



ticketing mailbox <ticketing@culture.gov.uk>

Call for Evidence Submission - APPG Ticket Abuse

1 message

HODGSON, Sharon <sharon.hodgson.mp@parliament.uk>

20 November 2015 at 18:38

To: "ticketing@culture.gov.uk" <ticketing@culture.gov.uk>

Cc: ...

Dear Professor Waterson,

Please find attached the written submission from the All Party Parliamentary Group on Ticket Abuse to the call for evidence for the Review of Consumer Protection Measures relating to Online Secondary Ticketing Platforms.

If you have any problems accessing any of the information, or have any questions, please feel free to contact me directly.

Yours sincerely,

Sharon Hodgson

Lord Moynihan

Co-Chairs APPG on Ticket Abuse

On behalf of the APPG on Ticket Abuse

UK Parliament Disclaimer: This e-mail is confidential to the intended recipient. If you have received it in error, please notify the sender and delete it from your system. Any unauthorised use, disclosure, or copying is not permitted. This e-mail has been checked for viruses, but no liability is accepted for any damage caused by any virus transmitted by this e-mail. This e-mail address is not secure, is not encrypted and should not be used for sensitive data.

2 attachments**An open letter to the Secondary Ticketing Review.pdf**

94K

**APPG Ticket Abuse - Group Submission .pdf**

206K

An open letter to the Secondary Ticketing Review

We as artist managers and agents deplore the increasing industrial-scale abuse and insider exploitation of tickets for music, arts and sports events by ticket touts, and their online associates and facilitators.

Tens of thousands of fans have been ripped off by people who exploit fair ticket prices via so-called ticket marketplaces. In many cases the intended audience is being priced out of the market altogether.

The consequence in many cases is that fans will attend fewer shows, meaning that the profits made by such immoral practice is also money lost from the industry. Funds that would otherwise be reinvested in future events. In other cases, artificial price inflation shuts out new generations of fans.

A significant part of the secondary/resale ticketing market is rigged and manipulated for the benefit of a few, inextricably linked to online crime, the evasion of VAT and intellectual property payments and, at its worst, fake ticket scams which have defrauded thousands of people in recent years.

We agree that there is a need for genuine, transparent ticket resale/exchange and we support businesses providing face value services.

The undersigned urge Professor Michael Waterson, the review panel, the Department for Business, Innovation and Skills, and the Department for Culture, Media and Sport, to put the public's interests as well as those of the event organisers before those of the touts and exploiters

Julian Wright & David Furnish, Rocket (Elton John, The Strypes)
Stuart Camp (Ed Sheeran)

Chris Martin, Guy Berryman, Jonny Buckland & Will Champion
(Coldplay)

Richard Griffiths, Harry Magee & Will Bloomfield, Modest! (One
Direction, 5 Seconds of Summer, Little Mix, Olly Murs, Cheryl)

Chris Hufford & Bryce Edge, Courtyard (Radiohead, Gaz Coombes)

Adam Tudhope, Everybodys (Mumford & Sons, Laura Marling, Keane)

Marcus Russell & Alec McKinley, Ignition (Noel Gallagher, Oasis, Catfish & The Bottlemen)

Paul Loasby, One Fifteen (David Gilmour, Jools Holland)

Ian McAndrew, Wildlife Entertainment (Arctic Monkeys, Royal Blood, The Last Shadow Puppets, Travis)

Ian Grenfell, Quietus (Chrissie Hynde, Suede, Simply Red, Simple Minds)

Paul McDonald, Closer Artists (George Ezra, James Bay, James Morrison, John Newman)

Jamie Osborne, All On Red (The 1975)

Sam Eldridge, Urok (Jess Glynne, Plan B, Tom Odell, Mystery Jets)

Rod Smallwood, Phantom Music. (Iron Maiden)

Tony Smith, TSPM (Nick Mason, Genesis, Phil Collins)

Niamh Byrne & Regine Moylett. Eleven Management (Blur, Gorillaz, The Clash, Kano, Jamie Hewlett, Spoek)

Stewart Young. Part Rock Management. (Foreigner, Zucchero and Emerson, Lake and Palmer)

Mike Greek & Emma Banks. Creative Artists Agency

Neil Warnock & Geoff Meall. United Talent Agency

Jeff Craft & Ian Huffam. Xray Touring

Rob Challice. Coda Music Agency

Charlie Myatt. 13 Artists

Primary Talent

APPG on Ticket Abuse
Houses of Parliament
Westminster
London
SW1A 0AA

Dear Professor Waterson,

The All Party Parliamentary Group (APPG) on Ticket Abuse was originally formed out of a reaction to the broken secondary ticketing market, and out of a desire to press for change. Every single day, all across the country, people are being stopped from buying tickets, are buying fraudulent tickets, or are having to pay over-inflated prices, due to the criminal actions of touts, the complicity of major secondary platforms and the 'insider trading' that is a consequence of this current broken marketplace. These practices, which add no value to the event itself or the experience for fans, enable individuals and organisations to make substantial profits on the backs of criminality and are distorting the resale market, and in turn the primary market as a consequence, beyond all recognition.

