

The Committee Secretary  
Senate Economics References Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Monday 10 February 2014

Dear Dr Dermody,

Please find attached submission from Ticketmaster to the inquiry into *Ticket Scalping in Australia* by the Senate Economics Reference Committee.

Ticketmaster is a worldwide leader in the sector, and provides ticketing, marketing, eCommerce and entry management solutions to a wide variety of leading arenas, stadiums, performing arts venues, museums and theatres, as well as major events and festivals.

Ticketmaster welcomes the Committee's inquiry. Although we are convinced that the overall impact of ticket scalping is minimal, we support any measure that helps to protect consumers in the ticketing market.

We believe that ticket scalping and other abuses in the general ticket market are often wrongly viewed as synonymous with the overall resale market.

Fans in Australia deserve and demand access to the full choice of available tickets at any point in time that is provided by the resale market. As well, they expect and should be confident of a safe and reliable marketplace in which to sell any unwanted tickets. It is the view of Ticketmaster that the ticketing industry must create such a marketplace. It is the industry that can meet customers' needs without creating friction with the primary ticketing market. Ticketmaster intends to take a leadership position on this issue by launching an Australian resale marketplace this year.

The best way to protect consumers, stop fraudsters and curb the growth of unscrupulous secondary sites is to provide consumers with a legitimate alternative that meets their needs, accompanied by industry-wide self-regulation measures.

Ticketmaster representatives would be pleased to appear before the Committee to discuss the issues outlined in this submission.

Yours sincerely,

Christoph Homann  
Managing Director Resale  
Ticketmaster International



## **Ticketmaster Overview**

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Ticketmaster Australia is part of Ticketmaster Australasia Pty Ltd, which is wholly owned by Ticketmaster, the largest global event ticketing company serving more than 10,000 clients in 18 global markets. Ticketmaster provides ticketing sales, marketing and distribution through [www.ticketmaster.com.au](http://www.ticketmaster.com.au), numerous retail outlets and an owned and operated Contact Centre.

We have offices located in Melbourne, Sydney, Perth, Adelaide and Brisbane. In January 2010, Ticketmaster Entertainment merged with Live Nation creating the world's leading live entertainment, eCommerce and ticketing company. Live Nation Entertainment incorporates four major market leaders:

- Ticketmaster.com is the global event-ticketing leader and one of the world's top five eCommerce websites.
- Live Nation Concerts produces over 20,000 shows annually for more than 2,000 artists globally.
- Front Line Management Group is the world's leading artist management company comprising nearly 200 major artists and more than 80 executive managers.
- Live Nation Network is a leading provider of entertainment marketing solutions delivered through live event and highly sophisticated digital platforms.

## **A – The prevalence of ticket scalping and its impact on ticket prices and sales**

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Given the small scale of ticket scalping in Australia, Ticketmaster does not think that there is an impact on ticket prices and sales. Tickets are a finite resource. Increased marketing and access for consumers means demand for high profile events will often outstrip supply. Events sell out because of this high demand, not because of scalping or the existence of a secondary market.

It should be noted that ticket scalping is often confused with ticket resale. Ticketmaster's experience is that there is a market demand for ticket resale in Australia, as there is globally. Furthermore the overwhelming majority of event attendees in Australia recognize the value of resale and would like existing ticketing companies to engage in this market. In a representative survey conducted by Ticketmaster in late 2013 we found:

- 33% of event attendees in Australia have bought resale tickets in the past (predominantly from non-specialist market places or offline).
- 84% of event attendees are comfortable for Ticketmaster to offer secondary/ resale on the Ticketmaster website.
- 56% of event attendees expect Ticketmaster to offer secondary/ resale tickets directly on the Ticketmaster website.
- 62% of event attendees would be more likely to buy from a Ticketmaster owned resale website than from a pure secondary player.

### ***Resale is what fans want***

These insights and our global ticketing experience have left us to conclude:

- The Australian resale market is borne by market demand; fans require a platform in which tickets can be bought and sold.
- True consumer protection will come from offering better consumer experiences, not limiting their choices. Fans need better choices for purchasing tickets than are available from scalpers. Fans should have a platform that is safe, secure, lawful and that guarantees their money.
- The resale market can be advantageous to artists and venues – no one wants empty seats. Currently, for example, fans cannot easily return tickets should they find they can no longer attend an event. Resale is a solution to this common problem. Resale allows access to events that are not presently available through primary distribution channels, as well as the option to resell unwanted tickets.
- For sport events, the resale market allows fans to maximise the use of their season tickets. People feel more comfortable committing to a season ticket when they know that they can give it up or resell the right to use it for certain events.
- Given the strong demand for resale, attempts to unnecessarily regulate and restrict the resale market are likely to drive consumers offshore towards unregulated websites that will offer no protection. Further, reputable sites will be undermined by unscrupulous sites that move offshore to avoid regulation.

