Major League Soccer Case Study An Examination into the Future of the League

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Abstract

Major League Soccer has grown tremendously since its inception in 1996. The league, however, still is a work in progress. The overarching question of this case study deals with an examination into the future of the league. Will it continue to be a niche sport on the American sports landscape or will it challenge the big four leagues in the years to come? Broken into five subtopics, the case study looks to address this question by examining the league through multiple lenses in order to be able to take both an in-depth and wide look at the current condition of the league. In addition to the research conducted and gathered for this paper, my personal experiences during my employment with the New England Revolution help to provide further insight to help address the league and its long-term outlook.
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Major League Soccer Case Study

Introduction

Having worked multiple summers as an employee of the New England Revolution, I have been able to see first-hand what occurs on the business side of the sport world. Soccer itself is an international game and it has the ability to bring about social change through its wide-reaching scope. I myself am a huge follower of the game, having played continuously since the age of four and having fervently followed both the New England Revolution and AC Milan since childhood. With my combined love for the sport and appreciation for the power of sport in general, I decided to do a case study on Major League Soccer (MLS). The league itself has grown immensely since its inception in 1996 and there is tremendous potential for growth. Broken into five subtopics, the following case study will explore Major League Soccer through many different lenses.

In the end, the major question that will be answered will relate to the future of the sport. After analyzing all of the components below, a determination will be made as to whether Major League Soccer will continue to be a niche league in America or if it can grow to contend with the big four leagues – the National Football League, National Hockey League, National Basketball Association, and Major League Baseball – to become a mainstay in the North American sports landscape.
An Examination of Promotion and Relegation

All of the major North American leagues are closed system leagues. This means that entry into a market is difficult, and only possible with the permission of the set of governance for that league. For better or worse, this closed system has always existed within the American sport landscape. However, throughout the rest of the world, team sports usually are a part of an open league system. What this means is that teams are free to rise and fall throughout the various divisions of sport. Within the realm of European football, promotion and relegation is practiced without exception. Promotion is where a team rises a division if they win (or come near the top) of the lower level; relegation is where a team falls from a higher division if they come in last (or near the bottom) of that higher level. The promotion and relegation system leads to constant changes in what teams play in the highest levels and allows new teams and new markets to emerge on the grandest stage.

It is important to understand the differences between the two league structures, as “the difference in league structure means teams make choices concerning inter-season strategies, investment in players, and investment in revenue generating activities differently” (Jasina & Rotthoff, 2009). Essentially, in a closed system, teams don’t have any punishment for finishing in last: “the teams who finish worst are rewarded with the best picks of next year’s draft. In addition to this benefit, there are no penalties for coming in last. Teams actually go out of their way to lose games because of these incentives and these meaningless games are less competitive and less desirable to fans” (Jasina &
Rotthoff, 2009). With this system, teams in American sports become more than happy to coast along with mediocrity. Teams such as the Pittsburg Pirates of Major League Baseball are currently in the midst of seventeen straight losing seasons, but have no pressure on them to change their methods, as luxury tax payouts from teams like the Yankees keep the team more than afloat.

The open system, however, yields more exciting results throughout the season, as there is importance for teams even if they are not in the title hunt: “In open leagues, teams compete for the right to be promoted, but also to avoid relegation. Teams not in contention for the league championship have the incentive to field the best quality team they can, all season long, to prevent relegation” (Jasina & Rotthoff, 2009). In the largest leagues of the world, such as the Barclay’s Premier League in England, being promoted can earn your club millions of pounds of spending money and being relegated can cash-strap your club. It is only the most successful and well-run clubs that can bounce back quickly from relegation to be re-promoted in the following season. An open system also keeps interest in leagues: “Promotion and relegation demands excellence and accountability as well as bringing intrigue amid speculation of who could be next to be rewarded or punished. Relegation would cause temporary markets to be lost yet new markets to be gained as they would constantly be in-flux” (Mikolai, 2011). The freshness of new teams doesn’t automatically add to the appeal of the open system, but it does bring new fan bases to the league every year.
In the following sections, the positives and negatives of these two league system types will be explored. While there are positives to both approaches, it is this author’s belief that an open system of promotion and relegation will eventually be necessary for Major League Soccer to earn international viability; however, it is also this author’s belief that Major League Soccer has been correct to hold off on reaching that crucial systematic change until the league itself is in a strong enough position to do so. As it currently stands, US soccer is nowhere near ready for promotion and relegation.

The Positives

Open leagues come with tremendous possibilities, as exhibited by the popularity of major European leagues. The amount of investment put into these open leagues is greater than a closed league as the competition is stronger as teams push to remain in the highest division possible:

Because teams seek to avoid relegation as well as to win championships, they have greater incentives to invest in players than teams participating in closed competitions. For lesser teams in lower divisions the allure of promotion to the top division enhances the incentive to invest in players and provides added interest to junior league competition (Szymanski & Ross, Open Competition in League Sports, 2000).

For lower level teams, the classic risk/reward scenario comes into play. In order to rise to a higher level, where there is the chance for more revenue and growth, you must first invest to get your team to succeed through the lower ranks.

Unlike closed systems, promotion and relegation encourages entry and allows new markets to enter:
Promotion and relegation is in fact an ideal structure for surgical antitrust intervention to promote entry, since it involves replacing the least efficient (in terms of wins) incumbent with the most efficient entrant. Moreover, entry is only conditional on continuing success, so that a relegated incumbent has an opportunity to recapture its position the following season (Szymanski & Ross, Open Competition in League Sports, 2000).

What is crucial to understand is that an open system allows new markets to enter the equation. Whereas sometimes smaller markets can be bad for league play (described in the section below), there is no doubt that new markets bring a freshness to a league. Sometimes in North American closed system sports, fan bases (such as, again, the Pittsburg Pirates of MLB) grow tired with continual failure and look elsewhere for entertainment.

Examine the current English Premier League. Wigan Athletic is a small market team. They finish near the bottom of the standings every year and cannot compete for a title due to their financial restrictions. However, fans continue to flock to the DW Stadium, as they watch their underdogs fight off relegation year after year. For the fans of Wigan, remaining in the Premier League is so important that they could care less that they consistently come in 16th or 17th place every year. There is pride associated with surviving a season; pride that closed system basement dwellers cannot share. Without the pressure of losing your place in a league, teams at the bottom of the standings, as mentioned above, simply get rewarded with high draft picks and financial compensation (whether through luxury tax or revenue sharing).

The open system, as mentioned above, forces teams to invest heavily in players if they want to advance. Whereas this could lead to overspending and bad
money management, it also leads teams to being able to draw better players to their team. When the relegation-threatened teams spend to survive in a league, they are improving the overall quality, top-to-bottom, of the league. While it may not lead to more competitive balance, it does lead to an overall quality of competition. For this reason, argue Jasina and Rotthoff (2009), Major League Soccer, operating in a closed system, will never reach the same overall talent level as an open system league, such as the English Premier League.

One final positive would be the addition of small market teams. In Europe, when a small team gets promoted to a bigger league, the local media cover the team immensely. It becomes bigger than the team; the play of the small market team becomes part of the community. Look, for example, at Swansea City of the English Premier League. As the first Welsh team to ever play in the highest level of English Premier League, all of Swansea, not just the fans of the team, began to take real pride in the team. It has become the pride of the small Welsh city that they have a team competing against the clubs of cities like Manchester, London, and Birmingham. Even in American sports, many small market teams have taken great pride in their teams and have been very good teams to have for their leagues. The Green Bay Packers, for example, are owned through shares by their community and it is well-known amongst sports fans of the passion of Green Bay residents for its beloved team. As one final example, the Oklahoma City Thunder, a relocated NBA team from Seattle, have been able to grow one of the most passionate fan bases in the league in one of the smallest markets. The larger Seattle market did not have the same passion for their team as the smaller
Oklahoma City market. All of these examples lead, as Mikolai (2011) argues, to helping the argument that small markets can be successful at the highest level of sport, and that teams from the highest DMAs do not necessarily need to be the focal point of a league.

The Negatives

The negatives that could come with an open system league are numerous as well. The first major issue is profitability. As mentioned, and written about by Szymanski, an open system promotes more spending throughout the entire league. The teams at the bottom are spending to survive, as the financial devastation that comes with relegation is so influential that short term spending is necessary. “Aggregate spending is higher for an open league, relative to the closed league, and aggregate profit is lower” (Jasina & Rotthoff, 2009). This lack of profitability would not necessarily be popular in an American capitalist market; however, other factors would help balance out the increased spending.

One negative issue that could arise deals with the potential loss of a huge market team. Whereas above we described the benefits of having new markets in a league, it is without question that losing a team in an American pro league to relegation would be crippling. Imagine the Dallas Cowboys or the Boston Celtics or the New York Yankees being relegated. Losing these teams from their respective leagues could be crippling to American sports. Relegation cripples teams and infuriates owners who have made large investments into a team. Being relegated has an impact on all levels of team operation, as this passage pertaining
to the Premier League explains: “TV rights alone ensure millions of pounds for
Premier League teams; not to mention the money brought in by sponsors,
derendorsements, merchandise, and ticket sales (to name just a few) in the top
flight\(^1\). Dropping to the Championship or lower can look like plummeting stock
in the eyes of businessmen investors” (Sandidge, 2011). In the section below, the
viability of an open system for MLS will be examined; one of the major pitfalls of
such a plan is how American owners would never allow this to happen.

If one were to examine closely how these major European leagues work,
however, it should be noted that the biggest teams do not tend to be relegated. For
example in Italy, Inter Milan have never been relegated, AC Milan only twice,
and Juventus only due to a match-fixing scandal. For these biggest clubs, it is
usually not a threat, though exceptions do occur. Another difference is that there
are more “big teams” in American sports, due to the competitive balance that
occurs with a closed system.

An additional major risk with an open system is that a team with a small
fan base and limited spending ability reach the top flight of a sports league. These
teams often look out of place; they can finish so poorly in the standings that the
fight to not be relegated doesn’t even come into play. When these teams do reach
the top flight, it can hurt the overall quality of the league. Teams like Manchester
United do not like to play the “minnows” of football, as they are affectionately
known. David versus Goliath matchups only work when the minnow is the home

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\(^1\) The flight refers to the division of play in Europe; e.g. In baseball, MLB would be the top flight
and AAA professional baseball would be the second flight.
team; often, these small market stadiums are small anyway and sellout regardless of who they are playing if they are in the top flight. However, when these minnow teams head to the stadiums of teams like Manchester United, the fans of the Red Devils could care less about playing some small market team. The big teams, simply because of the lack of quality of the smaller teams, are negatively affected in terms of attendance (Szymanski & Ross, Open Competition in League Sports, 2000). In European leagues, where little to no revenue sharing occurs between teams, attendance figures can be crucial to financial viability. In fact, “the only form of revenue sharing in European leagues relates to the collective selling of broadcast rights, but even this is absent in many leagues (e.g. Italy and Spain) and limited in others (e.g. only 50% of broadcast income is shared in England)” (Szymanski & Valletti, Promotion and Relegation in Sporting Contests, 2005). So many teams in an open system, because of this lack of revenue sharing, flounder and enter administration².

Although not focused on in any of the research presented, there is one additional negative of an open system worth noting. The open system often sees children drop out of their schooling to join youth clubs associated with major European clubs. There are no restrictions on player entry in an open league, so there is no age minimum for being involved. Players are lucky to finish high school, never mind college. In America, we often see the debates about the minimum age in which players can leave college athletics to join the professional ranks. Collegiate athletes are forced to leave potential money on the table, but

² Administration is the European equivalent of American bankruptcy.
they are also getting a chance to develop and mature at the collegiate level, both on and off the playing surfaces. Beyond that, the current American system tries to encourage learning and higher education; in Europe, it is almost looked down upon to be an educated footballer. In fact, in the book *Soccernomics*, it is pointed out that most of the current English national team comes from the working class, not the middle or upper class. Because parents of the wealthy tend to push their children towards education, they are not able to gain as much experience on the football field. Therefore, to succeed in English football, it is almost necessary to be uneducated (Kuper & Szymanski, *Soccernomics*, 2009). This system comes as a result of the open system of English football, where entry is free and playing professionally from a young age is the norm. The current NCAA system may have its flaws; however, at least it creates some semblance of organization and pipeline for aspiring athletes. An open league system would negatively influence higher education in America.

**Would it Work in MLS?**

Promotion and relegation would be difficult to install into any league operating currently as a closed system league. A change would be drastic and risky; it would alter the status quo immensely. However, many feel that in order to reach a level of respectability and viability within the global world of soccer, Major League Soccer would need to make this transformation. While this conversation is truly designed for at least thirty years down the road, it is important to examine if it is possible to ever make this switch as well as point out which major steps need to be taken.
The major argument against promotion and relegation comes from owners. Those who invest heavily into teams are used to operating in the American sports market: the monopoly. They do not like to face competition; relegation from the highest level would see most American sports owners become sellers. They want the greatest chance of revenue and profit. An open league system does not provide this. Unfortunately, for a league like Major League Soccer, there is not a waiting list of potential owners like there may be in the NFL or other North American leagues. There is too much of a chance, people will argue, that a relegated team would never return to the top flight as investors because owners would give up on the team. Relegated teams require owners to be patient; they require owners to spend to return to the top, while bringing in less revenue during their time in a lower division. To most American owners, this business model becomes ludicrous and would never be approved in league meetings.

An open system means that you could lose big markets. In a league still young like Major League Soccer, this is currently irreplaceable. The major reason for this is a lack of organization and structure at the levels below Major League Soccer. Unfortunately, leagues like the NASL and the USL have little to play for and have to struggle to survive. An open league with the incentive of promotion would actually give them something to care for; more importantly, it would give fans a reason to come to games. Appendix A shows the structure of the first eight levels of English football. In fact, there are over nineteen organized divisions. This table shows the organization as well as the promotion and relegation scenarios for each division. The USSF (United States Soccer Federation) does...
not have to reach this level of depth and organization to utilize the open system. However, it needs to at least organize in some defined and concrete hierarchical system to provide a reason for people to care about lower division games.

