

## **SPORTS ECONOMICS**

Academic Year: **2013/2014**

Semester: *2nd*

Instructor(s): Domingos Freitas do Amaral

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Course Description: This applied economics course explores various aspects of the economics of sports and sports leagues. We will consider a number of topics, including:

- Sports demand and team revenues: ticket and stadium revenues, the market for sports broadcast rights, merchandising and sponsorship.
  - Sports supply: team costs, analysis of the drivers of players salaries and managers, the value of sport talent and the salaries of “superstars”.
  - Team profits: profit maximization or win maximization?
  - Sports finance: accounting, assets and liabilities, brands, UEFA Financial Fair Play rules.
  - European and American Leagues in different sports (football, basketball, american football); leagues competitive balance policies.
  - The organization of major sports events in the world (World Cup, Euro Cup, Olympics).
  - Other sports: Formula 1, Tennis, Marathons.
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Course Content:

- 1. INTRODUCTION: WHAT IS SPORTS ECONOMICS?**
- 2. SPORTS DEMAND AND TEAMS REVENUES**
  - 2.1 DEMAND FOR SPORTS AND STADIUM REVENUES
  - 2.2 THE MARKET FOR SPORTS BROADCAST RIGHTS
  - 2.3 TEAM MERCHANDISING AND SPONSORSHIP
- 3. SPORTS SUPPLY AND THE MARKET FOR TALENT**
  - 3.1 TEAM COST AND WINNING PERCENT
  - 3.2 THE VALUE OF SPORTS TALENT: WAGES, MARKET VALUE AND ENDORSEMENTS
  - 3.3 THE HISTORY OF PLAYER PAY: AMERICA AND EUROPE
  - 3.4 THE LABOR MARKET: TRANSFERS, DRAFTS, SALARY CAPS, STRUCTURE OF THE LABOR MARKET IN FOOTBALL, CLUBS STRATEGIES
  - 3.5 THE ROLE OF THE MANAGER IN PROFESSIONAL TEAM SPORTS
- 4. REVENUES, COSTS AND PROFITS**
  - 4.1 PROFIT MAXIMIZATION AND WIN MAXIMIZATION
  - 4.2 LONG-RUN PROFITS AND WINNING PERCENT
  - 4.3 LONG-RUN STRATEGIES OF CLUBS
  - 4.4 SHORT-RUN PROFITS AND WINNING PERCENT



## **5. SPORTS FINANCE**

- 5.1 CLUBS ACCOUNTING
- 5.2 ASSETS AND LIABILITIES, BRAND VALUE, PLAYERS VALUE
- 5.3 UEFA FINANCIAL FAIR PLAY RULES
- 5.4 DEBTS, FINANCIAL CRISES AND CLUB STRATEGIES

## **6. SPORTS LEAGUES**

- 6.1 LEAGUES IN EUROPE AND AMERICA
- 6.2 LEAGUES AND COMPETITIVE BALANCE

## **7. INTERNATIONAL SPORTS EVENTS**

- 7.1 WORLD CUP AND NEW STADIUMS
- 7.2 ECONOMIC IMPACT ANALYSIS

## **8. MULTI-EVENTS SPORTS**

- 8.1 FORMULA 1, TENNIS, MARATHONS

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### Course Objectives:

The purpose of this course is to allow the students to have a basic understanding of the important concepts in the economy of professional sports and to know how to apply economic thinking to the business of sports, in different leagues and countries. Students should have an understanding of the principles of Microeconomics.

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### Grading:

Final grading = 20% continuous evaluation + 50% final test + 30% final paper

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### Bibliography:

Rodney D. Fort, "Sports Economics", Pearson Education International, 3<sup>rd</sup> ed.  
Paul Downward, "Sports Economics: Theory, Evidence and Policy", Butterworth-Heinemann, 1<sup>st</sup> ed.  
Stefan Késenne, "The Economic Theory of Professional Team Sports", Edward Elgar, 1<sup>st</sup> ed.  
Stephen Dobson and John Goddard, "The Economics of Football", Cambridge University Press, 2<sup>nd</sup> ed.  
Stefan Szymanski, "Playbooks and Checkbooks", Princeton University Press, 1<sup>st</sup> ed.

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### Biography:

Domingos Freitas do Amaral holds a MIA - Master of International Affairs – (Columbia University in New York, School of International and Public Affairs); and an Economics Degree (Universidade Católica Portuguesa). Author of many books he is a regular commentator of sports and economics at the Portuguese media.

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### Contact(s) and Office hours:

Mail : [domingosfreitasdoamaral@gmail.com](mailto:domingosfreitasdoamaral@gmail.com)

