

Abstract

The purposes of this paper is to tell, whether or not, performance of football clubs play an important role in determining the season ticket price and also how it affect to the increase in price of the ticket. At the end of the paper, I hope that the result will reveal the significant or magnitude of club's performance toward the season price ticket. The outcome will tell the reason behind the hike in the premiere league ticket price. In addition, those fan clubs and attendances receive the benefit of this paper in term of the knowledge and information on the reason behind the expensive ticket price.

The paper is divided into fifth part starting with introduction that will cover the current situation, problems and market structures of the football and its ticket market. Second part will be on the literature review that will go over the recent study of the football ticket market structure, which will help to guideline for the methodology. Third, methodology, in this part using the data which is real factor that PLFA (official one) take into account in determining the league performance of football club all over the world and the season ticket price as well. Fourth, analysis part, the model will also compare between statistic performance and season ticket price to see how the performance impact on its. The result, in the end could show that the quantitative factors solely impact on the season ticket price, and could reveal does it is the most significant in determining the club ticket price. And last part, will be the conclusion.

Introduction

Nowadays, many people are much busy from the globalization. They are much more able to receive the information via television or Internet. So, football match can be watched live across the world. Since the football match can be watched

across the world, the football ticket would be affected in somehow. The live-football ticket in each team stadium have difference price, since each team perform differently.

The price of football is an endogenous factor where club can set the price independently, for instance, the team performance, the club loyalty, or the infrastructure of the stadium. Those factors can affect the decision on pricing of tickets in many ways. If the teams' performance were poor in the league, it would reflect on the total accumulated points on the league-point table and also the number of attendance. The lower rank clubs receive less gate recipes revenue than the high-profile clubs.

Now, imagine that the high performance clubs with many talented players are pricing their ticket price. Would ticket price increase according to the performance of the club or any talented players? So, the research would focus more on factors in the league-points table and the number of the talent players is give any affect on the pricing decision on the club's tickets. The conflict between fans and club on the pricing decision in the Premiere League was rising for past two years. Many fans are not satisfied with the ticket's price, which seem to higher in every year without the reasonable supports. This research could give many reasonable points for the fans' curiosity.

"The league table always tells the truth" everyone used to hear this word once. This paper also applies the league table to reveal the reasonable conclusion to all Premiere League elite fans through economics analysis.

About Football Clubs

Football competition is one part of the sport industry, which is the most popular of sports. The objective of the club owner is to maximizing club profits by

win maximizing (league position). The research elucidate that comparing the win-maximizing objective of a sports club with the more conventional profit-maximizing objective by consider base on the club's ticket price and the talent demand. Significantly, the win maximizing clubs not only hire more talents but also can charge the higher profit maximizing clubs. (Kessene & Pawels, 2006)

In order to maximize club's profits, the club has to perform efficiently and gain the position in the league. League position represents the outcome of sustained effort over an eight-month period, in which each club plays every other club in its division twice. As the position in the league determines the revenue of the club earns from gate receipts, television rights, commercial, sponsorship, etc. (Szymanski & Smith, 1997) As the talent players is factor of the team performance, the club have to transfer talent players in order to compete in the league. Szymanski and Smith derived the empirical trade-off that the club faces between profits and position in the league.

According to the club objective and ticket pricing, the important assumptions are that clubs are local monopolists and price-makers on the product market (able to set a broadcast and ticket's price). Clubs also are wage-takers on the player in the labor market. A competitive transfer market determines the unit cost of talent players where the club owner trades players. (Kessene & Pawels, 2006)

About Premiere League

Focusing on the English Premiere League, contested by 20 clubs, it operates on a system of promotion and relegation with the Football League. The concern is that Premiere League is acting as a cartel of the 20 clubs, restricting output and depriving consumers of the benefits of viewing. The club revenue is mainly come from three sources, the gate receipts, broadcasting, and commercial. In term of

broadcasting revenues, Football Association Premiere League (FAPL) and BSkyB started a sport-broadcaster alliance that was generated a substantial levels of revenues for the league. After 2000/01 seasons, the FAPL's revenue from broadcasting has dominated those from match-day and attendance or other commercial activity (Buraimo, Paramio, & Campos, 2010).

