



Department  
for Culture  
Media & Sport

ticketing mailbox <ticketing@culture.gov.uk>

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## Evidence without disclosure request

12 messages

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13 November 2015 at 14:30

To: ticketing@culture.gov.uk

FAO:

Dear Mr .

For the last 20 months, my company has been working on a new ticket management solution to address many of the issues raised by previous parliamentary investigations into ticketing. We would now like to submit evidence based on this work, important in consideration of alternatives to legislation; but are concerned about declaring the specifics of our solution publically, ahead of any intellectual property protection and product launch.

To be clear, we are happy to be identified as a provider of evidence; the issue is specifically with the evidence itself.

Please can you suggest how we may submit our evidence without risk of public disclosure?

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**Background:** We have over 15 years' experience in ticketing, working with major sports and entertainment organisations including The FA, RFU, London Olympics 2012, UEFA, FIFA, NFL Super Bowl, UK music festivals and a variety of Premier League football clubs. The key features of the solution include:

- Gives promoters control of secondary ticket sales;
  - Combats fake tickets - both online and in-person sales;
  - Allows secondary ticket purchasers to become the recognised ticket owner;
  - Compliments the promoters existing ticketing system / processes (low barrier to adoption).
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Your help on this matter would be much appreciated.

Yours sincerely,

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This e-mail is confidential and may be privileged; it is for the use of the named recipient(s) only. It does not necessarily contain the views of the company, the responsibility for which lays with its author. If you have received it in error, please notify us immediately; please do not copy or disclose its contents to any person or body, and delete it from your computer systems. Thank you.

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17 November 2015 at 14:13

To: ticketing@culture.gov.uk

To whom it may concern.

I previously enquired about how my company may submit commercially sensitive information to the Call for Evidence, but have not received a response. Please see the original email below. With the deadline this Friday, we now urgently need to know what we can include in our evidence.

Please can we have a response to this request, detailing what submission options we may have?

Yours faithfully,

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TX Corporation Ltd  
34b York Way  
Kings Cross  
London  
N1 9AB

Head of Secondary Ticketing Market Review Project  
Department for Business, Innovation and Skills  
Department for Culture, Media and Sport  
100 Parliament Street  
London  
SW1A 2BQ

27<sup>th</sup> November 2015

Dear

**Confidential Submission**

Over the last 20 months, my company has been working on a new technological solution to address many of the issues raised by parliamentary and other investigations into the event ticketing industry.

We believe it important that we submit evidence to the Secondary Ticket Review Project based on this work; but it contains commercially sensitive information which is not in the public domain and the wider disclosure of which would cause serious economic harm to the company. We therefore request that the evidence provided herein is treated as confidential and should not be made available for public disclosure.

For clarity, I should add that we are happy to be identified as a provider of evidence; our request for confidentiality applies specifically to the evidence itself.

We appreciate the opportunity to submit evidence to your review and remain at your disposal, should further information be required.

Yours sincerely,

Managing Director  
TX Corporation Ltd.

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**Review of Consumer Protection Measures relating to  
Online Secondary Ticketing Platforms: Call for Evidence**

**Response of TX Corporation Ltd**

27 November 2015

**Introduction & Executive Summary**

1. TX Corporation Ltd ("TX") welcomes the opportunity to respond to this call for evidence. TX is a UK Company established in 2011 to explore new approaches to ticketing. Our evidence is based on research and significant event ticketing experience working at major national and international venues and events, including:

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## The Problem

8. Secondary ticket resale provides an important service; allowing fans to resell tickets when they cannot be returned to the promoter<sup>v</sup>. But it also allows ticket touts to profiteer to the detriment of consumers, artists, clubs and promoters.
9. The high value of in-demand tickets on the secondary market is the main driver of sharp practices and ticket fraud within the industry, estimated to cost £40 million per year<sup>vi</sup>.
10. Open market resale allows touts to profit at the expense of real fans and promoters; excluding many from live events; particularly low income groups and families<sup>vii</sup>.
11. The exclusion of fans would be less concerning if access to primary tickets was unfettered. In reality, the opportunity to buy primary tickets is biased for many reasons:

**Bots** – automated software used by touts to acquire many primary tickets for resale.

**Priority access via corporate sponsors**<sup>viii</sup> – e.g. Barclaycard, MasterCard and O2.

**Loyalty programmes** – many promoters (particularly in sport) give priority access to members if they've purchased tickets to previous events<sup>ix</sup>. Whilst these reward real fans for their loyalty, they also benefit touts who purchase tickets in high volumes.

**Process favours technically savvy** – refreshing screens; using multiple browser tabs.

**Technical bias** – e.g. fast broadband connectivity.

**Conflicted interest** – many primary ticketing companies have their own secondary market places; leading to concerns that tickets are 'leaked' to secondary markets for greater profit<sup>x</sup>. These claims are hard to verify due to a lack of transparency.

12. Ticket holders who have purchased secondary tickets are not typically recognised by the promoter as the owner of the ticket; making them ineligible for refunds and loyalty. They will also not be helped if they have problems entering the event venue.

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PAGES 3-5

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### Conclusions

30. TX Corporation Ltd staff have significant event ticketing experience, working for major national and international venues, events and organisations for over 15 years.

31. From this experience and research, it is clear there are genuine and significant issues with event ticketing, which adversely affects consumers, artists, clubs and promoters.

32. These issues are symptoms of the fact that there is no mechanism to control tickets whilst they are in circulation. As a result, tickets are traded freely and anonymously with promoters unable to enforce their terms of resale.

34. Whilst there are strong demands for further government legislation to control secondary ticketing, particularly pricing caps; such legislation is likely to be highly ineffective without control of tickets in circulation: Touts will resort to 'free-trading' on the streets and online resale websites will move beyond UK jurisdiction (as has happened before).

