

# SOLD OUT:

Consumers & the ticket resale industry



August 2017

## ABOUT THIS REPORT

---

This report was jointly produced by:

**choice**

Set up by consumers for consumers, CHOICE is the consumer advocate that provides Australians with information and advice, free from commercial bias. By mobilising Australia's largest and loudest consumer movement, CHOICE fights to hold industry and government accountable and achieve real change on the issues that matter most.

To find out more about CHOICE's campaign work visit [www.choice.com.au/campaigns](http://www.choice.com.au/campaigns) and to support our campaigns, sign up at [www.choice.com.au/campaignsupporter](http://www.choice.com.au/campaignsupporter)

**consumer.**  
now you know

Consumer NZ is New Zealand's leading independent consumer organisation, helping New Zealanders get a fair deal. We've been around since 1959 and have a reputation for independence and fairness as a provider of impartial and comprehensive advice.

Most of what we do is funded by our members, not by government.

Visit [consumer.org.nz](http://consumer.org.nz) to find out about the work we do on behalf of all consumers to make the market fair.

<b>INTRODUCTION</b>	<b>3</b>
<b>Who are the players?</b>	<b>5</b>
<b>Collecting case studies: ticket resale</b>	<b>6</b>
<b>Ticketing problems</b>	<b>7</b>
Supply and demand in the ticketing industry	8
Ticket resale: who are the major players?	8
What tickets end up on resale websites?	10
The rise of the bots	11
Consumer confusion	12
Improving transparency on ticket resale websites	14
Sold out? The questionable selling practices of resale websites	16
Expensive tickets	18
What's that price?	19
Customer service in the resale industry	20
At the venue: resale tickets denied	21
A global concern: enforcement and the law	23

## INTRODUCTION

The ticket resale industry has a legitimate reason to exist – many consumers purchase tickets for events months in advance and there should be clear and transparent ways for them to on-sell tickets should their plans change. Others want the convenience of purchasing unwanted tickets last minute, either prepared to pay a premium or waiting to snag a bargain. However, there are significant problems with the way this market is functioning, often resulting in harm to consumers.

The ticket resale industry is booming, and estimated to be worth over \$US15 billion globally.<sup>1</sup> The industry, however, is beset with problems including sneaky hidden fees, lacklustre customer service and unfair sales tactics. While a thriving and fair ticket resale market should be a boon for consumers, the problems can, and do, outweigh the benefits. Urgent reform is needed.

The ticket resale market is driven by opaque practices in the primary market where the limited release of tickets to the hottest events creates stiff competition. Events, by their very nature, are “one-off” activities and tickets are often an emotive purchase for consumers. This is particularly true for consumers in Australia and New Zealand, where touring acts may only visit a few times during their careers. For some consumers, the desire to purchase tickets – at any cost – is strong and resale websites exploit this.

We heard from consumers across markets that the ticket resale industry wasn’t working for them. After receiving complaints about the conduct of the ticket resale market, consumer organisations CHOICE (Australia) and Consumer NZ (New Zealand) decided to collect case studies from consumers who had purchased tickets in the resale or secondary market. Which? (UK) also collected and shared case studies, which are included in this report. Consumers told us that their top problems in this industry are steep prices, hidden fees and confusion about who they’re dealing with. Consumers also complained about poor customer service, tickets never arriving and fraudulent tickets.

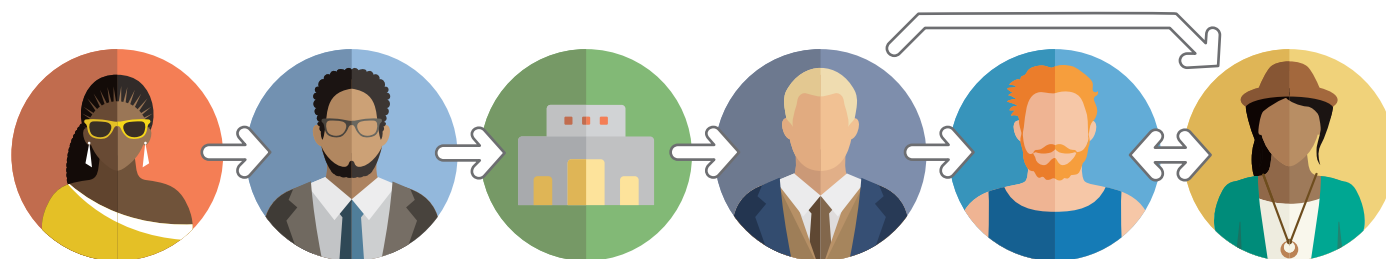
European consumer organisations and the Hong Kong Consumer Council shared information about consumers’ experiences of the resale market. Industry was also invited to provide feedback, by completing a separate questionnaire and meeting with consumer organisations to share knowledge.

Measures to improve transparency and curb bad behavior in online booking processes will help to clean up the resale market and create a fairer marketplace for consumers. Effective change in this market will need to come from industry initiatives (both in the primary and secondary markets), effective legislative fixes and proactive enforcement. Without strong action in all three areas, there cannot be effective change in this market.

#### **Changes consumers need in the ticket resale market:**

- Consumers need better information to help them decide if they want to use a resale site. Promoters, venues, and ticketing companies should specify the number of tickets available for pre-sale and general sale, the number of events scheduled for a tour and the number of seats in a venue.
- Ticketing companies should develop and invest in new technologies to distribute tickets, such as “verified fans” programs, to curb the business of professional scalpers.
- Ticketing companies, artists and promoters should invest in innovations to reduce fraud, for example by allowing name changes on tickets or by developing better ticketing systems.
- Resale websites should clearly state they are ticket resellers and remove any dubious “official” claims in advertising. Resale websites should also remove misleading statements such as “last tickets left” and “selling fast”.
- Resale websites should clearly state tickets’ details during the booking process, including, where relevant, the seat and row number, venue, original price, and restrictions.