The main argument put forward by Premiere League is that matches broadcast live can be considering as a substitute for the watching at the stadium. However, the Premiere League argued that any increase in revenues from selling additional rights would be offset by the loss of gate receipts at the match, as attendance would fall. (Buraimo, Paramio, & Campos, 2010).

About Attendances

There exists a strong positive correlation between club's stadium attendance and most of its other revenue. The successful club or the win-maximized clubs are more interesting in the sponsor and television companies. Also the merchandizing business profits from a large number of speculators. The possible negative effect that broadcasting a game might have on stadium attendance is too small to offset the dominant positive correlation. Therefore, assuming that all non-gate revenues are proportional to the number of attendances with proportionality factors (Kessene & Pawels, 2006).

Approaching to the model that is almost identical to the gate-only world, the club's season attendance is determined by three main factors i.e. the ticket price, team's playing talents and the size of the market (Kessene & Pawels, 2006).

The empirical evidence shows those large market clubs have more attendances than small market club. The broadcasting is expanding the club base fans (increase the size of markets). Reflecting that broadcasting show the positive affect on the

match-day attendances by increase the club's market size. While the demand for the stadium tickets are assumed to be a downward slope function or the negative correlation with the numbers of attendance (Kessene & Pawels, 2006).

“Uncertainty outcome” affect the interests of spectator and the club revenue. In addition, the uncertainty of football games outcomes is the main source of utility for the football fans. It implied that the football games will much more interesting if everyone unable to predicted the games outcomes before the competition begin. It could be one of the reasons that why footballs ticket market existed (Kahane, 2012). Therefore, the author assume that playing talents has a positive but deceasing in the marginal effect on a club's season attendance (Kessene & Pawels, 2006).

About Pricing

Frist, one has to know that there is no uniform price for every ticket. Rather all clubs use price discrimination to make a difference between standing room and a business seats. Not all kinds of tickets are offered by all clubs, which make a comparison even more difficult (Breuer, 2009).

The empirical cases in the Bundisliga clubs tickets price are discriminating. Price discrimination allows service firms to consider difference in willingness to pay and to capture more consumer surplus. Football clubs is flexible for all requirements for effective price discrimination, such as the ability to group fans into different segments and the possession of a certain degree of monopoly power. Bundesliga clubs respond to differences in an attendance's ability and willingness to pay by charging different prices for tickets i.e. the location of the seat in the stadium and the attractiveness of the opposing club (Nufer & Fisher, 2013).

It is significant that the price discrimination is applied into the price ticket, which will be accessed in the following

The second-degree price discrimination are applied on the total number of those seating categories varies among clubs for instance, TSG 1899 Hoffenheim offer three difference price base on the view to the pitch, FSV Mainz 05 offer the leather seat with the higher price of ticket reflected the improved seating comfort (Nufer & Fisher, 2013).

Clubs segment fans based on demographics such as age and status. Clubs offer discounts for students, unemployed, pensioner, and families for example, VfL Wolfsburg reserves one section in its stadium exclusively for families and offers inexpensive accompanying adults, or some club charges the surcharge for the last game of the season as the effect of uncertainty outcome (Nufer & Fisher, 2013) (Kessene & Pawels, 2006).

Whereas the seasonal ticket is a form of price bundling, all clubs offer season tickets. Fans have the choice of either buying tickets for each game individually or in one package at a discount (Nufer & Fisher, 2013).

“Fans” are the life hood of any football club. A club without a loyal fan base will play in front of empty ranks and not be of any interests for sponsors and the media. Fans are responsible for the atmosphere in the stadium and can transform a high-quality football match into the exceptional game day experience. Thus, the club depends heavily on fans in order to generate revenues from match days, commercial and broadcasting. Clearly, clubs should not endanger their healthy relationships with their loyal fans (Nufer & Fisher, 2013).

