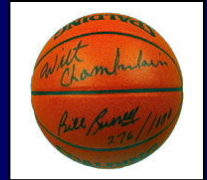




UNIT 6 – CASE STUDY

Memorabilia Madness



Name _____

Class Period _____

**** Memorabilia & Collectibles in Sports & Entertainment: A Case Study ****

The practice of collecting autographs and other memorabilia is certainly not a new phenomenon, but never before has the industry reached such potential for profitability. By the late 18th century, it is said that Europeans were collectors of letters written by famous individuals. It is also believed that consumers have been collecting sports souvenirs since the inception of spectator sports. By the late 1800s, tobacco companies began the practice of inserting trading cards in packages to encourage purchase of their products. Movie posters would become popular collectibles by the 1960's.

As the popularity of sports and entertainment grew, so too did the appeal of collecting memorabilia. When the demand for authentic sports and entertainment collectibles began to rise, many collectors would see the opportunity to turn a profit by selling their items. Soon, collectors would have the ultimate platform for trading with the introduction of the Internet. According to the half.ebay.com Website, a piece of music memorabilia is sold every 15 seconds on E-bay. According to Collector's Digest, the sports autograph market is worth nearly \$500 million. The industry has become so lucrative that several companies have been founded to insure memorabilia collections.

Now, all types of collectibles are bought, sold and traded online. In 2002, a fan paid \$10,000 for a wad of chewed bubble gum discarded by Arizona Diamondbacks baseball player Luis Gonzalez. A poster from the 1932 movie, "Mummy", sold for \$453,500. According to the Guinness Book of World Records, John Lennon's 1965 Phantom V Rolls-Royce was purchased for \$2,229,000 in 1985. In 2005, the contract that sent Babe Ruth from the Boston Red Sox to the New York Yankees will be auctioned off and is expected to fetch more than \$500,000.

Baseball memorabilia, however, seems to hold a special place in the hearts – and checkbooks – of collectors. In June 2005, Sotheby's Auction House auctioned off the 1920 contract that sent Babe Ruth from the Boston Red Sox. The high bidder paid \$996,000. Todd McFarlane purchased Mark McGwire's 70th home run ball in February 1999 for \$3 million. He also paid hefty (though much smaller!) sums for the balls McGwire blasted over NL fences for his 67th, 68th, and 69th homers, putting the four balls together in a traveling collection. Baseball cards have long been a favorite of collectors. In 1991, Wayne Gretzky and former Los Angeles Kings owner Bruce McNall purchased the rare T206 Honus Wagner card, produced by the American Tobacco Company in 1909, for \$451,000. They sold the card to Wal-Mart and Treat Entertainment in 1995 for \$500,000.

**** Case Study Questions ****

- 1.) Why do you think pieces of memorabilia have become so valuable?
- 2.) Do you think the buying and selling of collectibles impacts the sale of sports and entertainment licensed products? Why or why not?
- 3.) Do you think the memorabilia market will continue to grow or has it reached its peak? Why or why not?
- 4.) What (or who) determines the value of an item of sports memorabilia?

Sources: New York Times online edition, 6/10.2005 and www.liveauctiontalk.com.

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