, a highly coveted player easily signs between USD\$500,000 and USD\$1.5 million, with one example being Joel Guzmán, who signed with the LA Dodgers for USD\$2.25 million in 2001.

In recent times, the fight for foreign talents and the desperate need to retain their local players have driven up the cost of signing their stars. Rosters

now include players from Japan, the Dominican Republic, South Korea, Puerto Rico, and Venezuela, now even expanding to Taiwan, Australia and Panama.

Following the MLB, the KBO has also taken to recruiting foreign talents, mostly from the US, in order to increase their competitiveness and encourage globalisation. The KBO places a cap on the number of foreign players allowed on club rosters. Currently, the foreign player limit is set at three, which saw an increase from the previous limit of two in 2014. Tables 14 and 15 are non-exhaustible lists of past and present foreign players in the KBO.

Table 14. List of Past and Present Foreign Pitchers in the KBO

1	Raul Alcantara	Dominican Republic	KT Wiz
2	Chad Bell	US	Hanhwa Eagles
3	Jake Brigham	US	Kiwoom Heroes
4	Eddie Butler	US	NC Dinos
5	William Cuevas	Venezuela	KT Wiz
6	Brock Dykxhoorn	Canada	Lotte Giants
7	Seth Frankoff	US	Doosan Bears
8	Christian Friedrich	US	NC Dinos
9	Justin Haley	US	Samsung Lions
10	Eric Jokisch	US	Kiwoom Heroes
11	Casey Kelly	US	LG Twins
12	Josh Lindblom	US	Doosan Bears
13	Dustin Nippert	US	Doosan Bears
14	Ben Lively	US	Samsung Lions
15	Deck McGuire	US	Samsung Lions
18	Warwick Saupold	Australia	Hanhwa Eagles
19	Henry Sosa	Dominican Republic	SK Wyverns
20	Angel Sanchez	Dominican Republic	SK Wyverns
21	Jake Thompson	US	Lotte Giants
22	Jacob Turner	US	KIA Tigers
23	Joe Wieland	US	KIA Tigers
24	Tyler Wilson	US	LG Twins
25	Wang Wei-chung	Taiwan	NC Dinos

Source: MyKBO. <http://www.mykbo.net/>

Table 15. List of Past and Present Foreign Batters in the KBO

1	Carlos Asuaje	Venezuela	Lotte Giants
2	Christian Bethancourt	Panama	NC Dinos
3	Jose Miguel Fernandez	Cuba	Doosan Bears
4	Jeremy Hazelbaker	US	KIA Tigers
5	Jared Hoyer	US	Hanwha Eagles
6	Tommy Joseph	US	LG Twins
7	Carlos Peguero	Dominican Republic	LG Twins
8	Mel Rojas Jr.	Dominican Republic	KT Wiz
9	Jamie Romak	Canada	SK Wyverns
10	Darin Ruf	US	Samsung Lions
11	Jerry Sands	US	Kiwoom Heroes
12	Jake Smolinski	US	NC Dinos
13	Preston Tucker	US	KIA Tigers
14	Mac Williamson	US	Samsung Lions
15	Jacob Wilson	US	Lotte Giants

Source: MyKBO. <http://www.mykbo.net/>

Furthermore, not only with players, the KBO is starting to open its doors to recruiting foreign coaches and managers. Trey Hillman, previously an American infielder for the MLB, was hired by the SK Wyverns as their new

manager in October 2016.¹⁸ In November 2018, he led the team to win the Korean Series Championships, becoming the first foreign manager in the history of KBO to pull such a feat. Three years later, in October 2019, Matt Williams, previously an American infielder for the MLB, was hired as manager by the KIA Tigers.¹⁹

9.5 General Lack of International Baseball Events

Despite baseball being one of the most popular sports around the world, there remain little effort in globalising the sport and very little is being done on an international level. In comparing to other popular sports such as soccer and basketball, there is a glaring lack of international sporting events and competition for world baseball.

