FANFAIR

Ticked off: Consumer Attitudes to Secondary Ticketing

AUDIENCENET music:)ally EST. 2002

Introduction:

Adam Webb, FanFair Alliance

It’s now ten years since the Culture, Media & Sport Select Committee conducted a major investigation into the murky world of online ticket touting.

Back then, between 2007 and 2008, the lines of debate around ‘secondary ticketing’ appeared to be well defined.

On one side, stood those from the worlds of music, theatre and sport. They subscribed to a view that mass-scale online ticket touting represented a wholesale rip-off of UK audiences and resulted in untold damage to our creative industries.

The answer? Tougher regulation.

On the other, were the emergent resale platforms such as Viagogo, eBay (who acquired StubHub in January 2007), Get Me In! and Seatwave.

From the perspective of the platforms, tickets were simply a commodity. By enabling the buying and selling of said goods, they provided audiences with a genuine service.

To no great surprise, their vision of the future was diametrically opposed to that of the creative sector. They wanted looser regulation. Preferably zero. Let the ‘free market’ reign.

In the end, neither side would claim a victory. Rather than decisive action, the Select Committee recommended “voluntary solutions” to bring the secondary market to order. The Government agreed.

As a direct result of that decision, Ticketmaster, the world’s largest primary ticketing company, became active participants in the secondary market - purchasing Get Me In! in 2008, and Seatwave in 2014. Live Nation, Ticketmaster’s parent company since 2009, now generates more than $1bn per annum globally from ticket resale.

Complicating matters further, a 2012 partnership with AEG resulted in StubHub becoming “Official Ticket Resale Marketplace” at several UK venues. In the same year, and following a much-publicised Channel 4 investigation, Viagogo moved the bulk of its operations to Geneva.

Ten years on, and the UK’s secondary ticketing market is wholly dominated by these ‘Big Four’ sites.

Despite their promotion as fan-to-fan platforms, evidence suggests that all are in fact dependent upon a network of third-party sellers. What the platforms would describe as “trusted” or “power” sellers – but what others might define as professional touts.

These sellers drive an extremely lucrative business. According to IQ Magazine, the UK’s secondary ticketing market is worth an estimated £1bn per year GVT. Half of this is thought to derive from music events.

(Incidentally, this sum dwarves the revenues received by UK record labels from streaming services such as Spotify, Apple Music and YouTube.)

Introduction (*cont*):

Adam Webb, FanFair Alliance

It was against this backdrop that we launched the FanFair Alliance in July 2016 - to campaign against industrial-scale online ticket touting, to push for enforcement of consumer protection legislation, and to champion technologies and businesses that promote consumer-friendly forms of ticket resale.

More than 100 music managers, agents, promoters, ticketing companies and trade organisations have since signed our Declaration against online ticket touts.

Ultimately, we want to promote a transparent and properly-functioning market for ticket resale.

To these ends, significant strides have been made - including two high profile Select Committee hearings; the launch of a Competition & Markets Authority enforcement investigation; and, in April 2017, some hard-fought legislative changes.

In the wider marketplace, many artists and ticketing companies, including those supporting this research, are actively launching new ways in which to help those with genuinely unwanted tickets to resell them for the price that they paid.

FanFair Alliance has attempted to take a proactive stance in all these processes - accumulating evidence and data, and publishing free online guidance to help artists and audiences better understand the ticketing market.

Through this dialogue, it has become clear that we must gain a better understanding of how consumers feel about ticket resale.

Some will certainly subscribe to the idea that the secondary market as it is provides a genuine service for consumers. (And of course, on occasion, some tickets will sell for under face value.)

However, from the sheer volume of unhappy correspondence we receive each week, I am in no doubt that a far greater number take a more negative viewpoint - and that there is growing opposition to what many feel are systematic abuses and misleading practices.

The purpose of commissioning this research was to cut through the emotional discourse, and to ask a wide cross-section of the public about their perceptions of ticket resale, their expectations when buying tickets, and to better discern the impact of current secondary market practices.

It is not the ‘final word’ - no research ever is - but we hope the results will play a valuable contribution to political and media debate, and provide further catalyst for change.

For after ten years of domination by four resale platforms, there is greater need than ever for the kind of transparent and fully-functioning secondary ticketing market that the UK’s audiences and artists deserve.

A message from our sponsors

Since FanFair Alliance was launched in July 2016, our Declaration against online ticket touts has been signed by more than 100 music artist managers, live agents, promoters, venues, ticketing companies and trade organisations.

We are very grateful to 3 of these ticketing companies for sponsoring this important consumer research: See Tickets, The Ticket Factory and Twickets.

ROB WILMSHURST, CEO, SEE TICKETS

"We feel compelled to do all we can to put touts out of business and help ensure that tickets go to genuine fans. That is why we launched Fan-To-Fan, a safe and secure space where Seetickets.com customers can resell unwanted tickets at the price they paid or less. The service has been well received by fans, artists and the industry and marked See Tickets as a partner they can trust."

"We are by far the cheapest option for customers wishing to resell their tickets and, the integrated nature of the platforms make it very easy and quick for customers to do so. Cheap, easy and ethical!"

PHIL MEAD, MANAGING DIRECTOR, THE TICKET FACTORY

"The faceless secondary market in its current form is harming the UK's creative economy by diverting revenue from the live events industry at large. The effects of this largely unregulated market are felt across every level of the industry – at The Ticket Factory, we see the negative impact the secondary market has, not only on primary ticket agents like ourselves, but also our box office venues such as the Genting Arena and Arena Birmingham, on a daily basis. It's not just affecting artists, agents and promoters but is also increasingly tarnishing the reputation of venues that have to deal with distraught customers who can't gain access to a gig or performance."

"While the fans are the immediate victims, not taking action today will damage the industry irreparably in years to come. By supporting this report, we hope to play a part in the education of consumers and ticket buyers who ultimately have the power to starve the secondary market."

RICHARD DAVIES, FOUNDER TWICKETS

"We founded Twickets because, as music fans, we were angry at being ripped off by the Big Four secondary ticketing platforms. This research by FanFair further validates our own experience, that the vast majority of fans feel the same way. Importantly it also highlights the damage being done to the entertainment industry as a whole by such unscrupulous activity."

"At Twickets, we have a "face value" only resale policy, which means we're committed to giving genuine fans and the industry a better deal. We believe in a fairer, more sustainable way for ticketing businesses to operate in the resale market. We're grateful to artists like Ed Sheeran, Mumford and Sons, Queen, Pixies, Adele and many others for being alive to this issue and endorsing us as their official reseller. We hope this research alerts everyone in the industry to the threat posed by the Big Four."

