

Submission on discussion document: Ticket Reselling in New Zealand

Your name, organisation and submitter category

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Organisation			
Submitter category	<i>Please circle/highlight one category:</i>		
	Individual consumer	Consumer Group/Advocate	Business
	Industry Group	Researcher/Academic	
	Other (please describe):		

Responses to discussion document questions

Overview of primary ticket market

1	How is the ticket price for an event determined? Who has input into setting these prices?
	<p><i>The Primary Ticket Price Market is determined by the ticket sellers that estimate the demand of the event and price the tickets based on the information they have to hopefully ensure that the event sells out to maximize the efficiency of the venues they have.</i></p> <p><i>Generally the theory is closer to the event date the ticket sellers apply dynamic pricing to ensure that all the seats at an event are filled. For example, if the firm is selling out tickets fast they may increase the price closer to the date to increase profitability, while if the event is not selling fast they may decrease it to avoid losses from empty seats at the event.</i></p> <p><i>Of course, if the Ticket Scalpers have enough economic power they can buy the tickets and gain control of the price setting if the original sellers are unable to determine who has the fraudulent ones and who does not. They can inflate the price if the bots are able to grab enough of the tickets which is why it is important to address the issue.</i></p> <p><i>The Ticket seller has direct input, and this is based on the estimated demand from the people which can affect the price, but it is not a direct input.</i></p>
2	What is the average proportion of event tickets that is released for general public sale (not reserved for industry insiders or pre-sale events for non-public groups)?

We have been unable to find data describing the average proportion.

Overview of secondary ticket market

Is there any available data on the size of the secondary ticket market in New Zealand that you could provide? For example, the average

- proportion of event tickets that end up on the secondary market
- proportion of professional sellers operating on secondary markets and where they are operating from
- proportion of resale tickets that are sold above the face value
- fees charged per ticket by secondary markets for facilitating the resale transaction.

We will list the relevant databases for this question

Proportion of event tickets that end up on the secondary market: No data

proportion of professional sellers operating on secondary markets and where they are operating from: This is worded poorly as is this relative to the primary market or genuine casual resellers trying to resell something that they cannot attend.

It is roughly a 50/50 split between professional and casual, however this is international however given that most ticket reselling websites operate in the global context it is harder to specify it down to just NZ

<https://www.ft.com/content/91c680ca-04dd-11e7-ace0-1ce02ef0def9>

https://d3c7odttnp7a2d.cloudfront.net/assets/4593/Ticket_Resale_Industry_Report_2017_Final.pdf

Proportion of Resale tickets that are sold above the face value:

There is not much data aside from the report by Consumer NZ which you guys have done which can indicate an estimated 54% that paid more than face value.

One reports internationally 30% UNDER face value which is interesting.

<http://www.musicweek.com/analysis/read/10-things-you-need-to-know-about-professor-waterson-s-secondary-ticketing-report/065000>

Fees Charged per ticket by secondary markets for facilitating the resale transaction:

For most of these they are not disclosed directly and we had to simulate a purchase to see what the fee is

Viagogo: Not clear.

TicketMaster Resale: "Listing prices on Ticketmaster® Resale are set by the seller and may exceed original face value / purchase price. The total price includes the price for which the Seller is selling each ticket plus Ticketmaster Resale's fees for the use of this marketplace plus the delivery fee of \$3.95 for PDF Electronic/Verified."

Again it is not clear and we cannot discern what the exact fee is. At least as a consumer it is not easy to work out

On the other hand traditional sites like Trademe and Ebay

Facebook: <https://www.stuff.co.nz/business/85205772/shoppers-warned-to-take-care-with-facebook-marketplace>

*Trade Me: <https://www.trademe.co.nz/seller-information-centre/getting-started/fees/>
7.9% of the sale price.*

Ebay: if it meets the requirement then the standard 10% applies

<https://www.ebay.com/help/policies/prohibited-restricted-items/event-ticket-resale-policy?id=4309>

4 Do you think 'ticket onsellors' should be treated differently to 'ticket scalpers' in any options to address ticket reselling practices?