In summary of the literature review, the win maximizing objective of a sport club with the more conventional profit-maximizing objective, the club owners have to decide simultaneously on the optimal ticket price and that talent player demand in order to keep position in the league. The win maximizing clubs not only hire more

talents but also charge higher ticket prices than profits maximizing club (Kessene & Pawels, 2006).

Methodology

– Important Factors that Determining Team performance

Team performance is very hard to determine because there are many variable to determine the team rating and performance, those variables also correlated among each other. However, in the team position and performance's statistic can be normally classified into three many types to determine team performances that are winning, losing, total points, and clean sheet.

Moreover, there are many alternative ways to determine the team performance, for instance by team financial statement, talent player value determination, PLFA ranking, trophy accomplishment etc. those approach can be considered to determine base on their objective.

Hence, for simplicity calculation, it will assume to choose four major factors form in the league table, which will be “Win”, “Lose”, “Draw”, and “Goal Difference” as a key indicator for each club performance according to the statistic data that already choose major factors of each characteristics given from official English Premier League website. Note that, the variable factors that have been choose to consider, as an indicator doesn't mean that it was not crucial. As mention in the beginning that each of factors hold inter-correlation relationship or have same similar meaning for instance the correlation between points and position in the league table are about 0.8298 which is very correlated, so to pick only one factor from each group would be an preferable method to avoid double counting and to see impact more clearly.

“Win” is referring to result of the match for the club that scoring higher than another team as the player can contribute goal in the game by sending the ball across the goal line of the opposite’s team. For the winning team gets three points for accumulate in the league table.

“Draw” is occurred when there is no club score any in goal or they both score tied (1:1, 2:2, 3:3) in the 90s minute match. Normally in the cup game there is an extra time for two clubs compete each other and followed by taking the penalty kick for finding the winning team. However as the paper focus on the league system, the result of drawing is one point for each team to accumulate in the league table.

While, “Lose” is given for the team cannot manage to score goals above or equal the opposite team. In league system the losing team does not gain any points in the league table.

In addition, ‘Goal Difference’ is also the one of factors that could be key for indicates the performance of the football club. Goal difference is calculated as the number of goals scored in all league matches then minus the number of goals conceded. Since the high performance team is trying to maximize their goals score and minimize the goal against their team. Hence, it could be imply the performance of the club

Hence, the club’s statistic data table will measure all Win, Draw, Lose, and Goal Difference. The statistic data will use to comparing between clubs, together with the amount of season ticket price to see the relationship between them. The data about season ticket price’s fee will base on official announcement from Official news, Clubs, and Premiere League.

This paper tries to focus only “English Premier League” which is the biggest football league in the world since each football leagues using the same league table to

illustrate the position and performance that use to measure the performance of the clubs. Moreover Premiere League is an extremely case of the price hike in ticket market. Therefore, focus only one league would be better for calculation and avoid differentiation of the factors.

Expected Result

Use statistic information and supporting literature review to analyze the differentiation of club season ticket price and performance of the club. Then, compare and arrange the data between clubs to see the effect. Answering the question, does it is the most significant factor in determining the season ticket price and how performance of the football clubs has an impact on season ticket price.

The expected result of this question is the performance of club is not the most significant factor in determining season ticket price since there are many other possible variables that also affect the season ticket price such as geographical factor, stadium infrastructure, the ECC qualified clubs, even the club pricing policies. But there is a positive correlation between the club's performance and season ticket price. If the performances of football clubs improve, the season ticket price should also increase, vice versa. Expecting that the performance of clubs can explain the change in season ticket price and could not say that the higher season ticket price will always has better performance than the lower season ticket price under the law of "uncertainty outcome".

In this case, we try to focus only the performance of football clubs to be the main factor for looking the change of the season ticket price since there were quantitative data and could be measure. If the result not follows the expectation or has some error, it could be imply that there were other external variables rather than the performance of the club that impact on season ticket price.