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Executive Summary

If there were any doubts whether consumers are aware of the problems around secondary ticketing and the impact this is having on the wider music industry then these are very much dispelled by the survey results.

74% of the UK population think online ticket touting is becoming a major concern for music fans. Those music fans who are purchasing secondary tickets at overinflated prices admit that they are attending fewer concerts and festivals, and spending less on recorded music, merchandising and less at events as a result. And while there may be confusion around how to identify secondary ticket sellers from primary outlets, ticket buyers are absolutely aware of the problems that exist around the secondary ticketing market.

Secondary ticketing is impacting not just the live music market but the wider music industry. Over three times as many consumers (68%) thought that they would attend fewer gigs because of the amount they've spent on over face value tickets compared to those who disagreed with this statement (19%); the same proportion thought they would spend less on merchandise (66% agree v 18% disagree). Three times as many think they will attend fewer festivals as a result (60% agreed v 21% disagree) while twice as many think this will impact on their spend on food and drink at events (58% agree v 29% disagree). Finally 47% of consumers think they will also spend less on recorded music as a result of the amount they spend on over face value tickets compared with just 28% who disagree with this statement.

Nearly three quarters (74%) of the UK population agree that online ticket-touting is becoming a big concern for music fans, while 80% think that the 'big four' secondary ticketing services – GetMeIn, Seatwave, StubHub and Viagogo – are ripping off fans with high prices.

Consumers are also clued-in on the wider impact that these services are having. More than 64% agree that the 'big four' secondary ticket sellers are damaging the British music industry.

However, this does not mean that they are opposed to the concept of being able to resell tickets. A majority of consumers are supportive of the right to resell unwanted tickets for concerts and other events where there are legitimate reasons for reselling that isn't about selling tickets over the face value. Nearly 58% think they should be allowed to sell tickets on at face-value or less – more than triple the 19% who think they should be able to resell tickets for any price. Just under a quarter of consumers (23%) think reselling should be banned altogether.

Indeed consumers are interested in services that enable them to resell their tickets without charging a premium. 87% of UK consumers like the idea of an authorised resale service for tours: something that stars from Adele to Ed Sheeran have already tried.

Executive Summary (*cont*)

But, confusion still reigns when it comes to differentiating between different types of ticketing sites. Nearly 44% said they were unaware of the difference between primary and secondary ticket sites (after this was explained to them) while 34% of consumers claimed to be aware of the difference Meanwhile, more than 52% agreed that it's not easy to distinguish between primary and secondary resellers.

One reason for this may be the fact that consumers are using the same main gateway to both types of services: Google. For more than 43% of consumers, Google's search engine is the first place they go to when looking for tickets. The fact that secondary ticketing platforms are benefiting from this channel is itself evidenced by the strong brand recognition for the 'big four' services.

Leading primary service Ticketmaster has by far the strongest brand recognition among the survey as a whole – more than 85% are aware of it – but secondary outlets like Viagogo and StubHub have higher degrees of awareness than other leading primary services most likely because of their use of paid search advertising.

Awareness of the leading secondary ticket sellers is high but so is the evidence to suggest that consumers want changes in the way secondary ticketing services operate. 82% agree that the 'big four' should reveal the identity of sellers of tickets, and 82% also agree that ticket resale sites should provide key information like the original booking reference and seat number.

Besides providing buyers with important information, these moves would also make it easier for promoters to tackle speculative listings, or tickets being listed in breach of their terms and conditions that are being resold on for a profit by touts, and thus put them back on sale for fans.

Finally, the survey provides evidence that where artists and promoters find ways to get tickets into fans' hands rather than touts, this will be warmly welcomed. More than 72% of respondents found the idea of pre-sales appealing, giving registered fans a chance to buy tickets before they go on general sale.

80% like the idea of limiting the number of tickets that can be bought by any one individual, while 75% like the idea of having names printed on tickets to ensure that the buyer is present on the night of the concert.

The conclusion: the more money music fans spend on over face value tickets the less they are likely to spend on other music events and items, from merchandising to CDs and streaming subscriptions. While consumers' confusion between primary and secondary ticketing services is a major concern, the more ticket buyers fans know about how these platforms work, the more they are willing to back moves from the live music industry to crack down on the online touts, and get more tickets into the hands of real fans in a fair manner. They want to be able to sell tickets when they can't attend a concert for whatever reason but most think they only be able to sell tickets on at face value.

SAMPLE

1158 Respondents

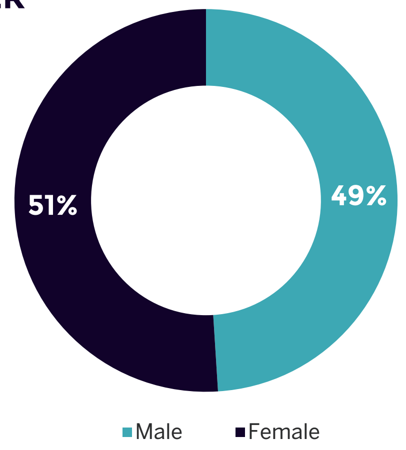
This survey was carried out by AudienceNet/Music Ally in June 2017.

This survey is a statistically and demographically representative sample of the 16-65 year old UK population

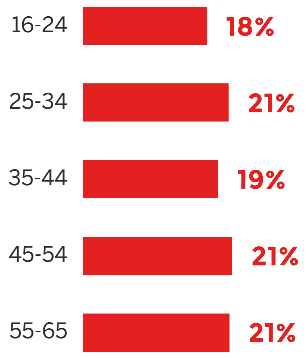
To guarantee national representation quotas were set in accordance with the 2011 UK census, All respondents had online access.

The demographic profile of those surveyed was as follows:

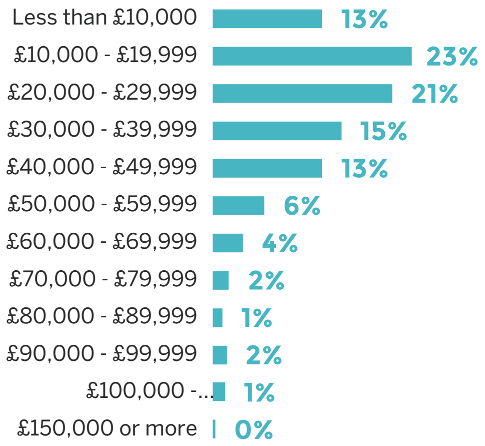
GENDER



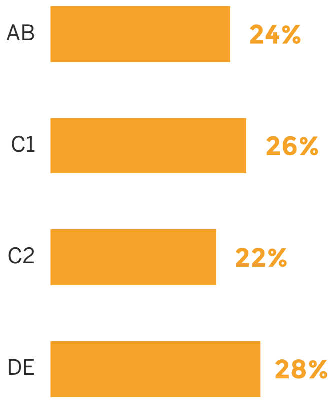
AGE



INCOME



SOCIAL GRADE



REGION

LONDON	11%
SOUTH EAST	15%
SOUTH WEST	9%
NORTH WEST	11%
EAST	8%
YORKSHIRE	9%
SCOTLAND	9%
EAST MIDLANDS	8%
WEST MIDLANDS	10%
WALES	5%
NORTH EAST	5%
NORTHERN IRELAND	2%