This distortion, and proven market failure, works against the interest of consumers and intellectual property rights holders, and it is our very firm belief that action has to be taken to rebalance this marketplace so that it works in the best interests of those it was created to serve.

As the APPG has always stated, none of our members have any objection to their being a resale market, and we strongly believe that fans who wish to sell to other fans should be helped to do so. We simply believe that the gross injustices that are happening in the current market have nothing to do with fans; they are everything to do with touts and criminality, and this needs to be addressed so that the market is able to operate effectively again.

The APPG worked very hard on introducing some measures into the Consumer Rights Act 2015 that would finally do something to address this issue. Although it was not everything that we had hoped for, and some of the key measures were not included, this was a step in the right direction, and it amounted to a formal recognition by the Government that the current market is not working as it should.

The formation of this current review into secondary ticketing has also been widely welcomed by the APPG, and we hope the evidence the Review is able to obtain will underline the very clear case for more action needing to be taken to help force this market to act on behalf on consumers and organisers, and not in the principle interest of touts, or the huge profits of the secondary platforms.

In this submission it is our intention to briefly outline the summary of what we have found to be so problematic in this marketplace, and what steps we have been calling for in our campaign. In the many years this APPG has been operating we have benefitted from the expertise not just of Parliamentarians, but also industry specialists, event organisers, artists, management and ticketing platforms, amongst

many others. This collective experience has given us a unique ability to understand the scale of the challenge this market faces, but it has also given us hope that steps and measures do exist to begin the process of reform.

The principle problem with the secondary ticketing market is that it is in essence a rigged market. In a free market economy supply and demand are the key components of ascertaining value, and these are indeed taken into account when tickets are put on general sale. For limited tours, or high profile artists performing in small venues, tickets may be priced higher due to an increase in demand. Conversely, on long-running tours, or at events with huge capacity, prices may drop due to the profligacy of tickets available. These are perfectly reasonable market forces, and they underscore the primary ticketing market. However, in a huge number of cases, especially for high profile events, as soon as tickets appear on general sale they are 'harvested' by ticket touts, using sophisticated software, called botnets, and then within moments they are placed onto the secondary sites and genuine fans, who never had the opportunity to buy a ticket on general sale in the first instance, cannot obtain the tickets they would like at the price that had been calculated, but are instead subjected to prices that are wildly distorted and bear no relation to the face value of what is being sold, as well as the extortionate fees these secondary platforms charge on top. This is not, as the Secretary of State for Business, Innovation and Skills once said, "an example of classic entrepreneurship", as an entrepreneur's work adds value to a product or service. This adds no value whatsoever, and the only work being done is being undertaken illegally, as no legal software exists that will allow you to harvest large quantities of tickets online. This argument becomes even more perverse when tickets are being sold to the general public speculatively, and the value of a product is being artificially created by an external body without it even existing at that point in time.

Essentially, this is market manipulation, and allowing it to continue to go unchecked, and to be allowed to operate in secret is providing touts with an exceptionally easy way to make very large sums of money. It is artificially warping the ticketing market and punishing real fans and the events they want to attend. The implications these practices also have on large scale money laundering, organised crime and tax evasion also concern the APPG, and these are clearly identified and described in the Metropolitan Police Operate Podium Report 'Ticket Crime'¹. The only people who can benefit from the continual refusal to allow greater transparency into this marketplace are the secondary market operators and the criminals.

Greater transparency was a key goal of the amendments the APPG pursued in the, then, Consumer Rights Bill, and although some progress was made (around the

1

<http://content.met.police.uk/cs/Satellite?blobcol=urldata&blobheadname1=Content-Type&blobheadname2=Content-Disposition&blobheadvalue1=application%2Fpdf&blobheadvalue2=inline%3B+filename%3D%22892%2F804%2FPodium+Report.pdf%22&blobkey=id&blobtable=MungoBlobs&blobwhere=1283606350147&ssbinary=true>

publication of seat numbers and the obligation to report criminal activity) key amendments of having the name of the seller available and specific ID information available on the face of the tickets sold to prospective buyers was not incorporated. Having this included would have boosted transparency and would have laid bare some of the practices of the touts, who would be in clear contravention of ticket limits. Also, consumers would have known who they were buying from, like in other marketplaces, and could then choose whether they buy from a large scale tout who sells thousands of tickets or a genuine fan unable to go to a gig. Even eBay allow this level of transparency on their marketplace, through the star system. However this was refused by the Government, and the major secondary platforms who were so opposed to this and were able to emerge from the Consumer Rights Act 2015 with less regulation than the APPG proposed.