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38. We appreciate the opportunity to submit evidence to your review and remain at your disposal, should further information be required.



## End Notes and References

<sup>i</sup> We define a 'ticket in circulation' as anytime between (a) the ticket being sold, and (b) the event finishing or the ticket put beyond use – e.g. fraudulent tickets are usually retained by the promoter or destroyed.

<sup>ii</sup> Transparency in ticketing has been requested by many organisations. For example The Featured Artists Coalition, who asked parliament to "inject necessary transparency to the secondary ticketing market." Featured Artists Coalition, Ticket Transparency article:

<sup>iii</sup> There is precedence for web based companies moving abroad to avoid UK legislation and control. For example in the late 1990s a new levy on bookmakers led to many companies moving abroad. See BBC News

Also, "(Conservative MP Philip) Davies shares the opinion of the secondary ticketing companies themselves, that increased regulation will simply send the touts to places where no regulation exists at all – either online operations abroad or old school street-based touting – where consumers have even less protection." Complete Music Update article:

<sup>iv</sup> We agreed the basis of confidentiality and late submission date with Ian Jenkins (Head of Secondary Ticketing Market Review Project), ahead of our submission. This is appreciated.

<sup>v</sup> Previous investigations into ticket resale have highlighted the inability and/or reluctance of promoters to offer refunds for purchased tickets. For example, the Culture Media and Sport Committee reported "We were told that primary sources rarely offer a guaranteed refund to ticketholders who find themselves unable to attend events or otherwise holding unwanted tickets, so they will lose money unless they are able to resell those tickets, either by selling them back to the issuer or in a secondary market." Ticket Touting, Second Report of Session 2007–08, Paragraph 15:

<sup>vi</sup> Metropolitan Police report stated that "Ticket fraud is the most prevalent form of ticket crime, and causes the greatest harm. It is estimated to make organised criminal networks £40million per year." Page 3, Metropolitan Police Ticket Crime Problem Profile Report 2013

<sup>vii</sup> We believe there is one reason, above all others, why profiteering touts need to be dealt with – social exclusion. Popular events should not become the preserve of rich families and adults. With regard to the Proms, Labour MP Sharon Hodgson made the point that "Families and music lovers are missing out on a British institution just so that a few individuals can make a fortune." The Guardian: [http://bit.ly/proms\\_tout\\_exclusion](http://bit.ly/proms_tout_exclusion)

<sup>viii</sup> Corporate sponsor priority access to tickets includes: O2 –  
MasterCard – and Barclaycard –

<sup>ix</sup> Many English Premier League football clubs operate loyalty point systems for purchasing tickets. For example, Chelsea –

<sup>x</sup> There have been several high profile investigations into collusion between primary and secondary ticket agencies, but due to "the surreptitious way that large numbers of tickets are diverted straight in to the secondary ticket market" there is little hard evidence to support the claims. Quote from page 10, Metropolitan Police Ticket Crime Problem Profile Report 2013

Also: "Secondary ticket websites such as Seatwave, Viagogo and Get Me IN! appear to have become a second source of income for the 'primary ticket agents' (Ticketmaster, Live Nation, See Tickets etc)". From The Independent article: Secondary ticket websites: The great ticket scandal [http://bit.ly/independent\\_scandal](http://bit.ly/independent_scandal)

<sup>xi</sup> In 2014, the All Party Parliamentary Group on Ticket Abuse concluded that "there are no methods yet available which prevent abuse wholesale", but "Further technological advances, and new solutions that these may facilitate, could possibly get around such barriers in the future.". See APPG on Ticket Abuse: Secondary Market Investigation, Conclusion 11:

Also: "Technology is available to assist with this process. We may even see a surge of event organisers establish their own ticket exchange websites, not only will this ensure that tickets are resold in accordance with their T&Cs, and guarantee that grass roots benefit financially from resale but this will greatly assist the confused consumer. A secure, monitored exchange for verified sellers and buyers would most certainly be welcomed by the majority in the industry." The On-Going Fight Against Ticket Touts, page 4:

We believe our \_\_\_\_\_ could be such a technological advance.

<sup>xii</sup> The innovative step that makes the Glastonbury Festival anti-tout ticketing solution a success, is the collection of photographs of potential ticket buyers *before any tickets are sold*. By then printing the primary ticket holder's photo id on each sold ticket, the identity of the primary ticket holder is locked-in; preventing touts from being able to resell the ticket to others as the photo id would not match. \_\_\_\_\_ (now Managing Director of TX) and was subsequently \_\_\_\_\_

See Glastonbury Ticket registration here:

Unfortunately, the use of the photo pre-registration process is not practical for the majority of events (at least not yet), as reported to the All Party Parliamentary Group on Ticket Abuse 2014: "...in anticipation of the oft-used argument that the use of technology and photo identification is extremely effective in preventing the resale of tickets to Glastonbury festival; as (Stuart Galbraith and Paul Reed) pointed out, the scale, infrastructure and profitability of Glastonbury make it a completely unique case." APPG on Ticket Abuse: Secondary Market Investigation, page 12:

<sup>xiii</sup> Tickets typically incorporate barcodes or RFID (contactless) chip technology that (a) allow unique identification of the ticket, and (b) can be read by handheld or fixed ticket readers at the event venue.

PROVIDED IN CONFIDENCE

<sup>xiv</sup> The Wall Street Journal reported that “at least one of the Paris gunmen had a ticket to the France-Germany football match at the Stade de France – and tried to enter the stadium before blowing himself up.” Wall Street Journal: [http://bit.ly/paris\\_ticketholder](http://bit.ly/paris_ticketholder)