KEY FINDINGS

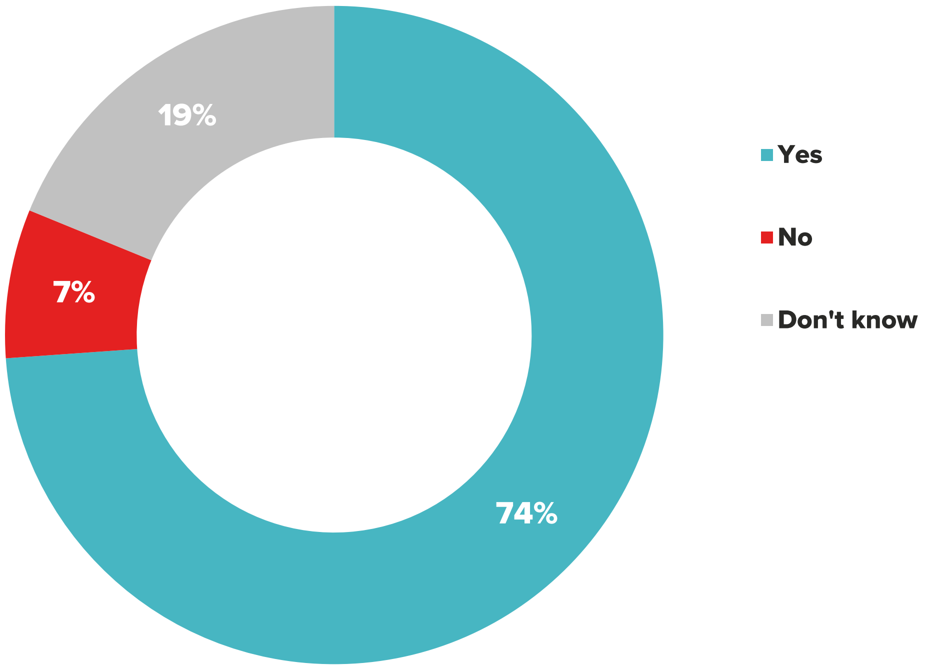
Consumers are worried about online ticket touting

From missing out on tickets that have been snapped up by touts to paying over the odds on a secondary site, UK consumers are clearly worried about this area.

The issue of ticket touting has attracted plenty of publicity in the UK media over the last couple of years in particular, but even so the extent of concern amongst the wider UK population is notable.

Nearly three quarters (74%) of the UK population agreed that online ticket touting is becoming a big concern for music fans, while only 7% disagreed with that statement. This percentage actually rises to 82% for those who have used secondary ticket sites.

Do you think that online ticket touting is becoming a big concern for music fans?

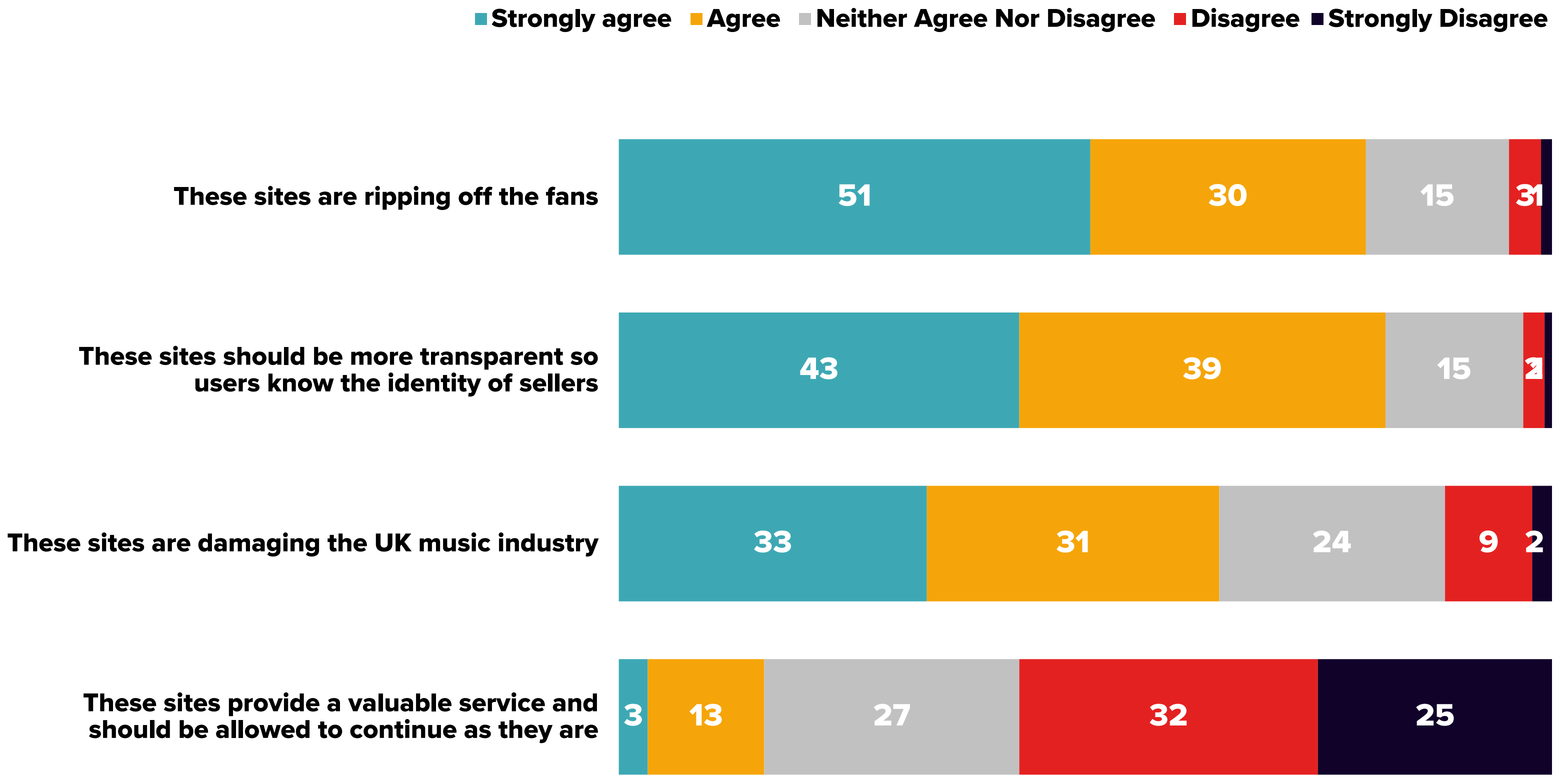


Four fifths of UK consumers see secondary ticketing as a rip-off

80% of respondents agreed that the ‘big four’ secondary ticketing services – GetMeIn, Seatwave, StubHub and Viagogo – are “ripping off the fans”, with just over half strongly agreeing with the statement.

