

RANKING SPORT CARD CERTIFICATION COMPANIES: A SOCIOLOGICAL STUDY ON THE IMPORTANCE OF HIERARCHIES

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Abstract

Baseball card collecting has changed in many ways over the past 100 years. One significant development is the emergence of card certification companies. These companies provide buyers and sellers with an independent opinion of the condition of cards. What is sociologically interesting about this development is that collectors have produced an informal ranking of the certification companies. The consequence of them doing so is that today the value of a baseball card depends in large measure on what company authenticated it. What is not known, however, is whether any of the companies provide a more accurate assessment of cards. Nor is it known whether variability exists among the ratings assigned to cards by the companies. This research provides strong evidence that the ratings companies assign to cards are remarkably similar. Our principal conclusion is that the informal ranking of certification companies that presently exists rests on a foundation of sand and is likely to be unstable and volatile.

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Many people enjoy observing and participating in sports. Countless others add to their enjoyment by collecting sports memorabilia. Of all the sports memorabilia people collect, the most widely collected are sport cards (*EBAY Magazine*, 2000). The more than one million people who collect cards contribute financially to the multi-billion dollar sport card industry (Williams, 1995).

The sport card industry is complex. It consists of many different types of companies. The most significant are companies who pay a licensing fee to major league Players Associations for the right to produce merchandise bearing the names and resemblances of players, team mascots, and logos. Billion dollar companies such as, Topps, Fleer, and Upper Deck are examples.

Many other companies in the industry do not pay fees. They provide support services by offering collectors assistance and merchandise that advances their involvement in the hobby and thus, indirectly enrich the coffers of player associations through the purchases of collectors.

Sport card collectors of 100 years ago would not recognize what the hobby has

become. Today, there are numerous card manufacturers, scores of hobby publications, hundreds of card shows annually, and more product being produced than any person only a decade ago could have possibly imagined.

The first sport cards appeared in the late nineteenth century. The only cards of professional athletes that were available to collectors then were those of baseball players. The great majority of these early cards were of the comic variety, suggesting that in the late 1800s people did not take baseball seriously. A typical card from this era showed players with skinny bodies, large heads, and foolish facial expressions (Voight, 1989; Lipset, 1983). People who collected these early cards typically compiled sets, trying to obtain one card of each player. While this was difficult to do (particularly for non-smokers, since cards were only available as inserts in cigarette packs), it was possible, inasmuch as only one or two card sets were manufactured each year. In 1886, for instance, the only card set produced was offered by Goodwin & Company, a New York cigarette maker. The following year, two cigarette manufacturers—Charles Gross & Co. of Philadelphia and

Allen & Ginter of Richmond, Virginia—each created a set of trading cards that included baseball players (Bloom, 1997; Lipset, 1983).

Until July 1980, when U.S. District Court Judge Clarence C. Newcomer ruled that the then only manufacturer of trading cards (the Topps Company) had “restrained trade in the baseball card market in violation of the Sherman Antitrust Act,” only a single baseball card set was manufactured yearly (Williams, 1995:37). Immediately following the judgment, a plethora of sets produced by a variety of companies became available.

Today, four companies (Fleer/Skybox, Pacific Trading Cards, Topps/Bowman, and Upper Deck) manufacture baseball cards and each produces more than one set of cards annually. In 2000, for example, nearly 350 different baseball card sets were produced (Beckett, 2000). These and other companies (e.g., Playoff) also produce sets of cards for other sports, including, basketball (NBA and WNBA), football, golf, hockey, and racing. Because of the glut of card sets available today, coupled with the fact that many sets can be purchased in their entirety (no collecting is involved), relatively few modern collectors put sets together. Most modern hobbyists collect a player’s rookie card¹ regardless of the athlete’s sport. Since modern collectors are more likely to collect single cards, they also are more concerned with the condition of their cards than were earlier hobbyists. Contemporary collectors are not satisfied simply to own the rookie cards of their favorite players; they want cards in pristine condition.

The preoccupation of collectors with card condition is a recent phenomenon, emerging only during the past two decades. While early sport card collectors were mindful of card condition, they were not preoccupied with it, and thus the practice of formally placing a grade on a card to denote its condition was infrequently done. One of the first attempts to establish a set of standards for sport card grading can be traced to

James Beckett, who, in his 1984 publication *Beckett’s Baseball Card Monthly*, provided collectors with a “Condition Guide.” Beckett identified five grades or condition of cards based on their physical properties:

- Mint: A card with no defects. A card that has sharp corners, even borders, original gloss or shine on the surface, sharp focus of the picture, smooth edges, no signs of wear, and white borders.