## Who are the players?



### ARTIST/TEAM

The main drawcard performing or playing at a venue

### PROMOTER

The organisation responsible for coordinating the artist or team and their tour, including organising the venue and negotiating contracts

### VENUE

The location of the event

### TICKET SELLER

Primary market sellers distribute tickets to fans and collect money (for a fee) on behalf of the artist/team, promoter and venue

### TICKET RESELLERS

Secondary market sellers act as a platform for tickets to be resold, collecting a fee for each transaction

### CONSUMER



## Collecting case studies: ticket resale

To better understand the problems faced by consumers in the secondary ticketing market, three major consumer organisations asked for purchasers' experiences of the ticket resale industry. Case studies were collected online from April to June 2017 by CHOICE (Australia) and Consumer NZ (New Zealand). Case studies were also collected by Which? (UK) from May to June 2017. Participants were recruited through social media posts, links from articles in mainstream media and by engaging with members and supporters of these organisations. Across the three organisations, 1051 participants told us about their interactions with the ticket resale industry.<sup>2</sup>

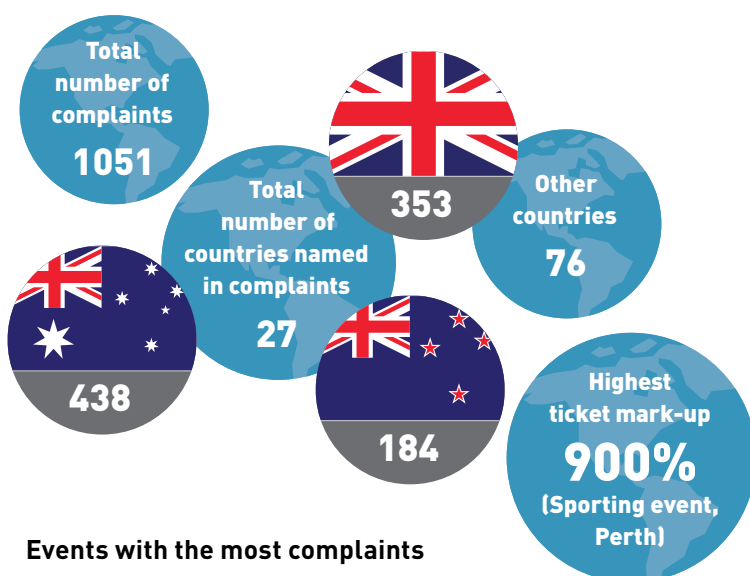
The online form collected case studies of consumers who had purchased a ticket through the secondary ticketing industry and asked consumers:

- The event type, location and name
- The amount paid for the resold ticket, and the face value of the ticket (if known)
- How they found the ticket
- Whether they knew if they were purchasing a resold ticket
- The problem they encountered with the ticket
- How they tried to resolve their problem

While we asked people broadly about their experience with the secondary ticketing market, due to the nature of the campaign and industry most respondents reported having at least one problem with their ticket. Therefore, although this sample is not necessarily representative of the population, it does highlight a number of common problems for consumers in the secondary ticket market.

Results from the three organisations were then collated and analysed for this report.

### INTERNATIONAL TICKETING COMPLAINTS



### Events with the most complaints



Ed Sheeran (N=96)



Adele (N=64)

### Event type with the most complaints



Stadium concert (N=465)

## Ticketing problems

We asked consumers to identify all problems they had with a ticket reseller, including problems with pricing, customer service, fraudulent tickets, and confusing aspects of the ticket resale industry. Many consumers faced more than one problem in their interaction with the ticket resale industry.

The biggest issues for consumers were high ticket prices, hidden fees and charges, and confusion between the primary and secondary markets.



### CONSUMER PROBLEMS IN THE TICKET RESALE INDUSTRY

What was the main problem(s) with your ticket?	%	Total	CHOICE	Consumer NZ	Which?
Paid more than the face value of the ticket	75%	792	432	99	261
Charged hidden fees	56%	589	352	70	167
Thought website was an official ticket seller and not a resale website	48%	506	321	74	111
Seat or area wasn't as described	15%	159	95	28	36
Something went wrong and customer service didn't help	13%	139	79	23	37
Credit card was overcharged	11%	119	74	26	19
Ticket never arrived	11%	115	64	25	26
Ticket was a fake	8%	82	61	11	10
Denied access at the venue because they knew the ticket was purchased on a resale website	3%	32	21	4	7
Had a different problem	11%	116	59	16	41
Didn't have a problem	5%	53	11	0	42

\*Many participants experienced multiple problems. Figures above represent each instance a consumer said they experienced a problem.

## Supply and demand in the ticketing industry

It is impossible to talk about the secondary ticket market without discussing the primary market's supply and demand conundrum. Often, a limited number of tickets are released for general sale, which means popular events can sell out almost instantaneously. The sell-out of tickets to high profile acts like Ed Sheeran, Adele, Coldplay and Harry Styles gained international media attention in the UK, Europe, Australia, and New Zealand. As fans tried to purchase tickets in pre-sale and in general sale they were met with sold-out notifications, with tickets appearing hours, if not minutes, later on ticket resale websites like Viagogo, Stubhub and TicketmasterResale.

There are natural limits on the number of tickets that can be sold for any event – only so many people can fit in a venue. However, in some cases promoters are using tactics that create artificial scarcity and increase demand for tickets. These tactics create confusion about the number of tickets available and fuel sales

on the secondary ticketing market, leaving consumers open to harm.

A 2016 report by the New York Attorney General's office found the majority of tickets for popular shows did not even go on sale to the general public.<sup>3</sup> Approximately 38% of tickets to the most popular shows were sold in the show's "pre-sale" and large numbers of tickets were held for industry "insiders" – including one Kanye West concert, which held 29% of its tickets for insiders.

This can lead to very small numbers of tickets being available for general sale without the public being aware of this. There is then a high level of competition for a small number of tickets, without the public being aware of the true demand for the event. One Katy Perry concert at the Barclays Centre in NY only released 1200 tickets in its initial public sale, or 12% of total tickets for that concert.<sup>4</sup> The number of tickets available at general release isn't meeting consumer demand, and promoters are actively creating hype without providing sufficient supply to the general public.

