

Submission on discussion document: Ticket Reselling in New Zealand

Your name, organisation and submitter category

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Submitter category	<i>Please circle/highlight one category:</i> Industry Group – Industry association for entertainment venues

Responses to discussion document questions

Overview of primary ticket market

1	<p>How is the ticket price for an event determined? Who has input into setting these prices?</p> <p>For the majority of venues the ticket price is determined by the hirer, based on their projected break even, costs etc. It is unusual for venues to influence the ticket price much other than advising a price point that would work within their city/region. This may be different in co-promotion or venue purchase situations where the venue owner acts as the event owner - they then have far more influence.</p>
2	<p>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)?</p> <p>This varies hugely from venue to venue depending on a number of factors. For very large events which will be popular at on-sale, a larger proportion may be reserved for pre-sale than general public on-sale. For general popularity events that are not expected to sell out as soon as they go on-sale, a smaller proportion such as 15-20% may be held. A small proportion of tickets may be reserved for media/sponsors/supporters. The bottom line is that promoters want to sell tickets – they don't care who buys them, they just want them sold.</p>

Overview of secondary ticket market

3	<p>Is there any available data on the size of the secondary ticket market in New Zealand that you could provide? For example, the average</p> <ul style="list-style-type: none"> - 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
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	- fees charged per ticket by secondary markets for facilitating the resale transaction.
	We do not have access to this kind of data. In terms of secondary markets, there are several more reputable operators (such as Ticketmaster and Ticketek) who have more control to ensure the validity of the tickets being on-sold.
4	Do you think 'ticket on-sellers' should be treated differently to 'ticket scalpers' in any options to address ticket reselling practices?
	Yes they should be treated differently. 'Ticket on-sellers' are different to 'ticket scalpers' and shouldn't be compared. Scalping is a predetermined decision to acquire tickets with the sole purpose to make a profit. A valid secondary marketplace for on-sellers is for genuine customers who no longer have use for their tickets to sell them again in a safe and secure marketplace. Around the world this is a fully valid sales medium. If there is a genuine need to sell unwanted tickets, there should be a safe and secure marketplace. The simple way to address this is to put a maximum number on resale. We are aware that some of the resellers have huge systems in place to purchase from the genuine sellers which they then on-sell.

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.
	We have not been able to fully assess the issues and objectives within this timeframe so we are unable to give an informed response to this question.
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.
	Whilst venues are criticised for monopolistic ticketing practices, there is plenty of recent coverage on the costs of operating venues, and ticketing arrangements make significant contributions to the operations of a venue that if were not covered would be either passed onto the consumer or render the venue unprofitable. Ticketing is an important part of venue management. Having control and transparency over this process enables the venue to adequately prepare for events, with the ability to trust the data being provided. We believe there needs to be some greater focus on regulation regarding the release of funds from ticketing companies to promoters before the event has taken place.
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?
	We do not really see how greater competition in the primary market would necessarily reduce problems in the secondary. Secondary markets have always played a part in selling tickets. The issue now is that some less scrupulous ticket resellers are deceiving the public in regards to ticket availability and offer no guarantee to the customer. We believe more could be done to promote ticketing companies that are transparent, relevant, proven and experienced.

The benefits to the venue and ultimately the consumers when ticketing companies work in partnership with the venues.

Option 1: Status quo

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

The MEMA does not protect consumers from scalping. It offers no protection at all unless the event is operating under the Major Events Act.

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

No the status quo does not achieve the policy objectives of reducing consumer harm.

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?

This option would address the cost increase but would not give a guarantee that the ticket is valid. A fixed percentage price gap (such as 10%) on all secondary sales would give the marketplace more confidence in secondary re-sale and reduce the feeling that consumers are being ripped off.

However, this has not been the trend internationally and would only work if the company is operating from NZ (i.e. subject to NZ law), it will not make a difference to companies like Viagogo who are based off-shore. All it does is shift where the tickets sit from a more controlled environment to the less controlled environment. This is likely to work for legitimate sellers but brokers are more likely to work outside of this legislation anyway.

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How should the original sale price of resale tickets be verified? Who should be responsible for this?

Resale platforms based on primary platforms are best placed to validate original ticket price. Also ticket prices are printed on tickets so easy to validate.

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What are the compliance costs that might be generated as a result of imposing a price cap?

Compliance costs would be minimal and the process can be automated. We recommend a ticketing agency be consulted regarding the logistics.

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Who is best placed to enforce a price cap? What is the level of resource required to enforce a price cap?

The level of resource required is minimal once a platform is up and running. If led by the government and a law is passed, compliance would be the responsibility of the minister. The

process should be automated.

Option 3: Greater information disclosure requirements

14	What types of ticketing information should be disclosed, and by whom? How should these disclosures be made?
	All the information should be disclosed to the reseller for validity, and enough information needs to be disclosed to the consumer to confirm the legitimacy of the ticket. We believe the total cost (original buy price plus all costs) should be disclosed. We recommend a ticketing agency is consulted regarding the best way of making these disclosures.
15	How would any information disclosure requirements be enforced? Who should be responsible?
	The reseller should be resourced to manage this, given they primarily benefit. Enforcement should include oversight of websites and their systems and processes approved in advance. Some involvement from a governing body may be necessary.
16	What type of compliance costs will be involved in order to comply with such information disclosure requirements? Please provide evidence where possible.
	Compliance costs should be minimal and be automated into the transaction.

Option 4: Ban on ticket-buying bots

17	How should a bot be defined? How can ticket-buying bot use be detected? What technologies are required to do this?
	This is a technical question that requires input from a ticketing agency.
18	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?
	Ticketing agencies should (and do) invest in technology to combat ticket-buying bots.

Option 5: Joint industry-government initiatives

19	How effective are existing industry-led initiatives in combatting ticket scalping practices?
	The biggest issue is consumer confusion between resale and scalping. We are not aware of any real campaigns to educate the public. Any initiatives need to be government led and policed to ensure transparency and fairness from all ticketing agents. Industry can lead the initiative once the rules are agreed. We believe an industry-led initiative will not be taken seriously until legislation supports the message.

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

Our recommendations are three-fold:

1. Change the laws – rework the MEMA to give more power to manage the issue.
2. Educate the public.
3. Governing body to enforce/police.

Any other comments

We welcome any other comments that you may have.

Thank you for the opportunity to provide our comments.