



# **APPG on Ticket Abuse: Secondary Market Investigation**

Putting fans first

2014

# APPG TICKET ABUSE

## SECONDARY MARKET INVESTIGATION

### INTRODUCTION

The All Party Parliamentary Group on Ticket Abuse (hereafter 'the Group') was established in December 2013 to promote, and provide a forum for the discussion of, issues relating to the sale and resale of tickets for events, with a particular focus on devising solutions to the problem of ticket touting. Members of the Group believe that the large scale, unauthorised resale of event tickets is against the interests of both consumers and intellectual property rights holders, and believe that the solution is greater transparency in the secondary market and a greater ability for event holders to control who can re-sell their tickets.

The terms of reference for the Group's general activities are:

- To provide a Parliamentary forum for the discussion of all matters relating to the sale and resale of tickets to events and exhibitions, particularly live performances of music, theatre and comedy.
- To push on a cross-party basis for Government action to reform the secondary ticketing market in the interests of consumers and rights holders, particularly by increasing the transparency of ticket supply.
- To identify and raise awareness of fraudulent activities within the live event ticketing market.
- To provide a forum through which external individuals and organisations concerned in the live event ticketing market can offer advice to Parliamentarians, share best practice and establish shared positions and priorities.

Given the contemporaneous passage of the Consumer Rights Bill, the Group resolved to launch an immediate short investigation into ticket abuse, the impact of the secondary market on both consumers and event-holders, and the possible solutions to any detriment to either party, including the use of technology or legislation to increase transparency and give event-holders more control over their own tickets.

The Group held a series of evidence sessions as part of this investigation, focussing on three key areas of debate: the impact of the secondary ticketing market on event-holders; the impact on consumers, and; the role of primary and secondary ticketing markets. The Group would like to thank all the panellists who have given their time to take part in this investigation, as well as everyone else who has attended the evidence sessions and submitted written evidence.

The conclusions and recommendations of this investigation call for action from all parties - event-holders, primary ticketing agencies, secondary ticketing agencies and the Government – to reform the market to ensure it operates in the interests of fans, and supports the long-term development of the live events and creative industries, in particular music, theatre and sport. This report is also intended to contribute to the recently-announced review of the secondary market by the All Party Parliamentary Music Group, which will commence later in the year.

## SUMMARY

Regardless of opinions on the secondary market, and particularly on the industrial-scale, the fact of the matter is that, for better or worse, it is now an entrenched part of the live event industry, worth an estimated £1bn a year.

We believe that the existence of a secondary market is justified by the need of consumers to pass on tickets bought for events that they can no longer use, and that to some extent this is a product of the failings of event-holders to facilitate refunds or exchange mechanisms to account for the fact that onsale dates are often many months in advance of the event itself.

However, in accepting that there is a role for a legitimate secondary market within the live event economy, we noted that there could be changes to how the present market operates, and would ask that consideration is given to options to ensure that the market works primarily in the interests of consumers, and particularly that it adheres to the same principles of transparency and consumer protection that other markets are held to.

We have arrived at a number of recommendations we believe would help achieve this end; these recommendations are summarised below:

### **The Government should:**

- Consider amendments to the Consumer Rights Bill to enforce transparency in the secondary market, in particular on whether the seller is a professional or occasional seller, and what the face value and individual characteristics of the ticket are.
- Consider amendments to the Consumer Rights Bill to ensure fair compensation for the victims of ticket crime.
- Ensure that the Police fully investigate ticket crime where it is reported.
- Examine whether existing legislation is enough to deter the use of ‘botnets’ or other software programmes designed to harvest large numbers of tickets.

### **Event-holders should:**

- Be transparent about any involvement with the secondary market.
- Where possible, take steps to ensure tickets reach the hands of genuine fans.
- Establish an industry standard for allowing refunds and/or facilitating or promoting the use of a safe and fair exchange system for fans who can genuinely no longer use their tickets.
- Take steps to raise awareness of pricing strategies and the negatory effect of the secondary market on them.

### **Secondary ticketing platforms should:**

- Be upfront with consumers that they, and those selling through them, are not the primary seller or an authorised reseller of the tickets listed on their site, and that those tickets may therefore be cancelled by the originator.
- Be upfront with consumers about additional fees, abolishing ‘drip pricing’.
- Ensure tickets sold through their platforms are genuine and were acquired by legitimate means.
- Ensure that sellers are not paid before tickets have been successfully used.

## TRANSPARENCY – ROLE OF THE SECONDARY MARKET

The majority of participants believed that transparency was the key element lacking in the secondary market, and that this contributed to the problems many associate with it, namely the manipulation of the supply of tickets, inflated prices and ticket fraud.