Therefore, assuming to ignore others external relevant factors that can affect to the season ticket price since almost the data were qualitative data and difficult to measure. Then, without considering external factors and focus only the performance of each club could be see the impact more clearly and also know that the performance of football clubs is one of the factors that can explain the differentiation of football season ticket price. The final answers will be developing further to ensure that the final conclusion is reliable.

Analysis and Conclusion

This paper provide twelve samples of football clubs in “English Premier League” which never been regulated over the past five years in the “English Premier League” to see both change in club performance and season ticket price. This part will focus on overall league and each individual club to compare both changes in performance and season ticket price in order to see the correlation between club performance and season ticket price. It means that the change in season ticket price and club’s performance will have some impact on each other. When the performances of the club have change, the season ticket price will change also. Hence, this part can be answer all questions that how the performance of football clubs has an impact on season ticket price does it is the most significant factor in determining season ticket price.

According to figure 1.1, and 1.2, the table represents information of each samples data that include statistic season ticket price, clubs name, location of each club, year of the price fee, qualified team for ECC, and all performance factors of each club that mention before.

First, reordering the season ticket price in descending order to observe the price change on each factor over the five years.

Second, calculating all 4 performance factors in each period to find the change in the performance in each period by let the factor in each price level minus by the average total win in league season. So we will have 4 differences from average performance factors per one season in each period.

Then, transforming difference from average performance into the percentage term to observe and compare the direction of change in each factor on each level of pricing in each period.

Next, calculating the correlation between season ticket price and those 4 performances and those percentage differences from average performance factors per season. The data reveal that two of the performance factors, which are “Win”, and “Goal Difference”, share a positive correlation with the season price ticket. The correlation between season ticket price and “Win” is 0.49152. For the “Goal Differences” is 0.397874. While the correlation between season ticket price and percentage difference from the average win share a 0.455097. So it implies that “Win” have the highest positive impact to the season price ticket. If the performance factor which mentioned above increase, the season ticket price tends to increase in the afterward year.

However, according to the data, three of the performance factors also show the negative correlation to the season price ticket, which is -0.439 for lose, -0.301323 for draw, and -0.444656 for the percentage change from the average lose. It is implied that the percentage change from average lose shown the highest impact to the season ticket price. Thus, if the amount lose of one club is higher than the average overall clubs in the league loses, the season price ticket tend not to increase in the next year or simply says that the club perform below average in the season. After all, if those

above performance factor are increase in amount, the season ticket price should be lower in theoretically.

In order to observe further more on the relation between season ticket price and the performance factors, using the bar chart to explain the impact further as in figure 3. By setting the season ticket price along the X-axis. While, letting the performance factor on the bar chart to see the amount of those factors on each level of pricing more clearly. So the bar chart illustrated the 3 of the performance factors, which are “Win”, “Draw”, and “Lose” along with the season price ticket.

According to all 3 bar chart, the result show that the higher price, illustrated the higher amount of winning game and the lower amount of lose and draw. Since the price is endogenous factor which set by clubs. So, it could be saying that performance factors determine the club’s ability to set the season ticket price.

Since win is indicated for the good performance club, while loses and draws reflected the sign of bad performance clubs. For the lower price tickets, the club’s performance is not well enough; because it is clearly show that the amount of games draw and lose is higher than win. The higher price ticket clubs show a excellence performance in the premiere season, since the higher ticket price clubs have more game win than the lose and draw. Then classifying the data of price into three groups which are: the low season ticket price, middle season ticket price, and high season ticket price.

The first group is the low season ticket price that counted for the first lowest twenty samples or the ticket price level from 449 to 631. From the observation, the performance of the first group is below the average. The amount of game loses and draws are overwhelming the amount of game wins significantly.

The middle season ticket price is counted as the second group. Holding the price level between 635 and 909. The performance of those clubs can be classified as the average performance. The amount of game win are not significantly higher or overwhelm the amount of game lose and draw. Furthermore, there is evidence of the inconsistency on the performance, which base on the individual club, as positive impacts of win plays a big role on the price hikes.