## Ticket resale: who are the major players?





*"I've got psychological trauma at being taken for a mug. Minutes after I'd bought my tickets for a 'one-off gig' seven more nights were released."*



Consumers are also frustrated by artificial scarcity created by promoters' tour announcements. Currently, industry practice (for many music concerts and other touring events) is to announce one show in each city to build hype and speculation on ticket sales. As a result, people can end-up buying excessively priced tickets through resale websites before second or third shows are announced. Consumers fall victim to the excitement created by promoters announcing one-off shows in cities, feeling like they have little choice but to purchase tickets at inflated prices on the resale market. Then, they're left disappointed when additional shows are announced and tickets are freely available.

It would be helpful for consumers to understand how many tickets and shows are available on the market for an event or tour so they can assess likely demand and decide whether they want to purchase tickets through pre-sale (or soon after the event goes on sale). This will also help consumers assess whether they want to purchase a ticket at a premium on a resale website.

## CONCLUSION

Consumers would benefit from greater transparency in the primary market. Promoters, venues and ticketing companies could increase transparency by stating:

- The number of tickets available, for pre-sale and general sale for each concert, relative to the number of seats in the venue
- The number of tickets sold for an event
- The number of events in a tour, at the beginning of the tour



## What tickets end up on resale websites?

There is speculation that a large number of tickets available on the secondary market are from professional traders. In March 2017, Stubhub chief executive Scott Cutler said that only around 50% of tickets on Stubhub are listed by genuine consumers wishing to resell their tickets.<sup>5</sup> This means a significant number are likely to be listed by professional touts seeking to make a profit on the resale of tickets.

In even murkier ticket touting territory, resale websites can also have exclusive access to tickets, blurring the lines between primary and secondary markets. For example, in late 2016 major promoter Live Nation admitted to providing tickets directly to the resale market in Italy.<sup>6</sup> Speculative sales on secondary ticketing websites, where tickets are sold on the secondary market in advance of their official release are also problematic, and only serve to inflate demand and extract higher prices from consumers.

Consumers need a well-functioning resale market. But to be most effective, this market should be driven by consumers, for consumers. While a Yougov poll found 48% of UK residents want to ban secondary ticketing websites, there were still consumers who valued resale options.<sup>7</sup> Ticket sales can be inconvenient, with the purchaser needing to be available at the time of release in order to secure a ticket. Some consumers who actively choose to use resale websites want to avoid the hysteria of the ticketing sales process, and are prepared to pay a premium for an event that may sell out. By using the secondary market, they avoid the hassle of competing to purchase in-demand tickets when they come on sale.



*"I was prepared to pay extra. I am not prepared to sit on [the] computer to get tickets as soon as released (and I am always late in hearing when concerts are or won't*

*know if I can go till nearer the date) so am happy to pay more for someone else to do this. I see it as paying for their time and my ease/stress-free way of getting tickets."*

A proportion of resale tickets are also good value for consumers. The UK Waterson Report found that around 30% of tickets on resale websites are priced below face value, and represent an opportunity for consumers to purchase tickets at competitive rates.<sup>8</sup> Serving these consumers (and consumers who legitimately want to resell a ticket) is an essential function of the resale market.

## The rise of the bots

Media reports and industry intelligence suggest artificial demand for events has been generated by the widespread use of “bots”.<sup>9</sup> This automated software circumnavigates ticketing websites’ protections to rapidly purchase tickets when an event goes on sale. The software can also be used for ticket speculation, where ticket scalpers put a hold on tickets until they find a buyer on the secondary market. While the use of bots remains a hot topic in the media, there is little hard evidence of the extent of these bots in the primary market.

Moves to outlaw the use of bots have already been pursued in the USA, and were passed into law in the UK in April 2017. While legislation may help curb ticket scalpers using bots, enforcement will be difficult. Scalpers using bot software can be located anywhere in the world, and it is likely they will be adept at masking their online identity. Software development is also likely to be faster and smarter than any preventative measures that can be developed. To ensure legislation is effective, any moves to ban bots should consider additional measures to fix supply problems, and misleading and deceptive conduct by ticket resellers.

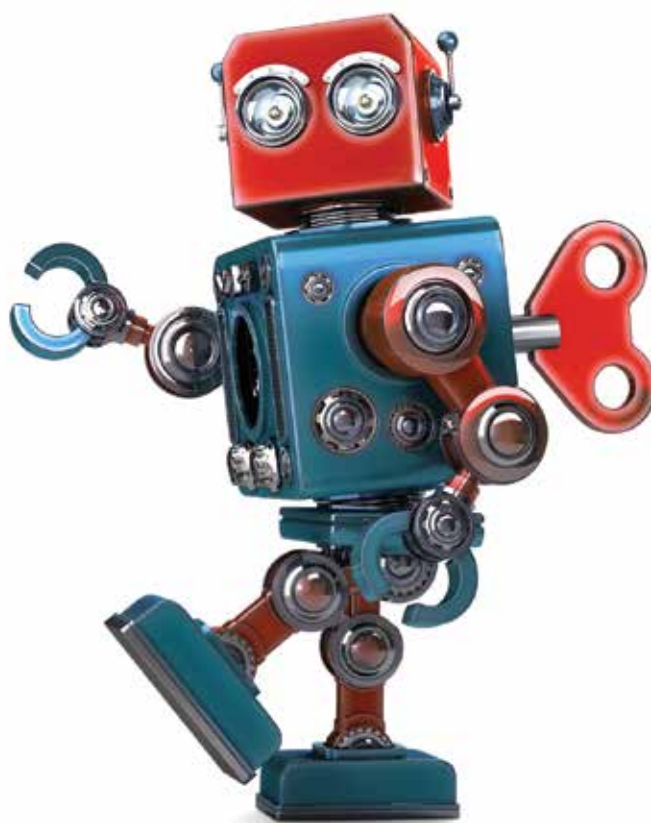
There are some measures that are already helping beat the bots. Some ticketing companies are introducing “verified fan” programs to give fans early access to tickets as a new way of combatting bots. Ticketmaster US signs up verified fans by registering their details and IP address to confirm they are not a “known” scalper.<sup>10</sup> Ticket codes are then distributed to verified fans (or by ballot if more fans are registered than available tickets). Further efforts by ticketing companies to develop solutions to distribute tickets directly to fans, instead of into the hands of professional scalpers or touts, would help to solve some supply and demand problems in the primary market.