Any lack of transparency could both allow powersellers (i.e. professional and large-scale touts) and event-holders themselves to misrepresent themselves as fans selling to other fans, as well as prevent event-holders who wish to protect their fans from the effects of the secondary market, and enforce the terms and conditions of the tickets they have issued, from doing so.

As Mark McLaren of Which? pointed out, the same principles of transparency which are important in the primary market are even more important in the secondary market. Specifically, the information consumers deserve to expect should include:

- full information on the price of the ticket (including the original face value and all add-on charges);
- with whom a consumer is entering into a contract with;
- full information on the characteristics of the ticket, such as ticket/seat number/location, and;
- whether or not the seller has the permission of the originator to resell the ticket (and therefore whether the ticket is liable to be cancelled by the originator).

Stubhub, viagogo and GET ME IN!, when asked, stressed that they welcomed transparency in general, although stopped short of endorsing all of these measures. Seatwave, in a written submission, declined to answer the question of whether they supported greater transparency, and rejected the premise that the secondary ticketing market on the whole lacked transparency. A statement on Seatwave's website, under the heading 'Our Manifesto', promised consumers that: "we will make sure that Seatwave operates as transparent a ticketing exchange as possible", but when asked Seatwave confirmed that this only extended to pricing comparative to other listings, the average sale prices and the last sales price.

None of the secondary platforms provide information on the seller of the ticket; Ed Parkinson of viagogo said he believed that consumers did not need this information.

On seat numbers, Stubhub said in their evidence that they do require seat information to be provided (the others said it was voluntary), but upon investigating their site this appeared to be hit and miss; while seat numbers (and indeed the face value) were provided for a performance of Phantom of the Opera on Thursday 27<sup>th</sup> March (mark-up of 50%), they were not for seated tickets to The Cure's Teenage Cancer Trust performance on Friday 28<sup>th</sup> March (markup 53%); the situation was different from one listing to the other when looking at the 1,100+ tickets listed for One Direction's concert at Wembley Stadium on 7<sup>th</sup> June, although generally tickets listed individually were more likely to have full information than those listed in batches of 2 or more. Further, while Seatwave said that their service was transparent, a scan of the 1,719 tickets they had listed for the same concert found that none had seat

numbers, many didn't have row numbers, and some only specified a price category, with no location information given at all.

Christoph Homann of GET ME IN! stated that they wouldn't have a problem with publishing seat numbers, although viagogo argued that the seat number was not a consideration for buyers if they have information about the block and row, and in some cases, where staging and configuration of the venue has not yet been finalised, can be meaningless.

However, viagogo also said that they would not publish the information because it could be used by event-holders to enforce the terms and conditions of their contract with the individual reselling the ticket, leaving it liable to be cancelled – viagogo were emphatic in their belief that any such terms and conditions are wrong, and they were therefore justified in helping their sellers to break them.

*Conclusion 1. We do not accept this point of view; until such time as an official body such as the Competition and Markets Authority declares that the terms agreed to by buyers when purchasing tickets are unfair or illegal, then they should be regarded as valid and both parties to the contract should be able to enforce the terms. It is not for others to make these decisions.*

*Conclusion 2. Further, we believe that providing unique identifying characteristics of tickets listed, as well as on who was listing them, would be welcomed by consumers; they would gain a greater ability to assess the quality of the ticket and relative price, but more importantly have an indication that those tickets actually exist and are, or are guaranteed to be, in the possession of the seller – of whom they would also have a greater knowledge of their reliability and prior selling activity.*

***Recommendation 1. We therefore recommend that the Government should consider amendments to the Consumer Rights Bill which would ensure that all relevant information about a ticket sold on a secondary platform, including on the individual selling them, is available to consumers.***

***Recommendation 2. In particular, we recommend that secondary platforms should make clear at every stage of the purchasing process where tickets are being resold in contravention of the terms and conditions stated on them, and therefore could potentially be invalidated and the buyer refused entry at the venue, accompanied by details of the platform's refund policy.***

On the subject of add-on charges, Stubhub pointed out that they already roll all their fees into the list price of a ticket, and viagogo said they were considering the same. GET ME IN! and Seatwave were not specifically asked about this issue; the latter provide a price for the tickets and service fee at the top of the second page, although the buyer is notified of a further £9.99 delivery charge further down the page, while Get Me In!'s website eventually provides full pricing information at the bottom of the second page, which a consumer would reach after having entered all their details, despite showing a 'ticket total' price at the top with no fees detailed.