Given the clear demand for a Ticketmaster-operated resale marketplace we are in the process of developing a solution to be launched in the autumn of 2014.

This solution will be based on principles that are fair to fans and artists:

- **Fan promise:** A money back guarantee and maximum effort to fulfil tickets
- **Transparent:** Clarity to fans on face value price
- **Lawful:** Be fully compliant with relevant laws
- **Supporting clients:** Developing bespoke offers to meet promoter and artist needs
- **Stop speculation:** ensure tickets that are on our site truly exist
- **Customer protection:** Use proprietary Ticketmaster technology that authenticates and reissues barcodes to stop fraud

### **B – The effectiveness of current state-based consumer protection legislation, and how these measures can be improved, including through a federal approach**

Ticketmaster believes that a ‘pan Australian’ approach to resale is the best way to ensure a safe marketplace for consumers. State-based consumer protection has proven to be either ineffective or onerous to both consumers and industry, with a potentially negative long-term impact on event attendance.

#### **New South Wales Legislation:**

The secondary ticketing legislation proposed by the NSW Minister for Fair Trading has serious unintended consequences that will make unregulated websites attractive to consumers and encourage fraudulent activity. In short, it will neither protect fans nor stop fraud.

One of the more problematic requirements of the NSW proposal is for sellers to provide a photograph of the actual ticket. Our extensive ticket selling experience convinces us that such a requirement ensures that the sales process (in a world of mobile/ virtual tickets) is cumbersome and impossible to secure. Publishing photographs of tickets (where possible to provide) will also create an opportunity for fraud. Images are simple to copy and duplicate.

This requirement is also problematic because tickets are not generally released until 1-2 weeks before the event. Order codes, which have been proposed as alternatives to tickets, are not the industry standard.

Furthermore, Ticketmaster does not support the NSW Department of Fair Trading acting as the “enforcer” of terms and conditions. This applies to both the proposed fines, and requirements that force resellers to remove tickets for sale. Such options undermine the public confidence in the legitimate resale market and disadvantage the consumer.

The proposed NSW legislation will do little to combat sophisticated fraudsters and will push consumers to seek out offshore, unregulated websites.

Ticketmaster fully supports any action that ensures consumers have access to an open and transparent marketplace. However, Ticketmaster believes that the event industry can and will achieve such an environment without having to rely on additional legislation, as proposed by the NSW Government. This includes full protection for consumers via a ticketing industry guarantee on all ticket purchase, and indemnifying consumers in the unlikely event of a problem.

**Victorian & Queensland Legislation:**

The “declared event” legislation in place in Victoria that makes the resale of tickets for specific events an illegal act is limited to only a few events each year. Therefore its impact on the overall market is small. Nevertheless we believe that it places an unnecessary burden on the industry. The requirement to provide the Minister for Sports and Recreation with a ticket scheme proposal for each declared event creates sizable overheads. Furthermore, the current restrictions ignore and negate the legitimate need of consumers to resell unwanted tickets for declared events.

Queensland’s anti-scalping legislation has, from our point of view, proven ineffective and difficult to enforce. It further highlights the futility of regulation that is seen as unjust and unnecessary by the majority of event attendees. It is also regarded as easy to evade.

**C – Issues of illegality, including the prevalence of counterfeit tickets**

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As a leading, global ticketing operator, Ticketmaster has a substantial interest in stopping any illegal practices in the ticketing market. We do not view counterfeit tickets as an issue of any significance in Australia. The risk will be further reduced through technological advances and the ability of companies like Ticketmaster to authenticate and reissue barcodes, even for sales in the secondary market. If, however, unnecessary regulation restricts and limits the resale market in Australia, and pushes consumers to offshore sites, we would expect the risk to consumers to increase substantially.

A separate issue is the existence of “bot-nets” - sophisticated computer programs used by scalpers to siphon tickets off the primary market. Ticketmaster has made a significant investment in developing technology to address this practice and win the ‘scalping arms war’. Whilst we have made sizable advances in this area and believe the issue to be of a very limited nature in Australia, we would welcome any support federal legislation could provide to fully outlaw this practice.

**D – Any related matters**

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It is occasionally argued that regulation is needed to allow event organisers to effectively enforce contractual terms that prohibit the resale of any tickets for their events. Whilst we would argue that, as previously mentioned, ticket resale can be beneficial to both event organisers and event attendees, we obviously respect that some event organisers may wish to limit this particular market.

In this context we believe the Committee should be aware that widely available technology exists to personalise tickets, thereby restricting the ability to resell them. Ticketmaster is a pioneer of this technology. We have effectively employed it on numerous occasions to great client satisfaction. We believe that calls for regulation are unwarranted, as a superior market-based solution exists.