### THE BOTS ACT

In 2016, President Obama signed the Better Online Ticket Sales Act into law. The BOTS Act makes it illegal to “circumvent a security measure, access control system, or other technological control or measure on an internet website or online service that is used by the ticket issuer to enforce posted event ticket purchasing limits or to maintain the integrity of posted online ticket purchasing order rules.”<sup>11</sup>

The law also makes it illegal to sell tickets obtained in violation of the statute if the seller participated in the illegal purchase or knew or should have known that the tickets were acquired in violation of the law.

The law applies to public concerts, theatre performances, sporting events, and similar events at venues with seating capacity of over 200, with the law enforceable by State Attorneys General and the Federal Trade Commission.



## Consumer confusion

The ticketing market is confusing for consumers. In Australia and the UK, the ticketing market is fragmented, and on a single tour tickets can be distributed by a number of different primary ticket agents, through multiple venues. In New Zealand, the majority of tickets to large events are distributed by one ticketing agent, with Ticketek and Ticketmaster being the major players in the primary market.

In the United Kingdom, where one show can have multiple ticket vendors, there can be confusion about whether an event is sold out or whether there are tickets available with another ticket seller. However, this system can also provide better outcomes for consumers, as a fan can sometimes beat the rush by purchasing tickets from a less well known seller (where tickets don't sell out immediately).

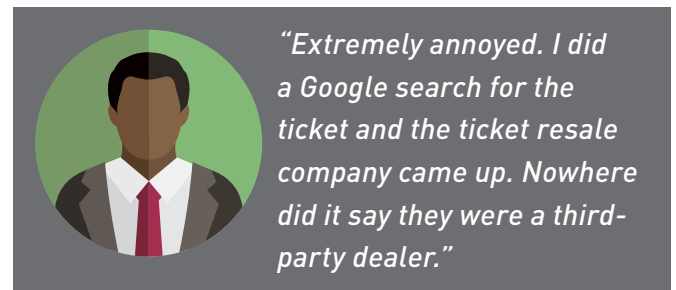
This confusion extends into the secondary ticketing market. Several major companies operate ticket resale companies in addition to their regular ticket sales business. For example, Ticketmaster owns TicketsNow, Getmein, TicketmasterResale and Seatwave.<sup>12</sup>

We found around 68% of respondents did not know the website they used to purchase tickets was a reseller. New Zealanders and Australians were the

least likely to know they were buying from a ticket reseller. In the UK, where there is a more established resale market, 40% of respondents knew they were dealing with a reseller.

Consumers tend to confuse the primary and secondary ticketing markets because:

- Paid links to resale websites are placed above official sites in Google search results
- Resellers make claims they are “official” or disguise their resale buttons to look similar to primary ticket sale buttons
- Primary sellers who engage in ticket resale on their primary website did not clearly indicate to consumers when an event is sold out and only resale tickets are available
- Resellers use social media (e.g. Facebook events) to link to ticket resale websites



### DID YOU KNOW THEY WERE A TICKET RESELLER?



Many fans found their tickets through Google, with 66% of case studies saying they found their tickets through the search engine. If a consumer is unaware of the official primary seller, they can be led to click on the first search result – often a paid advertisement for a ticket reseller. This leads them to the ticket resale website, regardless of whether the event has tickets available or if it is sold out.

How did you find your ticket?		
Google search	694	66%
Clicked through from the original ticket seller website	209	20%
I can't remember	23	2%
Social media	30	3%
Word of mouth	29	3%
Other	54	5%
No response	12	1%
<b>TOTAL</b>	<b>1051</b>	<b>100%</b>

Of those who clicked through from a Google search, only 20% knew the website was a ticket reseller, and not the primary seller.

## CONCLUSIONS

Consumers need, and want, to know whether they are buying from the primary or secondary market. When consumers reach a resale website, there is often very little to signify the website is a resale site. For consumers to make an informed decision about their purchase, these websites should clearly indicate they are a secondary market website.

Search engines have an important role to play in making sure consumers have correct information about resale sites. For example, Google needs to ensure that any ads for resale sites do not contain misleading claims about sites being “official”.

*“Viagogo was the first site to come up in my Google search for Harry Styles Brisbane, and the description said ‘Official Site’ so I assumed it was the official ticket site for the concert.”*



## DID YOU KNOW THEY WERE A TICKET RESELLER? CONSUMERS WHO FOUND THEIR TICKET BY GOOGLE SEARCH



## Improving transparency on ticket resale websites

Ticket resale websites often lack basic information about the tickets they're selling, making it impossible for consumers to make an informed purchase decision. This lack of transparency can often lead to disappointment and shock when the tickets received do not match what the purchaser thought they were buying. While laws in the UK strive to make it clearer to buyers exactly what they're getting when they purchase on a resale website, Australia and New Zealand do not have comparable legislation.

Many consumers said misleading or missing information on ticket resale websites was frustrating and they would not have made a purchase had they known the details of a ticket. Problems consumers highlighted included:

- Incorrect or missing seat and row details online
- Incorrect or missing face value details of ticket
- Incorrect or undisclosed restrictions applying to the ticket (such as "over 18s", child or concession restrictions)
- Information about the seat that may affect the purchase, like visibility or proximity to stage



*"I am going to Perth so bought a ticket to the football there. I followed the prompts on the website and bought a ticket at \$70 which I understood was an inflated price but was near the front. The website said restrictions which seemed to be 'no smoking' which is not an issue. When I got the ticket several days later it was for a child and therefore useless. It is impossible to contact the website and resolve the problem, so I lost all my money."*