*Conclusion 3. We see Stubhub's transparency on fees as a positive example to the rest of the industry, which can and should be the norm.*

***Recommendation 3. We therefore recommend that all other secondary ticketing platforms adopt the same approach as Stubhub on add-on pricing, rolling all applicable fees in with the prices shown at the landing page for the event.***

On the provision of information about the original face value of tickets, three of the four secondary platforms provide the face value of the specific tickets being purchased, but only on the screen after a potential purchaser has selected some tickets, and not at all prominently. Viagogo, on the other hand, provides no face value information for the individual ticket, but provides information on the face value range at the very bottom of the listing page; while this may give accurate information for a 100% general admission event, it is almost meaningless for a tiered event. During their meeting with members of the Group, viagogo did indicate this was something they were looking at.

*Conclusion 4. Not providing prominent information on the face value of an individual ticket at the earliest possible opportunity exploits the potential lack of knowledge many consumers have on the difference between the primary and the secondary market. Even a consumer buying from a street tout can look at the ticket's face value before deciding whether to buy it; if the secondary industry is confident that so many people are happy to pay over face value, they should not have a problem displaying this information clearly, for each ticket.*

***Recommendation 4. We therefore recommend that the amendments to the Consumer Rights Bill detailed in R1 should include a requirement on ticket resale platforms to prominently display the face value of each individual ticket listed at the landing page for each individual event.***

## **CONSUMERS' ABILITY TO DISTINGUISH BETWEEN PRIMARY AND SECONDARY SITES**

Following on from the last point, many panellists pointed out that consumers are finding it increasingly difficult to distinguish between primary and secondary ticketing websites, due in no small part, as Stuart Galbraith articulated, to the fact that margins in the secondary market allow the Big 4 websites to outspend primary sites in terms of marketing 'offline' as well as paying search engines to appear first when someone searches for tickets to an event.

As an example, the top three results for a Google search for 'Kylie Minogue tickets' on 27<sup>th</sup> March were Stubhub, GET ME IN! and Big Ticket Shop; Seatwave and viagogo were all listed in the rest of the page, while Live Nation, the tour's official promoter which was still selling tickets at face value, was listed second from bottom on the first page.

As a result of the confusion this causes for some consumers who are less aware of what influences search engine results, and who therefore are likely to click the first listing which comes up because they believe that infers legitimacy or at least the most relevant website to their inquiry, both Lisa Burger and Stuart Galbraith reported that they often see people buying tickets for their events at inflated prices on the

secondary market while face value tickets are still available from their respective websites or primary agents.

*Conclusion 5. Given the difficulty of changing the commercial practices and algorithms of search engines, we feel it should be the responsibility of secondary ticketing platforms to make clear that they are not an officially-sanctioned sellers of tickets (unless they in fact are).*

**Recommendation 5. We therefore recommend that all secondary websites should be required to prominently display a banner or message on the masthead of every page of their website reminding consumers that they, and those selling through them, are not a primary or authorised reseller of event tickets, except in clearly demarked cases.**

**COUNTERFEIT AND INVALID TICKETS – ROLE OF THE SECONDARY MARKET**

**SECONDARY PLATFORM GUARANTEES**

**GET ME IN!** “As part of GET ME IN!’s commitment to customer satisfaction: you will receive valid tickets for your event; your tickets will be dispatched on time before the event; if a problem arises GET ME IN! will step in to provide you with replacement tickets, that are comparable or better - at no additional cost to you, and; in the unlikely event we are unable to keep to any of these commitments we guarantee that we will refund you 100% of your money.”

**Viagogo:** “Buyers are guaranteed to receive valid tickets in time for the event. If a problem arises, viagogo will step in to provide replacement tickets or a refund in the rare instances where this is not possible.”

**Stubhub:** “We guarantee: you'll get the tickets you ordered in time for the event and they'll be valid for entry; if any of the above does not occur, we'll locate comparable replacement tickets or send you a refund; we handle all customer support issues, so sellers will never contact you directly; you'll get a refund if your event is cancelled and not rescheduled.”

**Seatwave:** “You will receive the ticket you ordered, on time, valid for entry. If not, we'll do everything within our power to get you a replacement, equivalent or better at no extra cost. Failing that (and it does mean we've failed you) we'll give you a full refund.”

*All statements sourced from the respective websites.*

Despite assurances given by secondary platforms to consumers, fraudulently-sold tickets are clearly a small but significant problem for a variety of event holders; a recent example being over 500 customers turned away from Drake concerts at the o2 Arena over 3 nights, with counterfeit or invalid tickets they had bought through the major secondary platforms.

During the evidence sessions, Reg Walker said 3,600 counterfeit and invalid tickets were seized on the doors of the o2 last year, all of which were bought through the Big 4 secondary platforms, while Stuart Galbraith informed members that Reading Festival had to turn away 3,000 people who had been sold reproduced e-tickets one year, and T in the Park also had to turn away 2,500. The issue was apparently smaller but still present for the RFU, National Theatre and AIF members, although Paul Reed did say that it could cause issues at entry points to festivals.