Yes. Scalpers often buy and sell 10's to 100's of tickets at once with the intention of exploiting the miscalculation of demand while onsellors only buy to consume

Key issues and policy objectives

5 Do you agree with the issues and objectives we have identified for assessing potential options to address ticket reselling concerns? How significant are these issues? Please provide evidence where possible.

Yes, more weighting should be placed on ensuring the consumers have full information when making their decisions. Consumers being misled is unacceptable and is the most concerning issue. The long-term interests of consumers is the most important.

Potential competition problems in the primary ticket market probably aren't as significant as even under full competition bots can still code to all the websites and scalp the tickets up. If it is a problem, the primary ticket sellers can set up reselling platforms themselves if they are concerned about other companies doing it.

6

Do you have any concerns with the business practices or structures in the primary ticket market, or have these ticketing arrangements negatively impacted on you? Please provide evidence where possible.

The Primary Ticket Market needs to take more action in facilitating Secondary Market Transactions for Ticket "Onsellers" if they don't wish to refund the ticket should the consumer be unable to make it to the event. Ticketmaster resale is a good example of this which is much better than Viagogo.

7

Could greater competition in the primary ticket market (e.g. between ticketing agents) reduce problems in the secondary ticket market? What could be done to encourage more competition in the primary ticket market?

I would doubt the effectiveness of this, unless you want to make it extreme by having lots of competition to push it into perfect competition. It would be negligible and I can't think of a way to encourage it other than tell them to make a secondary resale platform if they want to.

Option 1: Status quo

8

How effective are the existing consumer protection laws in regards to ticket reselling practices?

It is fine for the purposes of what it is supposed to do. But it was not designed with the strategy that someone can get around it. For instance, if the laws are followed someone can still run a bot ring to buy all the tickets and still disclose full information and still sell at "market" value.

9

Does the status quo achieve the policy objectives of reducing consumer harm? Are there any other benefits and costs associated with the status quo?

It protects against direct and somewhat overt harm. But it can still be bent using Bots and holding key information to lead them into a dodgy purchase without it being direct.

Option 2: Price cap on resale tickets

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If a price cap for resale tickets was introduced, which price cap option should be implemented?

Should be the same as the current price being sold by the ticket provider. If the ticket provider sells out, then the seller must resell at that price and no higher.

This is based on Option C to some extent, although harder to enforce it would be the most

	<i>effective.</i>
11	How should the original sale price of resale tickets be verified? Who should be responsible for this?
	<i>Ideally it should be the ticket resellers themselves that have to verify this. If not, then the site owners should have to either do it manually or create a code that can check it.</i>
12	What are the compliance costs that might be generated as a result of imposing a price cap?
	<i>Compliance Costs is not our area of expertise.</i>
13	Who is best placed to enforce a price cap? What is the level of resource required to enforce a price cap?
	<i>I am not sure.</i>

Option 3: Greater information disclosure requirements

14	What types of ticketing information should be disclosed, and by whom? How should these disclosures be made?
	<i>The most obvious one is the extra and "hidden" fees that many of the ticket resale websites have like Viagogo which cannot be found without simulating a purchase and then doing a manual calculation and reporting on that. Many people would not think to check this beforehand. The ticket resellers websites like Viagogo need to do that but it is hard to enforce overseas business operating in New Zealand. Though NZ based ones can be. In fact to some extent this should be something that is universally enforced in all industries to ensure a fair market where consumers can make informed choices.</i>
	<i>Also it would need to disclose whether the firm is a primary ticket seller or a secondary ticket seller (in more casual words).</i>
15	How would any information disclosure requirements be enforced? Who should be responsible?
	<i>The website would have to do the disclosing. One of the Govt. Departments would have to check each website to ensure compliance. Apart from that not sure.</i>
16	What type of compliance costs will be involved in order to comply with such information disclosure requirements? Please provide evidence where possible.