## CIRQUE DU SOLEIL TICKETS ON VIAGOGO

*“My mother is 80 this year and so, as a special treat, I purchased five tickets for Cirque du Soleil, one for her, two for her grandchildren and one each for my sister and myself. I did a search for Cirque du Soleil and it came up with the site. It stated guaranteed satisfaction and made some other claims so I assumed it was the legitimate site.*

*I selected the tickets, noting that the site stated that the tickets were in the ‘Most Popular Section’ and the ‘Best in this Section’. Because of this I assumed that I would be purchasing tickets in a good location at the venue. Once the transaction had gone through I realised that I did not have the location of the seats, and I needed to ensure that they were suitable for my mother to be able to get to and also see from.*

*Straight away I contacted Viagogo to confirm that the seats were as described on their site. At first I only received what seemed to be stock standard replies that did not really answer my questions.*

*I then received some more detailed replies claiming that Viagogo did not know where the seats were. If they did not know where the seats were, how can they claim that they are the ‘Best Seats’ in the section?*

*This went on via a few emails, more from me than them as a lot of the time they chose not to reply. I did actually receive the tickets (much earlier than I expected) on May 23rd. The first thing I did was look at the seat location. It is neither in what I would consider the most popular section or the best seats in that section. Once I looked at the face value of the tickets I realised that I had been given the cheapest seats at the venue. These are too far back and too far to the side to get a good view.*

*I was absolutely gutted as this was meant to be a special treat for my mother not a third rate one. I had spent nearly \$800 for tickets that were worth less than half that.”*



## CONCLUSIONS

Where these requirements do not already exist, consumers would benefit from rules requiring resale websites to clearly state details of a ticket during the booking process, including:

- Seat and row number
- Venue
- Original price of the ticket
- Any restrictions on the ticket

Any reseller and resale website that does not comply should be subject to fines and other enforcement measures by regulators.



## Sold out? The questionable selling practices of resale websites

Ticket resale websites are riddled with questionable sales practices that are used to persuade a fan to purchase tickets. A sweep of ticket resale websites found sales tactics that created a sense of urgency to purchase, deliberately confusing messaging and in some cases, clearly misleading and deceptive claims.

CHOICE's 2017 complaint to Australian regulator, the Australian Competition and Consumer Commission, outlined misleading and deceptive conduct in Viagogo's booking process, including claims it was an "official" seller and tickets were "selling fast" when they were still freely available on the primary market.

Viagogo makes claims it is the "official" seller using Google advertising, with listings appearing above the official ticket seller in search results. A Google search for tickets to Harry Styles revealed the top three results were for resale websites, with Viagogo's ad claiming "Buy Now, viagogo Official Site" appearing at the top of the list.

### VIAGOGO'S TRICKY TACTICS

- "You've just scored the cheapest ticket in Section: General Admission"
- "Tip: These are the last tickets left at this price, don't wait until it's too late!"
- "Tickets for performer are in high demand"
- "▲ Last ticket in this section!"
- "▲ Less than 1% of tickets left for this event"
- "▲ Only a few tickets left"



Harry Styles Tickets 2017 - Buy Now, viagogo Official Site - viagogo.com

(Ad) [harry-styles.viagogo.com/Harry\\_Styles/tickets-deals](https://harry-styles.viagogo.com/Harry_Styles/tickets-deals)

On Sale Today. Selling Fast. Secure Your Seats. 100% Guarantee. Prices Rising.

Amenities: Last Minute Tickets, Instant Download, Save Online, 24/7 Customer Service



*"The site kept mentioning that tickets in that particular area where we were looking to sit were close to selling out, it put pressure on you to purchase as there was a countdown timer as well."*

*"I bought under a lot of pressure and their website tells you that people are queuing and tickets are running out to create a sense of urgency so you don't take your time to think through what's happening."*





Reseller Viagogo also uses tricky tactics to pressure potential customers into purchasing a ticket. These tactics, known as “dark patterns”, hoodwink consumers into purchasing something they might not otherwise buy, and are rife on the reseller’s website. The booking process appears to be deliberately designed to confuse consumers on the availability and cost of tickets. Consumers felt these messages created a sense of urgency, pushing them to purchase the tickets immediately instead of shopping around for a better deal.

Some websites were also caught engaging in speculative ticket sales, listing tickets that hadn’t even gone on sale.



*“I was so caught up in the moment of getting tickets that I did not realise it until after buying the tickets that I had bought the tickets at 11.55am on Viagogo, when the official tickets on Ticketmaster only went on sale at 12pm. I realised that had happened when I got an email time stamped 11.58am confirming my purchase.”*

## CONCLUSIONS

Action should be taken to ensure websites remove any dubious “official” claims in advertising. Enforcement action should also be taken by regulators against misleading statements, like claims that tickets are the “last tickets left” or “in high demand”, and for engaging in speculative ticket sales.



## Expensive tickets

The secondary ticketing market is said to be worth over \$USD15 billion globally per year.<sup>13</sup> Seventy-five percent of case studies said one of their problems with the ticket resale industry was that they “paid more than the face value of the ticket” – it was the most listed problem, followed by complaints about hidden fees and charges.

Analysis of case studies found incidents where tickets were marked-up by up to 900%. Many of the larger mark-ups were for sporting events, which generally list cheaper ticket prices in primary sales (even for very popular events), making the percentage of mark-up large when a ticket is resold. The largest mark-up was for a child’s ticket (\$7) which was resold to an adult at a 900% mark-up.

A small number of our case studies (5%) reported paying under face value for their tickets. These consumers reported being happy with the price, but sometimes had other issues (such as wrong seating information or other issues with the venue).

### SAMPLE OF TICKET PRICES FROM THE SECONDARY MARKET

Event	Face value	Resale value	% mark-up
Geelong v West Coast (AFL)	\$AUD7	\$AUD70	<b>900%</b>
DFB-Pokalfinale	\$AUD70	\$AUD650	<b>829%</b>
Crusaders v Hurricanes	\$NZD7.50	\$NZD60	<b>700%</b>
Cricket World Cup	£45	£350	<b>678%</b>
Adele	£120	£928	<b>673%</b>
Ed Sheeran	\$AUD70	\$AUD530	<b>657%</b>
Maori All Blacks v Lions	\$NZD37.99	\$NZD251	<b>561%</b>
Ed Sheeran	£80	£512	<b>540%</b>
Tom Segura (Comedy)	\$AUD60	\$AUD383.33	<b>539%</b>
Elton John	\$AUD129	\$AUD800	<b>520%</b>

Price caps have been instituted in some countries and states. South Africa and New Zealand, and some states in Australia, for example, have price caps for major events (usually sporting events), which mean tickets cannot be resold for more than the face value of the original ticket.

