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The Call Up to the Majors

A Proximity-Based Approach
to the Economics of Minor League Baseball

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*To Katelyn, Ben, and Allison.
Play hard and have fun!*

Preface

From the comfort of my own home, my television gives me an opportunity to watch a seemingly unlimited number of baseball games on any given summer evening. Using my remote control and sometimes my laptop or Roku for assistance, I can relax on my couch and watch just about any full-season professional baseball game that I want. The fact that my home is located in Maryland impacts the way I watch (and pay for watching) just a few of those baseball games—I need a sports package with a cable or satellite provider to watch Baltimore Orioles or Washington Nationals games. Otherwise, the live baseball games available to me to watch on my television are precisely the same as anybody living just about anywhere else in the world.

The picture changes considerably, however, if I want to go to a stadium, buy a ticket, and watch a professional baseball game in person. Limiting myself to a drive that would take no more than about two hours or so, I have the option of attending a game at one of 16 professional baseball stadiums that are within a 100-mile radius of my home. Better understanding the value of having the option to comfortably attend a baseball game at one of these 16 baseball stadiums does not mean comparing that experience with the opportunity to watch the nearly unlimited amount of games available on my television. Just about anybody with a television and a high-speed Internet connection can watch just about any professional baseball game in their own home. And even though watching a baseball game on television and watching the same game at the stadium are close substitutes, they are sufficiently different entertainment options for most people and should be considered separately.

Instead, it is helpful for me to take note of the number of baseball stadiums within a 100-mile radius of my home and realize (rather quickly) that I am one of the fortunate few baseball fans with more than just a handful of available game-day stadium options. Notably, I have many more available options to attend a full-season professional baseball game based on where I live than many other people who also live in the US. For instance, someone living in the fifth largest metropolitan area in the US—Houston, Texas—has just two baseball stadiums located within a 100-mile radius. Minute Maid

Park in Houston is where Major League Baseball's Astros play their home games and Constellation Field in Sugar Land, Texas, is the home field for the Skeeters of the Atlantic League, an independent league team that has only been in existence since 2012. Without comparing the quality of the teams, the stadiums, parking, concessions, or the game-time experience in the Houston area to what I have available close to my home in Maryland, I am comfortable in claiming that having 16 possible stadiums and professional baseball teams to choose from is preferred by nearly all baseball fans to having only two possible stadiums and teams to choose from.

In fact, there are not many locations within the US that provide such a large number of professional baseball game options as I have available to me from my home in Maryland. The antitrust exemption that was granted in 1922 by the US Supreme Court to Major League Baseball and is effectively extended to its affiliated minor league teams largely dictates that most baseball fans in the US will have a somewhat limited number of choices of full-season professional baseball games to attend on any given day. Of course, this is by design—a limited choice set of games to attend at the stadium for the consumer leads to pricing power for owners and ownership groups. The literature is deep and rich here, as much has already been written on this subject.

However, given the wealth of options available to the baseball fan on television and the relatively low number of games for most baseball fans to attend at a stadium near their home, a natural question arises. Does proximity matter any more in the professional baseball industry? This question may not seem important given the multibillion dollar television deals that Major League Baseball and other top professional sports leagues have made in recent years. But professional baseball games are still played in stadiums in front of paying fans. In fact, quite a bit of research has already examined how decisions by baseball executives impact attendance at the stadium.

Even so, there is another element to the proximity of professional baseball teams that has largely been ignored in the economics literature. Namely, developing player talent for a Major League Baseball team typically means developing that talent at an affiliated minor league baseball team. That player development strategy is likely to be optimized when affiliated minor league baseball teams are in closer proximity to the parent Major League Baseball team and to the other affiliated minor league teams in the same organization. And herein lies the trade-off that makes the matter of proximity within minor league baseball interesting to study—closer minor league baseball teams make player development progress optimally while simultaneously leading to less pricing power for owners and ownership groups of professional baseball teams. Taking note of this trade-off and beginning to get a handle on how closely minor league baseball teams are located in comparison to each other, to their affiliated parent Major League Baseball team, and to the other minor league teams within that organization is the main reason for me writing this book.

Ultimately, proximity matters in minor league baseball. It is my goal that this book will open up new ways to study minor league baseball, specifically, and sports leagues more generally. So even as advanced technology has eliminated some of the need to be in close proximity to the teams that fans love to follow, there is still a need to understand more completely how proximity matters can impact the way sports leagues are structured and how that structure can ultimately impact the quality of the games that entertain increasingly enthusiastic sports fans across the country.

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Locations of Affiliated and Independent League Baseball Teams

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