- Excellent: A card with very minor defects. Any of the following would lower a card to Excellent: very slight rounding or layering, minor wear on edges, slight unevenness of borders. These minor defects are so minimal as to be only visible on close inspection; an Excellent card looks Mint unless closely examined.

- Very Good: A card that has been handled but not abused. Some rounding at the corners, slight layering or scuffing, slight notching on the edges. A Very Good card may have a very light, barely noticeable crease.

- Good: A well-handled card, rounding and layering at the corners, scuffing at the corners and minor scuffing at the face, notching at the edges.

- Fair: Round and layering corners, brown and dirty borders, frayed edges, noticeable scuffing on the face. A heavily creased card can be classified as Fair at best (Beckett, 1984).

In reaction to criticisms, complaints, and suggestions from collectors, Beckett has periodically revised and modified the Condition Guide. Today, the number of condition categories in the Guide has increased from five to nine.²

In spite of the precise criteria Beckett and others recommend to evaluate the condition of sport cards, there is generally little agreement between sellers and buyers on the condition of a card. Compared to buyers, sellers usually see fewer and less serious flaws on cards. If the indisputable economic conflicts inherent in buyer-seller relationships are put to the side, it is evident that grading sport cards is less about applying strict, unwavering, objective stan-

TABLE 1
GRADED CARDS SOLD ON EBAY

CARD	GRADING COMPANY	GRADE ^a	SOLD FOR
1985 Topps Mark McGwire	BGS	9	\$1,528.00
1985 Topps Mark McGwire	PSA	9	\$ 425.00
1985 Topps Mark McGwire	SGC	96	\$ 404.99
1989 UD Randy Johnson	BGS	9.5	\$ 600.00
1989 UD Randy Johnson	PSA	10	\$ 480.00
1989 UD Randy Johnson	SGC	98	\$ 340.05
1995 Bowman Vladimir Guerrero	BGS	9	\$ 310.00
1995 Bowman Vladimir Guerrero	PSA	9	\$ 200.00
1995 Bowman Vladimir Guerrero	SGC	96	\$ 160.00
1989 Bowman Ken Griffey Jr.	BGS	9	\$ 261.69
1989 Bowman Ken Griffey Jr.	PSA	9	\$ 54.55
1989 Bowman Ken Griffey Jr.	SGC	96	\$ 56.01
1992 Fleer Update Mike Pizza	BGS	9.5	\$1,500.00
1992 Fleer Update Mike Pizza	PSA	10	\$ 609.00
1992 Fleer Update Mike Pizza	SGC	98	\$ 332.03

^aThere is no standard set of designations used by the certification companies. Comparable designations are reported in this table.

Source: Ebay auctions that closed April-May 2000.

dards than it is about the meaning each observer attaches to the physical properties of the card. For example, referring to Beckett's classification scheme:

1. When is a border uneven?
2. What constitutes a blurred picture?
3. When do edges change from being smooth to rough?
4. When does a sharp corner become a fuzzy one?
5. What is the difference between a light and a moderate crease?

Among card collectors, these are hotly debated issues for both the experienced and beginning hobbyist. Unlike other collectible hobbies, in the baseball card hobby there is no formal organization like the American Numismatic Association is for coins, that imposes a uniform set of standards for collectors to follow. Therefore, card collectors are free to grade however they wish (Rosen, 1991; Green and Pearlman, 1989). To put it differently, there are no absolute, correct answers to any of

the questions raised in the preceding paragraph. Moreover, there also is no implied or suggested ranking system for specifying which of the defects are the most significant when determining the grade assigned to a card. For example, is it more or less detrimental for a card to have one fuzzy corner or to have a light crease? To have an uneven border or to have a rough edge? To have a blurred picture or to be slightly off center?

For years, much confusion has surrounded grading sport cards. The chaos that besets this facet of the hobby has led to the development of certification or grading services. These companies provide buyers and sellers with an independent, third party opinion of the condition, authenticity, and originality of sport cards. Today, three companies dominate the certification market: Beckett Grading Service (BGS), Professional Sports Authenticators (PSA), and Sportscard Guaranty Corporation (SGC). Collectively, these companies

grade more than 350,000 cards monthly, with PSA grading the overwhelming majority of cards (Forman, 2000).³

What is sociologically interesting is that collectors have informally established a hierarchial ranking of the card certification companies. Data for this conclusion were derived from a content analysis of sport card hobby discussion and chat room groups found on the internet for a 12 month period, from January 1-December 31, 1999. Information culled from these public forums lead us to conclude that in the minds of collectors, the opinion of some certification companies is more valued than the opinion of others. This observation not only speaks to the social organization of the baseball card hobby, but the creation of a ranking affects (1) what companies collectors are likely to submit cards to and (2) the amount of money collectors will pay for cards certified by specific companies. As shown in Table 1, collectors will spend varying amounts of money for sport cards in comparable condition depending on what company authenticated the condition of the card.