Sir Alex Ferguson, the famous manager of Manchester United, has noticed the rise of Major League Soccer year after year during the team’s world tour visits. Talking to reporters about the potential of MLS, Ferguson noted that “the potential is that you’ve got young kids throughout the country – millions – playing soccer, but how long? College football, college soccer, there’s nowhere for it to go, so until you get a league that relegates, and the soccer leagues from MLS straight down, so that young kids in the leagues and schools can go to different types of leagues depending on their abilities” (Jacobs, 2011). Essentially, after college, there is no legitimate place for development for Major League Soccer in the current system. Until the lower divisions are more clearly defined, it will be difficult to develop talent through minor professional soccer in the United States.

Promotion and relegation, as has been mentioned throughout the paper, will only be possible with a defined lower system of leagues. Major League Baseball does have a strong, organized minor league system. Operating as a closed system, the league could potentially switch to an open system. Could you imagine the fury of fans if the Pawtucket Red Sox (AAA) replaced the Boston Red Sox? In baseball, there is no tradition of open system play; no one wants it to occur; however, it is important to note that minor league systems can succeed in the United States. The American Hockey League and the NBA D-League both
have grown as well. There is hope for a strong, defined system of lower divisions in the USSF, as it is possible in the other North American Leagues.

Though an open system league is possible, there are many steps that the USSF and MLS would need to take in order to reach a point where an open system league would be viable. The restricting of the USSF as a whole would probably be a pre-cursor to any changes that have to be made. Sunil Gulati, the president of the USSF, has seen tremendous growth during his presidency – however, he still remains involved in many different organizations, including serving as an Economics professor at Columbia as well as, until recently, being the President of the New England Revolution. A fresh face serving as the leader of the USSF would allow changes to begin to be made. These steps towards an open system, according to many opinions, would be as follows:

1) Eliminate MLS conferences
2) Revamp the lower divisions
3) Get rid of franchising
4) Start with some early stages of promotion and relegation
5) Begin an open system league
   (Walter, 2011)

Creating one league without conferences would allow all teams to play each other equally. In America, this is difficult because of the travel involved, but it is the first necessary step. Next, the lower divisions would also need to be redesigned. As mentioned, the lower divisions need things like media deals, good stadiums, and growing fan bases. That way, if clubs ever do get promoted from lower levels, they will be able to survive financially in the top flight. As previously mentioned, the hardest step, number three, would be to convince the owners to
switch to this new model. Many would be outraged by the idea that their investment could even have a chance of taking drastic revenue hits through relegation. In all likeliness, there are few owners who would even stick around if this were to occur. Eventually, one would assume, these owners could be convinced or new owners could be found.

Some early processes of promotion and relegation could then occur once all of these changes are made. As is popular in leagues like those in Scotland, there could be minimum standards to be eligible to play in a certain league. The first and most crucial of these standards is stadium capacity. No league can survive without gate receipts. Using the current hierarchical system defined by the USSF, the following numbers, estimated by Walter (2011), could be used to set up standards for the United States leagues:

<table>
<thead>
<tr>
<th>LEAGUE</th>
<th>AVERAGE ATTENDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MLS</td>
<td>&gt;16,500</td>
</tr>
<tr>
<td>NASL</td>
<td>&gt;9,500</td>
</tr>
<tr>
<td>USL-1</td>
<td>&gt;4,000</td>
</tr>
<tr>
<td>USL-2</td>
<td>&gt;2,000</td>
</tr>
<tr>
<td>PDL</td>
<td>&gt;1,000</td>
</tr>
</tbody>
</table>

Though just estimates, these criteria are an example of what needs to be in place for a more organized, open system league to exist within the United States.

After slow methodical changes, and after reaching a point of viability both at the Major League Soccer level and the minor league systems, promotion and relegation would be possible. It would allow the United States to gain respect from European football; furthermore, an open system would also allow more
talent to play within the United States, as wages would be higher, as noted above (Jasina & Rotthoff, 2009). In the end, promotion and relegation will be necessary for the United States to become a strong player within the world’s game.
Why the West Has Taken Over

The Western Conference has been dominant both on-the-field and off-the-field over the history of the league. Is this a trend or something more? In a league so young, it is tough to say that there can be such a gap in talent between the two conferences. However, can we really say that the western conference is that much better? In this section, it is the off-the-field performance, even more so than the on-the-field play, that really demonstrates the generalized lack of balance between the two conferences of Major League Soccer.

First, however, a quick look at on-the-field success. Take the first five seasons out of the equation (because with so few teams in the league and little established structure). Therefore, if you look starting in 2001, only two of the eleven MLS Cup winners have been from the Eastern Conference. Even more staggering is the last three finals. Because of the playoff structure that allowed the eighth best record to make the playoffs, (even if that meant five teams from one conference and three from the other), a Western Conference team is not guaranteed to play an Eastern Conference team in the final. The last three finals have, in fact, been between two Western Conference teams. Even in the historic Lamar Hunt U.S. Open Cup, the Seattle Sounders are three-time defending champions and are currently preparing for another final in which they would be going for their fourth straight title.

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3 Houston, at the time of their two MLS Cups, played in the Western Conference.
4 The U.S. Open Cup is a United States based competition in which any organized team across the nation can participate, if they qualify.
It is not the results on the field that are really worth paying attention to, however. While the western conference has been dominant on-the-field, it is a trend that could quickly change. What is important to note is that the eastern conference is now truly beginning to lag off-the-field.

What Leads to the Off-the-Field Disparity

There are many criteria that have influenced the gap between the two conferences, at least generally speaking. There are five main factors to look at for why this disparity has occurred: ambition; attendance; salaries; stadiums; and designated players. Because of the magnitude of the stadium impact on teams, a separate section later in the paper is dedicated to this conversation.

Ambition is defined as “the eagerness to attain success, honor power, and fame” (Merriam-Webster, 1991). For a sports team, the ambition of an owner can make or break a franchise. Owners with low ambition can often just own the team for the sake of owning it; they sometimes focus on making sure that the business does not cost them too much money. The ambitious owners are the ones that a fan can truly support. These owners are the ones who will take personal money to revamp a stadium, or will invest extra in players beyond the bare minimum. For Major League Soccer, which is still a young and developing league, high overall owner ambition is critical for the growth of the league. Grant Wahl of Sports Illustrated comes out every year with his own opinions on ambition in MLS; he compiles a ranking of the different levels of ambition across franchises in the league. Before the start of the 2012 season, Grant came out with another edition
of this list. His report continues to show the disparity between the conferences. In Grant’s rankings, six of the top ten teams were from the Western Conference, with the top two being the Los Angeles Galaxy and the Seattle Sounders respectively. His rankings were based on the following criteria:

“No you spend money on Designated Players? Have you built your own soccer stadium? Does your owner/chief executive speak out publicly (on Twitter and elsewhere) and act like winning is the most important thing in the world? Does the atmosphere at your games feel major league? Do you create real buzz? Do you pony up for training-table meals, practice facilities, youth development programs and first-class travel for international competitions?” (Wahl, MLS Team Ambition Rankings, 2011).

Essentially, is there an active ownership group that proudly supports the team and makes sure that it is planning for the future (i.e. development) as well as treating the players like the NFL treats its players (i.e. travel, practice facilities, etc.). One of the biggest issues is the wide range of emotional investment into the team by the different ownership groups. AEG, for instance, the owners of the LA Galaxy have very lofty goals: “We want to be the first club in the history of soccer in this country to do $100 million gross revenue a year and join the elite in the rest of the world” (Wahl, MLS Team Ambition Rankings, 2011). They have backed up this statement by spending extensively on players and treating them like royalty. They fly the private charter planes of the Los Angeles Lakers for games; some teams in the league fly coach for certain games. In contrast, teams like the New England Revolution are famous for their lack of ambition. For all of his praise as Patriots owner, Robert Kraft just does not have the same level of interest for his soccer team. They remain one of the few teams to play in a football stadium, they were
amongst the last teams to sign a designated player, and they were amongst the last teams to secure a jersey sponsorship. The Revolution fan base complains endlessly about the ownership group; during the summer of 2011, the supporter groups even staged a protest against the team (Wahl, MLS Team Ambition Rankings, 2011). It is these kinds of disparities between ownership groups that have widened the gap between teams. Unfortunately, in regards to competitive balance, most of the teams with ambitious owners are from the Western Conference.

Attendance is also been an indicator of the divide occurring between the conferences. It is almost predictable that four of the six highest attendance teams came, in fact, from the Western Conference, and specifically, the west coast. 

**Appendix B** lists the attendance figures of the league from 1996-2011 (Wikipedia, 2012). There is a huge gap at the top between teams in terms of attendance, with Seattle being substantially ahead of Los Angeles and the rest of the league.  

There are Eastern Conference teams that do draw well; however, the worrying trend remains that many Eastern Conference teams had high attendances over a decade ago, and have seen their attendance numbers now slip to all-time lows.

Salaries also, but to a somewhat lesser degree, show a team’s ambition and help explain why the Western Conference has grown more successfully. Of the top six salary totals in the league as of 2011, four again are from the Western

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5 Montreal has had attendance numbers of over 25,000 in their first season. However, with the season not yet being complete, and with the date only going through the 2011 season, it is only worth noting.
Conference (Das, 2011). While the salary numbers are slightly skewed due to the Designated Player rule, it is important to note that this too can play a factor. Fans like when their team is willing to spend money to bring in quality players to a team.

Finally, the designated player rule, (i.e. the David Beckham rule), allows teams to bring in players for any amount of money and have the cash not affect the overall salary cap. The league now allows up to three designated players per team. Signing a designated player shows true ambition from the team and owners. It means that you are willing to spend above and beyond the salary cap. Designated players are usually bigger names that draw people into the stands that otherwise wouldn’t come. However, a disparity again exists with these designated players. Currently, there are twenty-five designated players in the league, fifteen of which play in the Western Conference (Wikipedia, 2012). Designated players do not guarantee success; they do however show the intentions of an ownership group and their willingness to spend.

All of these factors can be helpful in explaining the current divide between the two conferences. It is important for the Eastern Conference teams to recognize what changes need to be made – the long-term vitality of the league will only exist, many will argue, if there is balance across the league.

The Pacific Northwest – The Elements that Separate the Region

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6 As of July 19, 2012
Of all of the regions of the United States, no section has helped create the divide between the conferences more than the Pacific Northwest. Whereas the teams of Portland, Seattle, and Vancouver all remain new to the league, their work off-the-field puts them amongst the most well-run franchises in Major League Soccer. Look simply at the criteria previously mentioned: ambition, attendance, salary, stadiums, and designated players. All three of the teams were in the top ten of the ambition rankings, (Wahl, MLS Team Ambition Rankings, 2011), with common elements like a young, visible ownership that is deeply invested into creating a great atmosphere. Stories exist with all three teams of the owners sitting in the ‘super fan’ section for games and really helping to create an intense and exciting environment at the stadium. All of the owners have been willing to spend on designated players and have set goals of transforming the way soccer is viewed in the United States and Canada.

In terms of attendance, Seattle is the benchmark for all other Major League Soccer teams – by a long shot. As shown in Appendix B, Seattle has an average attendance that is over 10,000 people more than the next highest team. They are the only team that truly has the right to play in a non-soccer specific stadium based on their staggering attendance; they fill their large capacity stadium almost every game. Vancouver had a great first year in the league, finishing third in attendance, while filling their non-soccer specific stadium, BC Place, on a consistent basis. Finally, Portland is an almost guaranteed sellout at their new soccer stadium: “The Timbers may not have the numbers of fans that archrival Seattle does, but the fan environment at Jeld-Wen Field is absolutely incredible,
rivaling any atmosphere in Europe or Latin America” (Wahl, MLS Team Ambition Rankings, 2011).

While salary figures do not have as much importance, because besides LA and NY, almost all of the teams are very close to each other, other spending factors help add to the value of these teams. Portland invested heavily into a new, downtown stadium. Vancouver reinvigorated a somewhat failing BC Place and Seattle, as mentioned, did not need to invest heavily in the stadium that they share with the Seattle Seahawks of the NFL, CenturyLink Field. Smaller things like Vancouver leading the league in sponsorships (Wahl, MLS Team Ambition Rankings, 2011) and Portland being amongst the only teams that allow flares in stadiums, (which both shows trust in fans to behave and allows for a unique game atmosphere, similar to that of Europe), continues to help separate these Northwest teams.

In terms of designated players, you can again see the ambition of these three teams. Vancouver and Seattle each have three designated players; Portland has two. However, what really allows these teams to stand out in Major League Soccer circles is their rivalry. The Cascadia Cup acts as both a competition amongst the teams and a point of pride to make sure that all of the teams keep each other competitive. Although overly heated at times, the Cascadia Cup is the closest thing that American soccer has to the famous ‘derbies’ of Europe. Each year, the teams fight for the right to be the ‘best’ team in the Pacific Northwest. Finally, now that all three teams are in Major League Soccer, the tournament has reached a new height in intensity, with more pride on the line than ever before
(Wikipedia, 2012). Between all of these above-listed factors, it is easy to see how these teams have truly become the model for Major League Soccer – and this is all without any of them winning the MLS Cup (so far).

