



**Comments of the National Consumers League and Sports Fans Coalition
to the Federal Trade Commission regarding:**

“Online Event Ticket Workshop”

December 5, 2018

Executive Summary

In January 2010, when Ticketmaster and Live Nation merged, the Department of Justice (DOJ) antitrust chief Christine Varney justified the DOJ's settlement by stating that remedies required by the merger would promote "robust competition" that would "benefit consumers."¹ Nearly nine years since Varney made those statements, live event fans are right to wonder "where are those promised benefits?" Unfortunately, the gains promised by the DOJ have failed to materialize, and the live event marketplace remains rigged against consumers.

The DOJ estimated that Live Nation/Ticketmaster merger would increase the Herfindahl-Hirschman Index (HHI)² to more than 6,900, astronomically higher than the 1,800 HHI at which the DOJ's and Federal Trade Commission's (FTC's) Horizontal Merger Guidelines consider a market to be "highly concentrated."³ Nonetheless, the deal was given the green light. Since 2010, no new competitive entrants have emerged as significant competitors to Ticketmaster in the primary live event ticketing market. Ticketmaster continues to dominate both the primary and secondary ticket markets and the combined entity routinely engages in anti-competitive behavior that has harmful downstream effects on consumers.

As the industry's dominant primary ticketer, Ticketmaster's restrictive ticketing policies artificially depress supply, leading to higher-than-normal ticket prices on both the primary and secondary markets. Ticketmaster's embrace of non-transferable ticketing practices (also known as "paperless tickets") creates a burden for consumers limiting the ability for fans to transfer, give-away, or resell the tickets they have rightfully purchased. One type of "paperless" technology requires that the credit card used to purchase the ticket be used to enter the event. While this may increase the barriers to ticket scalping, it also prevents fans who purchased a ticket and can no longer attend the event from easily giving that ticket away to a friend, family member, or charity and possibly recouping their cost.

This, of course, assumes that the fan was fortunate enough to get a ticket in the first place. Thanks to widespread and undisclosed ticket holdbacks and special agreements with

¹ United States Department of Justice, *The TicketMaster/Live Nation Merger Review And Consent Decree In Perspective*, March 18, 2010.

<https://www.justice.gov/atr/speech/ticketmasterlive-nation-merger-review-and-consent-decree-perspective>

² United States Department of Justice, *Herfindahl-Hirschman Index*, July 31, 2018,

<https://www.justice.gov/atr/herfindahl-hirschman-index>

³ *United States, et al. v. Ticketmaster Entertainment, Inc., et al. (2010)*,

<https://www.justice.gov/atr/case-document/complaint-224>

secondary ticket brokers, less than half of the tickets, on average, for a live event are ever made available to the public.⁴ Of that smaller supply of tickets, broker utilizing ticket-buying bot software continue to acquire large numbers of tickets, despite anti-scalping technology employed by Ticketmaster and the threat of prosecution under the federal BOTS Act. Unfortunately, recent investigations suggest that Ticketmaster may be turning a blind eye to the bots program as it seeks to grow its market position in the secondary market.

Deception in the live event ticketing space in the context of so-called “white label” ticketing websites remains a concern for ticket buyers. Operators of the “white label” websites often resort to deceptive business practices which include masquerading as a primary vendor through the use of deceptive URLs (using terms like “official” or “box office,” for example) and aggressive search engine optimization techniques to attract consumers.⁵ In reality, the “white label” sites are designed to trick ticket buyers into thinking they are purchasing tickets from a venue’s box office, not a secondary ticketing site, where fees are often higher than even affiliated resale sites. The FTC cracked down on this practice in its 2014 TicketNetwork case.⁶ However, deceptive white label ticket sites continue to proliferate on the Internet.

The following comments focus on the need for the FTC Bureau of Consumer Protection to, in the absence of competition, address consumers’ inability to transfer their tickets, prevent deceptive advertising by requiring companies to be upfront about their pricing and the number of tickets they are putting on sale. Our comments further urge the FTC to address the scourge of illegal ticket-buying bots. We urge the Commission to investigate whether primary ticket sellers are sufficiently cracking down on bot usage on their platforms. We also urge the Commission to investigate whether secondary market resale platforms are adequately vetting the sale of bot-acquired tickets in their marketplaces. Finally, we urge the FTC to further expand its work to rein in deceptive white label ticket websites.

⁴ Eric T. Schneiderman, “Obstructed View: What’s Blocking New Yorkers from Getting Tickets” Office of New York (State Attorney General) https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf

⁵ Federal Trade Commission, *TicketNetwork and Marketing Partners Ryadd and Secure Box Office Settle Charges of Deceptively Marketing Resale Tickets*, Press release, July 24, 2014, <https://www.ftc.gov/news-events/press-releases/2014/07/ticketnetwork-marketing-partners-ryadd-secure-box-office-settle>

⁶ *Ibid.*

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I. Introduction: Stronger FTC consumer protections are required in the context of the highly concentrated ticket markets

The live event ticket marketplace is highly concentrated, exacerbating harms that have long angered consumers. Prior to the entry of Live Nation into the primary ticketing market, Ticketmaster provided ticketing services to nearly 83% of all live event venues in the U.S. Its closest competitor, Tickets.com held less than 4% of the market.⁷ In 2008, Live Nation, seeking to leverage its position as a major operator of concert venues and a major event promoter, launched its own primary ticketing platform with ultimate goal of winning market share from Ticketmaster-ticketed venues. This strategy proved successful. At the time that the merger with Ticketmaster was announced in February 2009, Live Nation had won more than 16% market share in the primary ticketing space.⁸ The proposed merger was challenged by the DOJ on anti-competitive grounds, a position supported by a coalition of consumer groups (including NCL), independent promoters and independent venue owners.

