**MICROECONOMICS AT WORK EXERCISE**

**THE DEMAND FOR TICKETS TO ATTEND FOOTBALL MATCHES**

**REFERENCE: 'Super round sees league bask in sun'** (by Andrew Ramsey), *The Weekend Australian*, 20–21 July 2002, p. 47.

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

## OVERVIEW

Football is now a business as well as a game, and the fortunes of the Australian Football League (AFL) depend on the demand from the public to watch games. Football can be watched either on television (the terms of doing so having been set by a $500 million broadcast agreement with both free-to-air and pay television networks) and by physical attendance at games. Attendances (the demand for tickets to watch games) has been adversely affected by the greater availability of television coverage (crowds in 2002 are down by about 180,000 on the previous year). It is argued that attendances have been affected also by the availability of substitute sporting attractions, in the form of soccer, tennis and rugby, for part of the football season.

However, it was anticipated that in Round 16 there would be a marked increase in the demand for tickets to attend games. This would be in part because of the lull in other major sporting fixtures, but also because several of the individual games in the round would be of particular interest or historical significance, as well as being a decisive determinant of which clubs would make the finals at the end of the season.

## QUESTIONS

1. What economic concepts are raised in the article? Explain why the discussion is about *shifts in demand* rather than *movements along the demand curve*.

2. How close a substitute for tickets to attend AFL games is television coverage?

3. To what extent would you expect concurrent major sporting fixtures to influence the demand for attendance at AFL matches (i.e. to what extent are they *substitutes*). What factors may affect the closeness of the substitute?

4. In the light of the $500 million broadcast agreement negotiated by the AFL, why is attendance at games significant? What might be regarded by the AFL as of greater significance: *total television audience* or *attendance at matches*?

5. Explain the significance of the following factors in determining the level of demand for attendance at a round of matches: *interest in the sport itself*; *the significance of individual matches being played in that round*.

6. How important an influence on the level of demand for attendance at matches *over the long term* is the significance of matches in a particular round likely to be?