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CLEAR assignment word count: 588

[Include only words written under the criterion headings below. Exclude all words in section headings, diagrams, graphs or formulae. Words over the 600 limit will NOT be marked.]

[Economic Analysis of Ticket Scalping]

Our chosen context

Many young people idolize celebrities, making scalped concert tickets a visible black market around us. Unlike other hidden black markets, this vast market is right around us, and sometimes we even engage in transactions within this black market for our favorite singers or artists. This makes us very interested in the market. We hope to use this as a theme to analyze it through the economic theories learned in class.

Theoretical concepts/ideas

We will discuss the emergence and impact of scalped tickets based on two theories covered in class. Here's the brief introduction of these two concepts that we have chosen.

Elasticity of demand and supply—elasticity measures how much the quantity supplied or demanded changes in response to a change in price.

Supply and demand—how the price and quantity of goods are determined by the interaction between supply and demand.

What we learned

● Elasticities

We initially knew that higher prices might reduce demand — high elasticity meant fewer buyers. However, we understood that ticket price elasticity depends on demand, supply, and competition.

First, if the elasticity of demand of fans for tickets is low, the scalper can raise the ticket price higher. Otherwise, if the elasticity of demand is high, the price ceiling of scalped tickets will be limited.

Second, the supply of regular tickets is usually fixed, which leads to inelastic supply in the scalper market, further pushing up prices. Nevertheless, if tickets are freely transferable, the supply in the scalping market will become more flexible, which may make it more difficult for ticket prices to be inflated.

Finally, if competition in the scalper market is fierce, ticket prices may be suppressed. Though, if the information is not transparent, scalpers may take advantage of the information asymmetry to raise prices.

● Demand and Supply

We initially thought ticket scalping was caused by unethical behavior or poor regulation. However, we later realized that the supply of concert tickets is usually very difficult to change because the venue's size is fixed. When the price of tickets is set below the market equilibrium price, excess demand occurs, leading to shortage of tickets and creating opportunities for scalpers to resell tickets at higher prices. This results in a secondary market where the actual price is much higher than the official price.

The existence of scalping demonstrates how market forces adjust when supply is fixed but demand remains high. Because of the rising market price, tickets aren't necessarily allocated to those who value them the most but rather to those who are fastest or willing to pay scalpers. Through this case, we learned how real-world supply constraints and price controls can unintentionally lead to inefficiencies and secondary markets.

Reflecting on what we learned

Overall, we have learned that when demand exceeds supply or when the price elasticity of demand is low, firms and scalpers may take the opportunity to raise prices. This helps us understand that supply, demand, and price elasticity all influence product prices and transaction quantities.

For example, after a typhoon, vegetable prices often rise significantly due to reduced supply. If the price elasticity of demand is high, consumers may respond by switching to substitute goods.

By studying these concepts, we now better understand the logic behind market price fluctuations. Firms can apply the principles of price elasticity and supply and demand to develop strategies that help achieve market equilibrium and maximize profits.

In addition, understanding these concepts also helps us make smarter choices as consumers, such as predicting whether the price of a product may drop in the future or identifying when a price increase is driven by genuine scarcity or market manipulation.

Response Letter

Response letter word count: 156

[Include only words written under the criterion headings below. Exclude all words in section headings. Words over the 200 limit will NOT be marked. If any of these sections does not apply to your submission; e.g., if you have no improvements from your own initiative, then please simply type N/A in that section.]

Adopted peer and/or marking feedback (and justification)

1.Our chosen context & 2.Theoretical concepts/ideas

I condensed the content of the first two parts to help keep our group's total word count within the limit and followed the UQ students' suggestion to present the two economic concepts in bullet points, along with their basic definitions.

3-1.Elasticities

Based on the UQ students' feedback, we modified the "Elasticities" section to elaborate the prior and later understanding of this concept. Thanks for reminding us that the recording of our understanding toward a concept is also very important.

3-2. Demand and Supply

Based on the UQ students' feedback, we revised the "Demand and Supply" section to reflect our shift in understanding. Initially, we didn't realize how price controls and fixed supply could create secondary markets, but we now better understand this concept.

4.Reflecting on what we learned

Based on the UQ students' feedback, we revised all content in this section. We try to focus on reflecting on the concepts learned and their real-world applications. In addition, we remove the potential solutions to the scalping problem.

Table : Acknowledgement of AI use

Tool	Use	Prompts	Section	Date AI tool was used
ChatGPT	Check grammar	Help me check if there are any grammatical errors.	Section 1~4	30 March 2025
ChatGPT	Ensure the content is accurate	Confirm whether there are any mistakes in the analysis.	Section3 (3-2)	29 March 2025