



ticketing mailbox &lt;ticketing@culture.gov.uk&gt;

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## Call For Evidence on Secondary Ticketing Platforms

1 message

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20 November 2015 at 11:31

To: ticketing@culture.gov.uk

**PRIVATE AND CONFIDENTIAL**

To whom it may concern,

My name is [REDACTED]. I am the owner and Managing Director of the live music publication and ticket comparison website [REDACTED], which is based in [REDACTED]. We currently employ eight (full and part time) staff, and around 15 freelance writers. We are probably the largest website of our type in Europe, working across the ticketing spectrum with both primary sellers and the secondary ticket marketplace sites. Each month we are visited internationally by between 2 to 3 million users looking for tickets, or information on tickets or tour dates. Ticket sellers, artists, promoters and agents depend on [REDACTED] to generate fan interest in their events, as they are announced, and to drive large volumes of ticket sales. As such we feel we are in a position to offer you, the DCMS and Review Chair, an unique insight in to the primary and secondary ticket marketplace, how it currently operates and how it has operated in the past.

Here's some information from our About Us page.

[REDACTED] regularly lists hundreds of thousands of ticket options, for over 28,000 UK and Ireland events – and around 20,000 international events – with hundreds of new listings added to the site every week.

We help fans locate tickets for sold out events where finding tickets from guaranteed and legitimate sources can often prove to be a tricky, and sometimes costly, affair. Meanwhile, with the rise in ticket resale, [REDACTED] also helps fans to pick up a ticket bargain with hundreds of sold out events regularly listed below their original face value.

The site also offers a mouthwatering amount of unique quality content, from its extensive team of writers, editors and contributors from right across the UK and beyond, including interviews, reviews, features and of course, daily music news and tour announcements.

My experience with ticketing, mainly in the UK initially, started in 2008. What we saw at that time was the emergence, and proliferation, of the online ticket scam. It was where consumers were typically at the behest of International fraudsters. They quickly setup official looking websites, with what appeared to be endorsed domain names (such as michaelbubletickets.com, takethattickets.com etc) specifically around a popular tour or artist. They would operate with complete anonymity, spending vast amounts of money on online advertising to drive music fans in to their site, take hundreds/thousands of orders and quickly disappear. There would be regular news stories of thousands of fans without tickets that had become victims of online fraud, costing music fans millions of pounds every year. The OFT reported in 2010 that '1 in

12 people had been victims of ticket scams, with 80% of those in the past year'. It was one of the main reasons we setup Ticketbase back in April 2009, to bring some transparency and trust to the sector of the market where supply was clearly unable to meet demand for popular events, and consumers were not informed enough to know where to go to buy tickets for sold out events legitimately and certainly not enough was being done by the Government at that time to protect consumers from fraud. The secondary market in the UK was still in its infancy, and awareness for ticket scams was quite low. We launched a sophisticated platform for fans to locate legitimate tickets at the lowest possible price - and to check availability - from both primary and secondary sellers.

In early 2011 we played a leading role in the OFT's JustTickIt anti-ticket scam campaign, producing and launching a viral video warning fans about ticket scams.

<http://www.stereoboard.com/content/view/163593/9>

We are currently working, in the UK, with NINE primary ticket sellers (Ticketmaster, Ticketweb, Gigantic, AXS, Eventim, Ticketline, The Ticket Factory, EventTravel and Stargreen) and the four major secondary ticketing platforms (Viagogo, Stubhub, Seatwave and GetMeIn). We refer fans to these sites in exchange for a commission of the booking fee. We typically earn higher levels of commissions from our secondary ticketing partners, as a consequence they subsidise the costs of generating awareness, promoting tour announcements and making ticket sales for our primary sellers, for which we typically make just a fraction of the commission due to the different dynamics of primary ticketing and their much lower margins. It costs nothing extra for fans to use Ticketbase and we help them to save time and money. They find the tickets they want on Ticketbase from our panel of sellers, who typically will have different inventory across the venue, and as an established ticket comparison platform our users trust us. Our mission is as follows:

At Ticketbase our mission is to bring ticket options to fans from as many legitimate sources as possible, while helping protect concert-goers from online ticket scams and fraudulent ticketing sites.