The survey singled out the big four secondary ticketing services (Ticketmaster owns GetMeIn and Seatwave, eBay owns StubHub and Viagogo is independent) as these are the main sites which allow sellers to list tickets at any price. Meanwhile, 64% agreed that the big four are “damaging the UK music industry”, while only 16% agreed that “they provide a valuable service and should be allowed to continue as they are”.

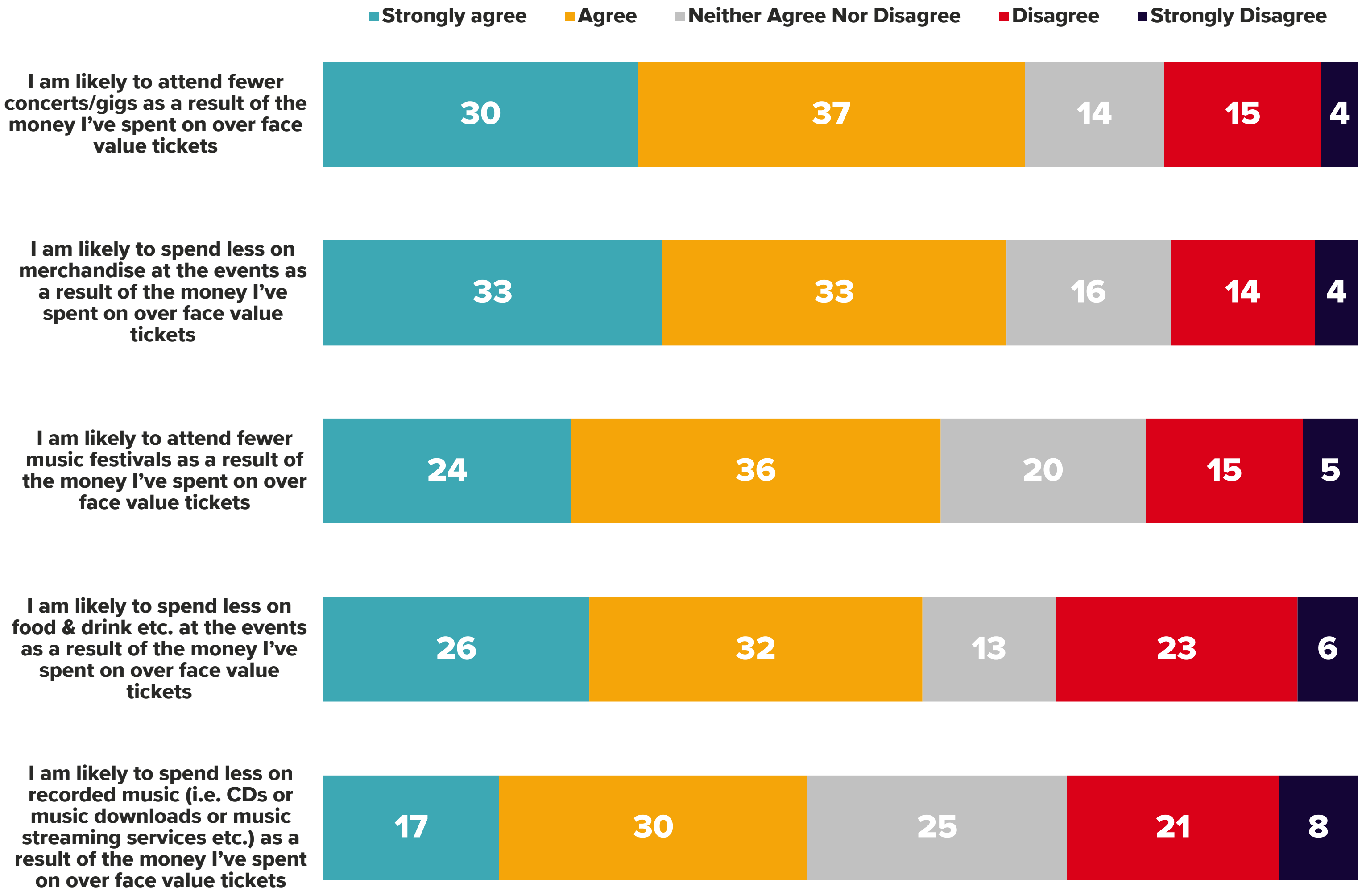
To what extent to you tend to agree or disagree with each of the following statements in relation to the “big four ticket resale sites”?



Ticket touting is impacting the whole music industry

Music fans are spending less on live music, festivals, merchandising and recorded music as a result of buying over face value tickets.

Over three times as many UK consumers (68%) thought that they would attend fewer gigs because of the amount they've spent on over face value tickets compared to those who disagreed with this statement (19%); the same proportion thought they would spend less on merchandise (66% agree v 18% disagree). Three times as many think they will attend fewer festivals as a result (60% agreed v 21% disagree) while twice as many think this will impact on their spend on food and drink at events (58% agree v 29% disagree). Finally 47% of consumers think they will also spend less on recorded music as a result of the amount they spend on over face value tickets compared with the 28% who disagree with the statement.



