A Critical Review of Determinant Factors of Attendance Demand

Sung Il Hong, Hong Kong Baptist University
Brooke Forrester, University of South Alabama

Demand, an economic concept that quantifies willingness to pay and the scarcity implicit in that willingness, should represent one of the most important factors contributing to the revenue management decisions of a sport team. Demand, quite simply, is the relationship between prices and quantities demanded (Hubbard & O'Brien, 2014). In the context of sports, consumers are willing to pay for sharing in the excellence, competition, identification, and the vicarious “thrill of victory and agony of defeat” associated with sports teams (Borland & Macdonald, 2003, p.32). This has led to a growing interest amongst sport scholars to identify and examine the variety of factors that may shift quantity demanded amongst sport consumers.

The economic theory of demand for game attendance is based on a standard consumer theory model (Borland & MacDonald, 2003). A standard consumer theory assumes that a representative consumer chooses a consumption bundle in order to maximize utility, subject to a budget constraint. This assumption is applied in the context of sports in that choice of the consumption bundle incorporates decisions on ‘quantity’ of attendance at sporting events. Due to the existence of a budget constraint, a fundamental trade-off for consumers is introduced. That is, the opportunity cost of consuming more of one good or service results in the reduction in the amounts of other goods and services (Gouguet, 2006).

Understanding the nature and determinants of attendance are beneficial to team owners and managers, league administrators, and public policy-makers. From a team and league’s perspective, understanding the determinants of attendance can contribute to an increase in revenues from ticket sales from the development of strategies that better capture fan interest in games and leagues. Public policy-makers also can benefit from the availability of information that should better equip and prepare them to create and evaluate policies for fan welfare and further.

As a result, attendance demand is a popular topic in the sport management literature. Over the past several decades, while much has been done to expand scholarly understanding of the determinants of attendance demand in sport, little to no attention has been given to organizing and synthesizing the body of information that has amassed so as to offer practitioners and scholars a convenient compilation and organization of the available research evidence. Accordingly, the purpose of this study is to review the determinants of attendance demand that have been explored, explain how those variables were measured, discuss concerns with those measures and, from this information, offer suggestions about how to improve understanding of this area in the future.

Noll (1974), who pioneered the use of economic demand models in the study of attendance demand at sporting contests, used the following factors in his demand model for the four major professional sports leagues: (1) population, (2) ticket prices, (3) star players, (4) team performance (quality), (5) the amount of entertainment competition, (6) per capita income, (7) stadium, (8) racial composition of a city, (9) weather conditions, and (10) competitive balance. This work has influenced numerous scholars who have used the same or similar variables. In addition to Noll’s model, other determinant variables (e.g., promotions, strikes, team roster turnover) and more elaborate measures of the determinant variables have been proposed and empirically tested. Therefore, in this study, the work of Noll as well as others is reviewed, with particular reference to the factors that have been used, how those factors have been measured, and possible issues on the use of those factors.