



## Submission from viagogo Inc to the Senate Economic References Committee

### Inquiry into Ticket Scalping in Australia

February 2014

#### 1. Who we are:

As the world's largest ticket marketplace, we are uniquely placed to give an opinion on the potential impact and unintended consequences of introducing legislation that regulates ticket resale. We currently offer our ticket marketplace service in nearly 50 countries and recently added three Australian teams to our list of over one hundred global partners, namely AFL clubs Collingwood and Richmond, and NRL 2013 Grand Final winners, the Sydney Roosters.

Before ticket marketplaces such as viagogo existed, people had two options if they missed out on tickets at the box office. They could either stay at home, or they could turn to auction sites, classified ads and ticket resellers on the street. None of those purchase options provides any guarantees or customer protection, and the chances of being defrauded by buying a ticket from an auction site, a classified ad or a scalper on the street are high. In fact, in Australia, half a million people were scammed when buying event tickets in the last year<sup>1</sup>.

Now, with ticket marketplaces such as viagogo, people have greater access to a wide selection of tickets for events all over the world and they can buy and sell tickets in a secure environment without having to worry about being defrauded because we offer a guarantee. Our secure ticket marketplace has virtually eliminated ticket fraud by enforcing strict security controls, such as delivering tickets by a secure method (either electronically, by courier or at one of our pick-up points), and only permitting the seller to receive payment after the buyer has confirmed receipt of the tickets and attended the event.

#### 2. The goals of proposed legislation are best met through market-based solutions:

From our experience, parties seeking to regulate the secondary ticketing market typically cite the same three main reasons for legislation, as explained below. Each of these concerns is better addressed by free market principles and safe, secure marketplaces provided by companies such as viagogo.

##### a. Pricing and access:

Proponents of legislation contend that the secondary market drives up ticket prices, so regulating maximum resale prices would provide greater access to tickets and prevent people from being fleeced. However, marketplaces such as viagogo actually provide competitive pricing because there is complete transparency about the cost of a particular ticket. There is no point in advertising your ticket at a higher price than everyone else because tickets listed for unusually high prices on ticket marketplace platforms very rarely sell.

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<sup>1</sup> Research conducted by Galaxy Research using a representative sample of 1,000 Australians aged 18-64 years in September 2013, weighting the data by age, gender and region to reflect the latest population ABS estimates



The problems associated with limited access to tickets do not arise from ticket resale. Rather, they stem from the original allocation by the rights owner. Often only a small number of tickets are made available to ordinary fans through the box office<sup>2</sup>, with the majority being allocated to large corporate interests, such as sponsors and partners.

In Australia, the consumer affairs group CHOICE has raised questions about how tickets are initially allocated by Ticketmaster and Ticketek and suggested that the “market duopoly” also “does little for competitive pricing”<sup>3</sup>.

**b. Security:**

Another argument for legislation is that ticket reselling on the secondary market increases security risks at the venue because event organisers and venues do not have control over whom can obtain access to the venue, so regulation that gives the event organisers and venues increased control over the ticketing process would minimise the security risks.

However, secondary ticket marketplaces are equally capable of instituting measures deemed necessary to reduce security risks. For example, a managed marketplace such as ours registers customers and has fully trackable data so we know who our customers are, and we can work in partnership with football clubs and other event organisers to segregate rival fans by ensuring that only home supporters are able to buy resold tickets in the home section of the stadium if there are legitimate security concerns for a particular event.

**c. Fraud:**

The final argument often made for legislation is the high risk of consumers being defrauded on the secondary market without adequate recourse or remedy.

Our business is founded on the principle of protecting the consumer and not only do we offer a guarantee, but we also provide customer service seven days a week. We track the delivery of each ticket to ensure that it reaches the buyer. Thus, ticket buyers can purchase tickets on secure ticket marketplace platforms like ours with confidence that they will not be defrauded.

In summary, we have identified the most important problems facing consumers and have put measures in place to solve them.

**3. Regulation would harm consumers**

We believe that regulating the secondary market would lead to unintended consequences, making things worse for consumers. Any attempt to introduce legislation that restricts ticket resale has been unsuccessful elsewhere in the world for a number of reasons:

- a. Introducing restrictions on resale violates the basic principle of property ownership. Once someone has bought something - whether that’s a house, a car, stocks, or a ticket - it is their

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<sup>2</sup> For example, when Justin Bieber recently toured the United States, it was reported that only 7% of venue capacity was ever made available to the general public. (Source: <http://music-mix.ew.com/2012/09/28/justin-bieber-ticket-scalping-nashville/>)

<sup>3</sup> Source: <http://www.choice.com.au/reviews-and-tests/money/shopping-and-legal/shopping/ticketing-hidden-costs/page/industry%20duopoly%20-%20charges.aspx>



right to resell it if they wish. This view was supported by independent research, which has shown that eight out of 10 Australians agree with us<sup>4</sup>.

- b. Introducing restrictions on resale just makes it more complicated for people to use the new safe and secure ticket marketplace platforms. These restrictions would dissuade them from doing so, and they would therefore return to using the old black market sales channels of auction sites, classified ads, and scalpers outside pubs, clubs and venue car parks, where little or no consumer protection exists.
- c. Similarly, the concept of imposing price caps, while well intentioned, just results in sellers reverting to selling their tickets in places where price caps cannot easily be enforced, and where the chances of consumers having a bad experience are high.

#### **4. Market-based solutions protect consumers**

The proper solution to address concerns about ticket resale is to encourage, not discourage, the use of safe, secure and guaranteed ticket marketplace platforms that have all the necessary safeguards in place to protect both the buyers and the sellers.

We have contributed to a number of government and parliamentary reviews around the world, all of which have concluded that a safe, secure ticket marketplace platform is the best solution for consumers. For example, in the UK, a consultation conducted under the previous government found that regulatory intervention was not needed<sup>5</sup>.

In addition, in Australia, a 2010 Commonwealth Consumer Affairs Advisory Council Report<sup>6</sup> found that ticket resale can have positive impacts for both consumers and suppliers:

- For consumers, the benefits include providing an alternative avenue to access tickets, particularly for popular events, offering convenience and allowing tickets to be transferred
- For suppliers, ticket resale can assist increases in ticket sales, improve crowd attendance and promote publicity for events

The same report found that the existing consumer protection regulatory framework in Australia, supported by the Australian Consumer Law, is perfectly adequate to protect consumers from unfair trading practices.

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<sup>4</sup> Research conducted by Galaxy Research using a representative sample of 1,000 Australians aged 18-64 years in September 2013, weighting the data by age, gender and region to reflect the latest population ABS estimates

<sup>5</sup> "We believe that there are strong consumer protection and access issues that need to be balanced against the unfettered operation of market forces. We wish to avoid the use of new legislative measures which could mean greater burdens for the events industry and sanctions against market participants and be against the interests of consumers." (Source: Consultation on ticking and ticket touting 19 Feb - 15 May 2009: Summary of responses and Government response, February 2010)

<sup>6</sup> Commonwealth Consumer Affairs Advisory Council, *Consumers and the ticket market: Ticket onselling in the Australian market*, November 2010



**Conclusion:**

In conclusion, we wholeheartedly support the need for consumers to be protected from fraud and from having bad experiences with ticket resale. We believe our service solves those problems.

Legislation, on the other hand, would result in sellers ceasing to use the safe, secure and guaranteed platforms, reverting instead to using the black market, which would be a step backward.