In its complaint against Ticketmaster, the DOJ estimated that the merger would cause the Herfindahl-Hirschman Index (HHI), a key measure of market concentration, to increase more than 2,130 points to 6,900. At that level, concentration in the primary ticket marketplace would have been nearly four times above the 1,800 HHI that the DOJ's and FTC's Horizontal Merger Guidelines, considered "highly concentrated."⁹ Given these factors, the DOJ claimed that the merged Ticketmaster-Live Nation would not have any incentive to compete on fees, ticket restrictions, or other "quality enhancements."¹⁰

In January 2010, the DOJ and the merging parties entered into a consent decree which included behavioral restrictions, minor divestitures, and prohibitions against retaliation against venue owners who choose not to bundle promotion and ticketing services.¹¹ Eight years later, the live event ticket market remains concentrated with no new significant competitive entrant on the horizon. The fears of critics of the merger have been realized.

⁷ *United States, et al. v. Ticketmaster Entertainment, Inc., et al.* (2010), page 10.

<https://www.justice.gov/atr/case-document/complaint-224>

⁸ *United States, et al. v. Ticketmaster Entertainment, Inc., et al.* (2010), page 13.

<https://www.justice.gov/atr/case-document/complaint-224>

⁹ *United States, et al. v. Ticketmaster Entertainment, Inc., et al.* (2010), page 14.

<https://www.justice.gov/atr/case-document/complaint-224>

¹⁰ *United States, et al. v. Ticketmaster Entertainment, Inc., et al.* (2010), page 15.
<https://www.justice.gov/atr/case-document/complaint-224>.

¹¹ *United States, et al. v. Ticketmaster Entertainment, Inc., et al.* (2010),
<https://www.justice.gov/atr/case-document/final-judgment-180>.

Live Nation-Ticketmaster still controls 80% of a \$9 billion market.¹² Prices have continued to rise alongside increased ticket restrictions. The DOJ is reportedly investigating complaints from venue operators that retaliation against venues who choose not to bundle Live Nation promotions with Ticketmaster sales — a behavior expressly forbidden by the consent decree — continues unabated.¹³

In March 2010 AAG Varney claimed that the consent decree would bring “enough air and sunlight in this space for strong competitors to take root, grow, and thrive,” and that the settlement had achieved “total protection for this important industry and its fans.”¹⁴ Seven years later, Varney’s successor, Assistant Attorney General Makan Delrahim, spoke at the American Bar Association’s Antitrust Fall Forum and listed the Live Nation/Ticketmaster consent decree among many others he believed had failed in its promise to protect consumers. He said “I can say that behavioral remedies have proven challenging to enforce today. In recent years, the Division has investigated a number of behavioral decree violations, but has found it onerous to collect information or satisfy the exacting standards of proving contempt and seeking relief for violations.”¹⁵

As in other concentrated marketplaces, a lack of competition in the live event marketplace exacerbates consumer harms. In the absence of beneficial competition, the FTC must vigorously police the marketplace for unfair and deceptive conduct and business practices that violate the antitrust statutes.

It is our hope that today’s workshop will shed light on the opaque business that is the modern day live event industry that too often leaves consumers locked out of their favorite events because of the questionable practices of industry insiders. In our comments, the National Consumers League and the Sports Fans Coalition will outline the need to for industry giants particularly, Live Nation Entertainment (LNE), to end the deceptive practices of secretive holdbacks and presales, and for the industry as a whole to end drip

¹² Bill Pascrell Jr, *Everyone’s worst fears about the Live Nation-Ticketmaster merger have come true*, LA Times, May 17, 2018,

<https://www.latimes.com/opinion/op-ed/la-oe-pascrell-live-nation-concert-ticketing-20180517-story.html>

¹³ Ben Sisario & Graham Bowley, *Live Nation Rules Music Ticketing, Some Say With Threats*, New York Times, April 1, 2018, <https://www.nytimes.com/2018/04/01/arts/music/live-nation-ticketmaster.html>.

¹⁴ Varney, Christine, Assistant Attorney General, Antitrust Division, United States Department of Justice, *The TicketMaster/Live Nation Merger Review And Consent Decree In Perspective* March 18, 2010, <https://www.justice.gov/atr/speech/ticketmasterlive-nation-merger-review-and-consent-decree-perspective>.

¹⁵ Makan Delrahim, Assistant Attorney General, Antitrust Division, United States Department of Justice, *Assistant Attorney General Makan Delrahim Delivers Keynote Address at American Bar Association’s Antitrust Fall Forum*, November 16, 2017, <https://www.justice.gov/opa/speech/assistant-attorney-general-makan-delrahim-delivers-keynote-address-american-bar>.

pricing, improve their anti-bot enforcement and fight back against deceptive white label ticketing websites.

II. Background on National Consumers League and Sports Fans Coalition

Founded in 1899, the National Consumers League is the nation's pioneering consumer advocacy organization. For more than a century, our non-profit mission has been to seek social and economic justice for consumers and workers in the United States and abroad. NCL has long pursued stronger consumer protections in the live event marketplace. In 2009, we actively opposed the proposed Ticketmaster-Live Nation merger.¹⁶ From 2010 until now, NCL has pursued state and federal legislation that would increase transparency of ticket holdbacks, protect ticket transferability, and crack down on unscrupulous ticket brokers. In 2016, we testified before the House Energy and Commerce Committee in support of the Better Online Ticket Sales Act of 2016 (BOTS Act) and the Better Oversight of Secondary Sales and accountability in Concert Ticketing Act of 2016 (BOSS Act).¹⁷

The Sports Fans Coalition, founded in 2009, is a national non-profit advocacy organization devoted to representing fans wherever public policy impacts the games we love. We are best known for leading the campaign to end the Federal Communications Commission's sports blackout rule, which we accomplished in 2014 despite massive opposition from the NFL and broadcast industry. We are the creators of the Sports Bettors' Bill of Rights, a set of five principles we believe should accompany sports betting legislation to protect consumers while maximizing state revenues. We've also been on the front lines fighting massive media consolidations, the NFL's concussion cover-up, corruption within the United States Soccer Federation and their inequitable treatment of women and youth. Opening the ticket resale market and combatting ticket fraud has been a priority of SFC's for many years. We advocate on behalf of sports fans in all of these areas and more in Washington, DC and state capitals around the country.