Some parts of the industry have tried to combat inflated prices on resold tickets. Some measures have included:

- Artists banning resale for tours, including cancelling any tickets found to be resold
- The establishment of ticket resale companies that only charge up to 10% above face value (e.g. Twickets) (see page 22)
- Promotion and media coverage of official ticket sellers to drive traffic away from resale websites

It is difficult to see how price caps will be enforced in a real world context without any measures to improve transparency in the secondary market. With variations in ticket pricing within events, policing any price cap without being able to verify section or seat number would be impossible. A strong plan for enforcement would need to exist in a market that capped the prices of resale tickets.



## What's that price?

Hidden fees and charges were a major problem for consumers who had purchased resale tickets, with 56% of case studies citing it as one of the problems they had with the reseller.

Hidden fees included:

- Taxes (including VAT)
- Booking fees
- Handling/delivery fees (even for electronic ticket delivery)

## 56% of case studies were charged hidden fees

Most consumer complaints about hidden fees were where the ticket had been purchased from Viagogo. These fees were all added on throughout the booking process or hidden completely until the purchase was finalised. A CHOICE investigation in March 2017 identified drip pricing on Viagogo's website, finding that additional, unavoidable fees of over 25% were added throughout the checkout process.<sup>14</sup> Some consumers even reported that these extra charges

### REPORTS OF WEBSITES CHARGING HIDDEN FEES

Websites charging hidden fees		%
Viagogo	523	<b>89%</b>
TicketmasterResale/GETMEIN	43	<b>7%</b>
Seatwave	4	<b>1%</b>
Stubhub	8	<b>1%</b>
Other	11	<b>2%</b>
<b>TOTAL</b>	<b>589</b>	<b>100%</b>

*"I purchased the ticket unaware that Ticket City are a re-seller and charged over face value. Their website displayed the ticket price only (\$70/ticket) and requested credit card information which I entered. Once the transaction was complete I received a notification of payment including additional fees and charges (\$51/ticket) not displayed at the time of purchase. At no time was there any indication that additional fees would be applicable, that postage was payable or that the tickets were being sold significantly over face value."*



were appearing on the receipt or credit card after their purchase was complete.

Other problems with fees and charges highlighted by consumers included:

- Drip pricing, where unavoidable fees and charges are "dripped" throughout the purchase process instead of being clearly advertised at the outset
- Where the purchase process did not clearly state whether the price displayed was the price per ticket, or if it was the price per transaction
- Final charges for tickets were in foreign currencies, rather than in the local currency



*"I realised that I had been billed in British Pounds and not in NZ Dollars at a hugely inflated price – \$3000 for 4 tickets!! I thought the price quoted was in NZ dollars."*

## Customer service in the resale industry



*"I contacted the customer service contact email several times and explained that the ticket was invalid as it needed to have the name of the person attending as well as their date of birth, they did reply and tell me the ticket could be used at the venue. This was not the case, which I knew beforehand. After replying to my emails twice and telling me I could use the ticket, they stopped responding to my emails."*

Poor customer service is also a problem in the ticket resale business. Thirteen percent of case studies told us they had a problem that was not dealt with adequately by customer service. This included the customer service of the online ticket reseller and the venue on the day of the event.

Viagogo overwhelmingly accounted for the majority of customer service problems. Almost 20% of Viagogo consumer complaints included a complaint that something went wrong and customer service didn't help. Consumers, at best, had difficulty speaking with the reseller and at worst were not able to contact the ticket reseller at all.

*"The website [Viagogo] apologised on phone but said they were only the reseller and were not responsible for multiple resale of same ticket."*



Some of the customer service problems identified by consumers were:

- Difficult to find, or non-existent, contact details
- Specific and overly restrictive time frames for contacting customer service to resolve issues
- Long phone waiting time to speak to a customer service agent
- No, or slow, response to email enquiries
- Incorrect advice given on consumer rights
- Difficulties obtaining refunds for fraudulent tickets
- Late delivery of refunds
- Limited assistance when there was a problem with the tickets



## VIAGOGO REFUSES TO REFUND



*"Initially, despite tickets being available and having paid well above the odds for the tickets, they just promised me they would send the tickets. (It was a week before any tickets arrived and they were in the name of someone else.) We didn't trust them and actually wanted to see the show and tickets were selling fast so we bought two legitimate tickets and used those tickets on the night.*

*My Viagogo tickets were in the row behind me. There were people sitting in my seats so the same seats had been sold twice. If I had have used them then they either would not have worked on the night or those people would have been denied a seat as the show was a sell-out.*

*An email to Viagogo complaining about the tickets not working (after the event) solicited a phone call from Viagogo but they said it was my fault that I didn't trust the tickets and didn't use them and the fact that other people were sitting in the seats was irrelevant.*

*I rang the Regent Theatre to see if they could give me proof that the seats had been taken on the night but they wouldn't tell me due to privacy constraints because I had bought from a reseller. They would only talk to the person whose name was on the tickets. Since the price when I received them was in Czechoslovakian Kronor I don't think he was around to consult. It was like the Regent was treating me like a scalper rather than a pensioner who, unaccustomed to buying tickets online was duped by a company using immoral methods."*

## At the venue: resale tickets denied

Consumers who had problems on the day of the event represent a smaller number of respondents experiencing problems (only 3% of our case studies were denied entry to the venue). A small number of consumers said they had been turned away at the venue because of fraudulent tickets. This typically occurred because a seller had sold a ticket barcode multiple times on a resale website but sometimes occurred because of a venue's policy to cancel all resold tickets.