We believe in consumer rights. Fans should have the right to resell or transfer their ticket, if they choose. We believe the secondary ticket market allows fans to not just offload their unwanted tickets, at a price they choose, but to also be able to pick up a bargain for high demand events when the initial buzz around ticket sales has died down. The music industry is driven by hype and excitement around the acts we all love to listen to and see perform live. We support an open marketplace which puts fans first, and drives down ticket prices.

Transparency is important to us. Unlike some ticketing sites that conveniently obscure the official prices of the events they list, we believe in giving users an informed choice - we allow users to track ticket price changes and set up ticket price alerts, so that they can buy at the right time. We will always endeavour to list the official face value ticket price, set by the promoter, wherever possible, with options to purchase tickets at face value or below. We want fans to find the right tickets for the shows they want to see at the cheapest possible price - whether that be for a sold out show on the secondary market or a new on sale with an official ticket agent.

Since the rise of the secondary marketplace over the past few years, and the work of sites like Ticketbase and others raising awareness, the online "pop-up ticket scam" described above has almost been completely eradicated. There are always small instances of brokerage sites setting up and going in to administration, but the level of which the problem has gone away cannot be underestimated. In 2009-2012 we would typically receive around 30 messages per day from music fans that had bought tickets from anonymous scam sites, now that problem simply doesn't exist since the secondary market has matured and established itself. Fans have become much more savvy about where to buy tickets,

and where not to. Not just that but they are also aware of how to be able to purchase tickets at a price they feel comfortable with, they don't feel the urgency to rush in to purchasing tickets on the day of general sale, or when it may initially sell out due to high demand and lack of inventory. Fans may complain that tickets sell out in minutes, but usually a large percentage of tickets had already been sold in the days previous in various presales, allocated to corporate sponsors, or held back by the promoter for guest lists, competitions or production reasons. The majority of music fans have become informed consumers on when is the best time to purchase tickets, and where to buy them from. They utilise services like our "Ticket Price Alerts" to keep track of ticket prices, and get alerted when tickets are available at a price they choose. They use "Tour Alerts" and "Ticket Reminders" to ensure they don't miss out when tickets are set to go on sale.

Unfortunately supply cannot always meet demand, it's the nature of the live music industry. Some artists/promoters will put on additional roll dates to meet demand, but it's dependent on the artist's itinerary or the likely risk that a second (or fourth) show may not have the same demand to sell out, or sell enough tickets to be profitable. Meeting demand with additional dates would of course nullify the demand for tickets above face value on the secondary market, and drive down prices, but there's always factors determining whether that is possible. A sold out event is a successful event. Promoters, artists, their management and fans want the events they attend to be sold out. They need that buzz, and so do we, to generate interest in tickets. People naturally want to attend an in-demand event. We can't comment on where tickets on the secondary market originate from, we can only comment on our experience, and our user's experience with purchasing tickets.

We currently (on Nov 18) have over 240 upcoming major music events in the UK listed on our site where tickets are being offered at below the promoters' original face value (<http://www.stereoboard.com/ticket-deals>). It's not uncommon for ticket prices to fall below face value as the event approaches, it's actually very likely as demand wanes, and around 50-60% of all events listed on our site will see tickets listed at below face value at some point. The only time, in our experience, where ticket sellers on the secondary marketplace can demand what is sometimes deemed by sectors of the media as "inflated prices" are when demand is at it's peak and fans want to get tickets right away, or when demand is sustained right through to the event date (which is unusual). For whatever reason some consumers are not prepared to wait it out to purchase tickets at a later date at a lower price. Some fans want convenience and will happily (or maybe begrudgingly) pay more for that convenience on the secondary market, they do have the choice, or they want to choose their own premium seats which are no longer available to buy on the primary market. It's not a perfect marketplace, but it's a healthy one if there is good level of transparency on ticket information, prices, fees/charges and how to utilise the marketplace correctly.