As Paul also said, fraudulently-sold tickets should be considered as a separate issue to the unauthorised resale of genuine tickets, but the fact is that a combination of the lack of transparency in the secondary market, as Operation Podium pointed out in their report, and the heavy marketing by the Big 4 platforms focussing on their reliability, means that the secondary platforms are and will be an attractive channel for the sale of counterfeit tickets, and for consumers it is impossible to distinguish between the two.

The evidence sessions and prior coverage of the issue highlighted three aspects of this fraudulent activity which could be addressed by the secondary ticketing industry: the practice of paying ‘powersellers’ prior to the tickets being successfully used; the apparent lack of active scrutiny by the secondary platforms of the inventory sold through them, and; redress for consumers where they arrive at a venue and are unable to gain access because the ticket is counterfeit or has been cancelled. On the practice of paying ‘powersellers’ – which would be defined as prolific sellers with whom secondary platforms develop active relationships and offer advantageous terms such as discounted fees – before the event occurs (and the authenticity of the ticket has therefore been verified), all the secondary platforms who contributed to this investigation confirmed that they still do so where they believe someone to be reliable.

This is despite an investigation by Radio 4’s You and Yours which found that all four had been stung by an individual who had earned ‘powerseller’ status, and used it to sell thousands of fake tickets and get away with the money before anyone realised – the liability for refunding customers therefore fell on the secondary platforms themselves.

*Conclusion 6. It would be in the interests of both the secondary platforms and consumers to ensure that funds for tickets are only disbursed to the seller after the event; the former because it would reduce the incidence of fraudulent activity and therefore improve confidence in the purchasing process, and the latter because it would reduce their financial exposure to fraud being perpetrated via their service.*

***Recommendation 6. We therefore recommend that, in the first instance, operators in the secondary ticketing market should reach a voluntary agreement to disburse funds no earlier than 48 hours after the scheduled start time of the event, regardless of the perceived reliability of the seller, unless the seller is the event-holder themselves. If such an agreement cannot be reached, the Government should look to regulate for it at some point in the future.***

On the scrutiny of inventory by the secondary platforms, it seemed apparent that despite the guarantees they all give about the authenticity of tickets, there is little by way of active verification where large numbers of tickets are listed through their sites; when pressed on this specific point, representatives of both viagogo and GET ME IN! said that their primary concern was whether the order was fulfilled, rather than how inventory was acquired; Stubhub's written evidence articulated a similar position. GET ME IN!'s links to Ticketmaster did allow them a greater chance of spotting and stopping fraudulent activity, according to Christoph Homann, but this is clearly not replicable across the whole sector, and neither would it cover all the tickets sold on GET ME IN!, where Ticketmaster was not the primary agent.

*Conclusion 7. Given the unequivocal guarantees that each of the secondary platforms gives to consumers in exchange for the very high 'commission' fees charged, and indeed the emphasis on reliability common across their marketing strategies, we feel it is reasonable to expect them to take an active role in establishing the authenticity of tickets sold through their platform, particularly where an individual may try to sell a large number of tickets for the same event which they quite obviously would not have been able to buy on the same terms as ordinary fans.*

***Recommendation 7. We therefore recommend that, if the secondary market wants to be as reliable as they claim they are, give greater confidence to consumers and limit their own exposure to fraudulent activity, they should actively try to establish the authenticity of tickets where an individual attempts to sell more than 20 tickets for the same event, including checking with the primary ticketing agent or event-holder where need arises.***

On the redress available to consumers sold fake or invalid tickets, all the secondary platforms who contributed to the process were keen to point out that they do offer refunds (viagogo even stated that they provide up to 200% refunds), and Seatwave's website also states that they provide a full refund. However, as Reg Walker pointed out, people that turn up at his venues with unusable tickets have on occasion come from abroad for the express purpose of using that ticket, and many more are domestic tourists or have incurred at least some travel costs getting there; a full refund on the ticket, or even more, will still in most cases leave them out of pocket.