¹⁶ John Breyault, Consumers and Artists Unlikely to Benefit from TicketMaster-Live Nation Synergies, National Consumers League (November 2009),

http://www.nclnet.org/consumers_and_artists_unlikely_to_benefit_from_ticketmaster_live_nation_synergies

¹⁷ United States Cong. House. Committee on Energy and Commerce Subcom. On Commerce, Manufacturing, and Trade. H.R. 5104 *the Better On-Line Ticket Sales Act of 2016 (BOTS Act)* and H.R. 5245, *the Better Oversight of Secondary Sales and Accountability in Concert Ticketing Act of 2016*. May 24, 2016. (statement of John Breyault, Vice President of Public Policy, Telecommunications, and Fraud National Consumers League).

III. Restricting ticket transferability harms consumer choice and reduces flexibility in the event of unanticipated events

Since the Ticketmaster-Live Nation merger, restrictions on ticket resale have become increasingly prevalent across all sectors of the live event industry. Despite claims that these restrictions protect consumers, they do the exact opposite. Designated resale exchanges, commonly used by professional sports leagues, are resale platforms that a league or team and a ticket sales platform have agreed to support.¹⁸ Such arrangements are especially attractive to ticket issuers as they typically receive fees on both the initial sale of the ticket as well as the secondary sale on an affiliated ticket exchange.

Leagues, teams, artists, and events will often partner with a designated resale exchange market to force ticket buyers to exclusively use “official” exchanges. To enforce these requirements, performers will often include provisions in the terms and conditions that require any tickets be resold on “authorized platforms” or risk cancellation. Consumers are disadvantaged when terms and conditions are utilized to artificially eliminate competition in the secondary market.

This is particularly concerning when primary ticketing companies are leveraging their market position to establish themselves as the designated resale exchange as well. For example Ticketmaster’s Ticket Exchange platform is the official resale exchange for the National Basketball Association, National Hockey League, Women’s NBA, many Major League Soccer teams and numerous other sports and event.

Consumers should not bear the brunt of these anti-competitive market trends. For example, Denver Broncos season ticket holders who were unable to attend a game during the 2016 season had their licenses revoked. The team’s stated goal was to cut down on scalping and to put “more tickets in the hands of Denver Broncos fans.” However, many of these fans had extenuating circumstances, such as medical issues, that prevented them from attending games for that season. In the case of Mike Fletcher, a Broncos season ticket holder for four decades, lung surgery prevented him from attending any games. Fletcher sold on the official exchange. Nonetheless, the team purged Fletcher from the season ticket list.¹⁹

¹⁸ U.S. Gov’t Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (34).

¹⁹ Mike Chambers, *Denver Broncos season-ticket holders who lost their seats in “weeding” program are outraged*, Denver Post, May 3, 2017. <https://www.denverpost.com/2017/05/03/denver-broncos-season-tickets-weeding/>.

Similarly, class action lawsuits have been brought against several teams including the Golden State Warriors²⁰ and San Francisco 49ers²¹ alleging that the teams' ticketing practices of limiting resale were anti-competitive in nature. While both suits were eventually dismissed, they illustrate that teams have both the incentive and the means to restrict fans' ability to resell tickets in order to benefit team or league-affiliated resale exchanges.

The NFL also used price floors to restrict resale on secondary markets. For example, the New York Attorney General's (NYAG) office investigated the NFL for antitrust violations with its NFL Ticket Exchange. They found that the NFL's price floor policy (rules that forbid tickets from being sold below a certain value) artificially inflated prices. The NYAG asserted that these price floors can lead fans to believe they are buying a ticket at the market price, when in actuality they may be purchasing the ticket for a price higher than the market price. In a settlement, the NFL agreed to refrain from: "promoting or requiring that its clubs implement ticketing technologies or practices that are designed or intended to substantially impede or preclude the ability of consumers to buy or sell tickets on secondary ticket exchanges unless permissible under applicable law."²² While this is a good start, the NFL can still create price floors on events that they are the ticket distributor for, such as the Super Bowl and Pro Bowl. Such price floors prohibit the cost of the ticket from matching demand, especially as tickets for teams with a losing records go on sale.²³

In recent years, several technologies have emerged in the ticketing market that have been used to unfairly restrict consumers and artificially limit competition. The FTC should investigate the use of non-transferrable ticketing technologies (often referred to as "paperless tickets") and its potential harm on consumers. One application of paperless tickets requires the presentation of the credit or debit card²⁴ used to purchase a ticket instead of a traditional ticket in order to gain entry to an event. Ticketmaster has pioneered this technology since 2009 and it has become a favorite of artists, theaters, and sports teams. This practice makes it nearly impossible for fans to resell, gift, or donate tickets if an unexpected event prevents them from being able to attend.

²⁰ *StubHub v. Golden State Warriors*, No. 3:15-cv-01436 (N.D. Cal. Nov. 5, 2015).