Simon Kuper and Stefan Szymanski spend an entire chapter in *Soccernomics* examining the different elements that make up a strong soccer market. In their research, they found one consistent and crucial link: it is not the big cities that dominate the leagues in terms of popularity (Kuper & Szymanski, *Soccernomics*, 2009). The following was their list of teams that were voted most popular in their respective countries:

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>BEST-SUPPORTED CLUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>Manchester United</td>
</tr>
<tr>
<td>France</td>
<td>Olympique Lyon</td>
</tr>
<tr>
<td>Germany</td>
<td>Bayern Munich</td>
</tr>
<tr>
<td>Italy</td>
<td>AC Milan</td>
</tr>
<tr>
<td>Poland</td>
<td>Wisla Krakow</td>
</tr>
<tr>
<td>Russia</td>
<td>Zenit St. Petersburg</td>
</tr>
<tr>
<td>Spain</td>
<td>Barcelona</td>
</tr>
</tbody>
</table>

The authors concluded that, as holds true with all of these teams, that capital cities are not the homes of the most popular clubs. The best-supported clubs come from in these historically industrial cities. In the capital, huge cities of Europe, and the

---

7 Seattle should be argued as the most popular team in MLS; also fits the trend for where the most popular clubs are located.
United States for that matter, there is so much to do outside of follow your local team. Big cities have other things in mind. Again, use the example in the National Football League of the Green Bay Packers. They are one of the smallest markets in the league, yet they represent the lifeblood of the community. Everyone rallies around them and takes pride in them (Kuper & Szymanski, Soccernomics, 2009). For cities like Seattle, Vancouver, and Portland, they take pride in being able to support their team and the cities that they love to live in and around. For the people of the Pacific Northwest, Major League Soccer gives them an outlet to root for their teams and show their pride for the region where other leagues have abandoned them. This proves to be a key element for what separates the attitudes of the Pacific Northwest soccer fans.

The Pacific Northwest – A Demographic Examination

European Soccer is often associated with radical fan behavior and a raucous in-stadium atmosphere. Major League Soccer has strived to match this experience within its stadiums:

“DRUMS BEAT, CHANTS ring out, fans march. There are brightly colored scarves and home-made banners, celebrity spectators and crisp, damp spring air. But this isn't Manchester. It's not even England. It's Seattle, and come Saturdays, the streets and seats fill, and the right side of Puget Sound becomes as lively a soccer city as anyplace in the Prem[ier League]” (McIntyre, 2012).

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8 Most recently, the NBA moved the Supersonics from Seattle and the Grizzlies from Vancouver.
The above excerpt describes the atmosphere in Seattle before a game. The picture below captures a moment of excitement of the fans – the photo was taken even before kickoff! But what characteristics of the people of this Pacific Northwest region allow them to be such big soccer fans in the non-soccer countries of the United States and Canada?

![Image of excited fans](source: McIntyre (2012))

The Pacific Northwest has always been known as a liberal-minded, independent thinking area of the United States. Famous for bringing Starbucks, Microsoft, and grunge music (Nirvana, Pearl Jam, etc.) to the forefront of America, the Pacific Northwest has always been willing to separate itself and create a counter-culture between the region and the rest of America (Gastil, D, & Singer, 2010). Fighting to get out of the shadow and be different than California, the Pacific Northwest people tend to be more introverted – when it comes to sports this cultural identity remains.
Because those in the Pacific Northwest tend to think differently than the rest of the United States, soccer does not have a negative stigma in the region. It is not ‘uncool’ to like soccer – like it may be in some of the biggest urban centers of the country (Gastil, D, & Singer, 2010). Moreover, the simplicity and beauty of soccer allows the introverted fans of the Pacific Northwest to be able to take great pride in their teams whilst not having, outside of the stadium, to ‘show-off’ their fandom to the general public (Wikipedia, 2012). Essentially, there is no pressure to be a fan of other teams in the region – and with only a combined four ‘big four’ teams in the three cities, rooting for the local Major League Soccer team becomes even easier.  

The geographic divide between the cities also allows for more intense rivalries. Unlike the metropolitan areas of the Northeast and tri-state area, Seattle, Portland, and Vancouver remain relatively isolated from one another. This isolation allows for ‘border wars’ to occur on the sports fields – there is less familiarity amongst the fans of the Pacific Northwest cities with each other than you would find in looking at fans in Boston-New York (Wikipedia, 2012).

Finally, in terms of ethnic backgrounds, the Pacific Northwest tends to have a very high population, at least in the cities, of both Chinese and Mexican immigrants. With the West Coast being close in proximity, ...
relatively, to Eastern Asia, the Asian market in the Pacific Northwest is rather large. For the Mexican immigrant, getting well north of the border historically was most desirable (Wikipedia, 2012). Both of these cultures are associated with being big soccer fans, and added to the white, independent thinkers of the region, provide a soccer hotbed along the Cascade Mountains.

In fact, the only real difference, generally speaking, between the Pacific Northwest soccer fan and the European soccer fan is in relation to education and class. The Pacific Northwest soccer fan tends to be well-educated and sophisticated (Gastil, D, & Singer, 2010). In Europe, especially in countries like France, soccer is seen as a play-time activity for the uneducated – as noted in Soccernomics, this is why industrial, working cities like Lyon and Marseille have more successful teams than any of the Parisian-based teams. The Parisians feel, at least historically, that the upper class should focus on things like art and theatre (Kuper & Szymanski, Soccernomics, 2009). This difference between North American and European cultures in regards to how soccer is viewed, however, is only worth noting and does not have much pertinence to the overall scope of the paper.

There are, as shown above, a multitude of factors that help separate the Pacific Northwest as a region in terms of soccer; it is from this region as well that a lot of the reason for the dichotomy between the Western Conference and the Eastern Conference of Major League Soccer exists.
Is One Dominant Conference Good For the League?

The final major question of this section of the paper ties together the effects of having such a large divide in terms of both on-the-field and off-the-field prowess between the two conferences. While this section is merely my stated opinion, I thought it would be beneficial to quickly touch upon the subject.

One dominant conference has both negatives and positives for a league. For Major League Soccer, it is crucial to try to find a balance while the league is still young. An imbalance leads to the weakening of some markets. New England, for example, has the cultural make-up and soccer history to be successful in the league. While it has had success in the past, the team currently is last in attendance in the league. A lack of on-field success has seen attendance be the lowest ever for the team. Because of the continued growth and success of the teams like those in the Pacific Northwest, the longevity and vitality of a team like New England can come into question with such imbalance in the league.

A potential positive can come from this imbalance. In order to remain in the league, New England may have to spend and become more ambitious. Essentially, in a ‘survival’ type setup, it is the classic adapt or die situation that may force many of the bottom-dwellers of the Eastern Conference to change to better compete with the Western Conference. Sporting Kansas City, for instance, has been able to do this, building a new stadium and rebranding the franchise. This has allowed them to go from being historically weak to having a promising future in the league. In the end, while short-term disparity between the

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10 As of July 19, 2012
conferences does not have that negative of an effect, it is crucial that the league strives for competitive balance so that all markets remain engaged and loyal to their hometown teams. Twenty strong teams in a league is always more desirable than five great teams, ten strong teams, and five struggling teams. As the overall question of whether Major League Soccer can ever compete with the big four leagues in North America continues to be addressed, it is crucial that competitive balance be one of the factors that define the league.
Major League Soccer on Broadcast Media

As Major League Soccer continues to develop as league, the power of television becomes more and more important. With the recent deal signed between the league and NBC, (which will be discussed later in this section of the paper), it is important to examine the various roles that television plays in American sports and Major League Soccer.

Television has had a varying impact on leagues across the United States. The NFL, for instance, provides a television viewing experience that many fans find to be better than being in the stadium. Being able to sit down and watch multiple games on Sunday is a tradition in many households. Contrarily, the NHL has always struggled with television, mainly because of the difficulties of following the puck. The NHL, however, remains strong in terms of in-stadium atmosphere, so television is not as big of a factor. The introduction of high-definition television has started to make the NHL and other sports more popular on television though; it can also be assumed that continued technological growth will make many sports much more enjoyable to watch on television.

For Major League Soccer, a strong television deal represents the vitality of the league, as well as helps build the brand and exposure of teams from around the country. In a still growing league, the revenue from television deals also remains very important for financial viability. The power of television for Major League Soccer, in fact, can be dated back to before the league’s inception. Alan Rothenberg, the organizer of World Cup ’94 and founder of Major League Soccer
while serving as USSF president, leveraged the success of the World Cup, both in terms of attendance and ratings, to form Major League Soccer (Wikipedia, 2011). It was the popularity of the World Cup that led Rothenberg to believe that a league could be founded and enjoyed both in person and on television. The power of television to gain a nation’s interest in a sport shows the importance of long-term television deals for the league.

Based on data collected by Nielsen, it is clearly apparent that soccer, as a whole, is popular in many regions of the United States. Fox Soccer Channel, specifically, has seen large growth year after year in its Europe-based league ratings,\(^{11}\) (News Corporation, 2009). The most recent European Championship in the summer of 2012, telecast on ESPN, shattered viewing records for any previous European Championship (Bell, Euro 2012: ESPN Scores Big Ratings, 2012). In other words, the popularity of soccer in the United States is strong and growing; it is necessary, therefore, for Major League Soccer to capitalize on this growth.

**Locally Strong, Nationally Weak**

2012 has been a good year for Major League Soccer. Attendance is at an all-time league high, stadiums are being constructed, and designated players are becoming more common and more high-profile. The league has become televised across multiple television stations nationally and has continued its steady growth (Bennett, 2012). However, even with all this success, worries for the overall

\(^{11}\) Fox Soccer Channel has rights to the English and Italian leagues and partial rights to the French league for Europe-based league broadcasts.
strength of the league still remain. According to the new CMO of the league, Howard Handler, Major League Soccer has “enjoyed success on a local market level but have not achieved national market relevance at all” (Bennett, 2012). The league continues to be strong in local markets, but struggles nationally. In other words, a Portland-Seattle game draws great ratings in the Pacific Northwest, but draws miniscule ratings if televised on NBC Sports nationwide. Herein lies the problem for the league: how can Major League Soccer grow into a national product. For Handler, it is simple: Major League Soccer has “to take control of its own destiny and fill that vacuum [the gap between local and national]. If we don't tell our own story nationally, no one else is going to” (Bennett, 2012). For Major League Soccer to continue to grow nationally, it must find a way to create stories, so that there is appeal for a New England Revolution fan to watch a game between Houston and San Jose.

Handler himself did extensive research into the Nielsen ratings. In his work, he found that there is crossover between the European soccer fan and the MLS fan, but that Major League Soccer needs to capitalize further on this market: “His analysis uncovered an 80 percent overlap between avid Champions League viewers and those who watched MLS, and a 50 percent overlap with English Premier League aficionados” (Bennett, 2012). Essentially, soccer fans are going to want to watch soccer. Even if there is a perceived lower quality in Major League Soccer, there are clearly many fans who will watch both. For Handler, the goal is clear: “If we can build out the ways fans can connect to the league, we can ensure a local conversation becomes a national one” (Bennett, 2012).
Some problems become evident when examining why the league struggles on a national level. Scheduling is one major problem: “Unlike the Premier League, where you roll right out of bed on a Saturday morning, [MLS has] not yet created a habitual time slot that spells MLS soccer” (Bennett, 2012). An unfortunate, but unavoidable reason for this is the change in time zones across the United States; none of the European leagues have to deal with this. One other problem, that will hopefully subside as the league continues to grow is that “in contrast to personality-driven leagues like the NBA, the presence of MLS’ emerging stars can be fleeting, as their success triggers a move to an elite European club” (Bennett, 2012).

There are plenty of people, however, who do feel that local markets can carry the league to a high level of success. After all, “MLS has no teams south of Washington, DC and east of Dallas so why would we expect high ratings for MLS games?” (Lisi, 2011). Seattle, as expected, was first in the league: “Not only did the team attract record MLS attendances, they also drew large numbers of TV viewers. The Pacific Northwest rivalry with the inclusion of expansion sides like the Portland Timbers and Vancouver Whitecaps proved to be a catalyst for growth” (Lisi, 2011). However, they are not alone in having good, local television deals. Even a team like the New England Revolution, who have struggled at points over the history of the franchise, can boast that they are the only team that, since the league’s inception in 1996, have had a local television deal every season. The Los Angeles Galaxy “announced a deal that will keep them on the air for a decade in English and Spanish with Time Warner Cable Sports beginning in
This ten-year deal is the longest in the league’s history; the bilingual component of the deal also makes it strong. While not every team has a David Beckham to help ratings, Real Salt Lake is amongst the smaller market teams that have struck fantastic local deals as well. In what might be the best deal in the league: “Local [Real Salt Lake] fans will see at least 30 games live on Salt Lake's ABC and CW affiliates — and every game will be in HD... In addition, Channels 4 and 30 are available to virtually every Utah resident, including those who do not subscribe to cable or satellite TV” (Pierce, 2012). In this huge deal, one which the league headquarters praised excessively, some key elements, including a wide-reach through the broadcasting on local networks and the high-definition components make the deal a benchmark for other teams.

Strong, local markets are certainly good for the league. They create a strong foundation from which the league can grow. However, though strong local markets are great for sustainability, long-term growth and viability will only occur if strong, national deals like the new NBC deal are created so that the league can become a mainstay in the American sports scene.

The Online Element

One particularly strong element of viewing for Major League Soccer is their online possibilities. The online element allows the league to convey stories, which help build context for viewers: “The head office has invested in ambitious new television productions, such as the YouTube partnership, KickTV, or NBC Sports Network's MLS 36 [available both digitally and on-the-air], which
introduces fans to the personalities of emerging stars such as Fredy Montero or Darlington Nagbe” (Bennett, 2012). It is crucial that the league garners interest in players beyond just David Beckham and Thierry Henry. The league cannot be successful if just Red Bull and Galaxy games are telecast nationally. As Handler notes: “To encourage a Seattle fan to watch a game without the Sounders we have to provide more context…The more you feel, the more you care, the more you care, the more you want” (Bennett, 2012). Stories build viewing audiences and online content is the best way to help this process.