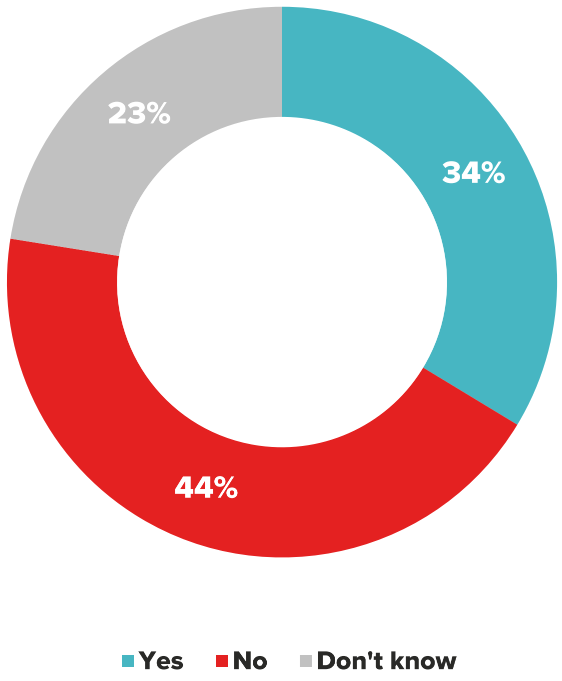
Question: Considering the amount you have spent on these tickets, would you agree or disagree with the following statements? Base: Those who had paid more than face value

Consumers struggle to distinguish primary and secondary ticketing sources

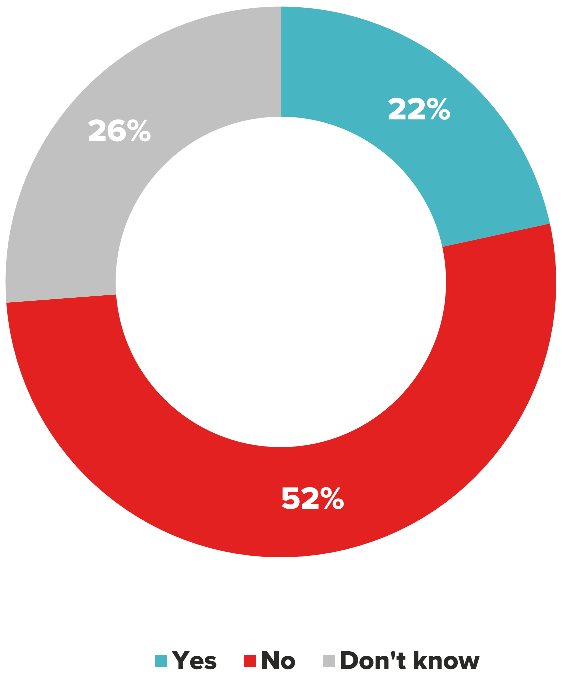
Only 34% of UK consumers claimed to be aware of the difference between primary and secondary ticketing sellers.

44% said they were not aware of the difference, while 23% said they weren't sure. When asked if they think it's easy to distinguish between a primary and secondary reseller, only 22% said it was, while 52% said it wasn't.

Are you aware of the difference between "primary" and "secondary" tickets/ticket sellers?



Do you think it's easy for buyers to distinguish between a primary ticketing seller (selling at face value) and ticket resale sites that sell tickets over face value?

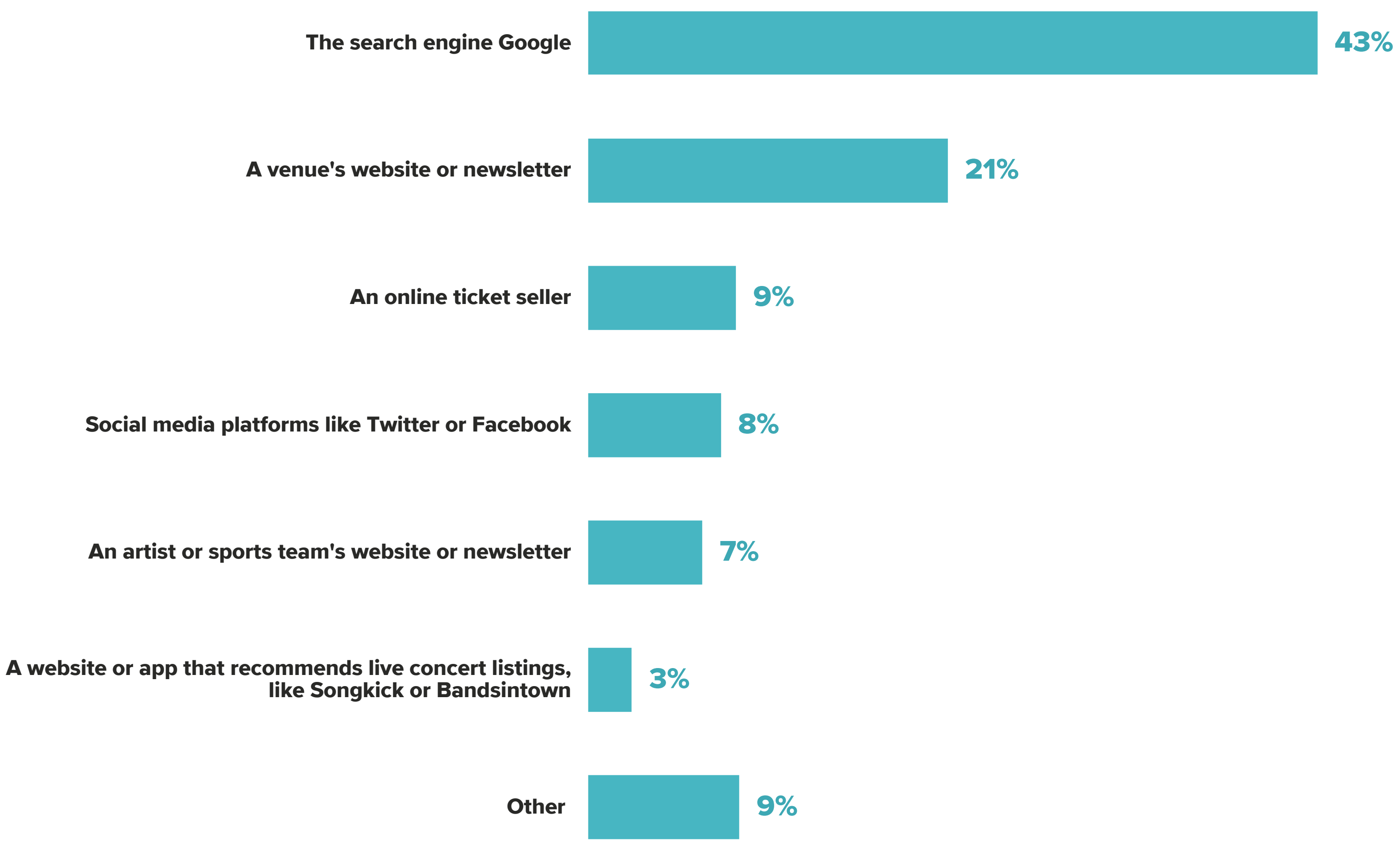


Google is the first port of call for many buyers

If fans are unsure about the differences between primary and secondary ticketing services, that may be because many of them find these sites from the same place: Google's search engine.

43% of respondents said that the first place they go to when searching for tickets is Google, considerably ahead of both a venue's website (21%) and directly to online ticket sellers (9%).

