



## Race and baseball memorabilia revisited



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### ABSTRACT

This paper extends previous research on customer racial discrimination in the market for baseball memorabilia. Specifically, it investigates if there is evidence that differential prices for baseball cards can be explained at least in part by race. First, it analyzes 2008 prices for cards of recently retired players and compares these results to a previously published study. Then it re-examines the 1994 price differentials found in the previous study by analyzing the 2008 prices for those cards. In particular, changes in the effect of race on card prices motivate a discussion about how attitudes toward race have varied over time.

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### 1. Introduction

The role of race in society continues to be a controversial topic. Understandably, academic researchers continue their investigations of racial discrimination in various forms. One interesting and innovative approach is to investigate sports markets. In particular, there are several articles that investigate customer discrimination in the market for baseball memorabilia.

In the first study of this kind, [Nardinelli and Simon \(1990\)](#) demonstrate that baseball card collectors discount the price of cards of non-white players who were as productive as white players. [Andersen and La Croix \(1991\)](#) extend this research with a different specification that focuses on race and performance interactions. While these studies use the retired players' cards, thus allowing for complete career statistics, [Gabriel, Johnson, and Stanton \(1995\)](#) examine the rookie cards of contemporary players and find no evidence of customer racial discrimination. In a subsequent article, [Gabriel, Johnson, & Stanton \(1999\)](#) conclude that ethnicity has no statistical effect on a card's value at the start of a player's career, but it does influence

card value at the end of his career. Consumer expectations of a player's future performance appear to diminish the importance of race on card prices. The scope and diversity of published research expanded greatly after these initial studies. [McGarrity, Palmer, and Poitras \(1999\)](#) find no evidence of discrimination. [Fort and Gill \(2000\)](#) focus on consumer racial perceptions in classifying the ethnicity of players. [Matheson and Baade \(2004\)](#) examine the 'death effect' on collectible prices. More recently, [Stanton and Johnson \(2012\)](#) contrast customer racial reaction to negative and positive publicity.

[Scahill \(2005\)](#) applies the Nardinelli and Simon model to numerous years between 1979 and 2001 and finds that race is a statistically significant negative variable in only certain years; after 1992 race is generally not a statistically significant variable. He employs the same methodology as Nardinelli and Simon but uses data for different years. His conclusion seems to have emerged from the literature; race is not a statistically significant explanatory variable, especially for more recent data sets. This result serves as a prime motivation for our research as we investigate previous evidence of price differentials with more recent data.

This paper extends this re-examination of race's impact on baseball card prices. It reproduces a significant published methodology with updated data sets to see if results have changed; this is appropriate for a volatile issue such

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as race. Specifically, it applies the Gabriel, Johnson, and Stanton (GJS) methodology to 2008 card prices for recently retired players. It also uses 2008 prices for the players used in the GJS research to investigate how the determinants of their card prices have changed over time. The focus of our study is to reproduce the GJS model, changing only the data set. By applying the methodology of previously published work to a current data set, we can analyze how the effects of race on card prices have changed over time.

## 2. Background

The market for baseball cards has experienced several phases over the years. Before 1980, a limited number of devoted individuals, predominantly young fans, pursued card collecting largely as a hobby (Jamieson, 2010a). In the late 1980s, the number of card collectors, the number of companies selling cards, and card prices all rose rapidly. Many customers viewed sports cards as an investment as well as a hobby. After the baseball card market peaked in 1991 with \$1.2 billion in new card sales, the industry shrank considerably. Nevertheless, new card sales in 2006 still reached \$270 million and large numbers of older cards were bought and sold in the secondary market (Zillante, 2008).

