

Econometric Analysis of Demand:
Application to Attendance at Sporting Events

October 23-27, 2017

10:15-11:45 and 14:00-15:30

Dennis Coates

coates@umbc.edu

This course will focus on estimation of demand with special emphasis on demand for attendance at sporting events. The goals of the seminar are to familiarize students with the methods and the issues in demand estimation, to introduce students to studies of attendance at sporting events, and to demonstrate the wide range of topics addressed in the attendance demand literature. Students will read an array of attendance demand studies covering a variety of sports.

Students are expected to come to class ready to participate in discussion and to answer questions about the starred (*) articles in the Course Schedule below.

The course grade will be based on an essay of no more than 4000 words, references excluded, and 3 (out of 5) 200 word “reflections” on the materials from a class day. The essay will count 70% and the reflections 30%. The reflections are to indicate your own thoughts, reactions or summaries of the material from a given class day. They are very short, so the students will write them overnight and submit them at the next class.

Course Schedule

Monday, October 23: Morning session - Introduction: (*Rottenberg 1956; Neale 1964; Borland and Macdonald 2003)

Afternoon session – Early work: (Demmert 1973; *Noll 1974; Siegfried and Eisenberg 1980; Knowles, Sherony, and Hauptert 1992)

Tuesday, October 24: Morning session – Endogenous prices; issues with income: (*Coates and Harrison 2005; Hong, Mondello, and Coates 2013)

Afternoon session – Stars, Roster turnover, Discrimination: (Berri, Schmidt, and Brook 2004; *Kanazawa and Funk 2001; Kahane and Shmanske 1997)

Wednesday, October 25: Morning session – Novelty effect: (Clapp and Hakes 2005; *Coates and Humphreys 2005; Feddersen, Maennig, and Borcharding 2006)

Afternoon session – Outcome uncertainty: (Coates and Humphreys 2012; *Coates, Humphreys, and Zhou 2014)

Thursday, October 26: Morning session – TV: (*Fizel and Bennett 1989; Forrest, Simmons, and Buraimo 2005; Alavy et al. 2010)

Afternoon session – Time-series approaches: (Schmidt and Berri 2001; *Lee 2006)

Friday, October 27: Morning session – Demand systems: (Allan and Roy 2008; *Deaton and Muellbauer 1980) Afternoon session – Demand systems: (*Humphreys, Ruseski, and Yang 2013)

Readings

- Alavy, Kevin, Alison Gaskell, Stephanie Leach, and Stefan Szymanski. 2010. "On the Edge of Your Seat: Demand for Football on Television and the Uncertainty of Outcome Hypothesis." *International Journal of Sport Finance* 5 (2): 75–95.
- Allan, Grant, and Graeme Roy. 2008. "Does Television Crowd Out Spectators? New Evidence from the Scottish Premier League." *Journal of Sports Economics* 9 (6): 592–605.
- Berri, David J., Martin B. Schmidt, and Stacey L. Brook. 2004. "Stars at the Gate: The Impact of Star Power on NBA Gate Revenues." *Journal of Sports Economics* 5 (1): 33–50.
- Borland, Jeffery, and Robert Macdonald. 2003. "Demand for Sport." *Oxford Review of Economic Policy* 19 (4): 478–502.
- Clapp, Christopher M., and Jahn K. Hakes. 2005. "How Long a Honeymoon? The Effect of New Stadiums on Attendance in Major League Baseball." *Journal of Sports Economics* 6 (3): 237–63.
- Coates, Dennis, and Thane Harrison. 2005. "Baseball Strikes and the Demand for Attendance." *Journal of Sports Economics* 6 (3): 282–302. doi:10.1177/1527002504265993.
- Coates, Dennis, and Brad R. Humphreys. 2005. "Novelty Effects of New Facilities on Attendance at Professional Sporting Events." *Contemporary Economic Policy* 23 (3): 436–55.
- . 2012. "Game Attendance and Outcome Uncertainty in the National Hockey League." *Journal of Sports Economics* 13 (4): 364–77. doi:10.1177/1527002512450260.
- Coates, Dennis, Brad R. Humphreys, and Li Zhou. 2014. "Reference-Dependent Preferences, Loss Aversion, and Live Game Attendance." *Economic Inquiry* 52 (3): 959–73. doi:10.1111/%28ISSN%291465-7295/issues.
- Deaton, Angus, and John Muellbauer. 1980. "An Almost Ideal Demand System." *The American Economic Review* 70 (3): 312–26.
- Demmert, H.G. 1973. *The Economics of Professional Team Sports*. Lexington, MA: Lexington Books.
- Fedderson, Arne, Wolfgang Maennig, and Malte Borchertding. 2006. "The Novelty Effect of New Soccer Stadia: The Case of Germany." *International Journal of Sport Finance* 1 (3): 174–88.
- Fizel, John L., and Randall W. Bennett. 1989. "The Impact of College Football Telecasts on College Football Attendance." *Social Science Quarterly* 70 (4): 980–88.
- Forrest, David, Robert Simmons, and Babatunde Buraimo. 2005. "Outcome Uncertainty and the Couch Potato Audience." *Scottish Journal of Political Economy* 52 (4): 641–61.
- Hong, Sungil, Michael Mondello, and Dennis Coates. 2013. "An Examination of the Effects of the Recent Economic Crisis on Major League Baseball Attendance Demand." *International Journal of Sport Finance* 8 (2): 140–56.
- Humphreys, Brad R., Jane Ruseski, and Jie Yang. 2013. "Consumer Spending on Spectator Sports, Physical Activity, and Gambling: Evidence from Canada."
- Kahane, Leo, and Stephen Shmanske. 1997. "Team Roster Turnover and Attendance in Major League Baseball." *Applied Economics* 29 (4): 425–31.
- Kanazawa, Mark T., and Jonas P. Funk. 2001. "Racial Discrimination in Professional Basketball: Evidence from Nielsen Ratings." *Economic Inquiry* 39 (4): 599–608.

- Knowles, Glenn, Keith Sherony, and Mike Hauptert. 1992. "The Demand for Major League Baseball: A Test of the Uncertainty of Outcome Hypothesis." *American Economist* 36 (2): 72–80.
- Lee, Young Hoon. 2006. "The Decline of Attendance in the Korean Professional Baseball League: The Major League Effects." *Journal of Sports Economics* 7 (2): 187–200.
- Neale, W. C. 1964. "The Peculiar Economics of Professional Sports: A Contribution to the Theory of the Firm in Sporting Competition and in Market Competition." *Quarterly Journal of Economics* 78 (February): 1–14.
- Noll, Roger. 1974. "Attendance and Price Setting." In *Government and the Sports Business*, 115–57. Washington, DC: Brookings Institution.
- Rottenberg, S. 1956. "The Baseball Players' Labor Market." *Journal of Political Economy* 64 (June): 242–58.
- Schmidt, Martin B., and David J. Berri. 2001. "Competitive Balance and Attendance: The Case of Major League Baseball." *Journal of Sports Economics* 2 (2): 145–67.
- Siegfried, John J., and Jeff D. Eisenberg. 1980. "The Demand for Minor League Baseball." *Atlantic Economic Journal* 8 (2): 59–69.