

Submission on discussion document: Consumer Credit Regulation Review

Your name, organisation and submitter category

Name	Susannah Lees-Jeffries
Organisation	Royal New Zealand Ballet
Submitter category	<p>Please circle/highlight one category:</p> <p>Individual consumer Consumer Group/Advocate Business</p> <p>Industry Group Researcher/Academic</p> <p>Other (please describe):</p> <p>Not for profit national performing arts organisation, established in 1953. Presenter of professional ballet performances throughout New Zealand.</p>

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><i>Pricing is determined by the Royal New Zealand Ballet according to repertoire, venue and previous performances, and is benchmarked against similar events in similar markets. Pricing for the same event may vary according to venue. Price banding is determined by the number of saleable seats in each venue, and their quality. Reduced prices are offered for children, seniors, the unwaged, subscribers and Friends of the Royal New Zealand Ballet, together with a range of promotional discounts as determined necessary for each individual marketing campaign.</i></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><i>95%. We hold a small number of seats back in order to meet contractual obligations with sponsors and other VIPs. We offer priority booking, typically two weeks, for personal supporters and renewing subscribers, and then open up to new subscribers and then single ticket sales. There is no restriction on who may purchase a subscription or become a personal supporter.</i></p>

Overview of secondary ticket market

3

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 cannot provide hard data, but have had trouble with customers purchasing through Viagogo for close to two years now. For our recent national tour of The Nutcracker, there were several hundred customers affected – potentially 1 – 2% of total audience. For us the problem is around the selling of tickets well above face value and high handling fees, coupled with the misrepresentation of availability which causes customers to purchase at inflated prices. This appears to be driven by professional sellers operating from Eastern Europe.

4

Do you think ‘ticket on-sellers’ should be treated differently to ‘ticket scalpers’ in any options to address ticket reselling practices?

There should be no need for ticket on-selling by third parties if the major ticketing agencies were to manage tickets returned by individuals in a responsible way, e.g. offering for re-sale, minus a modest handling fee, once a particular event or price category has reached a certain capacity.

However, we realise that this may not suit the requirements of promoters whose first priority is to sell available ticket inventory before offering to take tickets back and re-sell them on behalf of the original customer.

We note that airlines, hotels and other industries require that the original purchaser is actually the one who uses the service, and there is not a secondary market for people who want to resell their airline ticket/ hotel room/ car rental etc. We do recognise however that there are secondary markets for consumer goods.

In those instances where a customer wishes to re-sell a ticket and, for whatever reason, the ticketing agent is not able to or can't resell the ticket on behalf of the customer, there should be legitimate outlets to do this, but not for the purposes of making a profit.

It is a concern that audience members purchasing from third parties do not receive advice around event suitability for children, assistance with accessibility requirements or refund in the case of cancellation. It is setting them up for a potential bad experience.

Scalping, however, damages the entertainment industry and should be illegal. Profits from scalping do not benefit the artists and organisations presenting events; scalping or selling at inflated prices may in fact damage artists' reputations.

Key issues and policy objectives

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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.
	<p><i>Yes. It is our experience that Royal New Zealand Ballet customers have been misled and deceived when purchasing resale tickets via Viagogo. They have believed that they are purchasing from an official seller, due to Viagogo's investment in Google advertising. They have payed inflated prices well above the face value of tickets and have paid substantial hidden fees. They have paid premium prices for inferior seats. They have also been misled as to availability, making rushed purchases because they have been led to believe that tickets are running out and time is short.</i></p>
6	<p>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.</p>
	<p><i>As a small country, New Zealand has a limited number of performing and event venues. In the case of the Royal New Zealand Ballet, there is typically just one venue in each main centre suitable for our performances. We are concerned by the lack of choice in the primary ticket market for promoters, as hiring a venue almost always necessitates using that venue's exclusively contracted ticketing agency. With exclusive contracts, ticketing agencies have no incentive to work with promoters to sell tickets or develop new audiences. Venues commit to providing a certain level of income (through inside charges) for their contracted agency, which may impact on the financial result for the promoter – who has typically taken most if not all of the risk on presenting the event. We have little or no control over fees passed on to customers (outside charges, credit card processing) and also the quality of customer service. Of significant concern is the fact that selling tickets through agencies reduces the direct contact that we are able to have with our customers. This means that it is challenging to build relationships with repeat purchasers who might be cultivated to become donors and support the company's work. In common with most New Zealand arts organisations, the Royal New Zealand Ballet is a charity. We have to raise more than 30% of our operating income through sponsorship, grants and donations. If we don't know who is in our audience – through poor data capture by ticketing agencies – then this is made harder.</i></p>
7	<p>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?</p>
	<p><i>For us, as a promoter, more transparency, flexibility and choice in the primary ticketing market would be helpful. As noted above, we are restricted to performing in a limited range of venues, due to the particular requirements for ballet performances, and are obliged to use the agents appointed by those venues, via tender or other processes in which we have no input. Our ideal scenario would be able to sell our own tickets to our own customers. We would then also be able to implement and manage a consistent and fair returns and re-sale process. At the very least, we would like to have a say in choice of ticketing agencies with which we work.</i></p>