Other than the World Baseball Classic, there is also the World Baseball Softball Confederation (WBSC) Premier 12, which is the flagship international baseball tournament organised by the WBSC, featuring the world's twelve best-ranked national baseball teams. The first competition was held in

¹⁸ Yoo Jee-ho, "Ex-MLB manager Trey Hillman inaugurated as skipper for South Korean club", 11 November 2016, Yonhap News Agency. <https://en.yna.co.kr/view/AEN20161111004100315>

¹⁹ Yoo Jee-ho, "Ex-MLB All-Star Matt Williams to manage in South Korea", 15 October 2019, Yonhap News Agency. <https://en.yna.co.kr/view/AEN20191015002700315>

2015, and is set to happen every four years, with the second one in 2019. After the IOC announced the removal of baseball and softball from the Summer Olympics in 2005, it also officially announced that baseball and softball will be reclassified as two different disciplines of the same sport. Consequently, in 2013, the IBAF and International Softball Federation merged to create the World Baseball Softball Confederation (WBSC). In November 2014, the WBSC announced the creation of the Premier 12 tournament, which they regarded as a successor to the Baseball World Cup and a means of promoting baseball on a global scale. In 2015, Korea, the US and Japan clinched Gold, Silver and Bronze respectively.

Baseball has finally been re-included as part of the Olympics, and will be featured in the 2020 Summer Olympics held in Japan for the first time since 2008. It was announced that the Premier 12 tournament would serve as a qualifier and six national teams would compete at the 2020 Olympics.

Comparatively, for soccer, both international and domestic tournaments create great hype and garner much interest and attention. Popular tournaments include the FIFA World Cup, UEFA Champions League, UEFA European

Championship, Copa America, Copa Libertadores, UEFA Europa League, Africa Cup of Nations, FA Cup, Confederations Cup, Copa del Rey.²⁰

Similarly, a number of popular tournaments exists for basketball, such as the FIBA World Championship, EuroBasket, FIBA Americas Championship, FIBA Asia Championship, FIBA African Championship, the FIBA Oceania Championship, etc.²¹

Given that baseball is one of the more popular sports in the world, greater effort should be placed in globalising it, such as creating more regional and international tournaments. The relatively big baseball markets in Korea and Japan could, perhaps, garner more interest and fuel the demand in Asia.

²⁰ James McNicholas, “Ranking the World’s 10 Best Football Tournaments”, 27 June 2013, Bleacher Report. <https://bleacherreport.com/articles/1684009-power-ranking-worlds-10-best-football-tournaments#slide0>

²¹“Famous Basketball Tournaments”, 12 December 2016, ND Basketball. <https://www.ndbasketball.com/famous-basketball-tournaments/>

Chapter 10. Conclusion

Due to international promotional efforts, particularly by the WBC, world baseball is starting to garner global interest and attention. An analysis of the features, characteristics and statistics of the MLB shows that the US remains a global leader in world baseball, and will continue to do so in the future due to its large market and international efforts. It has been suggested and highly recommended that instead of trying to be a global leader, the objective of the KBO could be to expand and strengthen its position in Asia.²²

Four comparisons are made between the two baseball leagues, discussing the success of the MLB and the marketability of the KBO. Firstly, and undoubtedly, the US has a larger baseball industry size, which allows for higher levels of success and profitability. However, in recent years, there seems to be a declining trend in the popularity of MLB. Whereas, there is a growing trend in the KBO, allowing it to stand on the global stage. Secondly, fan loyalty is a very significant part of sports marketing and both leagues are quickly adopting strategies that help maintain and expand their fanbase, particularly in making the

²² Interview with Kang Joon-ho, Professor of Sports Marketing and Management at Seoul National University, on 8 November 2019. See Appendix A.

sports experience a familial one. Thirdly, there is a stark distinction in the role broadcasting and licensing rights play in both leagues, with it playing a heavier and more important role in MLB's revenue. Fourthly, and lastly, a discussion on the international recognition of the MLB and KBO have shown that steps, albeit small, have been taken to increase the global interest and awareness of its respective leagues.