The data in Table 1 illustrate that collectors value cards graded by BGS more highly than they do cards graded by PSA or SGC.

Presumably, collectors believe that BGS offers a more valid and accurate evalua-

tion of the condition of cards than any of the other companies. However, whether BGS provides a more correct assessment of cards is not objectively known; collectors only assume it to be true. Nor is it known whether there exists variability among the grades assigned to cards by the companies. In other words, is BGS more or less likely to grade sport cards higher or lower than PSA or SGC? The research reported here will examine these issues.

METHODS

Data for the project are evaluations of five sport cards by four card certification companies. The cards selected were those of "common players", picked from the 1990 O-Pee-Chee Premier hockey set (the O-Pee-Chee Company, which is located in Canada, is a division of the United States based Topps Company). It was important that the cards be selected from the same set because card design and peculiarities of the manufacturing process may inadvertently affect judgments made about card condition. There is considerable variability among card sets both in their physical appearance and the production process. While some card designs are perceived to be attractive, other card sets are plagued with persistent problems such as, off-centering (e.g., 1961 Fleece Basketball), chipping (1994 SP Baseball), and poorly registered photographs (e.g.,

TABLE 2
CARD CONDITION AND GRADES ASSIGNED
BY THE CERTIFICATION COMPANIES

PLAYER	CERTIFICATION COMPANY				EXPERT	
	BGS	CSA	PSA	SGC ^a	TIME 1	TIME 2
Berthiamue	9	8.5	8	92 (8.5)	9	9
Gaetz	9	9	9	96 (9)	8	9
Ing	8	9	9	96 (9)	9	9
Sillinger	9	9	9	92 (8.5)	8	8
Stanton	8	8	8	92 (8.5)	9	8
TOTAL	43	43.5	43	43.5	43	43

^aSGC uses a grading scale ranging from 10 (poor) to 100 (pristine). To make comparisons among the certification companies, for SGC we show the SGC grade received and in parentheses the comparable grade from other companies.

TABLE 3
FRIEDMAN TEST RESULTS FOR CARD RATINGS
BY CERTIFICATION COMPANIES

COMPANY	MEAN RANK	STANDARD DEVIATION
BGS	2.50	.548
CSA	2.60	.447
PSA	2.30	.548
SGC	2.60	.273

N= 5; Chi Square= .333; df= 3; Significance= .954; tau= .022

TABLE 4
WILCOXON SIGNED RANKS TEST RESULTS
FOR CARD RATINGS BY CERTIFICATION COMPANIES

COMPARISON	Z SCORE	SIGNIFICANCE LEVEL
CSA-BGS	-.447 ^a	.655
PSA-BGS	.000 ^b	1.000
PSA-CSA	-1.000 ^c	.317
SGC-CSA	.000 ^b	1.000
SGC-PSA	-.577 ^a	.564

^aBased on negative ranks.

^bThe sum of negative ranks equals the sum of positive ranks.

^cBased on positive ranks.

1987 Donruss Baseball). To control for the impact of card design, production, and manufacturing on the evaluation of card condition, the cards selected for inclusion in the study were drawn from a set with no reported peculiarities.

The players selected for inclusion in the study were: Daniel Berthiaume, Link Gaetz, Peter Ing, Mike Sillinger, and Paul Stanton. These players were selected for the following reasons:

1. To control for the possibility that the assessment of card condition may be influenced by an athlete's status, all of the players are "common players," which means they are not "semi-star" or "star" performers. Common players are the most ordinary of professional athletes; their cards generally have little monetary value. By including only common players, we were able to control for the impact (if any) of player's reputation on the evaluation of card condition.

2. Players selected were males to control for the influence (if any) of sex on judgments made about card condition.

3. The players selected were Caucasian to control for the impact (if any) of race/ethnicity on the evaluation of card condition.

The certification companies participating in the study were BGS, PSA, and SGC, and, one of the ten smaller companies—Certified Sports Authentication (CSA)—that was selected randomly from the group of ten.

