



JAY L. CLENDENIN Los Angeles Times

A DODGERS BOBBLEHEAD collection resides in the Hermosa Beach bedroom of lifelong baseball fan and season-ticket holder Austin Donley.

Investing in America's pastime

Owners capitalizing from skyrocketing revenues while enhancing fan experience

BILL SHAIKIN
ON BASEBALL

For \$300, the Dodgers will sell you a special kind of season ticket. By signing up for the "Dodgers at Home" program, you can get a year's worth of gift boxes delivered to your door, access to "exclusive videos, photos, and player content," entry into team contests, and priority access to sales and special events.

What you do not get is entry into a game. It is a season ticket without a ticket.

The Dodgers' program is an example of how teams are developing loyalty in and making money from fans in ways that go far beyond selling tickets, T-shirts and cable television subscriptions. If you cannot get to the ballpark, teams can bring the ballpark to you.

That could come through online content and merchandise, and perhaps soon through betting, digital col-



LUIS SINCO Los Angeles Times

A YOUNG DODGERS FAN waits for balls to be hit over the outfield wall before Game 4 in the 2021 National League Championship Series against Atlanta.

lectibles and virtual reality experiences, according to panelists at the MIT Sloan Sports Analytics Conference. Those new frontiers could provide new experiences for fans and new revenues for owners.

For the most part, the owners we have come to know are individuals — the Dodgers' Peter O'Malley and the Angels' Gene Autry a generation ago; the Dodgers' Mark Walter and the Angels' Arte Moreno today. But the spiraling prices of sports franchises have led Major League Baseball and other leagues to permit private equity ownership of minority stakes in teams.

The investment funds aren't getting involved to run the teams. They're buying in to make money on the investment.

Arctos Sports Partners is one of those funds. Arctos has bought into teams in Major League Baseball, the NBA and the NHL. (The NFL does not allow private equity ownership.)

“We’re big believers the asset values in the industry are going to grow,” Jordan Solomon, co-founder of Arctos, said at the Sloan Conference.

MLB Commissioner Rob Manfred awkwardly suggested last month that the stock market might make for a less risky investment than ownership of an MLB team, but the numbers do not support that contention. From 2002-21, MLB teams appreciated in value at an average of 669%, according to data presented at the conference, with the S&P stock index appreciating 458% in the same time.

Firms such as Arctos are not about civic involvement or the joy of ownership. They evaluate opportunities on a “Can we make money?” basis. The data showed that Arctos and similar firms invested nearly \$2 billion into stakes in pro sports teams last year.

“These are strong, recurring revenue businesses,” Solomon said.

The owners get a guaranteed share of growing league revenue, including national broadcast revenue — and not just from television networks, as last week’s deal between Apple and MLB shows. The average annual value of the MLB national broadcast deals, according to Forbes: just shy of \$2 billion, or about \$66 million per team. That is guaranteed revenue, without even accounting for local cable rights or selling a single ticket or T-shirt.

The owners need not worry about relegation, or getting kicked out of the league for poor performance, as European soccer teams do.

They get tax benefits, Solomon said. They can start their own media companies, as the Dodgers have done. They can control the land around their ballparks and run side businesses as developers and landlords, as the Angels hope to do.



SAWYER RODRIGUEZ, 9, of Beaumont, happily holds his stash, including a Cody Bellinger bobblehead and a rally towel, upon entering a game at Dodger Stadium.

GINA FERAZZI Los Angeles Times

‘Fans are creating their own experiences whether they buy tickets or not.’

— **TOM GARFINKEL**,
chief executive of the Miami Dolphins and former chief executive of the Padres

Under a new collective bargaining agreement, they are allowed to sell advertising patches on player jerseys and advertising decals on batting helmets. The Lakers recently signed a patch deal worth at least \$100 million. The Dodgers play twice as many games, so they can offer a sponsor twice as much exposure.

At the ballpark, teams can collect information from your mobile ticket and your concession apps. If you enter the ballpark early, eat at particular concession stands or buy a popular cap, teams can entice you to spend with digital coupons — on early-bird spe-

cial, your favorite foods and other caps.

Business analytics have ensured tickets are priced not simply by section. Teams maximize revenue by pricing for what day the game is played, who the opposing team is, when you buy your ticket, where exactly in that section you sit and what extras that ticket might include.

“A ticket is just a vehicle to an experience,” said Frances Traisman, senior vice president of sales for the Seattle Mariners.

That experience need not be the same for every fan.

Tickets can be sold that enable fans to sit in family sections with kid-friendly concession stands, mingle in social spaces, visit the field during batting practice, or gain access to restaurants, bars or a potential betting lounge within the ballpark.

“The experience is more than what’s happening in your seat,” said Paul Caine, president of On Location Experiences.

At the ballpark or from home, you could bet on the game as it proceeds, which could keep you watching even in a blowout.

“There’s a million pitches over the course of a season. You can bet on every one of them,” said Andrew Puopolo, product manager for Simplebet, which provides the technology to facilitate such bets.

(The fine print: Sports betting is not yet legal in California. There were 709,842 pitches thrown in MLB last season, according to Baseball Reference.)

Virtual reality could put you in a ballpark without leaving home, for a game today or a historical classic, or a behind-the-scenes meeting with a player.

You could see Sandy Koufax pitch or try to hit the Clayton Kershaw curve Vin Scully once called “Public Enemy No. 1.”

With digital collectibles, teams could share ballgame and ballpark highlights with you, and entice you with benefits for catching a game in person. The collectibles could be tickets too, with value added by linking videos of memorable plays from the game and a photo of you there.

“Fans are creating their own experiences,” said Tom Garfinkel, chief executive of the Miami Dolphins and former chief executive of the Padres, “whether they buy tickets or not.”

You can personalize how you root, root, root for the home team. Teams are deploying technology in new and creative ways.

It is baseball your way, with teams deploying analytics and technology to make being a fan more fun. Some of these ideas will work and some will not, but more revenue will flow into an already bursting revenue stream.

It is good to root for a team. It is better to invest in one.