At the time of the Act passing, however, we as a group were very pleased with what had been achieved and we believed it would rein in the worst excesses of the secondary platforms that were acting inappropriately. However, we were later to find out that much of what is now law, had, in some secret and parallel negotiations, also been agreed in parallel negotiations between the major secondary platforms and the Competition and Markets Authority (CMA). The APPG strongly feels this fundamentally undermined the Parliamentary process and this point was made very forcibly to the CMA in the following weeks by key members of the APPG who had taken the legislation through the House of Lords and Commons.

The regulations that currently exist, therefore, should be seen as a step in the right direction and not a complete solution. It is quite evident from the behaviour of the major platforms that the impact of the Consumer Rights Act 2015 is mitigated by both what was not included in the regulations, and also the lack of enforcement of the Act currently. For example, we have seen, and in some cases reported, instances of tickets being on sale in the last few months that either do not display the information required under the Act; or do not even exist and are being sold either fraudulently or speculatively. These instances are happening every single day, all across the secondary market, and fans are routinely being exploited as a consequence.

As we have said, this is not just a problem for fans, although they bear a significant brunt of the consequences. This is a huge problem for the event organisers and the artists, bands or sports themselves. To take the example of sporting events, many of the tickets sold may be to one-off events, however it is vital for all sports in this country to build a fan base that returns regularly to their events, and thus drives the popularity of the sport in the future. Tickets for many events are therefore priced in order that a wider range of fans, and specifically young people, are able to afford to attend these events and will then develop a love for the sport which will enable its future prosperity. Touts do not share these long-term visions, and by distorting the intentions of the promoters, are putting it in jeopardy. This is why so many major sporting bodies have worked with the APPG and are urging more to be done to help secure their future. This means putting an end to tampering in the market and allowing the market to operate for the good of all involved, not just those seeking to use the market for limited short term gain.

Away from sport; the music industry, the theatre industry, tourist attractions, comedy, art exhibitions, all of which suffer from this endemic secondary market manipulation. Their event organisers have all worked with the APPG in order to voice their collective concerns. There is deep concern and anger at the way profits are being derived from those who take none of the risk and whose contribution only serve to drive customers away and cause long-term reputational damage. This is industry wide, and we have attached a declaration from industry bodies and individuals who have all signed up to the cause for reform. We hope the voices of people who are dealing with this problem on a daily basis will help your Review understand just how insidious this issue has been.

Of course, the APPG recognises that top down regulation will not solve every problem. The Government has a huge part to play, as do organisations tasked with enforcing the current regulations. However there are also obligations that must be placed on event organisers as well, so that the problem can be addressed by all sides. Tighter security measures or greater transparency in the ticketing process at event level will make it easier to identify where issues are arising. It will show there is a willingness to work on all sides of the industry to tackle the distortions in this market which act to the detriment of consumers.

We know that there will be far more detailed evidence submitted to your Review, however I hope we have been able to convey in these few pages the strength of feeling we share with the wide array of industry bodies, event organisers, sports groups, comedians, and musicians as well as the general public. Further reform is essential. This is a market failing, and it is being made to fail deliberately by key groups and individuals who are making vast sums of money by exploiting members of the public. No market like this should be allowed to continue unchecked, and as has been outlined above, in some cases doing nothing could be hugely harmful to key UK industries.

Transparency should not be something a market working efficiently should be concerned about. That is why it is crucial a light is shone into the secondary ticketing market, so that consumers can have the most accurate information with which to make their choices.

The APPG are unanimous in our belief that doing nothing is not an option. The incremental progress that has been made has been undone by platforms flouting the law and there being no effective recourse with which to hold them to account. We therefore ask you to look thoroughly into the operation of this distorted market. This review is a real opportunity to make the necessary recommendations that can really help many industries and a huge number of people.

We look forward to meeting with you on 2nd December, and we wish you good luck with your investigations.

Yours sincerely,

Sharon Hodgson MP, co-Chair APPG on Ticket Abuse
Lord Moynihan, co-Chair APPG on Ticket Abuse
on behalf of the APPG on Ticket Abuse