*Conclusion 8. We appreciate that the secondary platforms do provide refunds, and in this sense they are more secure than traditional street touts. However, it's also true to say that people often travel a long way to a certain event and inevitably incur extra costs as a result, which are then wasted if either the ticket does not gain them entry on the night, or is not delivered or identified as invalid or counterfeit close to the date with no replacement arranged by the secondary platform. Given that consumers pay so much to the platforms in fees, and given the guarantees that each of the sites say they give as a result, commensurate recompense should be given in these cases.*

***Recommendation 8. We therefore recommend that the secondary platforms should be legally required to reimburse consumers who are the victim of fraud for all reasonable associated costs said victim can prove they incurred, in addition to the purchase of the ticket, including where fraud is identified before the event but travel tickets already purchased are not refundable, up to a level not exceeding 200% of the total price paid.***

## COUNTERFEIT AND INVALID TICKETS - ROLE OF LAW ENFORCEMENT AGENCIES

In addition to the actions required of the industry, many of those giving evidence, including Christoph Homann of GET ME IN! and Seatwave, also highlighted the lack of response to ticket crime by the police, with the latter stating that, where they had identified and reported fraudulent activity perpetrated via their service, “*steps taken by the relevant authority to then identify and prosecute perpetrators has been limited if not non-existent*”. The reason suggested by Reg Walker, who also identifies and investigates fraudulent activity, was a combination of a lack of resources and expertise, local priorities, and the difficulty of investigating them. He went on to suggest that there should be a specialist national unit looking at this issue, as Operation Podium did for Olympic tickets, which actually led to them looking at the ticket market as a whole given the cross-over of the individuals involved.

*Conclusion 9. Thousands of crimes are clearly being committed by ticket counterfeiters or those selling invalidated tickets. While cognisant of the competing demands on police time, it is nonetheless extremely disappointing that reports made to Action Fraud and farmed out to the relevant forces are not being properly investigated, if at all, even when information is available which could lead to an easy arrest. It also seems apparent that no attempts are made at the national level (Action Fraud) to link cases of ticket crime which have affected individuals from across the country.*

***Recommendation 9. Given that so many cases of ticket fraud will originate from the same perpetrator but the victims will be scattered across the country, we recommend that the investigation of ticket crime should fall under the remit of a specialist national unit such as the National Crime Agency or Fraud Intelligence Bureau, or Police Intellectual Property Crime Unit, before being referred to the home force of the suspect, rather than individual victims.***

## ROLE OF EVENT HOLDERS – TRANSPARENCY ON ALLOCATION OF TICKETS

While Stubhub stated that they don’t take allocations directly from event-holders, both GET ME IN! and viagogo confirmed that they did. Both expressed a preference for those allocations to be transparently advertised, but stated that ultimately they complied with the wishes of the event-holder, and that this invariably meant that the information was not provided. Seatwave declined to answer this question in their written response.

It appears there are two reasons for event-holders to use the secondary market: to either secure themselves a share of the after-sale proceeds, or to ‘dump’ tickets which aren’t selling in such a way as to avoid embarrassment to the artist.

*Conclusion 10. While we accept the sensitivity of event-holders to being exposed as using the secondary market for either charging more than face value or disposing of unsold inventory, failing to disclose the fact is essentially deception on the part of both the event-holder and the secondary platform.*

***Recommendation 10. In the absence of any enforcement action in this regard using current consumer protection regulations, we therefore recommend that, as part of the amendments to the Consumer Rights Bill detailed in Recommendation 1, secondary ticket platforms should be required to prominently and fully inform potential buyers that the tickets they are looking at are being sold for the first time and by the event-holder.***

## **ROLE OF EVENT-HOLDERS – ACTIVE PREVENTION OF RESALE**

During the first evidence session, event-holders were asked how much they spent on trying to prevent the resale of their tickets. Angus Bujalski of the Rugby Football Union and Lisa Burger of the National Theatre both said that their respective organisations each spent sums in the tens of thousands per year trying to prevent resale, while Stuart Galbraith of Kilimanjaro Live put the cost to his organisation, when taken together with lost profits, at up to £100,000 per year.

However, as Christoph Homann articulated in the third evidence session, there is a school of thought that event-holders could do more, if they really wanted to, to actively prevent their tickets from being resold, other than just stipulating a prohibition in the contract’s terms and conditions.

As Christiaan Munro from Sandbag described, it is certainly possible to limit the extent to which major tours can be exploited by ticket resellers. In the case of Radiohead’s 2012 tour, Sandbag had an allocation of 10,000 tickets to sell for 3 nights, 7 months before the gig (with the rest being sold through Ticketmaster). Buyers had a maximum allocation of 2 tickets each, and names were printed on tickets and IDs checked at the door, which meant only a small number reached the secondary market. This may also have been because, while refunds and name changes were not allowed, purchasers were able to re-sell their tickets at face value via Ticket Trust – although only 5% of purchasers had need to use this facility.

As a more current example of this kind of approach, relatively few tickets for Kate Bush’s comeback tour, which went on sale on Friday 28<sup>th</sup> March 2014, were being sold on the secondary market at the time of writing this report, because she adopted similar sales restrictions – although she allowed 4 tickets per purchaser. However, as with the Radiohead tour, tickets did still reach the secondary market because people could make enough money from reselling 3, or even 2, tickets out of the 4 they were able to buy to make it worth their while to jump through the hoops and walk purchasers in with them; the cheapest tickets to one of Kate Bush’s 15 London concerts were selling on the secondary market for around £700 three days after the onsale – a mark-up of over 600%.