KickTV is the new site for the league – it is the major element to help relay stories to fans. However, it is not an online stream of live games: “A couple of caveats about KickTV, the latest venture from Major League Soccer’s digital division: It isn’t really about MLS, and it’s not on your TV” (Spanberg, MLS shares the soccer spotlight in new KickTV video site on YouTube, 2012). Instead, the site acts as a channel on the revamped YouTube, in which Google has decided to create themed channels. “MLS Digital pitched the idea of KICKTV to Google and YouTube as a global soccer site featuring news and analysis, instructional sessions and full-length versions of memorable games from past seasons” (Spanberg, MLS shares the soccer spotlight in new KickTV video site on YouTube, 2012). Essentially, the site acts as a showcase for soccer in general – it is more about raising interest for the sport than the league itself. However, co-run by Major League Soccer and Google, the two entities split all of the ad revenue and money made from the site. Major League Soccer’s digital department also controls all of the content of the site. The partnership is based on Major League
Soccer’s desire to increase exposure for soccer and Google’s ability to promote its sites and generate additional revenue (Spanberg, MLS shares the soccer spotlight in new KickTV video site on YouTube, 2012). By combining powers, the two companies are hoping to help generate an increased level of interest for the ‘world’s game’.

KickTV serves as just one of the platforms for digital exposure. “Denver-based Encore redesigned the MLS apps for 2012, a year after the number of downloaded MLS applications doubled” (Spanberg, MLS shares the soccer spotlight in new KickTV video site on YouTube, 2012). As a younger league, it is important for the league to utilize technology effectively. In terms of online streaming, Major League Soccer has also season increased viewership, leading to another new deal: “NeuLion teamed with the league to relaunch its subscription service…known as MLS Live, [the online streaming package] is $59.99 for the season or $9.99 a month. The full-season package consists of 230 games and is available online and on the iPad, iPhone, Roku, and Panasonic TVs” (Spanberg, MLS shares the soccer spotlight in new KickTV video site on YouTube, 2012). Through local television deals and online growth, it is clear to see that Major League Soccer is growing its media platform and coverage. The online element of Major League Soccer will only grow in importance as the league continues to grow and continues to convey the stories of the players and teams.

**Looking at the New Deal with NBC**
The importance of local television and online media cannot be understated. However, as the league continues to grow, a national television deal is crucial to the long-term viability of the league. The new NBC deal allows Major League Soccer to begin to reach for that goal.

“For NBC, the script is twofold: Tell the story of Major League Soccer while building the stature of its NBC Sports Network” (Spanberg, Soccer's new stage, 2012). The new deal between NBC and Major League Soccer was reached as they shared a vision. Both entities are growing – NBC Sports is a new, rebranded station that needs consistent and professional programming. Along with the NHL, NBC Sports decided to build their platform around Major League Soccer. By broadcasting Major League Soccer, they could also have shows dedicated to telling the stories of the league, something that, as mentioned by Handler previously, was crucial to the league’s development. With hockey and soccer as platforms, NBC Sports felt comfortable launching their new station.

The deal itself is fantastic exposure for Major League Soccer. The three-year deal, signed to start for the 2012 season, is worth an estimated $10 million per year: “Terms call for NBC Sports Network to show 38 regular-season MLS games, with three more shown on NBC, the most on English-language U.S. network television in a decade” (Spanberg, Soccer's new stage, 2012). In addition, post-season components and national team coverage also are part of this new deal: “Five playoff games, plus four U.S. men’s national games, are also part of the 50-game package” (Spanberg, Soccer's new stage, 2012). This new deal brings more games to national television than any deal before, and, coupled with the existing
national deal with ESPN, Major League Soccer has never had more exposure. For comparison to the new deal, ESPN is airing “21 regular-season matches split among ESPN, ESPN2 and ESPN Deportes, as well as the all-star game and MLS Cup” (Spanberg, Soccer's new stage, 2012). Finally, the third U.S. television partner, Univision has all Spanish-language rights for MLS games. With all three of these partnerships set to expire, however, after the 2014 season, it is important that ratings are high enough that NBC then looks to forming a long-term partnership. More importantly, as all three deals end in 2014, a strong performance on NBC can lead to a more exclusive, long-term deal with the league.

While ESPN does a lot with soccer coverage, NBC Sports is a smaller station. They are willing to take more risks and allow fan input to help control their content. The network will take “an awful lot of input from the MLS and from soccer fans and from soccer aficionados as to what the fan is really looking for” (Spanberg, Soccer's new stage, 2012). Essentially, NBC Sports is almost as invested as Major League Soccer in this partnership; it is therefore critical that the experience is worth it to viewers.

Mark Abbott, the president of MLS, made sure that the public knew the reasons for the decision to sign a contract with NBC. In fact, Abbott revealed that a lot of money was turned down for the less-lucrative NBC deal, as it was important for Major League Soccer, in Abbott’s opinion, to continue to stay true to their goal of creating stories: “The NBC Sports Group is legendary for their

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12 TSN has Canadian TV rights through the 2016 season.
story-building… You see that in all of the sports properties they have. They’re going to apply that skill and that approach to building people’s awareness of the stars in Major League Soccer” (Spanberg, Soccer’s new stage, 2012). In addition, five MLS teams already have local television deals with regional sports networks owned by NBC (via Comcast). NBC, as a whole, is most famous for their storytelling during the Olympic Games, where their athlete profiles are often more anticipated than the races or games themselves. It is this model from which NBC Sports will try to promote Major League Soccer.

In creating a partnership with NBC Sports, Major League Soccer also increased its potential for viewership compared to its previous deal with Fox Soccer Channel. Fox Soccer Channel, who had a tenuous relationship with the league, is not available for basic cable subscribers. While the programming is strong, Major League Soccer found that the station often focused too much on its English Premier League coverage, which left executives at Major League Soccer feeling slighted (Bell, MLS and NBC Sports Announce New TV Deal, 2011). In fact, Fox Soccer Channel, because of its more limited subscriptions, really did struggle compared to ESPN programming in past seasons. What is additionally worrisome is that the amount of telecasts decreased each year for both stations, even as viewership numbers began to rise. The following table compares the two sets of data, as compiled by Sports Business Journal:

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13 The five teams are Philadelphia, New England, San Jose, Chicago, and D.C.
<table>
<thead>
<tr>
<th>SEASON</th>
<th>TELECASTS</th>
<th>VIEWERS (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>ESPN: 20</td>
<td>ESPN: 291</td>
</tr>
<tr>
<td></td>
<td>FSC: 27</td>
<td>FSC: 70</td>
</tr>
<tr>
<td>2010</td>
<td>ESPN: 25</td>
<td>ESPN: 253</td>
</tr>
<tr>
<td></td>
<td>FSC: 31</td>
<td>FSC: 53</td>
</tr>
<tr>
<td>2009</td>
<td>ESPN: 26</td>
<td>ESPN: 299</td>
</tr>
<tr>
<td></td>
<td>FSC: 34</td>
<td>FSC: 53</td>
</tr>
</tbody>
</table>

*Source:* (Spanberg, Soccer's new stage, 2012)

While these numbers are not detrimental to the league and its overall progress, a change was needed and the NBC deal provided that opportunity. With Fox earning the rights for the World Cups at the end of this decade, however, Commissioner Don Garber was quick to point out the need to keep strong relations with the network. Explaining his decision, Garber noted that “this was not a negative statement about Fox Soccer; it’s a positive statement about NBC Sports and its newly branded network. Fox has done a terrific job promoting sport and we hope to keep working with them” (Bell, MLS and NBC Sports Announce New TV Deal, 2011). As Major League Soccer continues to grow, it will certainly look for as much coverage as possible, as long as it aligns with its vision of storytelling.

**Are National TV Ratings Really Key to the Future of the League?**

One of the keys for Major League Soccer in convincing networks to sign deals with the league will be television ratings. While providing data that shows the growth of Major League Soccer and the increased popularity of the sport as a whole will be good selling points, television stations will always, as they should, look towards ratings. How can you justify spending money on league rights if no
one watches the league? For this reason, it is crucial for the league to continue to ride the youth wave that has made soccer more popular than ever in the United States. The storytelling that NBC Sports can create, working alongside Major League Soccer, will be instrumental in garnering interest. In the end, as mentioned previously, local television deals are but a springboard to national success. After all, the NFL, whose television model should be envied, does not feature any regular-season or playoff games on local television. While Major League Soccer is far from this point, and may never reach this point, it is important that they continue to grow their brand on a national level. More lucrative deals are available with national contracts; more importantly for the longevity of the league, a national presence can increase the profile of the league in places in the United States where no teams exist. In other words, Comcast SportsNet New England cannot increase the awareness of Major League Soccer to someone living in Florida. NBC Sports can and must help to grow the national profile of the league if it ever wants to be considered as a part of the upper echelon of North American sport leagues.
Benefit of Soccer-Specific Stadiums

“The argument typically [goes] as follows: building the stadium would create jobs first for construction workers, and later for people who worked in it. Fans would flock in from all around…and they would spend money. New businesses would spring up to serve them. As the area around the stadium became populated, more people would want to live there, and even more businesses (and jobs) would spring up” (Kuper & Szymanski, Soccernomics, 2009).

The above excerpt speaks to the economic theory of a multiplier effect. The optimism associated with the building of a stadium usually is preached by whatever local politician is running for office at the time of construction. The community leaders convince their people that it is a good use of their taxpayer money – short-term investment for long-term gains. It is also “the trick for American club owners to persuade the taxpayer to cough up for stadiums” (Kuper & Szymanski, Soccernomics, 2009). Essentially, every public dollar provided is one less dollar that the owner is therefore responsible to provide. In Major League Soccer, the idea and creation of soccer-specific stadiums has been a trend and a sign of the league’s intent to reach a level of long-term viability. However, as is often the case when analyzing the financial effects of any new piece of infrastructure, any finding needs to be approached with caution. The above excerpt is the stated goal and argument for new building – it is sadly the usual case though. The big question, however, in terms of this section of the paper, is if the benefits outweigh the costs when talking about soccer-specific stadiums. The argument for MLS stadiums is also slightly different, as many of the stadiums have been privately funded by their owners.
Currently,\textsuperscript{14} fourteen of the nineteen teams in the league play in soccer-specific stadiums. The five that currently do not have these stadiums are the teams in DC, New England, San Jose, Seattle, and Vancouver. Each of their situations vary. San Jose is moving into a new stadium owned by the city of San Jose (but using no taxpayer money) by the 2014 season. DC United has also made multiple proposals for a new stadium in the greater Baltimore area (Crossroads Consulting Services, 2010). DC United has had multiple proposals turned down but is continuing to push for a new stadium. Seattle, which is owned by an NFL owner and shares a stadium with the Seahawks, is arguably the only team in the league that does not need a soccer-specific stadium; their attendance figures more than warrant them playing in the larger CenturyLink Field.\textsuperscript{15}

Vancouver plays at BC Place (of fame from the 2010 Winter Olympics). Though not soccer-specific exactly, it is an approximately 21,000 capacity stadium that makes it a good size for a Major League Soccer team. Located in downtown Vancouver which provides easy access to fans, it was designed with the purpose of holding both Canadian football and soccer. BC Place therefore serves as a good stadium fit for the Whitecaps.

Finally, the New England Revolution, owned by Robert Kraft, is in a similar position to Seattle. By playing at Gillette Stadium, the home of the New England Patriots, Kraft only had to fund one stadium; in his opinion, an additional investment in a soccer-specific stadium is not necessary with a world-class

\textsuperscript{14} As of July 2012  
\textsuperscript{15} The stadium was actually built with the purpose of intentionally holding both football and soccer
facility like Gillette Stadium at the team’s disposal. However, unlike Seattle, their low attendance figures mean that the team plays in a near empty stadium game after game – this creates a bad fan atmosphere as well. The Revolution also do not play in an urban location, which the other teams without soccer-specific stadiums at least have as an excuse. The Revolution has thought about plans of building in the city of Boston in an urban location. Somerville, Massachusetts has specifically been mentioned but no concrete bids have been made and it appears that Robert Kraft is unlikely to look to move the team for the foreseeable future, though he has invested some money in finding a suitable location (Moskowitz, 2010). As it currently stands, that means that Seattle and Vancouver remain the two teams in the league (plus, arguably the Revolution) that do not have any plans in place to move into a soccer-specific stadium.

Public vs. Private Funding

Before examining the benefits and disadvantages of soccer-specific stadiums, it is also important to quickly talk about how the stadiums in the league have been funded. Privately owned stadiums allow a team to have full control of the team, maximizing revenue possibilities. It also means that owners have to front the money in order to build a stadium. Publicly owned stadiums, in contrast, are paid for primarily through taxpayer money; a team is no more than a tenant within the facility and does not benefit from external events that occur within the stadium. However, for those in government involved with the public funding of a stadium, as mentioned above, it also acts as policy: “The building of publicly funded stadiums has become a substitute for anything resembling an urban
policy” (Zirin, 2008). The league as a whole tries to encourage privately funded investments from their owners as it is their preference for their teams to have active roles in the operation of the stadiums (Crossroads Consulting Services, 2010). The following chart, which does not include the three most recent additions to the league, breaks down how the ownership situation works for the stadiums:

<table>
<thead>
<tr>
<th>Team</th>
<th>Stadium</th>
<th>Owner/Operator of MLS Stadium</th>
<th>Owner/Operator of MLS Stadium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Fire</td>
<td>Toyota Park</td>
<td>Village of Bridgeview Team</td>
<td></td>
</tr>
<tr>
<td>Chivas USA</td>
<td>Home Depot Center</td>
<td>Anschutz Entertainment Group (AEG) Team</td>
<td>AEG Team</td>
</tr>
<tr>
<td>Colorado Rapids</td>
<td>Dick’s Sporting Goods Park</td>
<td>City of Commerce City Team</td>
<td>Team</td>
</tr>
<tr>
<td>Columbus Crew</td>
<td>Crew Stadium</td>
<td>Hunt Sports Group/Local Investors Team</td>
<td>Team</td>
</tr>
<tr>
<td>D.C. United</td>
<td>RFK Stadium</td>
<td>Washington Convention and Sports Authority</td>
<td>Washington Convention and Sports Authority</td>
</tr>
<tr>
<td>FC Dallas</td>
<td>Pizza Hut Park</td>
<td>Frisco Independent School District, City of Frisco, Collin County Team</td>
<td>Frisco Independent School District, City of Frisco, Collin County Team</td>
</tr>
<tr>
<td>Houston Dynamo</td>
<td>Robertson Stadium</td>
<td>University of Houston Private</td>
<td>University of Houston Private</td>
</tr>
<tr>
<td>Kansas City Wizards</td>
<td>Community America Ballpark</td>
<td>Private Team</td>
<td>Private</td>
</tr>
<tr>
<td>LA Galaxy</td>
<td>Home Depot Center</td>
<td>AEG AEG Team</td>
<td>Team</td>
</tr>
<tr>
<td>New England Revolution</td>
<td>Gillette Stadium</td>
<td>Robert Kraft Team</td>
<td></td>
</tr>
<tr>
<td>Philadelphia Union</td>
<td>PPL Park</td>
<td>Delaware County Global Spectrum Team</td>
<td>Delaware County Global Spectrum Team</td>
</tr>
<tr>
<td>Real Salt Lake</td>
<td>Rio Tinto Stadium</td>
<td>Real Salt Lake Team</td>
<td></td>
</tr>
<tr>
<td>San Jose Earthquakes</td>
<td>Buck Shaw Stadium</td>
<td>Santa Clara University Santa Clara University Team</td>
<td>Santa Clara University Santa Clara University Team</td>
</tr>
<tr>
<td>Seattle Sounders FC</td>
<td>Qwest Field</td>
<td>WA State Public Stadium Authority Maple Leaf/Sports and Team</td>
<td>WA State Public Stadium Authority Maple Leaf/Sports and Team</td>
</tr>
<tr>
<td>Toronto FC</td>
<td>BMO Field</td>
<td>City of Toronto Entertainment Team</td>
<td>City of Toronto Entertainment Team</td>
</tr>
</tbody>
</table>

There are three expansion teams not listed in the above chart. Portland, who plays at Jeld-Wen Field, does not own their stadium, but operate it. Montreal, who plays at Saputo Stadium, owns and operates their stadium. Finally, Vancouver, who plays at BC Place neither owns nor operates their stadium. It is worth noting that, while eleven of the nineteen stadiums are publicly owned (58%), only four are publicly operated (21%), which as mentioned above is part of the league’s desires for stadium operation (Crossroads Consulting Services, 2010). To see more data about the financing of the stadiums, see Appendix C. Regardless of how the stadium is financed, the return on investment for whoever funds the stadium is a
much more important component of the analysis of the overall worth of having a soccer-specific stadium in Major League Soccer.

**Benefits of Soccer-Specific Stadiums**

There are definite risks associated with the construction of a new stadium. One of the biggest issues with making a stadium worth the investment is the idea of ‘dark days.’ These dark days are how many times out of a year that a stadium goes unused. A place like the Staples Center, for instance, acting as the home for multiple teams is going to have a lot less of these unused days than an NFL stadium which sees eight NFL home games only if they are the only tenant and maybe the occasional concert. What is beneficial about a soccer-specific stadium for Major League Soccer teams is the versatility that comes with the building of the stadium. Teams like the Houston Dynamo, playing in the heart of football country in Texas, offer their stadium to high school and small college football teams in the area as one way to minimize their dark days (Crossroads Consulting Services, 2010). Because of the high quality of the facility and the reasonable capacity of the stadium, it is good for many kinds of events. In other words, by being a 20,000-25,000 seat stadium, it is a much nicer atmosphere for smaller events than having a small number of people spread out through a NFL size stadium with over 60,000 seats. Whereas each team working in a soccer-specific stadium has different outlooks on how to fill the stadium on non-Major League Soccer days, the versatility of the stadium acts as one clear benefit.
The biggest way that teams have found to be able to limit their dark day totals is through concerts. The Soccer Stadium Alliance, which consists of seven Major League Soccer teams and one NASL team, the Rochester Rhinos, is a group formed in August of 2011 to help promote the idea of playing in soccer-specific stadiums. Most of “the soccer stadiums offer a capacity of 18,000-27,000 people, larger than many arenas and amphitheaters but not as big as football stadiums and ballparks” (Muret, 2012).

Concerts like this one at Sporting KC’s Livestrong Park provide a great venue option for artists (Donnelly, 2011). This makes the stadiums strong options for concerts. Because they are almost all outdoors, these stadiums become great options for summertime concert series. The outdoor element has, at this point, allowed MLS teams that are part of this alliance to bring in a lot of country music artists to their arenas specifically, as
part of that music genre’s overall theme is the outdoor element. According to the Soccer Stadium Alliance promoter, Donnie Frizzell, it is the risk element that will make teams yield the greatest returns. Those teams willing to take control of the concert will make a lot more money than those just wanting to rent out their space to the artists. “By buying the shows and promoting the [concerts] themselves, MLS teams taking risk could generate up to $250,000 in revenue for a concert with 90 percent to 100 percent of the tickets sold” (Muret, 2012). Obviously, a failed concert does hurt the team, which is why it is important to be selective in which artists are brought in. So far, the Soccer Stadium Alliance, modeled after the Gridiron Stadium Network (which most NFL teams belong to), has been successful in bringing concerts into these new venues. It does come with a higher initial cost, which does keep some organizations from joining the concert network. Columbus paid over six figures to be able to build a concert stage within their stadium. These costs, at least for Montreal were too high – during their stadium renovations, they opted to not even build a concert area within their stadium, as they feel the return is not there (Muret, 2012). For the most part, however, Montreal remains the exception; as teams build these soccer-specific stadiums, they recognize the need for multi-purpose use and most are equipping their stadiums with concert-hosting capabilities.

One of the key benefits of owning/operating your own stadium relates to control. Using the concert example, the Revolution, who is merely a tenant within the Gillette Stadium complex, benefit in no way from the concerts that are held at the stadium. By not owning their stadium, they are unable to earn external
benefits such as concert revenues. (Granted, by being owned by Robert Kraft, the money is still going to the same person, but it is then not really reinvested into the Revolution). Playing in a soccer-specific stadium, for those teams that own their stadiums, gives extra revenue streams unavailable to those that are merely tenants. Things like naming rights and parking revenues are added benefits of ownership.

Finally, soccer-specific stadiums allow teams in Major League Soccer to have a viable platform from which they can show their growth and legitimacy: “More MLS games now actually feel major league” (Wahl, Homes Sweet Homes, 2012) when played in soccer-specific stadiums. The sell-outs, the enclosed space that helps create atmosphere, and the individualized branding of the stadiums all help create a world-class soccer atmosphere. Take, for example, the new BBVA Compass Stadium in Houston, the home of the Dynamo. The stadium, primarily financed by the owners, has tons of personalized features that are only possible through owning your own stadium; there are “33 luxury suites fewer than 10 rows up; a mesh exterior that will help on hot summer days; a striking all-orange motif to represent one of the league’s best-branded clubs; and importantly, an urban location” (Wahl, Homes Sweet Homes, 2012). For Houston, the new stadium allows a transformation of the team to occur. They finally play in a great, downtown urban setting, have customized suites that are great for client entertainment, and made the whole stadium orange to add to the vibe of the team. Additionally, because of their control in design of the stadium, Houston was able to align its beliefs with the stadium construction, creating a stadium that is LEED certified and environmentally-friendly (Sports Business Journal, 2012). For teams
like Houston, and Sporting Kansas City before them, the investment of creating a soccer-specific stadium goes beyond the costs. It brings about an air of legitimacy and of newly-revamped purpose.

**Disadvantages of Soccer-Specific Stadiums**

There are many arguments, mostly finance-based, as to why stadium construction is not a smart investment. For some teams, new stadiums never bring a noticeable return on investment. Within Major League Soccer, new stadiums bring extra risk into a league that is still growing and trying to reach true sustainability. While reaching a level of legitimacy is important, is it possible that there are other ways to do this besides stadium investment? Could that money be used to bring in more high-profile players?

Rob Baade, a former college basketball player turned economist, was famous for boldly noting that new stadiums usually do not bring in any additional revenue to an organization. As mentioned in *Soccernomics*, Baade noted that “contrary to the claims of city officials, [his] study has found that sports and stadiums frequently have no significant positive impact on a city” (Kuper & Szymanski, *Soccernomics*, 2009). In fact, Baade argues that it may even reduce the sports-related revenue in a city. Baade argued from a practical, economic perspective – refusing to believe what people took for granted. For example, referring to the new job creation argument, Baade asked, “where would all the construction workers for the new stadium come from? Wouldn’t they have jobs already, and therefore wouldn’t a shortage arise somewhere else? Worse still, as
competition for their skills intensified, wouldn’t costs rise?” (Kuper & Szymanski, Soccernomics, 2009). Baade also points out that if a city spends money on a stadium, it could negatively influence spending in other aspects of the city, such as recreation and education spending. Finally, Baade attacks the notion that it would increase out-of-city spending, noting that “most out-of-town fans would buy a hot dog and beer, watch the game, and leave – hardly [producing] an economic bonanza. A mall, or a Cineplex, or even a hospital would generate more local spending” (Kuper & Szymanski, Soccernomics, 2009). For all of the negatives that can come from stadium building, can it even be worth it?

**Overall Analysis of the value of Soccer-Specific Stadiums**

Financial arguments made by economists will almost always view stadium building negatively. The costs are high, the returns usually not as high as predicted, and therefore, the decision to build is often not justified. However, for me at least, it is the intrinsic values that come with soccer-specific stadiums that make the investment *worth the cost* for Major League Soccer teams.

First off, as mentioned above, a good amount of the teams do have privately-funded stadiums – therefore, public tax dollars can still serve the community. Beyond the money argument though lies something much more important for the league currently.

Major League Soccer is a growing league. As they try to reach the highest level of legitimacy possible, it is important for them to invest in infrastructure. Essentially, even if they never see returns from a monetary perspective, the short-
term losses of construction are more than offset by the long-term growth and vitality of the league. Soccer-specific stadiums show fans that their team is serious about transforming Major League Soccer into a global power. It shows teams that they are willing to invest and create high-class facilities for their athletes.

More importantly to the growth of the league, high-class facilities allow foreign stars to be more likely to want to come to Major League Soccer. Alessandro Nesta, a recent signing of the Montreal Impact and one the best defenders of his generation, noted in his press conference that the facilities helped make his decision easier. Nesta, who played almost the entire decade previously with AC Milan, was used to the globally-renowned Milanello training center and the famous San Siro Stadium of the Italian team. Convinced to come to Major League Soccer by fellow Italians already playing for Montreal, Nesta noted that Major League Soccer facilities, in general, are higher quality than the facilities in many of the European leagues and that his worries about switching continents were assuaged upon coming to North America and walking around the Impact’s facilities to see if Montreal was a good fit for him (Youtube, 2012). As global stars continue to recognize that Major League Soccer is a viable option, the league will have critical growth.

Finally, as mentioned previously, soccer-specific stadiums allow teams to individualize their brand and create their own atmosphere within a stadium. Having a strong atmosphere at games is crucial to the league and its development. Part of what makes the global game, especially in Europe, so popular is the
atmosphere of being in the stadium for games. True soccer fans, or any of the fans of the bigger leagues in America, often have an identity that is formed around their fandom. While Seattle and other teams within the league have made strides towards this, having a stadium that has a defined identity and personality to it can help build fan identification with the team.

While it will probably be difficult to, in the short-term, justify the costs of a soccer-specific stadium in Major League Soccer, the construction of these facilities will continue to be critical from an intrinsic standpoint as the league moves forward and strives for long-term viability.
The New Target Market of Major League Soccer

In any league, when it first starts out at least, marketing efforts will always be scattered. It is crucial to get as many people into the stands no matter what steps are taken – attendance is crucial in league infancy. Now more than fifteen years into its existence, however, Major League Soccer is growing and expanding. The league can no longer blame its youth on any problems that occur. Yes, compared to the other major North American leagues it is still quite young; to be taken seriously though, Major League Soccer must start to mature quickly and become a legitimate force in the sports landscape. Many factors have been examined to this point to show the growth – and future obstacles – that the league still has to deal with as it matures. Creating a consistent target market across the league is one of those obstacles.

Major League Soccer needs to stick to one consistent message across the league. When Portland can sell out a raucous stadium but San Jose plays to empty seats, it is detrimental to the league’s image. Essentially, until Major League Soccer can market to each city and successfully fill the seats of each stadium, the overall image of the league will suffer. As previously stated, 19 good teams is better for the league than 9 great teams and 10 bad ones. For this reason, marketing techniques for teams like Portland or Philadelphia need to be shared with those lagging behind so that the league as a whole can grow. Only once all of the teams can compete off-the-field will on-the-field parity begin to exist.
One final difficulty remains when dealing with Major League Soccer and marketing – at this point, it remains a developmental league for talent. The NFL does not have to worry about its superstars leaving the league in their prime, as there is no stronger league for football than the NFL. However, for Major League Soccer, young, rising stars often move to Europe when their names are called, leaving the league to have to find new stars. That is why it is crucial that the league be able to find diehard fans – fans that support clubs, not just players.

The Old Target Market

Minor league baseball and hockey have always had marketing plans based around ‘family-fun’ and creating a cheaper alternative in terms of sports entertainment. This consistent message, even amongst the non-connected minor leagues of baseball and hockey have allowed teams to have a consistent, albeit probably outdated, technique and plan to bring fans to the stadium.

For Major League Soccer, the issue is that they are not a minor league. If they want to be treated as a major force in North American sports, then simply settling for ‘family-fun’ will not do. “When Major League Soccer launched, its marketing seemed to have advertisement ADD. Football stadiums, family marketing, no-tie shootouts unlike anyone else in FIFA and ultimately an unreliable target audience” (Lohr, 2011). Major League Soccer has certainly grown from its inception. However, the family focus still remains for many of the teams, specifically the old guard of the league.
A family-centric focus exists in the league for obvious reasons. The idea is that families will spend more money than a couple coming to a game. Additionally, ‘getting’ the kids hooked on the game early will make them be life-long fans. However, this idea often proves to be false. Many young children play soccer – it is often the first sport for many. For mothers, who often make decisions for their young kids, soccer offers a different alternative, as *Soccernomics* argues:

“The game has thrived as a pastime for upscale kids in part precisely because there is no big soccer in the US. Many soccer moms are glad that soccer is not a big professional American sport like basketball or football. Like a lot of other Americans, they are wary of big-time American sports, whose stars do lousy and unethical things…” (Kuper & Szymanski, *Soccernomics*, 2009).