First place they look when researching tickets for an event



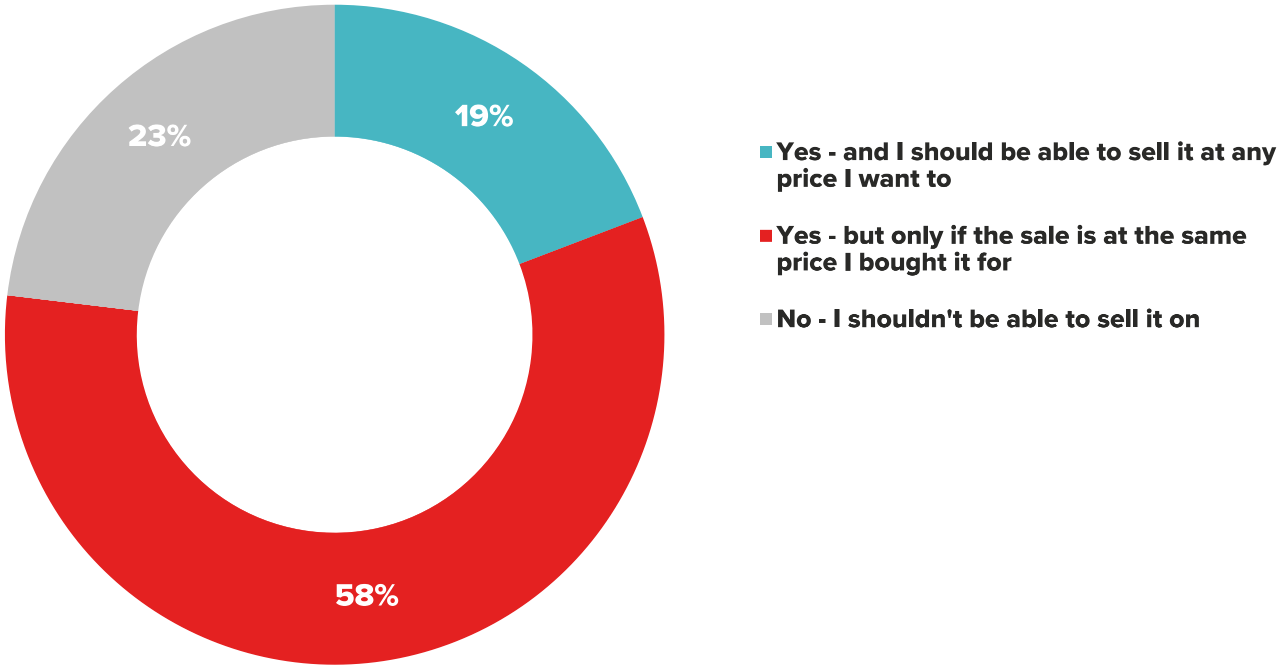
Question: When researching or searching for tickets to an event (that you wish to purchase), where would you say is the first place you go to? | Base: 1,158 Respondents

Face-value reselling has support from consumers

Fans aren't necessarily against the resale of tickets, but they want them to go to other fans rather than generate profits for touts.

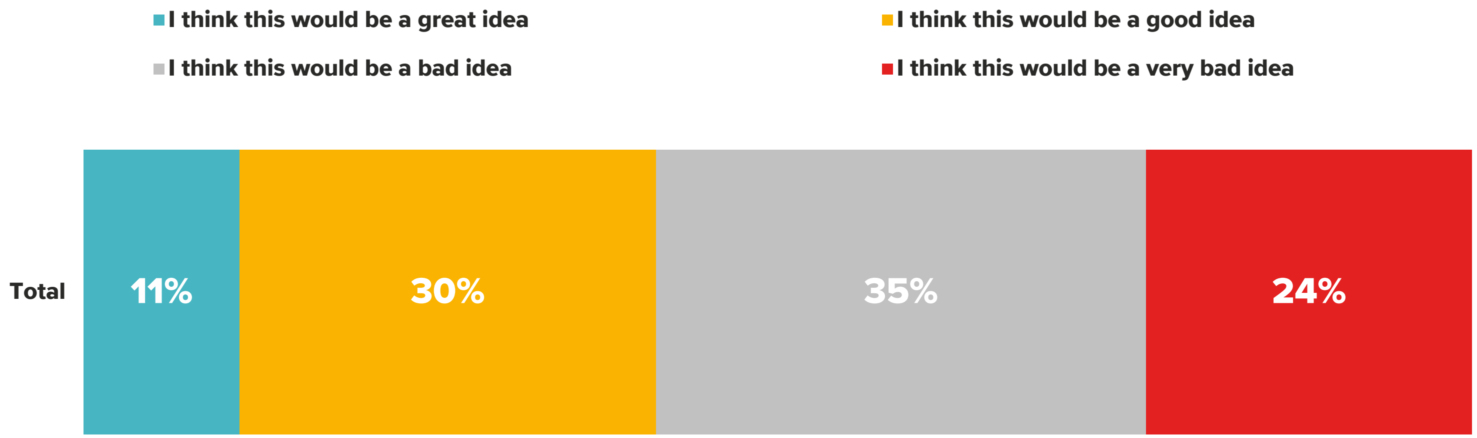
The majority of UK consumers believe they should be able to resell a ticket - but for the same price that they paid for it. Only 1 in 5 (19%) believe they should be able to make a profit from ticket resale: less than the 23% who think they should not be allowed to resell at all.

If you purchase a ticket to a live music event, do you feel you should be able to resell it?



Jury's out on dynamic pricing

When asked if they thought that ticket sales for events should follow a similar dynamic pricing model to that used in these other industries, a majority of UK consumers (59%) opposed the idea. So it seems the kind of concept which sectors such as the airlines industry employ would not be so welcome for music ticketing.



