

Study of economic essay sample



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Economy analysis

The economic study of sports, once confined to labor and antitrust laws, has adopted a much different context since the introduction of Sportometrics in the early 1990s. In the contemporary society, economists exploit sports as a specimen of the general economic behavior through analyzing players, coaches, general managers, team owners, and the fan base. As a result, topics such as organizational behavior, managerial incentives, competitive structure, efficient market hypothesis, and general economic insights of various teams can be studied. Similar to other sports' industry, the success level achieved in hockey is determined by a myriad of factors such as television and radio promotions, corporate mail outs, fan giveaways, and online advertisements.

Remarkably, the proliferation of modern technology plays a pivotal role in revenue generation for sports organizations. The Internet and other digital marketing platforms act as ancillary means of distributing information that can be exploited as income streams by the hockey teams. Essentially, the teams' websites should be interactive and offer features such as fan polls, game reports, pre-match analysis, and sports calendar. Additionally, hockey teams should employ television and radio advertisements in promoting public awareness. The advertisements aired should target several match fixtures and grant commissions to lure attendants. Finally, player appearances and participation in social activities play a central role in increasing the fan base of hockey teams. The players-fans relationship can be strengthened through activities such as signing autographs and posing for photo shoots. High ratings in the national hockey league are multivariate

and contextual. Therefore, stakeholders should strive to attract star players, establish a brand, and adopt robust marketing strategies that outwit other clubs in the home and international markets.

Opportunity for Nashville Predators in Various Candidate Cities

The economic landscape of a state is shaped by the formation of new enterprises, the growth and decline of existing business ventures, and spatial redistribution of economic activities. Sports teams' relocation can be influenced by various sets of factors. Remarkably, the characteristics of the firm, the geographic location in which the company is situated, and the potential opportunity in unexploited regions plays a dominant role in determining the chances of a firm relocation. To identify the most suitable city for resettlement, Nashville Predators should consider the following set of factors: ticket sales, broadcast revenue, area population, gross domestic product growth rate, and the estimated sponsorship revenue offered by each state. The parameters are as summarized in the table below.

City Broadcast Revenue

In USD Population GDP Growth Rate Estimated Sponsorship Value

Hamilton 0. 5 million 0. 647 million 1. 5% 10 million

Winnipeg 5 million 0. 641 million 3. 7% 7. 5 million

Kansas 2. 5 million 1. 95 million 1. 3% 5 million

Las Vegas 1 million 1 million 0. 6% 8. 5 million

Houston 5 million 5 million 4. 1% 9 million

Despite recording positive economic growth and offering a high sponsorship value, the major challenge that may hinder relocation of Nashville Predators to Hamilton is its proximity to Toronto. The short-range impact Hamilton's economy since a significant percentage of corporate money is already pledged to Toronto Sports Franchise, NBA Toronto Raptors, and the NHL Toronto Maple Leafs. Moreover, the facility at Hamilton lack amenities such as modern luxury suites and restaurants. Winnipeg is also unsuitable for relocation despite having the third fastest growing economy in Canada. Economic reports indicate that the financial status of this city is unstable; thus, the administration may lack sufficient capital to run the team. Although Las Vegas is portrayed as a suitable city for relocation due to the fast growing economy and the huge fan base, the team will be faced with a high competition and barriers to entry into the market. Moreover, the cost of managing a franchise in such a high-class city is high, thus, reducing the profit margin. Critical analysis of Houston depicts the city as unsuitable for relocation. Typically, its geographical proximity to Dallas will instigate rivalry between Nashville Predators and the Dallas Stars team, which is situated 385 kilometers away. However, Houston presents as the second best alternative due to its state-of-art amenities and fair revenue policies such as allowing the team to retain 60% of the concession revenue.

Conferring to the case study, Kansas City presents the best option for relocation of Nashville Predators. The city's population of 2 million individuals is likely to provide a huge fan base hence, high returns from the sale of tickets. Moreover, the amenities offered by the city is suitable for a large

congregation and includes 72 luxurious suites. Additionally, the team should capitalize on the five-years-free-rent offer awarded by Anschutz Entertainment Group and the bargain to retain a 50% non-hockey revenue if they signed a bidding pact that would span 20 years. By granting the five years grace period, the team will have ample time to accrue the capital required to streamline its performance and generate a considerable amount of profit.

Strategies to Ensure Success after Relocation

To ensure success after relocation to Kansas City, Nashville Predators should intensify television/radio promotion activities. Such a strategy will increase the popularity of the team in the local setting, thus, attracting a huge fan base. Moreover, the management should ensure active participation of the team members in social activities; this can be achieved by planning player appearances at social and communal functions. Additionally, the team administrators should take advantage of various organizations headquartered in the city. The management should mail sponsorship packages and actively seek funds from the firms by encouraging them to purchase tickets, suites, and prompting the companies to advertise with the team. Adoption of such measures will increase the profit margins of the team, ensuring smooth running of its activities.