While Major League Soccer has certainly grown, the old target market has a certain and obvious flaw – many of the kids who grow up rooting for Major League Soccer lose interest as they grow older and move on to different sports. If Major League Soccer is looking for diehard fans, it is clear that many do not come from children brought along to games by their parents.

Children often also usually attach themselves to star players, as is natural, when looking for role models. As described above, star players often move to Europe, or in David Beckham’s case, come to America to wind down a career. There are no, save arguably Landon Donovan, Major League Soccer players who have been stars for their careers and played mainly in Major League Soccer. For children, the game itself is not as appreciated as by diehard soccer fans who *choose* to attend games independently.
Soccernomics goes as far as arguing that Major League Soccer is not even necessary in order to have a strong domestic soccer culture. While just an opinion, the authors note that “the US has a strong soccer culture. It’s just different from any other country’s soccer culture. In particular, it doesn’t require a strong domestic men’s professional league” (Kuper & Szymanski, Soccernomics, 2009). This opinion, albeit controversial, is why it is paramount for the league to move away from the old target market. The family-centric market does not have as many diehard soccer fans to begin with. Typically, it is parents who view soccer as a nice, safe option for their kids and kids who just participate in the activities chosen by their parents: “The problem with marketing to families is this: does the average sports fan want to go to a game in which five year olds are running around, kids are screaming and parents are pushing strollers? While there is certainly a place for that, it’s not how you fill stadiums with raucous support” (Lohr, 2011). There are tons of diehard soccer fans in the United States – it is up to Major League Soccer to find them and convert them into diehard Major League Soccer fans.

The Hispanic Market

The old target market focused on families first and the Hispanic market second. The new target market, as described below, focuses on the 18-34 year old male first, with an impetus still on the Hispanic market secondarily. The Hispanic market is full of what Major League Soccer would call ‘die-hard’ fans. Major League Soccer tried – and eventually failed – to build up a rivalry tournament called ‘Superliga’ between Major League Soccer and the Mexican league. With a
culture so tied to soccer, shouldn’t it be easy to attract the Hispanic market? “The census estimates nearly 47 million Hispanics reside in the United States. Eighty-five percent of that population has roots in countries where soccer dominates the sporting landscape” (Ortiz, 2009). The potential is there and the success of the league will hinge on its ability to capitalize on this market.

Originally, Major League Soccer struggled to connect to this market. Two professors from the University of North Texas came out in 2000 with a paper addressing the lack of success Major League Soccer has had with capturing the Hispanic market in the United States. Although outdated at this point over a decade later, the predictions made by the authors have proven to be largely accurate. In their initial findings, they noted that “MLS teams with Hispanics had lower attendance in the first four years of the league’s existence” (Jewell & Molina, 2000). While Major League Soccer has certainly grown since its inception and early years, their paper goes on to talk about some struggles that the league has had capturing the Hispanic market. The real troubling data, again, though slightly outdated, was as follows:

“According to the study, the majority of Hispanics in America were of Mexican descent, and tended to watch the Mexican League, which had almost 100% television coverage between Univision, Telemundo, and Galavision. The next two largest groups of America's Hispanic population hailed from Cuba and Puerto Rico, islands where the pastime of choice is baseball, not soccer. Today these three groups continue to account for just over 75% of America's Hispanic population. And so the authors of the study actually found that a one percent increase in a metropolitan statistical area's Hispanic population resulted in a 3.9% reduction in MLS attendance” (Rolf, 2012).
Essentially, their research found that the Hispanic population was in fact hurting MLS growth – but still, the potential for success for the league hinged on this elusive market.

There has been some strong growth though in capturing this market as the league has grown. Since the league’s inception, Hispanic marketing efforts have grown and progressed. It is now estimated that about forty percent of paid attendance revenue comes from the Hispanic market (Rolf, 2012). However, it is the off-the-field efforts – and consistent focus – of Major League Soccer that has allowed the Hispanic market to grow: “MLS commissioner Don Garber likes to say the Hispanic market is part of the league's DNA. It's a phrase repeated throughout the league's office and is apparent in the stands of its stadiums” (Ortiz, 2009). Grassroots efforts like local tournaments and ‘Hispanic Heritage’ days are amongst the marketing elements that have helped to grow the Hispanic market for Major League Soccer. Though it remains a secondary focus in terms of target market for the league, the consistency and the message that the league as a whole sends in terms of addressing the Hispanic market have allowed the league to gain more of those elusive ‘die-hard' fans. Continuing to focus on this market will pay big dividends as the league continues to grow and tries to become a legitimate force in the American sports landscape.

The New Target Market

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16 Latinos make up 33 percent of the MLS fan base. The NBA comes in second with 16 percent, followed by the NFL (13 percent). Baseball, with nearly 30 percent of the players Latino, comes in fourth with 12.9 percent. (Ortiz, 2009).
The transition to the new target market has begun to occur only as the league realized that their ‘family-focused’ efforts were not allowing the league to create the desired atmosphere within the stadium. If the league was going to grow, diehard, passionate fans were needed. Executive Vice President Dan Courtemanche focused a lot about this transition in an interview with The Examiner. He noted that, while families still do need to come to games for the league to be successful, it is no longer the direction of the league:

“The core focus of our marketing effort will be on young adults and the authentic aspects of the world’s greatest sport. The light-hearted way of saying that, is, we focus on 18-34 year-olds because those of us who are over 34 – that would be me - still want to be 18-34 and those who are younger than 18-34, kids, all want to be adults. So, it’s interesting when you focus on that core demographic of an 18-34 young adult because it certainly resonates with that group, but it also resonates with the other groups” (Eisenmenger, 2011).

The general rowdiness of the 18-34 year old allows that atmosphere to be built. They are willing to stand and cheer – they are also the most likely to spend excessively on alcohol. Supporting the team allows these young adults to make new friends and be sociable, while still having a great time watching sports. If this age group is reached successfully, as it has been in cities like Portland and Seattle, then the atmosphere is the stadium improves: “It’s the hardcore sports fan, the college kids and the boisterous that will sell your product. With active and loud crowds, the atmosphere will sell itself (and doesn’t look too shabby on TV, which brings sponsors)” (Lohr, 2011). The 18-34 age group allows the league to use their in-stadium atmosphere as a selling aspect for all of their off-the-field activities like sponsorships and television deals.
In capturing this young fan base, teams hope that the atmosphere created by the raucous spreads, appropriately, throughout the stadium. Each team has their own techniques. DC United places their supporter groups at center field; Portland allows their fans to bring smoke bombs and flairs into the stadium. It is all about making soccer unique within the American sport landscape – and trying to mirror some of the passion of European soccer. At one Portland game, a local writer described the atmosphere, demonstrating some of the wild behavior. “Fans wore scarves with vulgar anti-Seattle slogans sewn into them and colored their language to match their intensity. Two fans came to blows in the sideline beer garden, and security guards carried out one like a rolled-up rug. Someone in the crowd threw a water bottle at a Seattle player, narrowly missing him” (Bachman, 2009).

It is almost to the point where the league wants to encourage, though it comes with a negative connotation, hooliganism within the stadium. While arrests and fights in the stands are not what any league is looking for, it is these crazed fans that are more likely to buy season tickets and merchandise. Portland owner Merritt Paulson will never openly admit that he likes what occurs in the Timbers supporter group sections – to do so would alienate the families from attending. However, Paulson certainly must recognize the importance of the Timbers supporter groups going forward if his franchise wants to continue to be a model for the league.

Targeting “90 minutes of fun” (Bachman, 2009) will be an important idea for the teams going forward. While cliché, the league cannot simply rest on its
laurels. Events like viewing parties at bars while the team is away or celebrity bartending nights where the athletes are behind the bar need to continue to occur league-wide to help market to that young adult market. If Major League Soccer can be fun and cool to the young adult, then the new target market can help take the league to higher places than ever before: “If soccer is to continue to grow in North America, the perception of the sport has to change: It should be one of passion, volume, and power…not strollers” (Lohr, 2011). Families are important – young adults are critical.

**Why the Original Teams Are Lagging Behind**

For teams like Portland and Philadelphia, coming into the league as an expansion team served almost as a blessing. Being new to the league, these kind of teams have been able to have a fresh position on how to market. They have been able to come into the league and immediately target this young adult market. For the original teams, the repositioning in strategy has taken a longer time.

I got to experience this issue firsthand through my experience working for the New England Revolution. While this section is not being written to delve into my experiences, there were many elements of my day-to-day work that allowed me to notice how far behind the front office was compared to other teams. For example, during my internship, the interns convinced our bosses to enhance their limited partner bar program. From research done about other teams, we noticed that the Revolution were amongst the only teams in the league (with others being mainly original teams) who failed to have an established partner bar set-up during the 2011 season. Portland, an entrant over a decade ‘younger’ than the
Revolution, for contrast, has a three-tier partner bar system set-up in which there is a waiting list to become a partner bar (Berlin, 2012). How could it be that a new team to the league could have a partner bar system – ideal for the young adult market – so established, while an original franchise has only begun to establish such a system?¹⁷

The off-the-field differences are only one aspect of the dichotomy between the old and the new. In-game atmosphere, crucial for the young adult market, still varies greatly across the league. Many of the new teams, run by their younger owners, allow things like flairs and smoke bombs to be allowed in the stadium. Whether or not these should be allowed is not the argument – it is that these kinds of items add to the atmosphere of stadiums and help attract the young adult market to the games. Many of the original teams do not allow any level of hooliganism to occur in their stadiums, as it is tradition amongst American sports to limit any of this kind of behavior. However, as the league goes forward and tries to separate itself and become a power in North American sports, it will be the league’s willingness to take risks – such as almost encouraging hooliganism – that will separate Major League Soccer. Only by “showcasing the passion” (Brettman, 2011) of the fan base in the league will Major League Soccer be able to start to create a name for itself in North America.

¹⁷ As of the 2012 season, the Revolution are now in their first real season with partner bars – though the amount of them relative to the league average is still a sign that progress needs to be made.
Predicting The Success of Marketing To The New Target Market

The big question for the league will continue to be whether or not this new marketing approach will pay off. Certainly, the league will still need the cooperation and attendance of families and the Hispanic market in order to continue to see increased attendance figures league-wide. However, one has to question if the 18-34 year old fan can drive the market. For certain teams, specifically those in cities with many options like New York or Los Angeles, can the relatively cheaper ticket prices and the in-game atmosphere convince the young adult market to choose soccer over hockey or football or baseball? The answer remains to be seen but is important to think about. Additionally, one has to question if the league can really capture the European soccer fan in the young adult and transform them into a diehard Major League Soccer fan: “The demographic of core soccer fans between 18-34 is an obvious target, [but] it is also more competitive to win their soccer mind share in a crowded international soccer market” (Madaio, 2011). This represents the biggest risk-reward element of the new target market: if the league can capture this young adult market, then their success can be limitless; however, if the league fails and the diehard fans choose to continue to only follow European teams and games, then the league could risk losing its family fan-base as the league continues to grow.

The potential for growth to limitless levels is only available though through the young adult fan base. They can, as mentioned above, draw in the fans both younger and older, by being the diehard supports that the league needs. While the risk is certainly there, the young adult market represents the best hopes
for Major League Soccer to grow into one of the mainstays of the North American sports landscape.
Conclusion: The Future of Major League Soccer

Major League Soccer has been around for a lot shorter time than any of the big four leagues in North America. As it develops, it faces challenges that those other four leagues did not at their inception: options. With so many different alternative forms of entertainment available to the modern day consumer, it is incredibly difficult for a league to grow into anything with revenues like those of the big four leagues. However, Major League Soccer has definitely made a substantial amount of progress. It is impossible to tell when, if ever, Major League Soccer will reach the same level of popularity and success as the other major leagues. As outlined below, there are plenty of positive signs, but still a lot of work left to be done if the league ever wants to transform from a niche sport into a North American mainstay on the sports landscape.

The Opportunities and The Positives

Howard Handler, the newly appointed Chief Marketing Officer of Major League Soccer, wanted to see where Major League Soccer stood on the American landscape. Handler, who has been used as a source throughout this paper, noted that the numbers benefit the league and show its growth opportunities. “‘A study by Luker On Trends/ESPN revealed the startling statistic that ‘pro soccer’ trailed only the NFL as the most popular sport for Americans aged 12-24. Handler followed up with the pollsters and was relieved to learn ‘if you pull out MLS alone, it still ranks No. 4, ahead of Major League Baseball and NCAA football/basketball’” (Bennett, 2012). These results would be wanted by most
leagues in America. Though it is just the 12-24 age group that Handler is focusing on in this particular remark, it shows the popularity of both soccer and Major League Soccer for the coveted youth and young adult segment. The key for Major League Soccer remains whether these results stay true as the twelve year olds become older and more independent. The opportunity is certainly there though for the league to capitalize on.

Still, the growth and apparent stability of the league, compared to just a decade ago, is in itself a positive for the league. As comparison: “The 2001 season produced the league’s lowest regular season TV ratings ever. The league contracted and shed the Tampa Bay Mutiny and Miami Fusion franchises early in 2002, leaving the league with 10 clubs and three owners” (Staff Reports, 2012). Those three owners were keeping the league running and were not happy in doing so. However, some telling statistics exist just ten years later to show how much growth the league has seen. To highlight them, as listed by *Sports Business Journal*:

- Montreal paid $40 million to become the league’s 19th club
- 15 of the 19 clubs will play in soccer-specific stadiums as compared to just one in 2002
- The average league-wide attendance is at its highest ever total
- TV deals were scattered and poor – all teams have local deals now and the NBC deal gives another national network for the league to broadcast games on
- Jersey sponsorships were not allowed in 2002; now, all but three clubs have them\(^\text{18}\) (Staff Reports, 2012)

Many of these statistics have been compiled, admittedly, to show just the positives of the league and its growth. However, it cannot be understated how

\(^{18}\) As of February 2012
much growth the league has truly undergone – and how much potential still remains.

