Lesson 2 – Pre-Visit
Take Me Out to the Ballgame...
If You Can Afford It!

Objective: Students will be able to:
• Understand the role of consumer demand in determining price.
• Identify factors that contribute to the changing level of consumer demand for a given product.
• Recognize the difference between elastic and inelastic demand.
• Create a demand schedule and a demand curve.

Time Required: 1 class period

Materials Needed:
- Graph paper for every student

Vocabulary:
Demand Curve - A visual representation of demand
Demand Schedule - A table that lists the number of items demanded at a given price
Law of Demand - As the price of a good or service rises (or falls), the quantity of that good or service that people are willing and able to buy during a certain period of time falls (or rises)
Price Elasticity of Demand - Price elasticity of demand is the percentage change in quantity demanded as a result of the percentage change in price
Substitute Good - A good that can be consumed or used in the place of another good with minimal differences
Applicable Common Core State Standards:

CCSS.ELA-Literacy.W.9-10.2, W.11-12.2 Write informative/explanatory texts to examine and convey complex ideas, concepts, and information clearly and accurately through the effective selection, organization, and analysis of content.

CCSS.ELA-Literacy.W.9-10.4, W.11-12.4 Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

CCSS.ELA-Literacy.W.9-10.7, W.11-12.7 Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

CCSS.ELA-Literacy.W.9-10.8, W.11-12.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.

CCSS.ELA-Literacy.W.9-10.9, W.11-12.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.

CCSS.Math.Content.HSS-ID.A.1 Represent data with plots on the real number line (dot plots, histograms, and box plots).
1. Review the relationship between supply and demand. When the price of a good or service drops, consumers tend to buy more of it; when the price rises, they are likely to buy less. Demand for a good or service indicates that a consumer has both the willingness and ability to purchase it.

2. Ask students to imagine that they each have $100 in their pocket. Now take a general poll of your classroom. If World Series tickets cost $100 each, how many students are able to buy a ticket? (Everyone should raise their hand) How many students would be willing to buy World Series tickets? Only those students who are able and willing to buy World Series tickets have a demand for them.

3. Explain that the economic concept of price elasticity of demand relates to how consumer demand will change as prices change. Will buyers cut back their purchases a lot or just a little if the price of an item increases?

4. Price elasticity of demand often depends on whether or not consumers can find an acceptable substitute good for the product that is increasing in price. When there are substitutes, demand is more likely to be elastic because consumers can choose to buy a comparable product at a lower price. For example, if the cost of going to a movie theatre goes way up, people can choose to rent movies instead.

5. When there are few substitutes, demand tends to be inelastic because consumers don’t have as many options. For example, if the price of gasoline goes up, consumers may not have a substitute to choose from, and they have to pay the new price.

6. Discuss that sports tickets are not essential, and there are plenty of entertainment substitutes—movies, concerts, outdoor activities. During the 1990s and 2000s, ticket prices for Major League Baseball games rose steadily. Prices peaked in 2007. Since then, a recession has affected many people’s willingness to spend as much money on discretionary items like baseball tickets. In certain market areas, attendance at Major League games is very low. On the other hand, in other market areas, fans continue to pack the stadiums. The price elasticity of demand for baseball tickets changes from market to market.
7. Review that a number of factors can influence demand:

- **Changes in consumer income**—When people get paid more to work, they often have extra money to spend on leisure activities. This creates a greater demand for professional sports and other forms of entertainment. When people lose jobs, or have a reduction in pay, they have less money to spend on leisure activities and the demand for sports and entertainment decreases.

- **The number of consumers in a given market**—New York and Los Angeles are big markets with more prospective ticket buyers and television viewers. Cincinnati and Pittsburgh are considered small markets. The average small-market team might draw only a half to two thirds as many fans as a team in a large market.

- **Changes in consumer attitudes, tastes, and preferences**—After the 1994-95 baseball strike, many fans lost interest in professional baseball. Overall attendance dropped during the 1995 season, and many teams offered special ticket promotions as incentives for fans to come back.

- **Changes in the price of an associated product**—Many other costs—parking, food, souvenirs—go along with buying a sports ticket. When the price of associated products goes up, fans might think twice about going to a game.
1. Open the activity by asking students to guess how many tickets will a team sell during the course of a season if the tickets are priced at $100, at $50, at $20? Or, to put it another way, how many tickets will fans demand at each of these price levels? Even the most devoted fans have a point at which they will not demand tickets.

2. Draw the following chart on the board:

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<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>Total Quantity Demanded</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20</td>
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<td>$35</td>
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</tbody>
</table>

3. Ask for five volunteers and write their names in place of S1, S2, etc.

4. Let the volunteers know that they each have a total of $200 to spend on tickets. They do not need to spend all of their money, but they can’t spend more money on tickets than they can afford. Remember, they might want money left over to buy snacks and drinks at the game.

5. Survey your five volunteers. How many tickets would each of them demand if they were selling for $20 each? Keep track of each student’s response in the appropriate columns.

6. Next, announce that ticket prices have gone up to $35. Survey your students again to find out how many tickets they would demand at this new price. As before, keep track of each student’s response.

7. Repeat the process with $50, $65, and $100.
8. Total each row and write the totals in the last column. After the totals have been entered, explain that what you have created on the board is a **demand schedule**. A demand schedule is a table that lists the number of items demanded at a given price.

9. Have students get out their graph paper. Instruct students to make a graph as follows: The center point should be labeled “0”. Ticket prices will be marked on the vertical axis, and the quantity/totals will be marked on the horizontal axis. Create a graph on the board as well.

10. Have a volunteer come up to the board and place a point on the graph for the quantity demanded at $20. Have another volunteer place a point on the graph for the quantity demanded at $35, etc. until the graph is complete. Now connect the graph points and label the line “D”. Explain that what the class has created is a **demand curve** – a visual representation of demand. (Example Below)

![Demand for Baseball Tickets](image)

11. Ask the students to make observations about the slope of the curve. Review the Law of Demand: As price falls, the quantity demanded increases. As the price rises, the quantity demanded decreases. Which part of the Law of Demand is represented in the demand curve?
**Conclusion:** To conclude this lesson, review price elasticity of demand. To check for understanding, give students the following take-home writing assignment: Have each student choose one good to analyze. Students should first research how the price of their chosen item has changed over time. Students should then assess the consumer demand of that item as elastic or inelastic based on the availability of substitute goods, and create a demand schedule and demand curve. All sources referenced should be properly cited.