

Introduction to Sports Economics

Economics · Answer Key · 8 Questions

1. What is the primary source of revenue for most major professional sports leagues?

- A) Ticket sales
- B) Broadcasting rights**
- C) Merchandise sales
- D) Parking fees

2. In sports economics, what is a 'salary cap'?

- A) A limit on the total amount a team can spend on player salaries**
- B) The maximum height a player can be
- C) A tax paid by fans to enter a stadium
- D) A limit on how many games a team can win

3. Which term describes the money paid to a sports team by a company to display their logo on a jersey?

- A) Salary
- B) Sponsorship**
- C) Dividend
- D) Interest

4. What happens to the price of tickets for a high-demand sporting event according to the law of supply and demand?

- A) Prices stay the same
- B) Prices decrease
- C) Prices increase**
- D) Prices are regulated by the government

5. What is a 'free agent' in professional sports?

- A) A player who plays for free
- B) A player whose contract has expired and can sign with a new team**
- C) A player who is injured
- D) A mascot for a sports team

6. What is the main purpose of a 'naming rights' deal for a stadium?

- A) To honor a famous athlete
- B) To increase the ticket price for every seat
- C) To generate revenue by naming the venue after a brand**
- D) To reduce the cost of building the stadium

7. What does the term 'gate receipts' refer to in sports economics?

- A) The total cost of stadium security
- B) Income generated from ticket sales for an event**
- C) The cost of maintaining the grass pitch
- D) The price of snacks sold at the stadium

8. What is a 'franchise' in the context of professional sports?

- A) A sports equipment store
- B) A professional sports team that is a member of a league**
- C) A ticket printing company
- D) A type of sports insurance