

## **MICROECONOMICS AT WORK EXERCISE**

### **ANALYSING A FALL IN DEMAND**

**REFERENCE:** Chris Lines, 'Clubs blame low crowds on overpriced tickets', *The Courier-Mail*, 11 September 2002, p. 49.

**CHAPTERS RELEVANT TO THIS EXERCISE:** Chapters 3, 4, 5.

### **OVERVIEW**

The Australian Football League (AFL) is concerned about the drop in attendances at football matches during the 2002 season, and particularly in the first week of the finals played over 6–8 September. Attendance at the four finals games played over this weekend were reportedly down by 40,000 compared to the previous season. (The total attendance for the four matches was approximately 150,000 so the fall was of the order of 20 per cent.) Some clubs have attributed the fall to the price of tickets (the price being set by the AFL). Prompted by the marked drop in attendances, one club administrator has claimed that the AFL is out of touch with the average person who is interested in attending football and that finals tickets were, '... out of the reach of many supporters'. The analysis of this question is much the same as analysing a fall in demand for any 'product'.

### **QUESTIONS**

1. What evidence is there that the price of finals tickets in 2002 has been responsible for the drop in attendances over the previous year?
2. To what extent (if at all) is the issue here related to the price elasticity of demand for finals football tickets?
3. What is *your* explanation for the drop in attendances?