For the third group, which is a high season, ticket price are ranged for 911 to 2013. The performance goes in the similar pattern which is the total game win are overwhelming the total game lose and draw significantly.

Hence, from the analysis above, those winning maximizing clubs have more ability to mark the price up as the difference between performance between high and low ticket price are shown in the figure 3.

Furthermore, there were some error results that are not expected. According to the fifty-eight samples data in figure 3, in some cases like the price level at 515, 635, 749, 869, and 909, for instance, the results shown that overall club performance and the season ticket price not go in the same direction as the correlation shown.

Those errors could be explained by others possible external variables rather than the performance of the club that could impact on the season price ticket such as location, club policies, ECC qualification, etc. For those cases, by tracking to the club owner's of those price and belonging to Manchester City which currently trying to increase fan base by decrease their price below the competitor. Moreover, the highest season price ticket club for instance Arsenal, Tottenham Hotspur, and Chelsea are located in London.

In conclusion, the paper can answer that the win-performances of the football club have positive impact on the season price ticket. If the overall performances of the

club improve, season price ticket will increase, vice versa. However, the performances is not the most significant factors in determining season price ticket since the errors had been shown and explained by others possible external variables. So it is hard to determine that what factors are the most significant factors in determining the season price ticket but could tell that the season price ticket were determined by the combination of many possible factors. Therefore, when the clubs have to make decision on the pricing strategy, they should not only bias considered only the profits or the performance data but also considered all others possible factors of the club to determining the real value of the season price ticket.