Consumers often outlay significant amounts when purchasing tickets. The financial costs of an event aren't limited to purchasing the resale ticket itself, but also includes transportation to and from the venue, and accommodation. Consumers who had not yet attended their event were very worried about whether they would be denied entry to the venue, and about the amounts they were outlaying to get there even though entry to the event was not certain.



*"I am worried about my ticket coming as many of the reviews about the site are saying that they have never received their overpriced tickets. I will be devastated if*

*I book my bus tickets and motel and my concert tickets do not show. They have told me that I will receive my tickets 3 days before the event which is not enough time to organise accommodation and bus tickets."*

Where venues are aware tickets have been resold, consumers reported some venues and ticketing agents actively cancelling resale tickets. This has occurred where a venue has a specific policy banning resale (such as at the Sydney Opera House) or where an artist has prohibited resale for their tour (such as Adele or Ed Sheeran).

Punishing consumers for purchasing a resold ticket results in significant financial and emotional harm for many who have bought legitimate resale tickets. If a ticket is cancelled by the venue or agent, the likelihood that a consumer will be able to obtain a refund from the reseller is very low, particularly in the case of sales on social media or on overseas platforms like Viagogo. The only party that is penalised in this scenario is the consumer.

Instead of enforcement options that punish consumers, regulators and lawmakers should consider enforcement mechanisms that place responsibility on resale sites to ensure that tickets are genuine and comply with any relevant laws or regulations.

Industry also has a role to play to prevent ticket fraud and place sensible limits on the secondary market. Use of better ticketing technology could stop fraudulent

tickets being sold on resale websites, including more secure storage of tickets in mobile phone apps or online accounts that could be transferred from seller to buyer by facilitating name changes on tickets.

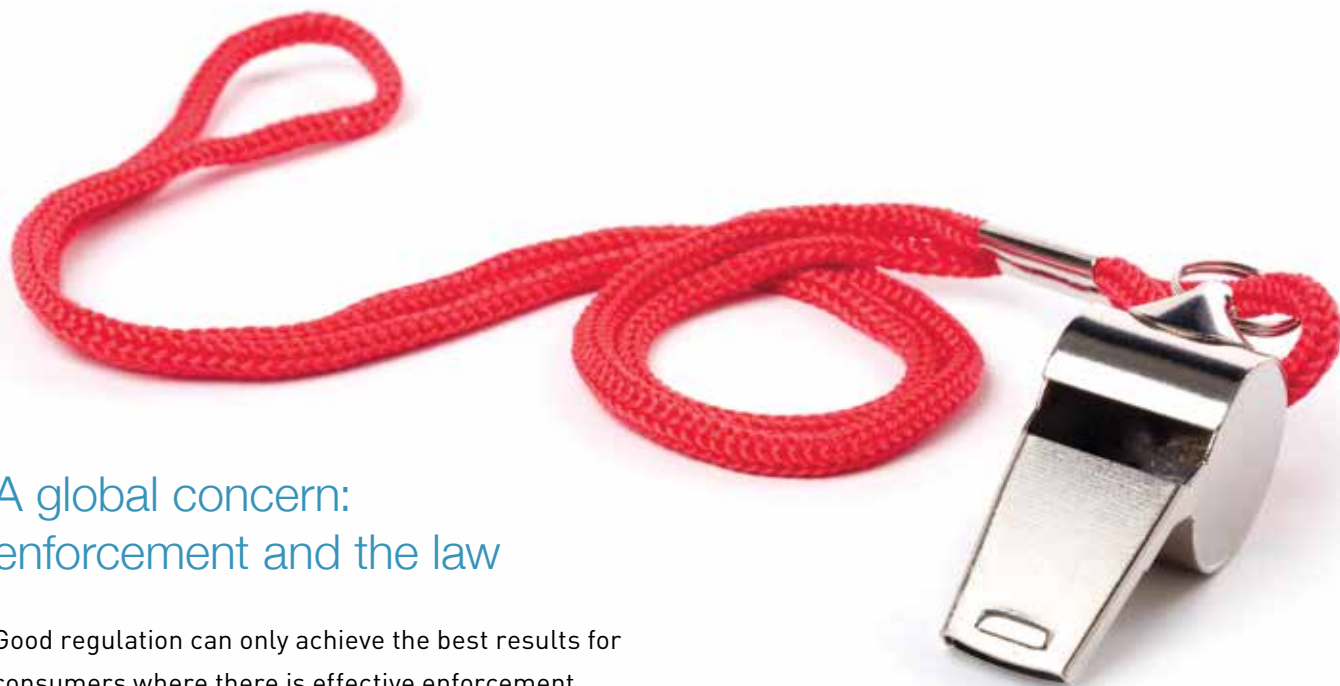
Ticketing agencies could also consider incentives to reduce the number of tickets available on the secondary market, such as allowing fully refundable ticket cancellations for popular events. Mobile ticket app DICE in the UK offers this service to consumers for sold out events.<sup>15</sup> A consumer who is unable to attend an event may choose to seek a refund instead of listing a ticket on a resale website. This ticket could then be allocated back onto the market or to a waiting list of consumers wanting to purchase a ticket.

## CONCLUSIONS

Options that punish consumers by allowing venues to cancel resold tickets should not be pursued. Instead, legislation should place responsibility on ticket resale sites when they sell products that don't deliver value to consumers.

Ticket companies, artists and promoters also have a role to play in preventing consumer harm. They should invest in innovations to reduce fraud, for example by allowing name changes on tickets or developing better ticketing systems.





## A global concern: enforcement and the law

Good regulation can only achieve the best results for consumers where there is effective enforcement. Enforcing consumer law and any specific ticketing laws is vital to ensuring a fair and transparent secondary ticketing market. Currently, secondary ticketing websites continue to offer fake tickets and mislead consumers as there is no real enforcement. There have been calls from many consumer organisations globally for regulators to take action against companies in the secondary ticketing market.