The Work That Still Needs to be Done

While the list of positives is certainly a harbinger for the league’s long-term success and vitality, there is still plenty of work that needs to be done. As mentioned throughout the paper, one huge issue remains the balance of the league. The American model has preached the idea of a competitive balance, both on-the-field and off-the-field. Within the current conference structure, a gap needs to close between the two divisions of the league. However, Soccernomics argues against this point, noting that it is the David vs. Goliath matchup that really makes a league have interest. Noting that the league would improve if some teams really stood out as dynasties – and that an unbalanced, open system would improve the league – the authors note that: “MLS lacks one of the joys of an unbalanced league: the David versus Goliath match. And one reason fans enjoy those encounters is that surprisingly often, given their respective budgets, the Davids win” (Kuper & Szymanski, Soccernomics, 2009). Part of the issue for the casual fan of Major League Soccer is that no one really knows who the ‘Goliaths’ are and who the ‘Davids’ are across the league. No team has had year-to-year success – largely because the league is still young. So whether you feel the league would benefit from a competitive balance or whether you feel that an imbalance would benefit the league is not the issue – it is the awareness of the casual fan of the league to even recognize when those “underdog” matches or “two powerhouse”
matches occur. The biggest transformation, though not directly the league’s responsibility, remains the development of US soccer as whole.

**Changing the US Soccer Culture**

The London Olympics presented two things that were quite obvious for those who follow soccer in the United States. The women’s team won Gold – the men’s team *did not even qualify* for the London Games. This is not an examination of why the women have seen so much success in the world of soccer; though the effort of the women’s team does help, the lack of developmental success for the men’s team remains an issue for Major League Soccer. As mentioned previously, Major League Soccer, in its current state, remains a developmental league for Europe. While this is not necessarily a bad thing, it is a fact. Therefore, it should mean that Major League Soccer, at the moment should focus on being a league for developing talent, both at the youth and senior levels. US soccer growth will really only occur once the national team has had enough prominent and sustained success. Key for Major League Soccer growth will be the development of their youth teams and how much is invested into these teams.

Two examples show the power of such investment. First, Marco Pappa, a Guatemalan international, who plays for the Chicago Fire, just recently agreed to move to the Dutch League in January of 2013 (Powers, 2012). Pappa joined the Fire as a 20 year old, and now, at 24, is moving to a strong European side. Playing for the Fire gave Pappa the opportunity to develop his talent and get the needed exposure from Europe to warrant a transfer. It is in these stories of success that
Major League Soccer should take pride and market to other young potential stars. For the New England Revolution, no individual player has brought more publicity to the team than Diego Fagundez. While still not even a starter for the team, Diego is the fan favorite. At just 17, the Massachusetts native is entering his second senior playing with the senior team, after developing through the U-16 and U-18 teams within the Revolution academy. Without having to invest any large amount of money into the player, the Revolution have been able to develop a player that makes an impact for the team both on-the-field and off-the-field. Moving forward, it is this youth development, just as much as the senior level development, that will be crucial to Major League Soccer.

I recently had an email interview with Andrew Guest, a writer for The Pitch Invasion. Within the interview, I asked Andrew, whose research focuses the background of the United States soccer stars – and what helps them reach stardom. (The entire transcript of the interview is Appendix D). I asked him what specifically made the current stars of the American soccer reach the heights that they did. Guest pointed to two things, club/peer motivation and family history with soccer, which really seemed to be a common thread amongst the players. Guest also noted that there were still too many players with similar backgrounds that did switch to other sports anyway (Guest, 2010). The issue remains that Americans do not see soccer as a path to stardom and living the celebrity lifestyle. The glamour and constant ‘rags-to-riches’ stories that have made football and basketball so popular have not really made an impact on Americans in their views of soccer. (Major League Baseball has also struggled with this idea in terms of
African-Americans playing baseball in recent times due to the long amount of
time the average person spends in the minor league system). What Major League
Soccer needs to recognize is that it can promote the league as a European
springboard – where there is plenty of money to be made and a chance to be a
global icon. If successful in promoting the league as such, then Major League
Soccer and the USSF can widen the development pool that they are working with
currently.

Guest points out that the privatization of soccer through clubs and
academies also limits the talent pool possibilities within the league (Guest, 2010).
The limiting of such talent is a problem that also is plaguing the English
development system, as noted by Soccernomics. The English currently are cut off
from their entire upper class, who feel a disconnect with the sport because their
parents push education over athletics. Therefore, as the authors were able to
research, most of the English national team came from a working class
background. Guest himself did a similar study of the American soccer players,
using the 2010 World Cup roster as an example. (The entire roster and their
family backgrounds are listed in Appendix E). Similar to the English national
team study, Guest found that most of the players came from working-class
families. He also found that many of the players were first or second generation
Americans, with the United States team really representing a team full of
diversity. With Jurgen Klinsmann now in charge of the men’s national team, there
have been even more players that come from first or second generation American
families (and some who have never even lived in the United States but hold dual
citizenship). What will be crucial for the USSF and Major League Soccer going forward will be their ability to engage the other classes of the United States, so that the team can have socio-economic diversity as well and so that the developmental pool can be larger than it currently is. Only through this kind of development will the league be able to grow to new heights.

**Final Thoughts**

Throughout this entire study, I have tried to portray both the growth of the league and the long journey that still remains for Major League Soccer. The league is still young, but youth will not continue to be an excuse for long. It is my belief that the league can grow out of being a niche sport and can truly compete in the North American sports landscape. The process will just take time – and patience from those in charge. Whether it is 20, 30, or 50 years down the line, Major League Soccer can grow into a mainstay in North America. The league and the national team will need to grow together – their partnership will be crucial to the growth process.

The love of soccer exists in America, but until the quality on-the-field reaches the level of European leagues, it will not completely garner the interest of many of the American soccer fans. However, many of the current strategies are now in place by the teams of the league to grow fan-bases and create those ‘diehard’ fans that all sports need. In the end, the league will also probably need to mirror the European relegation and promotion system, setting up an open league, though this act too is far from being a possibility. One final key will be, as
mentioned above, patience. Overexpansion and overinvestment can kill teams and leagues – it is important that steady growth occurs if the league wants to finally earn its place as a true competitor in the North American sports setting.
Bibliography


Appendix A

The following table shows the structure of the Football League system in England. Only the first eight levels are shown below; there are in fact over nineteen levels of organized football leagues within the Football League system in England. With so many defined levels of play, the English open system league has far more organization and levels than the current hierarchical system within the United States.

<table>
<thead>
<tr>
<th>Level</th>
<th>Leagues(Division)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Premier League</td>
</tr>
<tr>
<td></td>
<td>(now the Premier League)</td>
</tr>
<tr>
<td></td>
<td>20 clubs – 3 relegations</td>
</tr>
<tr>
<td></td>
<td>Football League Championship</td>
</tr>
<tr>
<td></td>
<td>(now known as Championship)</td>
</tr>
<tr>
<td></td>
<td>21 clubs – 3 promotions, 3 relegations</td>
</tr>
<tr>
<td></td>
<td>Football League One</td>
</tr>
<tr>
<td></td>
<td>(now known as League 1)</td>
</tr>
<tr>
<td></td>
<td>21 clubs – 3 promotions, 1 relegation</td>
</tr>
<tr>
<td></td>
<td>Football League Two</td>
</tr>
<tr>
<td></td>
<td>(now known as League 2)</td>
</tr>
<tr>
<td></td>
<td>21 clubs – 4 promotions, 2 relegations</td>
</tr>
<tr>
<td>5</td>
<td>Conference National</td>
</tr>
<tr>
<td></td>
<td>(now known as The National League)</td>
</tr>
<tr>
<td></td>
<td>21 clubs – 2 promotions, 1 relegation</td>
</tr>
<tr>
<td>6</td>
<td>Conference North</td>
</tr>
<tr>
<td></td>
<td>(now known as Northern Premier League)</td>
</tr>
<tr>
<td></td>
<td>22 clubs – 2 promotions, 3 relegations</td>
</tr>
<tr>
<td>7</td>
<td>Northern Premier League Division One North</td>
</tr>
<tr>
<td></td>
<td>(now known as Northern Premier League North)</td>
</tr>
<tr>
<td></td>
<td>22 clubs – 5 promotions, 4 relegations</td>
</tr>
<tr>
<td></td>
<td>Northern Premier League Division One South</td>
</tr>
<tr>
<td></td>
<td>(now known as Northern Premier League South)</td>
</tr>
<tr>
<td></td>
<td>22 clubs – 5 promotions, 4 relegations</td>
</tr>
<tr>
<td>8</td>
<td>Southern Premier League Division One Central</td>
</tr>
<tr>
<td></td>
<td>(now known as Premier League One)</td>
</tr>
<tr>
<td></td>
<td>22 clubs – 2 promotions, 3 relegations</td>
</tr>
<tr>
<td></td>
<td>Southend United</td>
</tr>
<tr>
<td></td>
<td>(now known as Southern Football League Southend United)</td>
</tr>
<tr>
<td></td>
<td>22 clubs – 2 promotions, 3 relegations</td>
</tr>
<tr>
<td></td>
<td>Isthmian League Division One North</td>
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<tr>
<td></td>
<td>(now known as Isthmian Football League)</td>
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<td></td>
<td>22 clubs – 2 promotions, 3 relegations</td>
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<td></td>
<td>Isthmian League Division One South</td>
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<td>(now known as Isthmian Football League)</td>
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<tr>
<td></td>
<td>22 clubs – 2 promotions, 3 relegations</td>
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</table>

(Source: Wikipedia)
Appendix B

### Historic average attendances

<table>
<thead>
<tr>
<th>Season</th>
<th>CHI</th>
<th>CHV</th>
<th>COL</th>
<th>CLB</th>
<th>DAL</th>
<th>DCU</th>
<th>HOU</th>
<th>LA</th>
<th>MIA</th>
<th>NE</th>
<th>NY</th>
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<td>23,888</td>
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<td></td>
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<td></td>
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<td>11,835</td>
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<td>9,078</td>
<td>10,086</td>
<td>20,020</td>
<td>21,423</td>
<td>10,859</td>
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<td>2000</td>
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<td>14,012</td>
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<td>10,107</td>
<td>18,510</td>
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<td>18,016</td>
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<td>17,696</td>
<td>12,211</td>
<td>17,419</td>
<td>17,822</td>
<td>8,899</td>
<td>16,796</td>
<td>14,708</td>
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<td>16,161</td>
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<td>18,680</td>
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<td>7,160</td>
<td>16,183</td>
<td>17,821</td>
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<td>16,388</td>
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<td>17,511</td>
<td>12,574</td>
<td>21,518</td>
<td>17,387</td>
<td>11,177</td>
<td>15,654</td>
<td>20,306</td>
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<td>12,727</td>
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<td>18,519</td>
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<td>16,927</td>
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<td>2005</td>
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<td>16,772</td>
<td>16,230</td>
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<td>21,883</td>
<td>16,481</td>
<td>15,822</td>
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<td>11,232</td>
<td>23,809</td>
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<td>2007</td>
<td>11,238</td>
<td>11,081</td>
<td>15,267</td>
<td>11,189</td>
<td>16,004</td>
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<td>2009</td>
<td>10,490</td>
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<td>10,230</td>
<td>13,104</td>
<td>20,507</td>
<td>15,883</td>
<td>24,202</td>
<td>10,787</td>
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<tr>
<td>2010</td>
<td>17,034</td>
<td>15,114</td>
<td>13,650</td>
<td>14,662</td>
<td>13,024</td>
<td>10,035</td>
<td>16,000</td>
<td>26,000</td>
<td>17,580</td>
<td>15,020</td>
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<td>2011</td>
<td>15,467</td>
<td>15,725</td>
<td>13,016</td>
<td>14,175</td>
<td>9,003</td>
<td>15,505</td>
<td>17,824</td>
<td>20,027</td>
<td>12,472</td>
<td>12,744</td>
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<td>2012</td>
<td>15,014</td>
<td>14,578</td>
<td>14,320</td>
<td>14,432</td>
<td>10,158</td>
<td>14,532</td>
<td>17,310</td>
<td>21,437</td>
<td>12,097</td>
<td>14,441</td>
<td>10,254</td>
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<tr>
<td>2013</td>
<td>14,274</td>
<td>14,830</td>
<td>14,938</td>
<td>12,185</td>
<td>12,861</td>
<td>15,181</td>
<td>17,694</td>
<td>23,335</td>
<td>13,222</td>
<td>19,691</td>
<td>18,259</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Wikipedia)

Note the highest six attendances:
1) Seattle
2) Los Angeles
3) Vancouver
4) Toronto
5) New York
6) Portland

- NOTE: KC had their highest attendance EVER in 2011 – benefit of new stadium
- NOTE: Expansion teams start with high and decline slowly (Seattle exception) – the Honeymoon effect
Appendix C

The table below summarizes the construction cost as well as the allocation between public and private sector fund sources for various teams.