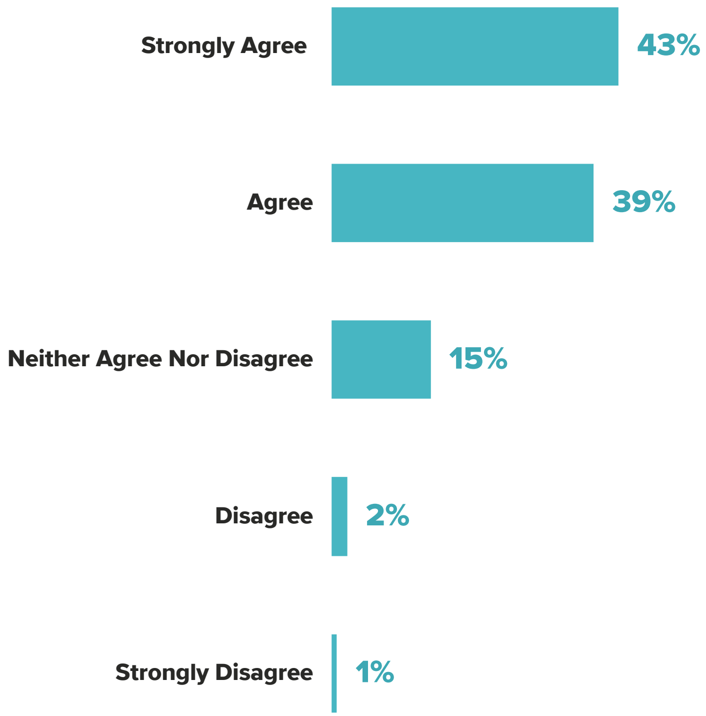
Consumers want more transparency around reselling

43% of UK consumers strongly agree that the big four ticket resale sites should reveal the identity of sellers, while 39% agree – 82% in total.

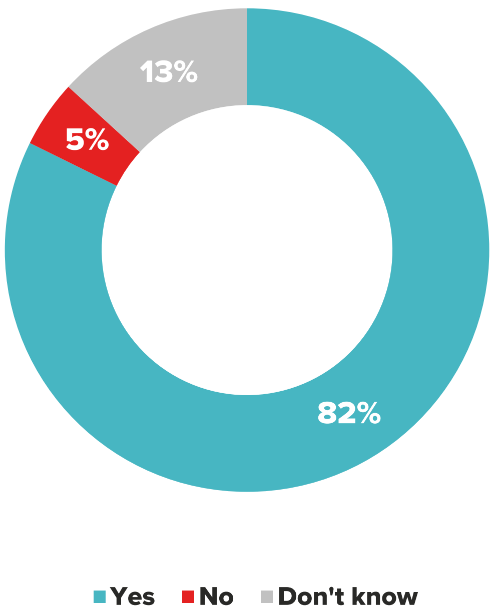
82% of the UK population said that ticket resale sites should provide key information like the identity of the seller, the original booking reference and
seat number.

The UK Consumer Rights Act already obliges secondary platforms to provide seat numbers, restrictions and the original face value of tickets. And now secondary sites will have to commit to additional obligations to make identifying a ticket easier.

"These sites should be more transparent so users know the identity of sellers"



Do you feel that ticket resale sites that sell over face value tickets should provide key information about sellers and tickets?



Question: To what extent do you tend to agree or disagree with each of the following statements in relation to the "big four ticket resale sites". Second chart question as above | Base: 1,158 Respondents

Unavailability of tickets drives secondary demand

There are a number of different reasons why consumers use secondary ticket sites. The survey revealed that the desire to get hold of soldout tickets and finding out about concerts too late were the main reasons cited by respondents.

Of those consumers who said they were likely to use a secondary reseller in the future, 36% said it would be if they couldn't get hold of a ticket when they first went on sale; 36% if they only found out about a concert after it had sold out; and 31% if they could find a bargain and pay below face value.

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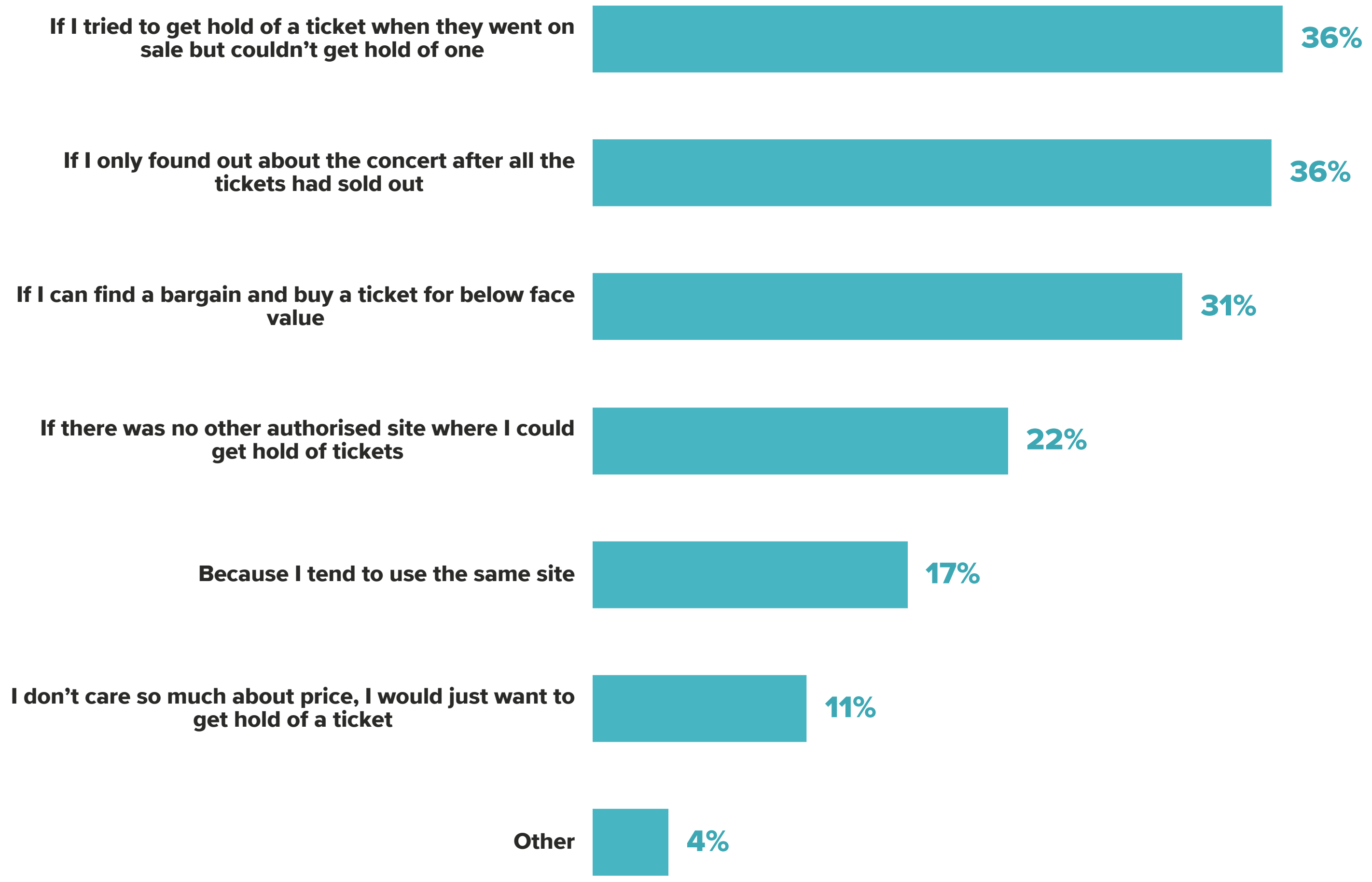
Why buy from a Big Four re-seller?