Across the world, markets are regulating ticket resale in different ways leaving a fragmented approach to the secondary ticket market. There are a diversity of ticketing specific laws, including mechanisms such as:

- Price caps
- Total ban on resale
- Bans on organised resale

- Bans on resale for major events
- Bans on “bots”
- Transparency measures, on what information has to be shown on resale websites

In areas where consumers are often travelling across borders for events – such as in Europe – it may be more efficient to have streamlined rules and enforcement in secondary ticketing. Uniform laws would also make it easier for consumers navigating this market as they will be able to understand and interpret laws that protect them in this industry across countries. And, in the absence of specific ticketing laws, enforcement of consumer laws should protect consumers dealing with the secondary ticketing market.

SNAPSHOT: ENFORCEMENT AROUND THE GLOBE

<p>Australia</p> 	<p>Consumer organisation CHOICE lodged a complaint with the Australian regulator in March 2017 about misleading and deceptive conduct and drip pricing practices used by ticket resellers Viagogo and TicketmasterResale.</p> <p>In the states of Queensland, South Australia and Victoria specific pricing caps and resale measures exist. However, CHOICE investigations found they were difficult to enforce.<sup>16</sup></p>
<p>Italy</p> 	<p>Altroconsumer made a complaint to the Italian Antitrust in October 2016 about the unfair commercial practices used by ticket resellers when the Italian Coldplay tour went on sale. The Autorita Garante della Concorrenza e del Mercato initiated proceedings against TicketOne and the secondary market.<sup>17</sup></p>
<p>Spain</p> 	<p>After a number of tickets for high profile sold-out concerts appeared on resale websites, Spanish consumer organisation OCU launched a campaign against ticket resellers, calling for price caps, better assistance for consumers and for better technology to stop bots.</p> <p>A ban exists on street trading of tickets, but there is no ban on online sales. Artists have taken legal action against Viagogo.<sup>18</sup></p>
<p>United Kingdom</p> 	<p>In 2015 changes were made to the Consumer Rights Act to require the secondary ticket market to include additional information (such as seat information) about the tickets for sale. Online ticketing bots are now outlawed, in an amendment to the Digital Economy Bill.</p> <p>An independent inquiry, the Waterson review, was announced to investigate the market.<sup>19</sup> The finding of this report was accepted by the Government.</p> <p>The Competition and Markets Authority is currently investigating the secondary market.</p>
<p>New Zealand</p> 	<p>The Major Events Management Act (2007) applies to major events held in New Zealand that provide a substantial benefit to the country such as the Rugby World Cup 2011 and the Lions Tour 2017. Tickets for an event declared to be a major event under the Act cannot be sold for more than the original sale price (including charges such as booking and delivery fees).<sup>20</sup></p> <p>The Commerce Commission is currently investigating ticket reseller Viagogo following complaints from consumers.</p>
<p>South Africa</p> 	<p>The Major Events Act 2013 makes it an offence for a person to sell tickets for a declared major event, without the permission of the organiser, at a price which exceeds the original ticket price by more than 10%, and imposes significant fines for doing so. However, similar to New Zealand, this is dependent on the declaration that an event is “major”, which may not necessarily apply to all events such as concerts or sporting events.<sup>22</sup></p>
<p>USA</p> 	<p>In December 2016, President Obama signed the Better Online Ticket Sales (BOTS) Act making it illegal to use software to purchase tickets.<sup>21</sup></p>



## Notes

- 1 <https://seatgeek.com/tba/articles/secondary-ticket-market-and-resellers/>
- 2 This sample is not a representative sample of the population and is intended to be a collection of case studies of 1051 consumers who had an experience with the secondary ticketing industry. The responses have not been weighted to represent the populations of the countries of the respondents.
- 3 [https://ag.ny.gov/pdfs/Ticket\\_Sales\\_Report.pdf](https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf)
- 4 [https://ag.ny.gov/pdfs/Ticket\\_Sales\\_Report.pdf](https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf)
- 5 <https://www.ft.com/content/91c680ca-04dd-11e7-ace0-1ce02ef0def9>
- 6 <http://www.bbc.com/news/entertainment-arts-37985565>
- 7 [https://reports.yougov.com/reportaction/ticket\\_reselling\\_17/Marketing](https://reports.yougov.com/reportaction/ticket_reselling_17/Marketing)
- 8 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/525885/ind-16-7-independent-review-online-secondary-ticketing-facilities.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525885/ind-16-7-independent-review-online-secondary-ticketing-facilities.pdf)
- 9 <http://www.smh.com.au/entertainment/music/ticket-bots-make-it-harder-for-fans-should-be-banned-live-performance-industry-20170508-gw0csr.html>
- 10 More information about the Ticketmaster US verified fan program is available at <http://help.ticketmaster.com/how-does-a-verified-fan-presale-work/>
- 11 <https://www.congress.gov/bill/114th-congress/senate-bill/3183/text>
- 12 A summary of Live Nation subsidiaries is available at <https://www.musicbusinessworldwide.com/files/2016/02/LiveNationsubsids.pdf>
- 13 <https://seatgeek.com/tba/articles/secondary-ticket-market-and-resellers/>
- 14 See CHOICE complaint against ticket resellers Viagogo and TicketmasterResale at <https://www.choice.com.au/policy>
- 15 See <https://dice.fm/> for more information
- 16 <https://www.choice.com.au/shopping/everyday-shopping/tickets/articles/ticket-resale-websites-permitting-illegal-scalping>
- 17 <https://www.altroconsumo.it/vita-privata-famiglia/viaggi-tempo-libero/news/biglietti-concerti-ticketone>
- 18 <https://www.ausleisure.com.au/news/ticket-reseller-viagogo-hit-by-multiple-spanish-legal-actions/>
- 19 <https://www.gov.uk/government/publications/consumer-protection-measures-applying-to-ticket-resale-watsonson-review>
- 20 <http://www.legislation.govt.nz/act/public/2007/0035/latest/whole.html>
- 21 <https://www.congress.gov/bill/114th-congress/senate-bill/3183/text>
- 22 <https://www.legislation.sa.gov.au/LZ/C/A/MAJOR%20EVENTS%20ACT%202013.aspx>

**choice**

**consumer.**  
now you know