As Arthur Zillante (2008) states, “Historically, rookie cards have been the most valuable cards because they were the oldest and usually the scarcest cards of a player” (p. 256). Today, rookie cards still influence the market (Jamieson, 2010b; Zillante, 2008) but they now get competition from inserts, relics, retro, and autograph cards, all innovations from the 1990s and early 2000s which are geared more toward adult high-end investors (Jamieson, 2010b). Nevertheless, because rookie cards appeal to both children and adults with varying degrees of disposable income and because rookie cards have existed for a much longer period of time than the more recent innovations, studying the changing prices of rookie cards over time is an appropriate research strategy.

Previous studies use data from the explosive days of the market. Our study includes data from the era after the baseball card boom peaked. Specifically, we investigate the 2008 prices of Topps-issued rookie cards. We use the *Beckett Baseball Card Monthly's* April 2008 issue to find the price of rookie cards of players for two time periods (Beckett, 2008). Our data set includes Topps rookie cards issued between 1980 and 1994. This data set allows us to analyze cards for retired players or those who are near the ends of their careers; thus, expected future performance has minimal effects on card prices. In another regression, we also use 2008 Topps prices for the set of baseball cards analyzed by Gabriel et al. (1999).

Of particular interest for our present study, the two GJS articles conclude that race did not significantly affect customer baseball card choices. The earlier article is based on April 1992 prices for Topps rookie cards issued from 1984 through 1990 (Gabriel et al., 1995). Given that players were still active, expectations of future performance influence prices. In their 1999 article, GJS explicitly compare 1983 card prices to 1994 card prices for rookie cards issued between 1974 and 1982. Here the authors seek to

determine whether “expectations of future performance” mask customers underlying racial preferences. In their second study, Gabriel et al. (1999) find that a player’s race does not significantly influence customer choices when 1983 prices were used. This discovery is consistent with their 1995 findings. However, they find evidence that a player’s race influences customer choices when the 1994 prices are analyzed. In short, these findings suggest that race does not influence customer choices in regards to players who are early in their careers, but there is evidence of such customer differentiation at the end of players’ careers. These findings suggest that “expectations of future performance” masks customer racial preferences until the player’s career is complete. At that point, when there are no more “expectations of future performance,” customer racial preferences become clear (Gabriel et al., 1999, p. 1332).

Our current study reproduces the GJS approach and seeks to determine if a player’s race continues to influence consumer choices at the end of a player’s career. First, we analyze 2008 prices for the rookie cards from 1980 to 1994 of a set of players, most of whom have recently retired. Second, we utilize the 2008 prices of the same rookie cards from 1974 to 1982 used in Gabriel et al. (1999) that finds that a player’s race affects customer preferences at the end of a player’s career, a relationship that was masked earlier. In so doing, we can see if a player’s race continues to affect customer pricing of retired players’ cards in 2008 to the same degree race influenced such pricing in 1994.

## 3. Empirical model

While theoretically the determinants of the price of baseball cards straightforwardly include player performance statistics and possibly race, exact specification of a model is somewhat arbitrary because there are different ways to measure performance. We employ the model first used by Nardinelli and Simon (1990). Its general form is

$$\ln P - \ln P_c = \beta X + \varepsilon \quad (1)$$

where

$P$  = the price of a card;

$P_c$  = the common price of a card;

$X$  = a vector of observable player characteristics;

$\beta$  = a vector of parameters;

$\varepsilon$  = stochastic error with mean 0 and constant variance.

The common price is the value of the lowest priced card in the set for that year; thus, we form a ratio of the card price to the residual card price, take the natural logarithm, and estimate the coefficients of a set of player characteristics. These characteristics include performance measures and race. Because Nardinelli and Simon (1990) use non-rookie cards, prices are the common price for greater than 50% of their observations; therefore, they use the Tobit technique for estimation. Because rookie cards are typically higher priced than other cards, our data sets are not left-truncated; hence, we use ordinary least squares to estimate the parameters in equation.<sup>1</sup> Our conclusions follow from our estimates.

<sup>1</sup> See Gabriel, Johnson, and Stanton (1995) for a fuller discussion of this point.

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