Arguably, one of the biggest differences between the MLB and KBO is the government structure of the leagues, which affects business objectives and consequently revenue. MLB teams are independent firms and hence has a profit-maximisation utility. On the other hand, KBO teams are owned by major conglomerates and hence business objectives of corporations depend on the parent company and interests of their shareholders.

Despite having a relatively smaller market as compared to the MLB, the KBO holds its own unique features and characteristics that serve to be marketable factors for its baseball business. In recent years, Korean baseball has seen a sharp increase in interest and exponential growth in demand. As part of their business strategy, the KBO can focus on expanding fan loyalty and increasing baseball consumption.

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Appendix

A. Interview with Professor Kang Joon-ho on 8 November 2019

Professor Kang Joon-ho is a Professor at Seoul National University. His research areas include sports marketing, sports management, and sports industry analysis. He has written a number of books on professional sports marketing and business, as well as published articles in several sports journals.

Question 1: In your opinion, what are some of the significant distinctions between the MLB and KBO, other than the industry size? Perhaps governance structure, where teams in the KBO are owned by major conglomerates but those in the US are owned by independent firms.

Answer: The biggest difference between the MLB and KBO is governance. The business structure is different. MLB's purpose is to teach baseball and earn profits, and is considered a professional sport. Whereas the starting point for KBO is conglomerates, and serves as a marketing tool for the parent company. MLB is a business entity, and KBO is considered a communication vehicle of a conglomerate company. The difference is profit-centered (for MLB) and cost-

centered (for KBO). So, the basic motivation for the respective country's professional sports is different. Only Kiwoom Heroes is independent, where there is no cash from a parent company. The biggest difference between the MLB and KBO is business motivation, excluding Kiwoom. Whether Kiwoom will do well depends on business leadership and strategy.

Question 2: What are the marketable factors of Korean baseball, both on a national and global level? For example, Korea's unique fan culture.

Answer: Regionalism. KBO's marketable factor is the regionalism of the respective teams. Also, on a national level, baseball is the number one most popular sport in Korea.

Question 3: In order to draw more interest and revenue, what marketing strategies can the KBO as a whole, or individual baseball teams adopt?

Answer: Fan database needs to be improved. The current fan database is at about 8,000,000. Data is needed as to who are those fans, when do those fans attend games, and what do the fans usually do at games. If all these data are collected,

better business strategies can be put in place. This is the same for baseball teams. Rather than marketing strategy, we are looking at business strategy. We have to look at it as profit-centered, with the purpose of doing business.

Question 4: What are some factors limiting the growth of the Korean baseball industry? For example, 2-year mandatory military service for all males, and perhaps foreign player restrictions.

Answer: Military can be considered as one limiting factor. But the bigger issue is governance. In KBO, it is not considered a sports business but a promotion stunt of parent company. The purpose of baseball teams are different.

Question 5: Last but not least, what policy recommendations can the KBO adopt to increase its marketability on a global scale?

Answer: Basically, professional sports target the domestic market. In the case of professional sports in the US and Europe, their contents have a strong presence and hence is able to become global content for other countries. However, this is not so in other countries, and it is difficult to become a global content. As such,

the focus should be not on the global market, but on the Asian market. The target of becoming a global content is difficult, so KBO has to find its own niche market.

Question 6: Broadcasting rights is a very big profit market for the MLB, how is this applicable to KBO?