In spite of the partial success in these cases, as Christiaan pointed out, this kind of approach is not practical or viable for every kind of event; it requires a lot of administration in advance and significant extra staffing on the night to be able to physically check every ticket against identification. In reality, therefore, it could only be an option for well-established artists or other highly profitable events, and would only be taken up where the event-holder was particularly opposed to resale for profit.

Mike Weatherley MP also worried that it could put off many ticket buyers, particularly where tickets were bought as gifts or by parents on behalf of their children going to an event unaccompanied.

This was echoed by Stuart Galbraith and Paul Reed in their opening statements during the first session, 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 both pointed out, the scale, infrastructure and profitability of Glastonbury make it a completely unique case.

A further drawback of such solutions is that, because these tickets cannot be despatched prior to the event due to the need to walk in with the lead booker, any instances of the seller not being able to fulfil the order (or deliberately not doing so) may not be identified until the buyer is at the venue, compared to a minimum of a few days before for typical tickets sold through secondary platforms, potentially leaving fans high and dry.

*Conclusion 11. Christoph Homann is right that event-holders could employ more restrictive sales policies to make life harder for those who buy up tickets simply to resell them, even though there are no methods yet available which prevent abuse wholesale. However, as the event-holders testified, there is significant cost and difficulty in doing so, which will not be feasible for the vast majority of events; it is also true to say that the hoops current solutions require event-goers to jump through, particularly where the purchaser is required to be present on the night, may well be off-putting for a large section of the ticket-buying public, and therefore have a chilling effect not just on the resale market, but on the primary market as well.*

*Further technological advances, and new solutions that these may facilitate, could possibly get around such barriers in the future, but while those solutions arrive the problems identified by this investigation and others persist, and the absence of such solutions does not excuse the worst aspects of the current secondary market as highlighted during this investigation.*

***Recommendation 11. While understanding that this may not be financially or organisationally viable for many event-holders, and indeed that the solutions that have been tried have still not been completely successful at preventing unauthorised resale at extremely large mark-ups, we would recommend that those who feel strongly about limiting the resale market should employ whatever systems they are able to ensure that as many tickets as possible reach the hands of genuine fans at the price they intend.***

## **ROLE OF EVENT-HOLDERS - RETURNS**

Both Which? and the OFT raised concerns about the terms and conditions attached to tickets which don't allow for any transfer or refunds, meaning that genuine fans who can no longer use said ticket would be left out of pocket.

*Conclusion 12. While event tickets are not unique in having similar conditions (holiday tickets being a comparable example), such arrangements are clearly detrimental to consumers who bought tickets in good faith.*

*Conclusion 13. However, it should also be noted that a comprehensive refund system brought in in isolation from any attempt to address the excesses of the secondary market would simply serve to completely remove the risk undertaken by touts when they purchase inventory, and could potentially see event-holders take a last minute financial hit if large numbers of tickets are refunded close to the time of the event which cannot then be resold in time.*

***Recommendation 12. The Group therefore recommends that a balance be agreed upon by event-holders and the primary ticketing industry between allowing refunds up to a certain point before the event (e.g. two months), at which point a re-sale could be held as Glastonbury does, and after which point, where events are sold out, event-holders facilitate an exchange system like Ticket Trust - the terms of which (including mark-ups) would be for them to decide.***

## **ROLE OF EVENT-HOLDERS – PRICING**

Event holders in particular were asked whether they agreed with the theory that the secondary market only exists because they got their price wrong; all of them refuted this theory, citing a number of reasons why prices may be deliberately or non-deliberately lower than the secondary market will bear.

The RFU cited long-term considerations playing a part in pricing strategy, namely the desire and necessity to encourage lasting grassroots engagement, which means they need to attract families and young people. They therefore make available a significant number of affordable tickets, including through community clubs, but also have more expensive seats available with better views or with hospitality packages. The effect of the secondary market is that touts particularly buy up the cheaper tickets and inflate the prices higher than some of the premium tickets, completely undermining the RFU's long-term strategy and additionally meaning that some consumers pay more for a limited view seat that they could have done for a better view.

Similarly, the National Theatre see having affordable tickets as part of their long-term strategy to encourage regular patronage, particularly in the context of squeezed subsidies from central Government.