²¹ Jeff Zalesin, *Ticket Holder Drops Resale Suit Against 49ers, Ticketmaster*, LAW360. January 14, 2016. <http://www.law360.com/articles/746878>

²² Attorney General of the State of New York Antitrust Division, *In the Matter of NFL Ticketing Investigation* (2016). https://ag.ny.gov/sites/default/files/11.15.2016_-_nfl_tix_investigation_final.pdf

²³ Eric T. Schneiderman, "Obstructed View: What's Blocking New Yorkers from Getting Tickets" Office of New York (State Attorney General) https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf

²⁴ Ticketmaster, *Ticketmaster Credit Card Entry*, <https://www.ticketmaster.com/creditcardentry>

Innovation in the ticket market is welcome when it benefits consumers. Technological innovation should not be used to restrict a consumer's ability to resell a ticket when a refund is not available from the original seller or to foreclose competition in the secondary market. Competition benefits consumers when market players compete to improve user experience, enhance consumer protections and lower fees.

IV. Undisclosed holdbacks, presales, and questionable relationships with ticket brokers force consumers to compete for a small percentage of tickets in the primary market

At general on-sale, consumers typically believe that they have a chance to purchase tickets for all, or at least most, of the tickets in a given venue. In fact, less than half of the tickets for an event, on average, are ever made available to the general public. In 2016, the New York Attorney General's office found that on average, only 46% of popular concert tickets are made available to the general public. The rest are held back for industry insiders to sell on the secondary market at a handsome markup or diverted to pre-sales.²⁵ Similarly, the Government Accountability Office (GAO), found that the live event industry frequently lists tickets directly with brokers to "capture a share of higher secondary market prices without the reputation risk of raising an events ticket price directly."²⁶

Similarly, we have observed a trend in media reporting that suggests that tickets are also held back to create a false sense of scarcity and help sell out more expensive tickets first.²⁷ Regardless of the reason for the holdback, undisclosed ticket holdbacks result in harmed and frustrated consumers who have wasted their time waiting in line and are now forced to either give up or pay extortion level prices on the secondary market.

Major league sports are also at fault. The GAO estimates that sports leagues sell 30% of their seats directly to brokers. Likewise, theater companies will sell around 8-10% of their seats directly to scalpers. Unfortunately, we do not have a lot of data on the concert

²⁵ Eric T. Schneiderman, "Obstructed View: What's Blocking New Yorkers from Getting Tickets" Office of New York (State Attorney General) https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf

²⁶ U.S. Gov't Accountability Office, GAO-18-347 Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018).

²⁷ Marco Chown Ovid and Robert Cribb. Got Tickets to Saturday's Bruno Mars Show? The guy sitting beside you may have paid hundreds of dollars less. The Star (Sept. 18, 2018). <https://www.thestar.com/news/investigations/2018/09/18/got-tickets-to-this-weekends-bruno-mars-show-heres-why-the-guy-sitting-beside-you-may-have-paid-hundreds-of-dollars-less.html>

industry as this data is kept confidential.²⁸ However, we know from the work of investigative journalists that concert tickets are generally held back the most:

- Of the 750,000 tickets for Adele’s 2016 North American tour, it is estimated that only 300,000 were made available to the general public.²⁹
- For Justin Bieber’s January 18, 2013 show in Nashville, Tennessee, 93% of the tickets were set aside for presale and insiders. Many of the tickets were allocated to Bieber’s management company and were later listed on ticket resale websites at inflated prices.³⁰
- After tickets to Jimmy Buffet’s April 2018 show in Hattiesburg Mississippi sold out in two minutes, the executive director of the venue complained that the promoter, Live Nation, had set aside a “sizable block” of tickets before they went on sale.³¹
- Katy Perry’s contract riders stipulated that her management company could withhold from the box office unlimited numbers of tickets expressly for the purpose of reselling them.³²
- Only 30% of tickets for the Barclays Center 2012 New Year’s Eve show starring Jay-Z and Coldplay were sold to the public.³³

These examples are just the tip of the iceberg. Holdbacks happen in every genre in the live event industry from rock and country concerts to football and baseball games. While we do not oppose holdbacks as long as they are disclosed, we believe it is a deceptive practice for artists, teams and theater companies to advertise their events and lead consumers to believe they have a foreseeable chance at getting a seat in a large stadium or concert venue at a reasonable price if they plan on selling in secret a large portion of the seats at greatly inflated prices on the secondary market. Venues, artists, and ticket agents, must be upfront with consumers if they plan to only sell a fraction of available tickets at general on sale.

²⁸ U.S. Gov’t Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (11).

²⁹ Ray Waddell. Adele Ticket Blowout Frustrates Fans, with Ticketmaster Taking the Heat, Billboard (Dec. 15, 2015). <https://www.billboard.com/articles/news/6813725/adele-tour-sold-out-angry-fans-ticketmaster>

³⁰ Kyle Anderson, Justin Bieber has been scalping his own tickets, says Nashville TV Station, Entertainment Weekly (Sep. 28, 2012, 8:43pm) <https://ew.com/article/2012/09/28/justin-bieber-ticket-scalping-nashville/>

³¹ Ticketnews, Sizable block of Holdbacks Precipitate Rapid Jimmy Buffett Sellout, TicketNews (April 10, 2018), <https://www.ticketnews.com/2018/04/sizable-block-jimmy-buffett-tickets-held-back/>

³² The Smoking Gun. Drivers Beware: Don’t Stare at Katy Perry Singer’s tour rider offers 23-point wheelman policy, The Smoking Gun (May 19, 2011). <http://www.thesmokinggun.com/documents/celebrity/katy-perry-concert-rider-138490>

³³ State of New York. “Obstructed View: What’s blocking New Yorkers from Getting Tickets,” Office of the New York Attorney General. Pg. 14. January 28, 2016 (“Schneiderman report”) Online: https://ag.ny.gov/pdfs/Ticket_Sales_Report.pdf

While holdbacks can be used to trick consumers into waiting in line to create a buzz and make fans more willing to buy tickets at inflated secondary market prices, sometimes, holdbacks are used to pressure consumers into buying more expensive seats on the primary market.

