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ABOUT US



Winter 2002 2003

## R.I.P. MLB

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The current management philosophy of Major League Baseball can be summarized in two words: Damn Yankees. And the fixation on mitigating the Yankees' recent dominance is propelling the league to do some truly strange things.

What other business treats labor negotiations as an occasion to weaken its leading brand? What other business lets internal strife generate such negative publicity?

MLB is practicing road-kill marketing—providing a lesson for us all in how not to run an enterprise.

Here is how MLB should resurrect its business:

**FACE REALITY.** If MLB truly wanted competitive balance, it would not have moved in 1994 from two postseason teams per league to four (by going from two divisions to three and letting a wild-card winner into the playoffs). Under the pre-1994 format, the New York Yankees would not have even qualified for the postseason in its championship seasons of 1996 and 2000 (they would have finished second each year to Cleveland in the old American League East). MLB should minimize the likelihood that a weak team from a weak division makes the playoffs, perhaps by keeping the number of playoff teams the same but returning to two divisions and letting two wild cards into the postseason from each league.

Regardless, MLB should stop focusing on redistributing existing revenue from big-market teams to small-market teams (perpetuating a zero-sum approach) and instead allow teams to retain new revenue generated from nontraditional sources (fostering innovation). Pooling revenue from such new ventures as MLB.com does nothing to address the disparity that exists between teams in television revenue. Letting teams retain revenue from individually owned and uniquely differentiated Web sites—as just one potential set of innovations—could, however, help close the revenue gap.

**SELL EXPERIENCES.** Stop managing minutia, like trying in vain to speed up the game (after all, baseball's uniqueness is centered on the absence of a time-keeping clock). Instead, strive to get customers to spend more time (and money) at the ballpark—before, during, and after each game. Baseball is in the experience business, so it should stop acting like a goods manufacturer (talk of the “product” on the field perpetuates this erroneous positioning). Promotions based on giving away goods are no longer enough. Today, people desire unique experiences that engage them in a distinctively personal way. If Dennis Tito will pay \$20 million to labor as a space tourist, what experiences might command fees orders of magnitude above today's ticket prices from fanatically enthusiastic and wealthy fans, while simultaneously driving increased ticket sales?



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Here are some possibilities:

- Charge to work jobs traditionally performed by paid labor or unpaid volunteers: scoreboard operator, grounds crew, mascot, organist, spring-training helpers, even honorary managers—say, at the All-Star Game. (After this year's fiasco, don't tell us the risk of mismanaging the game is too great!) Package such paying labor within fantasy camps or educational classes and recast existing workers as hosts for such experiences.
- Offer special access, charging for unique game experiences, such as sitting with the owner or general manager, viewing or listening to games with devices that connect to specially placed cameras and microphones, or traveling with scouts.
- Stage experiences around scarce memorabilia and customized merchandise. MLB could use eBay Inc. ([www.ebay.com](http://www.ebay.com)) to auction off rosin bags, bases, and uniforms (especially those associated with specific game highlights). Fans could be allowed to design and produce their own T-shirts using various game photos, box-score statistics, and ticket-stub scans (both at in-stadium kiosks and from home online).
- Franchise Internet radio Web casting rights to anyone willing to pay and compete for listeners. The paradigm of one local broadcast channel need not apply online, and the multiple voices may serve to attract fans from outside local geographies.
- Double the business. In other words, stop ignoring the area with perhaps the biggest opportunity to generate new revenue: the 81 away games played each year! Why not build immersive virtual stadiums specifically designed to experience away games in a technologically sophisticated way?

Such experience-based offerings as these will not only generate direct revenue, but they'll also drive demand for more tickets and enable the currently less-fortunate franchises to better compete with those damn Yankees.

*Gilmore, an Indians fan, and Pine, a Yankees fan, are co-authors of The Experience Economy and the recent Amazon.com eDoc The Experience IS the Marketing. They collaborate just 11 months a year, avoiding unnecessary interaction in October as they separately root against and for the Yankees. They can be reached at Pine&Gilmore@StrategicHorizons.com, or +1 (330) 995-4680.*