For Kilimanjaro Live and the Association of Independent Festivals, the issue is more to do with judging demand and trying to ensure that all tickets for an event sell; Stuart Galbraith said that two thirds of his shows don't sell out, and Paul Reed noted that many festival promoters struggle to attract regular customers due to healthy competition in the domestic and European festival markets, so their pricing reflects their longer-term strategy to remain viable.

From the consumer's perspective, Tottenham Hotspurs fans Martin Cloake and Ellie Kershaw were also asked the same question, to which they replied that, to the vast majority of ordinary fans, ticket prices were already extremely high, and that the price inflation of THFC tickets was probably more down to irregular fans and wealthy tourists attracted to the club because of recent successes

*Conclusion 14. Live events rarely happen in isolation, and there are clearly a number of good reasons why an event-holder would want or even need to ensure that tickets for their events are affordable to the type of consumers they want to attract and build a long-term relationship with. Where the secondary market hoovers up these 'affordable' tickets and inflates their price beyond what those consumers can afford to or are willing to pay, this self-evidently undermines the live event industry.*

***Recommendation 13. Pricing strategies are for event-holders to decide based on a number of considerations, but it may be helpful for those considerations to be set out – for example in a blog by an artist or a key figure from a sport – in an effort to increase understanding of these reasons amongst consumers, and therefore hopefully decrease the likelihood of ordinary consumers contributing to the secondary market (either buying or selling) – although clearly this will have little impact on regular and professional resellers.***

### **CAP ON RESALE MARK-UPS**

While there was support from event organisers for a cap on profits in the secondary market to deter large scale ticket touts from buying tickets in the first place, with Stuart Galbraith making the point that removing the ability to profit significantly from resale was the only way of preventing the industrial-scale harvesting of tickets, and while there is evidence from the experiences of Twickets and Ticket Trust that there is an appetite amongst both buyers and sellers for face value marketplaces, most (but not all) witnesses were against it, or believed that it was too late to bring it in.

The main arguments against a cap were that it could penalise genuine fans by leaving them out of pocket in cases where they couldn't get a refund from the event organiser, and that it wouldn't solve the problem given that websites don't have to be registered in the country in which they are available.

*Conclusion 15. For this reason, we cannot recommend that the profit margin on tickets should be regulated or capped at any level.*

***Recommendation 14. However, in the absence of such a statutory cap, we do recommend that event-holders who want to negate the secondary market do whatever they can to promote the use of face-value (or a small percentage higher) exchange mechanisms, such as Twickets and Ticket Trust, by both those who have tickets they need to sell and those who are looking to buy them, including employing technological means where possible to restrict resale to a designated marketplace.***

### **BOTNETS AND TICKET-ACQUIRING SOFTWARE**

Although the Computer Misuse Act 1990 prohibits the unauthorised use of someone's computer, Christoph Homann advocated in his opening statement for specific legislation on botnets.

Reg Walker suggested in his evidence, during the previous session and in writing, that the use of botnets may have been supplanted by other software, and this may

not be covered by any legislation. While he believes it is important to review and enforce existing legislation, he also made the point that it is possible for event-holders to examine sales ledgers to identify where the same individuals had managed to acquire lots of tickets, even using different credit cards and names.

*Conclusion 16. We agree that the use of botnets or other software programmes to buy tickets should be stopped, and that the Government and event-holders share responsibility for ensuring that, as far as possible, individuals using these means are identified, have their allocations cancelled, and are prosecuted wherever possible.*

***Recommendation 15. The Government should examine whether existing legislation is strong enough to combat the use of botnets and computer software to buy up tickets, and ensure that the police enforce it.***

***Recommendation 16. Event-holders should ensure that they examine sales ledgers to identify where such methods have been used, immediately cancel any tickets allocated, and refer all the information they have to the police.***

## FOOTBALL TICKETS

Martin and Ellie from the Tottenham Hotspurs Supporters Trust spoke to the APPG about the very specific market in the resale of football tickets.

The unauthorised resale of tickets for designated football games is prohibited under s166 of the Criminal Justice and Public Order Act 1994; however, in common with an increasing number of English clubs, Tottenham Hotspurs Football Club have entered into a commercial agreement with a secondary ticketing platform – in this case Stubhub – to allow resale exclusively through that platform, where games are sold out. In most cases this arrangement replaces a face-value exchange mechanism facilitated directly by the club.

Figures requested from the club by Martin and Ellie showed that 91% of tickets for the first 6 games were sold above face value, with the average mark-up for the two most prestigious games being 53% and 135% above face value.