In these instances, an artificially small number of seats will be released at the beginning of the sale. Consumers who are considering tickets will likely assume that the available seats they see are what is left and will quickly purchase the seats if there are only a few left together. These seats are often more expensive than the seats they would have otherwise purchased. Unknown to them, there may be plenty of seats left, but the venue is slowly releasing seats to give the false appearance of scarcity. This is a practice Bruno Mars has been caught engaging in on his 2018 24K Magic World Tour,³⁴ along with the Kings of Leon during their Mechanical Bull Tour.³⁵

Regardless of whether the number of tickets going to general sale is being concealed to hide an artist or management company's practice of selling directly to the secondary market, to raise prices, or to create a false sense of scarcity, misleading consumers over their actual chance of getting a ticket is a deceptive practice. Companies should be honest with fans and let them know how many tickets are being put on sale, and if there are more tickets that will be released at a later date and time.

Venue and primary ticketers sometimes argue that it is impossible to provide this data because seating arrangements can change.³⁶ While seating arrangements do change from time to time, we would suggest that venues and artists provide their best estimates, and then update consumers when more seats are added or removed due to a configuration change.

We urge the FTC to signal to venues, management companies, and ticket distributors, that failing to provide a good faith estimate for the number of seats that are actually available at general sale is a deceptive practice and will not be tolerated. Artists, venues, and promoters, should be upfront and let fans know if only a few tickets will be put on general sale so that they can make choices to improve their likelihood of being able to purchase a

³⁴ Marco Chown Ovid and Robert Cribb. Got Tickets to Saturday's Bruno Mars Show? The guy sitting beside you may have paid hundreds of dollars less. The Star (Sept. 18, 2018). <https://www.thestar.com/news/investigations/2018/09/18/got-tickets-to-this-weekends-bruno-mars-show-heres-why-the-guy-sitting-beside-you-may-have-paid-hundreds-of-dollars-less.html>

³⁵ "Ticketmaster holdback, pricing practices irk Kings of Leon fan," CBC News. (March 20, 2014). <https://www.cbc.ca/news/canada/british-columbia/ticketmaster-holdback-pricing-practices-irk-kings-of-leon-fan-1.2580962>

³⁶ U.S. Gov't Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (13).

ticket, either by saving more money so that they can afford the secondary market, joining a fan club, or applying for a credit card that has a presale benefit. Simply misleading consumers over how many tickets they have a chance of purchasing, either to trick them into purchasing a ticket quickly or at a higher price point or to avoid negative publicity for secretly hiding how many tickets they are selling directly to brokers is not acceptable.

V. Drip pricing in the primary and secondary markets inhibits comparison shopping and tricks consumers into paying more than anticipated

Whether consumers purchase tickets on the primary market or the secondary market, they are typically charged significant fees in addition to the face value of the ticket. Consumers who see advertisements, or select their own seat based on the price of the ticket should know upfront what the true cost of their tickets will be. Just as the FTC has found in the case of hotel resort drip pricing, we believe that drip pricing in the live event space not only harms consumers, but may also run afoul of the law.³⁷ We believe that advertising the cost of a ticket without mandatory fees is a false and deceptive practice and results in the consumer paying more than they would have had the advertising included the full price of a ticket.

A. Primary market drip pricing raises ticket costs above what consumers expect

In the primary market, fees vary widely and create consumer confusion. Fans often face multiple, unanticipated fees on a single ticket. Mandatory fees fans must often pay on a single ticket can include service fees, a per order processing fee, and a facility fee. While most venues will offer a free delivery option, some won't and will assess additional fees that vary depending on the option the consumer selects.

Primary market fees on average cost consumers an additional 27% above face value, with some fees adding as much as 58% to the price of a ticket.³⁸ While fee rates that high alone are troubling, the real issue for consumers is that these fees are not disclosed until very late in the purchase process. As a result, consumers who have already invested a good deal of time and energy in the process, will often either abandon their purchase altogether or grit their teeth and pay up.

³⁷ Mary K. Sullivan. Economic Issues: Economic Analysis of Hotel Resort Fees. Bureau of Economics Federal Trade Commission. (Jan. 2017).
https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf

³⁸ U.S. Gov't Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (16)

A GAO investigation of the primary ticketing market found that for the majority of the events they researched, mandatory fees were not disclosed in the advertised price. In fact, their investigation uncovered that consumers could only learn the true cost of their ticket by selecting a seat, clicking through one or two additional screens, creating an account or logging in to the website, and then clicking order details. The GAO also found that in 91% of the events they surveyed, ticket fees were displayed in a significantly smaller font size than the ticket price.³⁹

In 2010, the DOJ found that Ticketmaster's dominant market position allows it to continually charge high fees.⁴⁰ In the absence of legitimate competition in the primary ticketing market, we would urge the FTC to investigate the harmful effects drip pricing has on consumers and work to ensure that the primary ticketers properly disclose all mandatory fees to consumers, both in advertisements and throughout the ticket buying process.⁴¹

B. Drip pricing in the secondary market harms consumers

Drip pricing in the secondary market also impairs consumer price shopping and dampens competition by preventing consumers from making accurate comparisons by hiding the actual cost of a ticket until the end of the purchase.

As with the primary market, fees vary widely, however, the average fee charged to secondary market consumers increases the cost of a ticket by an average of 31% and may range up to 56%.⁴² Unfortunately for consumers, even though these fees are typically higher than their primary market counterparts, they are even less likely to be properly disclosed to consumers. The GAO found that 7 out of the 11 secondary market websites they surveyed, only disclosed fees at the end of the purchase process, after a consumer had created a new account or logged in. Three of the seven marketplaces they surveyed only provided a fee disclosure after the payment information was submitted.⁴³ Further

³⁹ *Id.* at GAO-18-347 p.22

⁴⁰ DOJ competitive impact statement Competitive Impact Statement, United States of America v. Ticketmaster Entertainment, Inc., No. 1:10-cv-00139 (D. D.C. Jan. 25, 2010).