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APPENDIX

Figure 1

Season	Ticket Price	Win	Draw	Lose	Position	Points	GD	%ΔW	%ΔL	Qualification	Club, City	Year	Location
449	14	7	17	8	49	-4	-11.7647	25			West Bromwich	2013	West Bromwich
449	13	8	17	10	52	-7	-16.3763	18.4669			West Bromwich	2012	West Bromwich
459	7	15	16	17	36	-16	-20.5298	5.9603			West Bromwich	2014	West Bromwich
499	12	11	15	11	47	-15	-10.7807	11.5242			West Bromwich	2011	West Bromwich
515	18	13	7	5	67	28	26.7606	-50.7042			Manchester City	2010	Greater Manchester
525	11	12	15	13	45	-1	-16.3763	4.5296			Sunderland	2012	Sunderland
543	13	15	10	7	54	6	-3.3457	-25.6506			Everton	2011	Liverpool
545	12	11	15	10	47	-11	-10.7807	11.5242			Sunderland	2011	Sunderland
545	11	11	16	13	44	-8	-22.5352	12.6761			Sunderland	2010	Sunderland
550	17	13	8	6	64	13	19.7183	-43.662			Aston Villa	2010	Birmingham
580	12	12	14	9	48	-11	-10.7807	4.0892			Aston Villa	2011	Birmingham
595	10	11	17	15	41	-22	-11.7637	25			Aston Villa	2013	Birmingham
595	7	17	14	16	38	-16	-16.3763	-2.439			Aston Villa	2012	Birmingham
599	9	15	14	13	42	-11	-4.4118	2.9412			Stoke City	2013	Stoke on Trent
599	11	12	15	14	45	-17	-9.4077	4.5296			Stoke City	2012	Stoke on Trent
599	13	7	18	13	46	-2	-3.3457	33.329			Stoke City	2011	Stoke on Trent
599	11	14	13	11	47	-14	-22.5352	-8.4507			Stoke City	2010	Stoke on Trent
609	13	11	14	9	50	-7	-13.9073	-7.2848			Stoke City	2014	Stoke on Trent
615	10	8	20	15	38	-22	-20.5298	32.4503			Aston Villa	2014	Birmingham
631	16	13	9	8	61	11	12.6761	-36.6197			Everton	2010	Liverpool
635	21	8	9	3	71	27	56.1338	-33.0855	ECC		Manchester City	2011	Greater Manchester
672	15	11	12	7	56	10	-9.4077	-16.3763			Everton	2012	Liverpool
673	11	13	14	12	46	-1	-18.2156	4.0892			New Castle	2011	New Castle
696	16	15	7	6	63	15	-4.4118	-48.5294			Everton	2013	Liverpool
707	19	8	11	5	65	5	-23.3449	-23.3449			New Castle	2012	New Castle
710	15	4	19	10	49	-16	-27.1523	25.8278			New Castle	2014	New Castle
719	21	9	8	5	72	22	-13.9073	-47.0199			Everton	2014	Liverpool
749	28	5	5	1	89	64	46.3415	-65.1568	ECC		Manchester City	2012	Greater Manchester
Season	Ticket Price	Win	Draw	Lose	Position	Points	GD	%ΔW	%ΔL	Qualification	Club, City	Year	Location
780	14	10	14	8	52	7	18.4669	-2.439			Liverpool	2012	Liverpool
780	23	9	6	2	78	64	54.4118	-55.8824	ECC		Manchester City	2013	Greater Manchester
785	18	9	11	7	63	26	26.7606	-22.5352			Liverpool	2010	Liverpool
790	17	7	14	6	58	15	26.3941	4.0892			Liverpool	2011	Liverpool
845	9	12	17	17	39	-13	-11.7647	25			Sunderland	2013	Sunderland
850	16	13	9	7	61	28	25	-33.8235			Liverpool	2013	Liverpool
860	27	5	6	1	86	65	39.0728	-60.2649	ECC		Manchester City	2014	Greater Manchester
865	26	6	6	2	84	51	12.5828	-60.2649	ECC		Liverpool	2014	Liverpool
869	10	8	20	14	38	-19	-20.5298	32.4503			Sunderland	2014	Sunderland
909	11	8	19	16	41	-23	-19.1176	39.7059			New Castle	2013	New Castle
931	27	4	7	2	85	58	90.1408	-50.7042	ECC		Manchester United	2010	Greater Manchester
950	23	11	4	1	80	41	71.0037	-70.2602	ECC		Manchester United	2011	Greater Manchester
950	28	5	5	1	89	43	69.1176	-63.2352	ECC		Manchester United	2013	Greater Manchester
950	28	5	5	2	89	56	60.2787	-65.1568	ECC		Manchester United	2012	Greater Manchester
950	19	7	12	7	64	21	52.3179	-20.5298			Manchester United	2014	Greater Manchester
1175	21	7	10	4	70	26	47.8873	-29.5775	ECC		TOT	2010	London
1210	27	5	6	1	86	71	90.1408	-57.7465	ECC		Chelsea	2010	London
1250	21	8	9	2	71	36	56.1338	-33.0855	ECC		Chelsea	2011	London
1250	22	9	7	3	75	36	54.4118	-48.5294	ECC		Chelsea	2013	London
1250	25	7	6	3	82	44	39.0728	-60.2649	ECC		Chelsea	2014	London
1250	18	10	10	6	64	19	46.3415	-30.3136	ECC		Chelsea	2012	London
1800	16	14	8	5	62	9	18.9591	-40.5204			TOT	2011	London
1825	23	6	9	3	75	42	61.9718	-36.6197	ECC		Arsenal	2010	London
1845	20	9	9	4	69	25	11.4983	-37.2822			TOT	2012	London
1845	21	9	8	5	72	20	17.6471	-41.1765			TOT	2013	London
1895	21	6	11	6	69	4	5.9603	-27.1523			TOT	2014	London
1955	21	7	10	3	70	25	32.4042	-30.3136	ECC		Arsenal	2012	London
1955	19	11	8	4	68	29	41.2639	-40.5204	ECC		Arsenal	2011	London
1955	21	10	7	4	73	35	39.7059	-48.5294	ECC		Arsenal	2013	London
2013	24	7	7	4	79	27	25.8278	-53.6424	ECC		Arsenal	2014	London

Figure 2

Correlation	Season Ticket Price
WIN	0.49152
DRAW	-0.3013235
LOSE	-0.4390113
GD	0.39787409
%ΔW	0.45509679
%ΔL	-0.444656

Figure 3