Before the cards were mailed to the certification companies, they were examined by an independent card grader, who documented his findings in detail for the researcher. Next, the cards were mailed to the first card certification company (SGC) for grading. When the cards were returned by SGC, (1) the grades assigned to the cards were recorded, (2) the cards were "cracked" from their case, and (3) the cards were packaged and mailed to the next com-

pany. This procedure was followed until the cards had been rated by all of the companies. After the last company (PSA) graded and returned the cards, the cards were "cracked" from their cases, and examined a second time by the independent grader.

FINDINGS

The study's findings are presented in Table 2. Of foremost importance is that the independent expert's evaluation of the five cards at the beginning and at the conclusion of the study were unchanged.⁵ This finding confirms that the cards were not damaged in the data production phase of the project or by the certification companies (a complaint often made against certification companies by disgruntled collectors who are dissatisfied with the ratings of their cards). Had the expert grader reported a significant difference in the condition of the cards at the beginning and conclusion of the study, the validity of the reported findings would be problematic.

Next, we assessed the issue of whether there were statistically significant differences in the ratings assigned to the cards by the certification companies. To determine whether significant differences were present, first we analyzed the data with a Friedman test for repeated measures. Based on the information shown in Table 3, it can be firmly concluded that the ratings of the cards by the four companies are comparable. The chi square value of .333 ($df=3$; $N=5$) indicates the differences in the ratings assigned to the cards by the companies are not statistically different from one another. Further support for this finding comes from the Kendall coefficient of concordance (τ) of .022, which suggests immeasurably weak differences among the ratings.

To more fully examine the data, pairwise comparisons for each combination of companies were conducted using a Wilcoxon Sign test and controlling for the Type 1 errors across the comparisons at the .05 level. As illustrated in Table 4, in not one instance

was the difference in ratings of cards between companies found to be statistically significant.

DISCUSSION

There are few things known with certainty in an interpretive world. Something that is known is in every social group there exists a social organization that consists of norms, roles, hierarchies, and mechanisms of social control. This study examined one of the several hierarchies present today in the world of sport card collecting. We were curious to know whether the informal ranking of card certification companies developed by collectors was valid. Particularly, we wanted to determine whether the informal ranking of companies was a function of performance differences among the companies or whether it could be traced to unmeasurable, subjective factors.

We found no statistically significant differences among the companies with respect to the grades assigned to sport cards. We also did not uncover any evidence to suggest that one company graded cards more or less rigorously than any of the others. Our data lead to the conclusion that the certification companies grade cards similarly.

Some people will undoubtedly be surprised by this conclusion, while others may contest it. We expect this inasmuch as collectors have hundreds of thousands of dollars invested in cards graded by the certification companies. For us to suggest there is no difference among the ratings assigned to cards by the certification companies is akin to questioning the sensibility of many different investment decisions made by countless hobbyists. But we cannot ignore what the data tell us. Namely, that the informal ranking of certification companies that now exists is not the result of performance differences among the companies. The present ranking system rests on a foundation no more firm than sand, is highly unstable and could collapse without warning.

We are left to explain why the informal ranking of the certification companies in its present form exists. Card certification companies aim to make objective some-

thing that is not. They do this by assigning a score or grade to a card, placing it in a fancy holder, and affixing a computer generated label to it. But let us not forget that in the first instance the rating assigned to a card comes from the interpretation of its physical properties by a grader regardless of what company he or she works for.

Card grading is not a pure, exact science. While there are rules to follow, more salient is how the guidelines are interpreted. Grades assigned to cards are as variable as the people who judge them. Only if one presumes that graders who work for one company are more expert than graders employed by another company, would differences in the ratings of card condition be expected. There is no evidence to suggest that one company employs more skilled talent than the others. What competence does a more superior card grader possess? Does he or she have more years of formal education? Possess a more keen appreciation for detail? If, for the moment, we assume the more highly ranked companies do employ more skilled graders, how much more expert are they? What standard are card graders measured against? Do more accurate graders have access to and know better how to handle complex equipment, such as a stereo microscope? A 10x magnifying glass? How much training is required for an interested person to make the determination that a card has a sharp or fuzzy corner? To conclude that the edge on a card warrants calling it Mint and not Gem Mint?