⁴¹ Mary K. Engle, Associate Director for Advertising Practices Federal Trade Commission. "Warning Letter" (Nov. 2012).

<https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-warns-hotel-operators-price-quotes-exclude-resort-fees-other-mandatory-surcharges-may-be/121128hoteloperatorsletter.pdf>

⁴² U.S. Gov't Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (p. 17)

⁴³ *Id.* at GAO-18-347 p. 23

complicating comparison shopping for consumers, the GAO found that 80% of the surveyed marketplaces charged a surprising “print-at-home” fee which ranged from \$2.50 to \$7.95.⁴⁴

C. Widespread drip pricing is indicative of market failure

Consumers hate hidden fees.⁴⁵ Recognizing this, StubHub in 2013 began including all fees in the price of their tickets. Unfortunately, many consumers who engage in comparison shopping most likely did not realize that while StubHub prices may have been higher at first glance, there would be no hidden fees. As a result, despite trying to become more transparent in its pricing, StubHub lost business as consumers went to other secondary sellers who offered deceptively low prices. Similarly, StubHub also lost brokers who flocked to other platforms to sell their tickets.⁴⁶ StubHub was soon forced to return to the drip pricing model.⁴⁷

What the StubHub example suggests, is that widespread drip pricing can lead to market failure as ticketers who try to increase transparency in their pricing lose market share to resale exchanges that engage in the more deceptive drip pricing. Unfortunately, researching and selecting seats takes a significant amount of time, and if consumers are lured into a deal under false pretenses, they are unlikely to leave and start the process over again if they are charged high fees that they did not originally anticipate.

The FTC has long sought to protect consumers from deceptive drip pricing. In 2012, the FTC warned 22 hotel operators that their failure to adequately disclose the true cost of booking a room by neglecting to disclose mandatory fees may be in violation of the law.⁴⁸ Similarly, in 2017, the FTC’s Bureau of Economics found that the non disclosure of mandatory resort fees are likely harmful to consumers as the practice forces shoppers to either “incur higher total search and cognitive costs or to make an incomplete, less informed decision that may result in a more costly room or both.”⁴⁹

⁴⁴ *Id.* at GAO-18-347 p. 18

⁴⁵ National Economic Council. The Competition Initiative and Hidden Fees. (December 2016). https://obamawhitehouse.archives.gov/sites/whitehouse.gov/files/documents/hiddenfeesreport_12282016.pdf

⁴⁶ Ethan Smith. StubHub Gets Out Of ‘All In’ Pricing. Wall Street Journal. (August 31, 2015). <https://www.wsj.com/articles/stubhub-gets-out-of-all-in-pricing-1441065436>

⁴⁷ Katy Osborn, Why Stubhub is Tacking on Ticket Fees Again. Time. (September 1, 2015), <http://time.com/money/4018864/stubhub-fees-all-in-ticket-prices/>

⁴⁸ Mary K. Engle, Associate Directing for Advertising Practices, Warning Letter. (November 2012). Federal Trade Commission. <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-warns-hotel-operators-price-quotes-exclude-resort-fees-other-mandatory-surcharges-may-be/121128hoteloperatorsletter.pdf>

⁴⁹ Mary K. Sullivan. Economic Issues: Economic Analysis of Hotel Resort Fees. Bureau of Economics Federal Trade Commission. (Jan. 2017).

Just as it is important to allow consumers to make price comparisons in the hotel industry, it is equally important to allow consumers to make accurate price comparisons in the live event space. NCL and Sports Fans Coalition urge the FTC to provide guidance that all mandatory fees be included in any advertised ticket price and be clearly disclosed throughout the purchasing process. It is simply unacceptable for a consumer to learn the true cost of their ticket right before purchase, especially when fees for tickets can sometimes increase the price of a ticket by 50% or more. We urge the FTC to take immediate action to rein in this deceptive practice and work with members of both the primary and secondary markets to end drip pricing once and for all.

VI. Absent FTC action, primary tickets have an incentive to disregard ticket-buying bot activity

In May of 2016, NCL testified in support of the Better Online Ticket Sales (BOTS Act) which outlawed the use of ticket-buying bots software and empowered the FTC and state attorneys general to pursue offenders with civil actions. However, since the bill was passed into law in December of 2016, the FTC has not taken any enforcement actions to curb illegal bot usage.⁵⁰ Only two states, New York⁵¹ and Washington⁵² have taken minimal action to rein in rampant bot usage but have relied on state laws, not the federal BOTS Act to do so.

Although there has been little action by law enforcement, bots usage remains rampant:

- Despite the efforts of Ticketmaster's Verified Fan program, brokers using ticket bots appeared to have been able to scoop up tickets for "Springsteen on Broadway."⁵³

https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf

⁵⁰ Rebecca Beitsch. Despite Bans, Ticket-Buying Bots Still Snag the Best Seats. PewTrusts. (Feb. 2, 2018).

<https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2018/02/02/despite-bans-ticketbuying-bots-still-snap-the-best-seats>

⁵¹ New York State Office of the Attorney General, A.G. Schneiderman Announces \$2.7 Million In Settlements With Six Ticket Brokers That Illegally Bought And Resold Tickets In Bulk (Apr. 27, 2016)

⁵² Washington State Office of the Attorney General, Ticket Sales Company to Pay \$60k for Use of Ticket Bots (Feb. 8, 2018).