Over the years there has been many calls from various parts of the industry, and Government, to curtail the secondary market from operating, or to operate with restrictions such as a 10% cap on resale prices. My opinion is that this would irrevocably damage an established marketplace and industry sector which contributes hugely to the UK economy. Any such measures would vastly reduce the inventory in the marketplace, drive down choice and drive up prices from those selling from outside the UK's jurisdiction. Overburdening Government regulation will drive fans to overseas sources, ticket scam sites and street touts for in-demand events. Any new legislation or further regulation, in my view, would have serious consequences to the already high levels of consumer protection offered to music fans. Consumer trust in the secondary marketplace has been developed over the past 5 years, and the work that has been done to drive fans away from fraudsters and street touts, to these online marketplaces where various safeguards have been established, and are in place, to ensure purchases are both protected and fully guaranteed. Sellers don't get paid until after the event has passed, instances of fraud are thus rare. Prices for popular tours have dropped, more events are available at, near or below face value than ever before, and fans are able to buy tickets for sold out events at a price they are comfortable paying without the fear of being scammed or ripped-off. The important trend we have seen over the past 3 or 4 years is much fewer secondary sales for a popular event taking place in the days following it's sell out (when demand is at it's highest) and a vast increase of sales, at much lower listing prices, in the days and weeks leading up to the actual events taking place. Event organisers have adjusted their pricing strategies to combat the likelihood of tickets being "touted" on the secondary

market, but of course sometimes the true market value of a ticket may be underestimated, or conversely overestimated.

Our experience is that the thousands of fans that use the secondary market on a weekly basis are generally happy about the ability to purchase legitimate tickets, whether that be at, above, or below face value. We don't see complaints from these consumers, those fans are informed before they make the decision to purchase their tickets. My opinion is that those that complain loudest and most vivaciously about the secondary marketplace are usually the ones that are unlikely to ever fully understand, use or utilise it, they only ever see the misleading headline figures (i.e Tickets For Band X for £4,000) from press snippets, or have inevitably missed out on tickets for a massively oversubscribed and in-demand event and simply don't want to pay more than face value. They have a right to set a price they are willing to pay, and to reject the prices tickets are being offered at on the secondary marketplace. If there wasn't a legitimate secondary market it would make no difference to fans' inability to acquire tickets for such high demand events, it would only serve to reduce choice and resale availability and would drive up prices from other less-reputable overseas sources.

Quotes from industry professionals, usually those that have a vested interest in there not being an open secondary market on the resale of their tickets, usually subvert the truth for personal or self preservation reasons. They quote ticket prices listed at extraordinary prices, but fail to disclose the actual prices tickets are selling at, in an effort at scaremongering. I do have some sympathy for promoters that still have inventory to sell at face value, where fans, or brokers, are selling their tickets below face value on secondary sites. They take the financial risk of putting on these shows, and it must be incredibly frustrating, but whether or not more tickets would have sold if tickets weren't being traded on an open marketplace is open to debate. By rejecting the legitimacy of the marketplace they are therefore limiting their ability to dynamically react to the forces of supply and demand in action. Some event organisers may already be utilising the secondary market, and sites like Groupon, to dynamically price their unsold inventory, with some anonymity, to avoid a conflict with those fans that had already paid face value during the event's initial on sale.

Any kind of restrictions placed on consumer's ability to purchase tickets, such as ID restrictions, and the ability to legitimately resell unwanted tickets if needed, is not in the best interest of fans, and certainly not in the interest of those savvy enough to have found a way to utilise the secondary marketplace to their benefit. Our experience of ID restricted events is that those sellers that are determined to find a way to sell such tickets can usually command up to x10 times the market value, or more, due to lack of inventory and ability for resale.

I hope this honest appraisal of the marketplace has been helpful. Rather than repeat myself, I'd like to draw your attention to various published articles from our site which are directly related to this call for evidence, which speak for myself and Stereoboard, with plenty of insight in to the secondary marketplace and how it operates from our perspective, which goes in to far more detail than I could do here.

## **The Great Ticket Scandal - Good Things Come To Those Who Wait**

<http://www.stereoboard.com/content/view/170913/9> by Heather McDaid (In response to Channel 4's Dispatches)

## **Why Government Legislation Of Secondary Ticket Resale Would Be Bad For Music Fans**

<http://www.southcoasttoday.com/content/view/163425/9> by David Ball

## **Govt's Proposal To Cap Resale Prices Of Concert & Festival Tickets**

<http://www.southcoasttoday.com/content/view/164361/9> by David Ball

## **Do Ticket ID Restrictions Beat Touts Or Penalise Fans?**

<http://www.southcoasttoday.com/content/view/172268/9> by Heather McDaid

Kind Regards,

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