If the informal ranking of certification companies is not related to characteristics of a company's graders, then what explains a company's reputation among collectors? We propose that a company's reputation is a consequence of several factors, including its longevity in the hobby, experiences with customer service, size of its advertising budget, representation among the hobby elite, the nature and extent of its presence at national and notable regional card shows, and gimmickry, such as, attractiveness of its card holder, the issuing

of a "report card" to clarify for collectors the rating assigned to a card, and on-line population reports showing the scores of all cards graded by the company. The informal ranking of certification companies is less a reflection of the quality of the card inside the holder than it is a statement about what collectors believe to be true about the company that graded it. This conclusion is consistent with the theorizing of W.I. Thomas (1928) who wrote that "if people believe a situation is real, it will produce real consequences." This is precisely what is occurring in the ranking of card certification companies. The differences presumed to exist among the companies, exist only in the minds of collectors; not in the reality of the ratings of cards.

This is not the final word on the informal ranking of certification companies. One reason is that our research is afflicted with limitations that restrict its usefulness. The most noticeable limitation is the size of the sample, consisting of only five cards submitted to four certification companies. Second, the research design did not allow us to measure the reliability of the card ratings we received. Ideally we would want to resubmit the cards to the companies, two or possibly three times to determine whether the ratings were consistent. Third, more information on card graders is needed. We are particularly interested in knowing whether differences exist among graders within and between companies. If differences do exist, what are the differences and which differences affect the rating of cards? Finally, information is needed regarding the decision-making process collectors use when deciding what company to submit cards to and how much money to spend for cards graded by specific certification companies. Without this information we may only speculate as to why collectors value the grades of cards offered by one company differently than the ratings of another company.

Until additional evidence is forthcoming, we advise collectors to pay careful attention to what they buy. The decision to pur-

chase a card should be based on the card inside the holder, not on the present reputation of the company that certified it. In an industry where a company's rating is derived from unknown, subjective elements and not from measurable objective differences, the certification company regarded highly today, may not be so well respected tomorrow.

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NOTES

1. A player's rookie card is designated by his or her first appearance in a set that is nationally (not regionally) distributed.
2. Today, Beckett's Condition Guide includes nine categories.

- Pristine: Centering 50/50 all around (top/bottom; left/right) corners perfect to the naked eye and Mint under magnification, no print spots, perfect gloss, devoid of any surface flaws.

- Gem Mint: Centering 50/50 one way, 55/45 the other. Corners Mint to the naked eye but subtle wear is allowed under magnification, smooth edges, a few extremely minor print spots detectable under intense scrutiny.

- Mint: four sharp corners (a tiny speck of wear is allowed), 55/45 or better centering, smooth edges, original color borders and gloss, a handful of specks or one minor spot.

- Near Mint-Mint: Must have 60/40 or better centering, relatively smooth edges, original color borders and gloss. One of the following very minor flaws is allowed: corners sharp to the naked eye but slight imperfections under intense scrutiny, a handful of minor print spots, subtle color or focus imperfections.

- Near Mint: Centering of 65/35 or better. In addition one of the following minor flaws is allowed: a slight touch of wear on two or three corners, slightly rough edges, a few noticeable print spots or speckling, color or focus imperfections.

- Excellent-Mint: Centering no worse than 70/30. No more than two of the following flaws are allowed: two or three fuzzy corners, slightly rough edges, very minor border discoloration, noticeable print spots, color or focus imperfections.

- Excellent: Centering no worse than 75/25 with four fuzzy corners (a touch of notching or a minoring is allowed). May also have rough edges, minor border discoloration and noticeable print spots, color or focus imperfections.

- Very Good: Handled, but not abused. Centering 80/20 or better. Slightly rounded corners with slight layering, slight notching or noticeable chipping on edges, moderate border discoloration, some gloss lost from the surface, very minor scuffing. May have hairline creases.

- Good, Fair, Poor: Well-worn or abused.

Badly rounded and layered corners, scuffing, no original gloss, major border discoloration, and serious creases.

3. In addition to the companies that dominate the market, there are ten smaller companies that certify sport cards: Accugrade Sportscard Authentication, Advanced Grading Specialists, Certified Express, Certified Sports Authentication, CTA Grading Experts, Kanadian Sportscard Authentication, Professional Grading Service, Pro Sports Grading Inc., Ultimate Sportscard Authority, and William Tell Re-

search. Cards graded by these companies command less money on the secondary market than do cards graded by BGS, PSA, or SGC.

4. On the card of Stanton, the independent grader's evaluation dropped from 9 to 8. We asked him about this and were told: "Frankly, the card could just as easily been graded a 9. It is a 'tweener.' It could have gone either way."

5. It is possible to damage a card when "cracking" it from the holder it was placed in by the certification company.



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