

# BACK TO BUSINESS



**THE VIEW**  
RICHARD HARRIS

## Level the playing field

**Scrum for tickets** shows need for better pricing system – and a world-class stadium would help

As those few of you reading this at the Hong Kong Sevens today will know, tickets are extremely hard to get. All kinds of interesting but unwanted reactions appear when you get a supply-demand imbalance in economics. It is like “Whack a Mole”; hit one with a mallet and another one pops up – providing headaches for everybody.

The supply problem occurs because our largest stadium only seats 40,000 people, about the size of a block in Mong Kok. Yet the demand for Sevens tickets is global, driven by a professional marketing machine sponsored by a global bank and a full-service airline, making the Hong Kong

Rugby Sevens the “Bucket List” event for ruggers all over the world.

It was not always thus. At the first Sevens, 40 years ago, loyal rugby supporters like my parents sat in the rain in the old Football Club eating their sandwiches.



**Economics provides a solution in the form of ticket touts**

They now can't get tickets. Only 3,000 tickets are sold directly to the public at face value. The rest go to sponsors, hospitality packages and rugby clubs. After all the sticky fingers have taken their share, the Hong Kong Rugby Football Union also needs to make some money to go back into local rugby.

If the supply of tickets is fixed and demand is high, prices must rise. This does not happen as it should, because the HKRFU rightly wants to avoid (most) rugby-minded people from being priced out of the event.

So while they have gone up a relatively moderate 80 per cent in the past seven years, these real

price increases have not diminished demand.

The best way to source a ticket is to play for a local club. So club players and social members have mushroomed – pushing up the costs of membership and limiting available tickets.

Readers should be aware that this means of ticket acquisition involves a moment of euphoria (while pulling on that rugby shirt) followed by difficulty in doing anything physical for the next five days. Nevertheless, it has motivated me to extend my playing career this year to 52 continuous seasons in order to get my Sevens ticket.

Rugby is genuinely popular at the Hong Kong grass roots as thousands of kids from five and up fight out their own competitions.

This is character-building for the little players and enables parents to get tickets; though the



It can be a game of luck when it comes to tickets. Photo: Robert Ng

supply has shrunk as demand has exploded.

A safer way of getting the best seats in the house is to be close to a sponsor. These tickets normally come free and without the plebeian burden of overflowing toilets, disgusting food, watery beer and inflated prices. A business box gets you better toilets, a nosebag from a prominent supplier and the corporate rugby shirt – if the boss' kids haven't nicked them all.

The only other strategy is to hit the free market in which tickets (naturally) sell at a premium. In fact all but public ballot tickets come with some economic cost attached – be it sponsorship, club membership, or the sellers' profit that reflects the scarcity value.

There is massive unofficial two-way trade during Sevens week as buyers are matched with sellers by phone, text and email. The HKRFU actually endorses a commercial website where, on Wednesday, tickets were trading three times above face value plus a commission of 13 per cent.

In the meantime grass-roots economics provides a solution in the form of professional ticket touts who match supply and demand rather like a stockbroker.

I have come to regard these gentlemen, many with South London, South Australian or South African accents, kindly. They are necessary economic agents who should not only be welcomed but encouraged to

heighten competition and lower the premium.

Excessive supply and demand imbalances throw up a darker side in the form of fake tickets. This rigs the fair and free market against honest spectators and their protagonists should be tied up and placed in the middle of the pitch during the Samoa versus Tonga game.

One big improvement in liquidity is that tickets for each day are now officially sold separately. Unwisely, the face value of Saturday and Sunday tickets is the same, which will provide the after-market with an opportunity to discount Saturday tickets and price up Sunday's, which of course has the final.

The solution for a city that is capable of attracting a world-class event is that it really needs a world-class stadium. Memo to the Hong Kong government: it would be used more often than the unused and rusting Kai Tak cruise terminal and cost about the same. However you got your ticket, have a great weekend. And if you get bored, just turn around and watch the rugby!

Richard Harris is the chief executive of Port Shelter Investment Management



Illustration: Sarene Chan