Option 1: Status quo

8	How effective are the existing consumer protection laws in regards to ticket reselling practices?
	<i>They are not effective. There is seemingly no way, other than publicity and attempts at consumer education, to protect customers from purchasing from an unauthorised agent such as Viagogo and the consequences that may arise from this.</i>
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?
	<i>No. Customers are currently paying inflated prices and hidden fees. Promoters, including not for profit arts organisations such as the Royal New Zealand Ballet, are not benefiting.</i>

Option 2: Price cap on resale tickets

10	If a price cap for resale tickets was introduced, which price cap option should be implemented?
	<i>None of the options are perfect but in the case of personal re-selling, as opposed to scalping, the aim should be for none of the parties involved (original purchaser, promoter, new purchaser) to be out of pocket. Option B is the closest to this. If a ticket is returned for re-sale, the original purchaser should only receive the refund, less a handling fee, once the ticket has re-sold.</i>
11	How should the original sale price of resale tickets be verified? Who should be responsible for this?
	<i>By the ticket reselling platform (if it is advertised on the likes of TradeMe) or the reselling ticketing agent (regardless of whether it is the original ticketing agent or another ticketing agent which is established for the purpose of re-selling tickets). The customer should be required to show proof of purchase including the face value ticket price when requesting that the ticket be re-sold.</i>
12	What are the compliance costs that might be generated as a result of imposing a price cap?
	<i>Ticketing agency staff costs.</i>
13	Who is best placed to enforce a price cap? What is the level of resource required to enforce a price cap?
	<i>The ticket reselling agent or platform, regardless of whether this is the original ticket seller or another re-selling platform.</i> <i>Serious thought should be given to developing a code of conduct for venues, ticketing</i>

agencies and promoters in New Zealand. The model already exists over the Tasman in Live Performance Australia (liveperformance.com.au) which offers guidance and codes of conduct around ticketing and many other areas of event promotion and management. A trans-Tasman model would make sense for promoters and ticketing agencies which frequently work in both countries, and would lead to common standards and development of best practice.

Option 3: Greater information disclosure requirements

14 What types of ticketing information should be disclosed, and by whom? How should these disclosures be made?

Everything required to make an informed purchase. Seating or standing area, any restrictions on view. Accessibility. Suitability of the performance for children. Likely duration. Fees (delivery, agency, any venue levies) and credit card processing. Ticketing information should be up front with event information provided by both the promoter and the ticketing agency. Fees should be clearly noted along the purchase path. Availability information should be genuine and linked to sources such as select your own seat maps. Information on alternative purchase opportunities, for example, priority booking for members, should be released at the time of event announcement, prior to the first onsale date.

15 How would any information disclosure requirements be enforced? Who should be responsible?

By the authorised seller of the event as part of sign-off on all sales collateral, including that managed by other parties, including all advertisements, eDMs, web content and social posts.

16 What type of compliance costs will be involved in order to comply with such information disclosure requirements? Please provide evidence where possible.

There should not be substantial compliance costs as sales collateral should be being signed off by promoters and venues already.

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?

The automated purchase of a large number of tickets for the purpose of resale for profit. It is hard to detect and we understand that new technology may be required in order to facilitate this.

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?

Global ticketing agencies and large promoters responsible for selling major events. Tickets purchased by bots for resale should be invalidated and the buyer/seller blocked.

Option 5: Joint industry-government initiatives

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

Limited success. The major events most affected by ticket scalping are those which are likely to attract 'once in a lifetime' purchasers who are less savvy about going to official agencies. The Commerce Commission has done a good job in publicising issues with Viagogo, but we know from our own experience with customers over the last few years that it's the 'special occasion' customers who are most prone to purchasing from resellers. It is devastating to see audience members who have arrived for a special treat having such a negative experience – paying over the odds for inferior seating and potentially no seats at all. They are stressed, embarrassed and sometimes abusive with staff as a result.

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

Ticketing agencies and promoters should be clearer about options for re-selling or exchanging tickets if you are unable to attend an event for which you have purchased in good faith. Major venues and promoters should be explicit about the agencies with which they work and include clear details in all their marketing material.

Please see suggestion regarding Live Performance Australia above.

Any other comments

We welcome any other comments that you may have.

We are glad to participate in this process, as we were glad to provide evidence and a sworn affidavit for the Commerce Commission's case against Viagogo in 2018. A copy of this affidavit is attached, which includes specific examples of how Viagogo has directly affected Royal New Zealand Ballet audience members.