⁵³ John Bonazzo. Bruce Springsteen Fans Kept Waitin On A Sunny Day' by TicketMaster Verified Fan. Observer (Aug. 30, 2017 12:18pm). <https://observer.com/2017/08/bruce-springsteen-broadway-ticketmaster-verified-fan/>

- In September 2018, League of Legends world championship tickets sold out in 8 seconds. Many fans suspected bots were to blame as the tickets quickly appeared on the secondary market at more than 16 times the original price.⁵⁴
- In June 2018, ticket bots were used to scoop up thousands of Bruno Mars tickets in Hawaii.⁵⁵

One primary ticket agent, Ticketmaster, holds an estimated 80% market share of the primary ticketing market, a market position that affords them unique visibility into the bot problem.⁵⁶ Despite spending “tens of millions of dollars” as Ticketmaster claims to prevent bots on their system, and instituting “over the limit protections,” and programs like “Verified Fan,”⁵⁷ bots remain a glaring issue. With all of the resources Ticketmaster has invested, the company is uniquely positioned to identify patterns of bots usage and prevent bot-acquired tickets from being sold on its affiliated resale platforms.

Unfortunately, Ticketmaster’s desire to grow their secondary ticket market business may create an incentive to look the other way as many ticket bot users place their tickets for resale on Ticketmaster’s resale exchanges. Live Nation CEO Michael Rapino underscored the importance of growing Ticketmaster’s secondary market share to increase their revenue in an earnings call stating that “the big runway still ahead of us is we know that there is still hundreds of millions of dollars in secondary tickets.”⁵⁸ To date, despite numerous comments by Ticketmaster that they want to curb the use of illegal ticket-buying bots,⁵⁹ it is unclear if Ticketmaster is sharing data on BOTS Act violations with law enforcement agencies like the FTC. In fact, investigative reporting by the Canadian Broadcasting Corporation (CBC) found that Ticketmaster may instead be turning a blind

⁵⁴ James McMath. Fans Accuse Bots as LoL World Championships Tickets Sold Out in less than 8 seconds. Luckbox (Sep. 28, 2018). <https://luckbox.com/esports-news/article/lol-world-championships-tickets-sold-out>

⁵⁵ HNN Staff. How Did So Many Get Shut Out Of Bruno Mars Tickets? Blame It On The Bots. Hawaii News Now (Aug. 13, 2018 6:06pm). <http://www.hawaiinewsnow.com/story/38409717/how-did-so-many-get-shut-out-of-bruno-mars-tickets-blame-it-on-the-bots/>

⁵⁶ Dave Brooks. Five Things to know about Competition In Ticketing, Eight Years After Live Nation -Ticketmaster Merger. Live Nation (Apr. 2, 2018). <https://www.billboard.com/articles/business/8280775/live-nation-ticketmaster-merger-eight-years-later-ticketing-today>

⁵⁷ Jared Smith (President, Ticketmaster), to Sen. Blumenthal and Sen. Moran. (Oct. 5, 2018). <http://www.amphthemag.com/wp-content/uploads/2018/10/Ticketmaster-Response-Final.pdf>

⁵⁸ Seeking Alpha. Live Nation Entertainment (LVY) Q3 2016 Results - Earnings Call Transcript. Seeking Alpha. (Nov. 7, 2016 10:51pm) <https://seekingalpha.com/article/4020845-live-nation-entertainment-lyv-q3-2016-results-earnings-call-transcript?part=single>

⁵⁹ Dave Brooks. Ticketmaster Responds to Senate Letter Investigating Resale Controversy: Exclusive. Billboard. (Oct. 5, 2018). <https://www.billboard.com/articles/business/8478525/ticketmaster-responds-senate-letter>

eye to scalpers that use bot software as long as they use Ticketmaster's resale platform which in turn generates additional revenue for Ticketmaster.

In July 2018, CBC sent an undercover journalist to a ticketing conference in Las Vegas, Nevada. While there, several Ticketmaster representatives told the undercover journalist that Ticketmaster disregards evidence of scalpers who use bots and other deceptive broker practices to scoop up tickets. The representatives made comments like "I have brokers that have literally a couple of hundred accounts...It's not something that we look at or report." Ticketmaster representatives also made comments to show that they are not interested in whether their clients use automated software and fake identities to bypass Ticketmaster's limits, stating "[i]f you want to get to a good show and the ticket limit is six or eight... you're not going to make a living on six or eight tickets."⁶⁰

As the CBC investigation suggests, Ticketmaster may be willing to look the other way when brokers violate their terms of use as long as doing so benefits Ticketmaster's resale businesses such as Ticket Exchange and TicketsNow. When a Ticketmaster representative was asked, "whether Ticketmaster will ban scalpers who thwart ticket buying limits," the Ticketmaster representative stated that "[w]e've spent millions of dollars on this tool (TradeDesk). ... The last thing we'd want to do is get brokers caught up to where they can't sell inventory with us."⁶¹

Ticketmaster has since stated that they "absolutely do not turn a blind eye to the misuse of our products," as the CBC investigation has documented.⁶² Nonetheless, is unfortunate that Ticketmaster gives every appearance of being complicit to the use of illegal bot software and violations of their own terms of use. Thanks to its unique position in the primary ticket market, Ticketmaster is best positioned use its internal data to identify brokers it suspects of BOTS Act violations to law enforcement. NCL and Sports Fans Coalition urge the FTC to investigate what role, if any, Ticketmaster and other primary tickets may play in encouraging or ignoring illegal bot usage and to identify what data primary ticketers should be sharing with the FTC, as well as state Attorneys General to flag and investigate illegal bots usage.

⁶⁰ Laura Clementson, Rachel Houlihan, Dave Seglins. A Public Relations Nightmare: Ticketmaster Recruits profor secret scalper program. CBC (Sep. 19, 2018 4:00am).