<table>
<thead>
<tr>
<th>Team</th>
<th>Stadium</th>
<th>Year Opened</th>
<th>Seating Capacity</th>
<th>Construction Cost ($M)</th>
<th>Public $</th>
<th>Public %</th>
<th>Private $</th>
<th>Private %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York Red Bulls</td>
<td>Red Bull Arena</td>
<td>2010</td>
<td>25,189</td>
<td>$165.0</td>
<td>$0.0</td>
<td>0%</td>
<td>$165.0</td>
<td>100%</td>
</tr>
<tr>
<td>Philadelphia Union</td>
<td>PPL Park</td>
<td>2010</td>
<td>18,500</td>
<td>$121.0</td>
<td>$75.0</td>
<td>63%</td>
<td>$46.0</td>
<td>38%</td>
</tr>
<tr>
<td>Real Salt Lake*</td>
<td>Rio Tinto Stadium</td>
<td>2008</td>
<td>20,000</td>
<td>$110.0</td>
<td>$15.0</td>
<td>11%</td>
<td>$95.0</td>
<td>39%</td>
</tr>
<tr>
<td>Colorado Rapids**</td>
<td>Dick’s Sporting Goods Park</td>
<td>2007</td>
<td>18,000</td>
<td>$131.0</td>
<td>$66.0</td>
<td>50%</td>
<td>$65.0</td>
<td>39%</td>
</tr>
<tr>
<td>Toronto FC***</td>
<td>BMO Field</td>
<td>2007</td>
<td>20,000</td>
<td>$65.0</td>
<td>$15.0</td>
<td>71%</td>
<td>$50.0</td>
<td>29%</td>
</tr>
<tr>
<td>Chicago Fire</td>
<td>Toyota Park</td>
<td>2006</td>
<td>20,000</td>
<td>$70.0</td>
<td>$0.0</td>
<td>0%</td>
<td>$70.0</td>
<td>100%</td>
</tr>
<tr>
<td>FC Dallas</td>
<td>Pizza Hut Park</td>
<td>2005</td>
<td>21,000</td>
<td>$80.0</td>
<td>$35.0</td>
<td>69%</td>
<td>$45.0</td>
<td>31%</td>
</tr>
<tr>
<td>Chivas USA/LA Galaxy</td>
<td>Home Depot Center</td>
<td>2003</td>
<td>27,000</td>
<td>$93.0</td>
<td>$0.0</td>
<td>0%</td>
<td>$93.0</td>
<td>100%</td>
</tr>
<tr>
<td>Columbus Crew</td>
<td>Crew Stadium</td>
<td>1999</td>
<td>22,355</td>
<td>$31.0</td>
<td>$0.0</td>
<td>0%</td>
<td>$31.0</td>
<td>100%</td>
</tr>
</tbody>
</table>

Average of all stadiums

|               | $96.1          | $31.8          | 33%          | $64.3          | 67%          |

Note:
- Construction cost is for the stadium only unless otherwise noted.
- * Construction cost for the stadium excludes costs for youth fields.
- ** Construction cost includes the stadium ($37 million), 74 fields ($17 million), and infrastructure improvements.
- *** Construction cost is in Canadian $.

Source: Crossroads Consulting Services
Appendix D

The following is the transcript of the brief, online interview between me and Pitch Invasion writer, Andrew Guest.

ME: As most kids play soccer growing up, do you feel that there is anything in the jobs/upbringings of their parents that keeps these players from switching to traditional American sports as they grow up? In other words, what did the parents of our US stars do differently to keep their kids from switching sports?

GUEST: I don't think there is necessarily anything the parents of US stars did to keep kids from switching. Instead, I suspect three things would be at play. One, something about the context outside the family kept the kids focused on soccer (e.g., as in the case of Clint Dempsey, they got connected with a club team or with peers that motivated them to continue with soccer).

Two, one of the things that struck me most in analyzing the demographics of the US team was the number who were from first, second, or third generation immigrant families. So even though 'fully American' (whatever that means), they had a family history with soccer.

Three, I suspect that the players that make it are only a small sample of the players who could possibly make it; in other words, there were probably many other good soccer players from similar backgrounds with similar athletic abilities that did in fact switch to other sports.

ME: What developmental step do you think is crucial for the continued growth of talent coming from the US pool?

GUEST: In terms of the developmental steps necessary for continued growth, my primary interest is in broadening the talent base and opportunities to continue playing the game. I think the current emphasis on focusing on a small group of players who are very talented at a young age (and are often early maturers from a physical development stand-point) is problematic for American soccer. That might work in other countries where soccer dominates the professional sports landscape and is infused in the broader culture, but in the US it seems to me the job is precisely to help infuse soccer in the cultural landscape—which would require broad access and attention through communities and schools. Right now youth soccer is being essentially privatized through elite club teams and development academies; as with most types of privatization, that is really good for a few well-positioned people and really bad for the vast majority of people and for offering genuine opportunities for all youth to fulfill their potential.

###
Appendix E

*The following chart shows the upbringing of the roster of the United States World Cup squad and the profession of their parents.*

<table>
<thead>
<tr>
<th>Player</th>
<th>Father’s Job</th>
<th>Year’s Years of college soccer</th>
<th>Player's Race/Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jozy Altidore</td>
<td>Delivery for FedEx</td>
<td>0</td>
<td>Black (Parents born in Haiti)</td>
</tr>
<tr>
<td>DaMarcus Beasley</td>
<td>Auto parts manufacturing</td>
<td>0</td>
<td>Black</td>
</tr>
<tr>
<td>Alejandro Bedoya</td>
<td>Corporate sales director (?)</td>
<td>4</td>
<td>Latino (Father born in Columbia)</td>
</tr>
<tr>
<td>Carlos Bocanegra</td>
<td>Schoolteacher</td>
<td>3</td>
<td>Latino/White (Father born in Mexico)</td>
</tr>
<tr>
<td>Jonathan Bornstein</td>
<td>Info not available</td>
<td>4</td>
<td>Latino/White (Mother born in Mexico)</td>
</tr>
<tr>
<td>Michael Bradley</td>
<td>Soccer coach</td>
<td>0</td>
<td>White</td>
</tr>
<tr>
<td>Edson Buddle</td>
<td>Soccer academy director</td>
<td>1</td>
<td>Black (Father born in Jamaica)</td>
</tr>
<tr>
<td>Steve Cherundolo</td>
<td>Not available, but “raised in upper-middle-class north San Diego”</td>
<td>2</td>
<td>White</td>
</tr>
<tr>
<td>Brian Ching</td>
<td>(Raised by mother) Pharmacist research exec</td>
<td>4</td>
<td>Asian/White (Father was “Chinese-American”)</td>
</tr>
<tr>
<td>Ricardo Clark</td>
<td>Public works manager (?)</td>
<td>2</td>
<td>Black (Father born in Guyana, raised in Trinidad)</td>
</tr>
<tr>
<td>Jay DeMerit</td>
<td>Schoolteacher</td>
<td>4</td>
<td>White</td>
</tr>
<tr>
<td>Clint Dempsey</td>
<td>Railroad and construction</td>
<td>3</td>
<td>White</td>
</tr>
<tr>
<td>Landon Donovan</td>
<td>(Raised by mother) Special ed teacher</td>
<td>0</td>
<td>White (Father born in Canada)</td>
</tr>
<tr>
<td>Maurice Edu</td>
<td>Schoolteacher</td>
<td>3</td>
<td>Black (Parents born in Nigeria)</td>
</tr>
<tr>
<td>Benny Feilhaber</td>
<td>Oil company exec</td>
<td>2</td>
<td>Latino/White (“Brazilian mother and Austrian Brazilian father”)</td>
</tr>
<tr>
<td>Robbie Findley</td>
<td>Computer consultant</td>
<td>4</td>
<td>Black (Father born in Trinidad)</td>
</tr>
<tr>
<td>Herculez Gomez</td>
<td>“Works at a car dealership”</td>
<td>0</td>
<td>Latino (Parents born in Mexico)</td>
</tr>
<tr>
<td>Clarence Goodson</td>
<td>Info not available</td>
<td>3</td>
<td>White</td>
</tr>
<tr>
<td>Brad Guzan</td>
<td>Fire department (?)</td>
<td>2</td>
<td>White</td>
</tr>
<tr>
<td>Marcus Hahnemann</td>
<td>Info not available</td>
<td>4</td>
<td>White (Parents born in Germany)</td>
</tr>
<tr>
<td>Stuart Holden</td>
<td>Oil company exec</td>
<td>2</td>
<td>White (Born in Scotland)</td>
</tr>
<tr>
<td>Tim Howard</td>
<td>Truck driver</td>
<td>0</td>
<td>Black (Mother born in Hungary)</td>
</tr>
<tr>
<td>Eddie Johnson</td>
<td>(Raised by mother) Child-care specialist</td>
<td>0</td>
<td>Black</td>
</tr>
<tr>
<td>Sacha Kljestan</td>
<td>Construction contractor</td>
<td>3</td>
<td>White (Father born in Bosnia)</td>
</tr>
<tr>
<td>Chad Marshall</td>
<td>Info not available</td>
<td>2</td>
<td>White</td>
</tr>
<tr>
<td>Oguchi Onyewu</td>
<td>Not available, but Howard University graduate</td>
<td>2</td>
<td>Black (Parents born in Nigeria)</td>
</tr>
<tr>
<td>Heath Pearce</td>
<td>Info not available</td>
<td>3</td>
<td>White</td>
</tr>
<tr>
<td>Robbie Rogers</td>
<td>Lawyer</td>
<td>1</td>
<td>White</td>
</tr>
<tr>
<td>Jonathan Spector</td>
<td>Sales rep (?)</td>
<td>0</td>
<td>White (Mother born in Germany)</td>
</tr>
<tr>
<td>José Torres</td>
<td>Not available, but documentary indicates working class</td>
<td>0</td>
<td>Latino/White (“Mexican father and an American mother”)</td>
</tr>
</tbody>
</table>

*All information based on previously published biographical information, a (?) indicates that only indirect reference to the information was available.*

*Source: (Guest, 2010)*
Summary of Capstone Project

Major League Soccer has been a growing sport in the North American sports landscape since its inception over fifteen years ago. While the league has continued to grow, it does remain a step below both the European soccer leagues and the rest of the pro sport leagues in North America. Positive signs exist, however, and the league is certainly headed in the right direction. The big question addressed in this paper focuses on whether the league will continue to grow and eventually earn a place alongside the big four leagues in North America or if it will stay a smaller, niche league followed only by the diehard fans in the area. By examining the league through multiple lenses, I have attempted to cover many aspects of the league, both on-the-field and off-the-field, to see the possibilities for growth and long-term vitality. Five subtopics help to shape the case study itself and help to answer this question about the league’s future.

The five subtopics each examine a different element of the make-up of the league. A promotion and relegation feasibility analysis, a sociocultural examination of the Pacific Northwest teams of the league, an examination into the impact of the new NBC TV rights deal and the role of broadcast media for the league, an analysis of soccer-specific stadiums in Major League Soccer, and an examination of the shifting target market for the league all combine to help answer the question of the future of Major League Soccer.

The first topic, a promotion and relegation feasibility analysis, takes a look at the European Football system, in which every year, the teams that finish last are relegated to a lower division, and the teams that finish highest in the lower
divisions are promoted to the higher league. This ‘open system’ does not exist in North American sports. Examining whether this is possible in Major League Soccer requires analyzing the viability of each team and whether they could survive relegation. It also looks at whether or not promoted teams have a big enough market to warrant play in the top flight. Essentially, it is crucial to look at the structure of the entire North American soccer set-up, not just Major League Soccer. The soccer structure needs to have enough legitimacy to be able to support changes in teams in its top flight every year. An open system creates a huge financial risk on behalf of the owners as well (as relegation can be detrimental), so this particular segment of the case study analysis leads one to believe that an open system in Major League Soccer is a long way off.

The second topic examines a problem that has been facing Major League Soccer – the lack of equality between the two conferences. The western conference teams have been much stronger in their on-the-field performances. Off-the-field, the western teams, specifically the Pacific Northwest teams, have been even more dominant. By looking at the demographics of each region, the ‘diehard’ fans of the league can be identified and explanations can be made as to where these fans come from and how the league can continue to grow its fan base.

Topic three examines a critical element of the league’s future. The viability of any league often hinges on its broadcast media rights, especially in the United States. In this topic, I examine the new contract that MLS just signed with NBC, as well as take a broader look at what soccer on television in general in the United States will be able to do for the league (i.e. World Cup coverage, US Men’s National Team games). The
section also looks at how the league is working to increase its overall national profile, despite relatively strong local television deals and ratings.

Soccer-specific stadiums have helped to define a new era for Major League Soccer. The analysis of these stadiums serves as the paper’s fourth major topic. These stadiums allow for the teams to control their product and content much more and allow for a more intimate experience for fans. The issue for the league remains teams like the New England Revolution, who continue to play in Gillette Stadium and fill less than a fifth of the seats at their games. Until the league can boast that all teams have their own soccer-specific stadiums to play in, Major League Soccer will continue to stay a step behind the powerful leagues of the world. The section also looks at what is being done by these teams in order to maximize the use of these stadiums during ‘dark days’ (which are days in which the main tenant is not utilizing the stadium). Things like concerts and high school sports can be popular options for filling out the calendar for these stadiums.

Finally, the final major topic of the paper deals with the shifting target market of Major League Soccer. The MLS has expanded at a rapid rate over the past fifteen years since its inception. However, the marketing message has not been consistent for all of the teams. When the league first started, the focus was on a ‘family’ atmosphere – trying to create lifelong fans. Now, however, there is a huge focus on the adult young male (18-30), where a more ‘party’-based focus occurs. This includes viewing parties and bar events. This drastic change in vision has hurt the original teams, who are struggling to address this new league market. As the league continues to grow, the league must make sure that it develops a more consistent, league-wide marketing platform.

The methods used in gathering all of this data are relatively simple. Because of the many perspectives through which this case study is examining the league, most of the
research is based on the work of others in academia that have spent much of their careers examining economic impacts in sport. One of these academics, Stefan Szymanski, has specifically been crucial to my work as much of his research overlaps with mine. Additional interviews conducted with industry experts have helped to further supplement my research. Finally, through my personal experiences during multiple summers of employment with the New England Revolution, I am able to input my own insights on the operations and business-side of the league into the paper. This personal experience is critical to helping support much of the research presented.

The significance of this project is simply to encourage the discussion of Major League Soccer and its future possibilities. The potential for limitless growth is there and the paper serves as a method to highlight much of what is being done right by the league. While this paper covers many different elements that are critical to the league’s success, much of the future of the league will depend on the leadership of the league and the directions that the league chooses to take. Whereas the on-the-field quality of the league is still below par relative to the world’s best, this current league model projects longevity and vitality for a domestic league in the United States. Major League Soccer, if it operates efficiently, can become a mainstay long-term in the North American sports landscape.