Answer: The primary revenue course for professional sports is ticket sale, broadcasting, sponsorships, and merchandising. Tickets sales refer to the number of fans who actually attend the games. Broadcasting is the market size of the country. It is the advertising market of the country, and there is given constraint here. The US is the biggest commercial advertising market. For example, if you count the number of fans and population size, China is bigger. But comparatively, the advertisement market of US is bigger. So advertising market is not necessarily proportionate to the size of the population. In both perspectives, number of population and advertisement market size, Korea's market is quite limited. The KBO cannot go beyond that limitation. Broadcasting rights is heavily dependent on commercial rights because the broadcasting company purchases media rights to air the games, so TV rating is very important.

Question 7: In recent years, there have been a surge in female fans in the baseball industry. Can that be considered more of a marketable factor, now?

Answer: This is a recent phenomenon. Rather than trying to be global, the KBO first needs to be substantial domestically. The KBO needs to compete within the domestic market with other professional sports. Of course, baseball is number one, but the KBO needs to see more growth within the Korean market, before they can think about expanding the market and reaching out globally. Asia will be the next target.

B. Interview with Park Jun-tae on 21 October 2019

Park Jun-tae is a Korean professional baseball player and an outfielder for the KIA Tigers based in Gwangju. He was drafted to the KIA Tigers in 2014 and continues to play for the club. He served his mandatory military service for two years from 2015 to 2017 before resuming his professional baseball career.

Question: 한국야구시장에는 피해 갈 수 있는 점은 뭐 있어요? 예를 들면 병역의 의무? 군 전역 후 다시 프로에서 적응한 시간 많이 필요하는 것 같다. 선수로서 어떤 단점이 있어요?

Answer: 생각나는 거 병역의 의무 제일 힘든 것 같아요. 군대 들어가서 야구를 2년동안 쉴 수 밖에 없으니까. 아무래도 현역으로 가면 적응 할 시간도 필요 하고 불안 하기도 하지요.

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국문초록

한국 프로야구 산업 및 시장성: 미국과 한국의 비교

제나벨
서울대학교
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최근 몇 년 사이, 한국 문화와 경제에 있어 스포츠의 영향이 점점 커지고 있습니다. 스포츠계에서도 한류 열풍이 불면서, 한국 스포츠는 전세계적으로 인정을 받게 되었고, 박지성, 손흥민, 추신수, 류현진, 김연아, 손연재 등이 이를 입증하는 유명한 스포츠 선수들입니다.

‘타임’지는 밴쿠버 동계올림픽에서 기록적인 성적을 세운 한국의 피겨 스케이팅 선수 김연아를 2010년 “세계에서 가장 영향력 있는 100인”에 선정하기도 하였습니다. 영국 신문 “가디언”지는 맨체스터 유나이티드의 미드필더 박지성이 2009/2010년 UEFA 챔피언스 리그에서 이탈리아의 AC 밀란을 상대로 골을 기록함으로써 한국의 브랜드 가치를 높였다고 지적하였습니다. 즐거움과 레크리에이션의 수단인 스포츠는 국가적, 국제적 영향력을 지닌 사회-문화적인 현상으로

점점 변모하였습니다. 따라서 저의 논문은 스포츠 마케팅의 중요성과 성공적인 사용 방법에 관하여 논하고자 합니다.

한국과 미국의 국민 스포츠인 동시에 시장 유형의 차이를 보이는 야구를, 본 논문에서는 집중적으로 다루어, 미국의 MLB와 한국의 KBO를 비교하고자 합니다. 본 연구는 첫장에서 MLB와 KBO의 특징을 분석한 후 스포츠 마케팅의 구성요소를 소개합니다. 두 번째 장에서는 MLB와 KBO의 특징적인 네 가지 차이점 - 산업 규모, 경쟁적 균형, 방송 및 라이선스권 그리고 국제적인 인정-을 분석하고 KBO의 시장성과 성공 가능성에 대해 논하고자 합니다.

주요어: 스포츠 문화, 한국 스포츠, 스포츠 마케팅, 스포츠 시장성, 시장성, 한국 야구 위원회 (KBO), 메이저 리그 야구 (MLB)

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