*Conclusion 17. The resale of football tickets should be allowed for season ticket holders who can't make a specific game, but the spirit of the existing legislation in this regard must be abided by. It is also a perverse dichotomy that an individual could potentially be prosecuted for selling one ticket in person to a friend at face value, but not for selling all 19 of their tickets at unlimited mark-ups through a commercial partner of the club.*

***Recommendation 17. The Government should examine whether the arrangements entered into by football clubs with secondary platforms are within the spirit of the existing 1994 law, and therefore whether the legislation needs to be updated to prevent it; and if they are deemed to be within the spirit of the law, the Competition and Markets Authority should examine whether it is compatible for clubs to only authorise an individual to resell a ticket if they do so through a commercial partner.***

## SUMMARY OF RECOMMENDATIONS

1. The Government should consider amendments to the Consumer Rights Bill which would ensure that all relevant information about a ticket sold on a secondary platform, as well as who is selling it, is available to consumers.
2. Secondary platforms should make clear at every stage of the purchasing process where tickets are being resold in contravention of the terms and conditions stated on them.
3. All secondary platforms should adopt the same approach as Stubhub on add-on pricing, rolling all applicable fees in with the first price shown for a ticket.
4. Amendments to the Consumer Rights Bill detailed in R1 should also include a requirement on ticket resale platforms to prominently display the face value of each individual ticket listed at the landing page for each individual event.
5. All secondary websites should be required to prominently display a banner or message on the masthead of their website reminding consumers that they, and those selling through them, are not a primary or authorised reseller of event tickets.
6. The secondary ticketing market should reach a voluntary agreement to disburse funds no earlier than 48 hours after the scheduled start time of the event. If such an agreement cannot be reached, the Government should look to regulate for it at some point in the future.
7. Secondary ticketing platforms should actively try to establish the authenticity of tickets where an individual attempts to sell more than 20 tickets for the same event.
8. Secondary platforms should be legally required to reimburse consumers who are the victim of fraud for all reasonable associated costs said victim can prove they incurred, up to a limit of 200% of the ticket purchase price.
9. The investigation of ticket crime should fall under the remit of a national Police unit.
10. Secondary ticket platforms should be required to inform potential buyers where the tickets they are looking at are being sold for the first time and/or by the event-holder.
11. Event-holders who feel strongly about limiting the resale of their tickets should employ whatever systems they are able to ensure that as many tickets as possible reach the hands of genuine fans at the price they intend.
12. Event-holders and the primary ticketing industry should reach an agreement on allowing refunds and/or facilitating official, secure ticket exchange systems.

13. It may be helpful for event-holders to make clear why they set their tickets below 'market value', in an effort to educate fans as to the impact of the secondary market.
14. Event-holders should do whatever they can to promote the use of face-value (or a small percentage higher) exchange mechanisms.
15. The Government should examine whether existing legislation is strong enough to combat the use of botnets and computer software to buy up tickets.
16. Event-holders should ensure that they examine sales ledgers to identify and report where tickets have been acquired fraudulently or by other illegal means.
17. The Government should examine whether the arrangements entered into by football clubs with secondary platforms are within the spirit of the existing 1994 law.

**THE ALL-PARTY PARLIAMENTARY GROUP ON TICKET ABUSE COMPRISES:**

Government members: Mike Weatherley (Co-Chair), David Morris, Nigel Adams (Vice-Chair), Steve Brine, Andrew Bingham (Vice-Chair), Penny Mordaunt, Stephen Barclay, Mark Garnier, Mark Pritchard, Adrian Sanders, Martin Horwood, Stephen McPartland, Lord Clement-Jones.

Opposition members: Sharon Hodgson (Co-Chair), Rob Ffello, Chris Bryant, Steve Rotheram (Vice-Chair), John Robertson, David Wright, Roberta Blackman-Woods, Tom Watson, Kerry McCarthy (Vice-Chair), Ian Mearns, Chi Onwurah, Nick Smith.

**THE GROUP WOULD LIKE TO THANK:**

Panellists at oral evidence sessions: Stuart Galbraith, Chief Executive Officer, Kilimanjaro Live; Paul Reed, General Manager, Association of Independent Festivals; Angus Bujalski, Head of Legal, and Lucy Noakes, Public Affairs Manager, Rugby Football Union; Lisa Burger, Chief Operating Officer, National Theatre; Martin Cloake and Ellie Kershaw, Tottenham Hotspurs Supporters Trust; Mark McClaren, Parliamentary and Legal Affairs Manager, Which?; Reg Walker, Operations Director, Iridium Consultancy; Jason Freeman, Legal Director, Goods and Consumer Group, Office of Fair Trading; Christiaan Munro, Director, Sandbag/Ticket Trust; Richard Davies, Founder, Future Platforms/Twickets; Christoph Homann, Resale Managing Director, Ticketmaster/Get Me In!.

Additional contributors: Ed Parkinson and Oliver Wheeler, viagogo; Stubhub; Seatwave.

**ADDITIONAL INFORMATION**

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