Question: You stated you are likely to buy tickets from a ticket resale site that sells tickets over face value in the future. For what reasons might you purchase tickets from such a site? | Base: 151 (All who said they are likely)

Consumers support precautionary measures to tackle touting

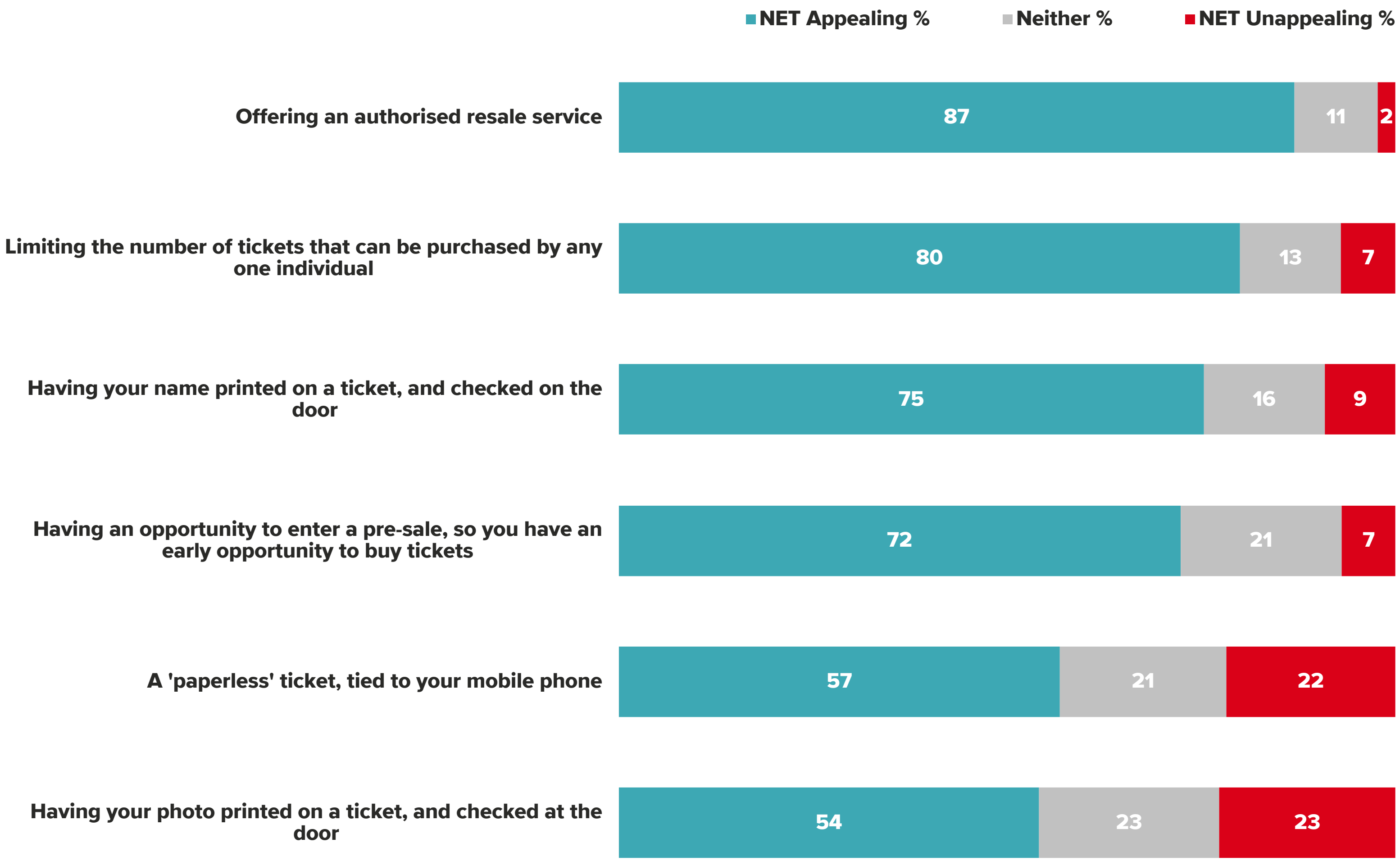
A growing list of artists, including Adele, Ed Sheeran, Iron Maiden, Metallica, Arcade Fire, Catfish & The Bottlemen and David Gilmour are already adding T&Cs to their tickets to limit their transferability and ensure they are only sold to primary customers. And it seems that fans welcome such moves.

In the survey 80% liked the idea of limiting the number of tickets that can be bought by any one individual.

72% of consumers found the idea of a pre-sale appealing, giving them an early opportunity to buy tickets.

75% liked the idea of having names printed on tickets, although only 54% liked the idea of photos on tickets. Meanwhile, a massive 87% liked the idea of an authorised resale service.

How appealing are each of the following?



Question: Many artists are developing strategies to minimise the risk of their tickets being resold by online ticket touts. How appealing do you find each of the following? | Base: 1,158 Respondents

Report prepared by:

AudienceNet

AudienceNet is an accredited, full- service market research agency, who believes that well designed research can help clients achieve even the most challenging objectives.

Central to AudienceNet's approach is maximizing the value of research by bringing together its two main strands (scientifically robust data and depth of insight) in a cost effective way.

We have considerable experience in conducting research on music and entertainment ad-hoc projects, across domestic and foreign territories. Our music and entertainment clients have included: BBC, PPL, Panasonic, PURE, Warner Music Group, Universal Music Group, Sony Music, UK Music, 7digital and SoundCloud.

We believe that beautifully presented data makes all the difference. Not only is it more engaging to read, it makes the story and what you need to do even clearer. Our in-house design team, DataDesign, works with clients to develop bespoke deliverable formats and templates.

Music Ally

Music Ally is a knowledge company, with over 15 years worth of information, experience and data on the global music business.

Music Ally's subscription information service is read by thousands of executives worldwide. We have advised telcos, music platforms, collecting societies, investment houses, creative agencies, distributors, labels, government agencies and startups and many new music businesses on go to market, proposition, consumer insight, landscape, trends, forecasts and economic models.

We also work with bands, managers and labels to help them understand and exploit the opportunities in digital, finding fans, increasing engagement and monetising those relationships either directly or through innovative marketing campaigns.

Music Ally also organises leading events such as Sandbox Summit and NY:LON Connect and the Music Ally Digital Music Awards.

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