Not our area of expertise

Option 4: Ban on ticket-buying bots

1 How should a bot be defined? How can ticket-buying bot use be detected? What technologies are required to do this?

A bot is defined as

“a device or piece of software that can execute commands, reply to messages, or perform routine tasks, as online searches, either automatically or with minimal human intervention (often used in combination)”

Ticket-buying bots are defined as “A ticket bot is a software program that automates the process of searching for and buying tickets to events on ticket vendor platforms, such as Ticketmaster”
https://en.wikipedia.org/wiki/Better_Online_Tickets_Sales_Act

The Ticket-buying bot should be detected with Captcha. If it is not being picked up then it means that the level of Captcha being used is not sufficient dealing with bots. If it is too difficult to detect then certain qualities could be added to the ticket such as a photo of the person that purchased it or some other metric to try filter it. Even IP banning is not effective with VPNs able to get around it.

1 Who is best placed to enforce a ban on ticket-buying bots? What sort of penalties should apply for the use of ticket-buying bots?

Again, enforcing this internationally is very difficult. If the bots use VPNs then even by detecting the IP address and being able to successfully deter a bot it would be challenging to track down who is deploying it.

The same penalties as the Better Online Ticket Sales Act is reasonable or what New York has done, but its not going to matter if it cannot be enforced well as no cases have found where anyone has been arrested for using bots in the U.S

<https://www.cnet.com/news/ticket-bots-may-face-harsher-penalties-in-new-york/>

Option 5: Joint industry-government initiatives

1 How effective are existing industry-led initiatives in combatting ticket scalping practices?

Very good. Some like Ticketmaster have taken it upon themselves to build their own platform for ticket resellers to help combat the consumer harm by ensuring that it is in a trusted and secure environment.

Some have tried to push the price closer to the market value by auctioning off tickets thus crowding out ticket resellers. Again it impacts the scalper though it means the prices do go up though.
<https://www.nytimes.com/2003/09/01/business/media-ticketmaster-auction-will-let-highest->

[bidder-set-concert-prices.html](#)

Others have attempted to use a ballot box similar to what Housing NZ wants to do with the Kiwibuild. A good attempt but bots could still clamp the tickets up unless they go in and

2 Are there any other existing or future industry-led initiatives that address these concerns? Do you have any suggestions for improvements?

In the International Scene, some have applied personalized tickets in order to enforce non-exchangeability, however refunds would need to be allowed if the person cannot make the event. It is a good "final solution" if efforts to combat ticket scalpers are not effective and continue to cause harm to the consumer.

http://www.bbc.co.uk/somerset/content/articles/2007/01/09/glastonbury_festival_2007_license_feature.shtml

Any other comments

We welcome any other comments that you may have.

This is a market that should theoretically not exist. For instance, if primary ticket sellers allowed better refund practices then there would be no secondary market for ticket sales needed.

The challenge for a number of these laws is being able to enforce it internationally given most sites are global.

Another paper to look at

Ticket Sale Report 2017

[https://d3c7odttnp7a2d.cloudfront.net/assets/4593/Ticket Resale Industry Report 2017 Final.pdf](https://d3c7odttnp7a2d.cloudfront.net/assets/4593/Ticket_Resale_Industry_Report_2017_Final.pdf)

Opinion on effectiveness

Overall, Option 3 and Option 4 are the most obvious angles to pursue similar to other countries, information disclosure on a national level can easily be enforced, maybe harder internationally although given that many countries are following suit it should be easier over time.

Banning bots is a good option but hard to enforce, it may deter some domestic coders but might be harder internationally.

Price caps sound like a good idea but internationally it has been unsuccessful at being enforced.

<http://www.musicweek.com/analysis/read/10-things-you-need-to-know-about-professor-watson-s-secondary-ticketing-report/065000>