<https://www.cbc.ca/news/business/ticketmaster-resellers-las-vegas-1.4828535>

⁶¹ *Id.*

⁶² Dave Brooks. Ticketmaster President Talks TradeDesk Scandal: 'We Absolutely Do Not Turn a Blind Eye to the Misuse of Our Products. Billboard. (September 24, 2018).

<https://www.billboard.com/articles/business/8476697/ticketmaster-president-tradedesk-scandal-exclusive-interview>

VII. White label ticket sites defraud fans

“White label” ticket resale websites use the ticket inventory, website technology, back-end functionality, customer service, and order processing systems of other, larger ticket resale sites. They are permitted to set prices for tickets and impose fees and surcharges at their discretion, profiting from any markup.

White label ticket sites commonly use deceptive practices to fool fans. By using misleading URLs, link titles, imagery, and logos, brokers make the fan believe he or she is purchasing a ticket from the primary market or official box office at a ticket’s face value. In reality, fans are buying from a third party pretending to be an official site. Because of this deception, white label ticket sites profit from inflating ticket prices and charging significant additional fees — often significantly higher than their affiliated site.

The GAO, FTC, state lawmakers, and the National Association of Ticket Brokers, have identified white label sites as a deceptive business practice which harms fans. The GAO alleges that white label “marketing practices may confuse consumers.” They also found that this fraud resulted in consumers being charged approximately three times more than the face value, of a ticket that was often still available on the primary market.⁶³

In July of 2014, the FTC entered into a consent decree with TicketNetwork, a major white label provider. The conditions of the consent decree included prohibitions against misrepresenting the site as a resale marketplace and requiring the site to “affirmatively disclose” that it is not affiliated with “the venue, sports team, performer, or promoter.”⁶⁴

In recent years, several states, including Maryland⁶⁵, Michigan⁶⁶, Tennessee⁶⁷, Nevada⁶⁸, New Jersey⁶⁹, and New York⁷⁰ have considered legislation to ban the broker practice of

⁶³ U.S. Gov’t Accountability Office, GAO-18-347, Congressional Requesters: Event Ticket Sales Market Characteristics and Consumer Protection Issues (April 2018) (25-28).

⁶⁴ Federal Trade Commission. TicketNetwork and Marketing Partners Ryadd and Secure Box Office Settle Charges of Deceptively Marketing Resale Tickets. (July 24, 2014).
<https://www.ftc.gov/news-events/press-releases/2014/07/ticketnetwork-marketing-partners-ryadd-secure-box-office-settle>

⁶⁵ House Bill 0740, General Assembly of Maryland, 2018 Regular Session.

<http://mgaleg.maryland.gov/webmga/fmMain.aspx?pid=billpage&stab=01&id=hb0740&tab=subject3&ys=2018rs>

⁶⁶ House Bill 4224, Michigan Legislature, 99th Legislature. <http://legislature.mi.gov/doc.aspx?2017-HB-4224>

⁶⁷ House Bill 2139, Tennessee General Assembly, 110th General Assembly.
<http://wapp.capitol.tn.gov/apps/Billinfo/default.aspx?BillNumber=HB2139&ga=110>

⁶⁸ Senate Bill 235, Nevada Legislature, 79th Legislature.
<https://www.leg.state.nv.us/Session/79th2017/Reports/history.cfm?ID=548>

⁶⁹ Senate Bill 2665, New Jersey Legislature, 218th Legislature. <https://www.njleg.state.nj.us/bills/BillView.asp>

using deceptive URLs to hide the true nature of a white label website. Maryland, Nevada, New York, and Tennessee have all signed white label prohibitions into law. Michigan and New Jersey continue to consider the legislation. We expect these and many more states to continue pushing back against this deception in the upcoming session. However, a patchwork of state laws will not be strong enough to protect fans.

SFC commissioned research into white label ticketing practices in July 2017. SFC discovered widespread fraud being committed on American sports fans. For example, investigators Googled “Wrigley Field Tickets” into a browser in “incognito mode” with a cleared cache and cookies. Four of the top five paid search results were deceptive URLs.

White Label → **Wrigley Field Tickets 2017 - Chicago Schedule & Tickets**
[wrigleyfieldtickets-center.com](#) • (800) 833-7004
 4.4 ★★★★★ rating for tickets-center.com
 2017 Wrigley Field Tickets & Schedule. Secure Chicago Resale Tickets Online.
 Amenities: Huge Inventory, Interactive Seating Chart, Schedule and Tickets
 Types: Concert Tickets, Sporting Event Tickets, Theater & Show Tickets

White Label → **Wrigley Field Events - Box Office Tickets. Order Now**
[wrigleyfieldboxoffice-tickets.com](#) • (800) 444-8535
 Chicago, IL Marketplace. Buy Wrigley Field Tickets.
 100% on time guarantee. Instant E Ticket Download. Premium Seating. Secure Encryption.
 Categories: Country / Folk, Pop / Rock...

White Label → **Wrigley Field Tickets - Without The Fees - ticketclub.com**
[wrigleyfieldticketclub.com](#) •
 Don't pay service fees for your tickets. Save 10-20% versus other sites.

White Label → **Wrigley Field Tickets - Wrigley Field Seating Chart | Vivid Seats**
[www.vividseats.com](#) •
 Buy Event Tickets Online! Large Selection - Lower Prices
 Easy checkout - Unmatched service
 Ratings: Service 9/10 - Ease getting tickets 9/10 - Website 9/10 - Ease finding tickets 8.5/10

White Label → **Wrigley Field Tickets - Chicago, IL - Order Online**
[www.ticketgator.com/WrigleyField](#) • (844) 753-8352
 4.2 ★★★★★ rating for ticketgator.com
 Buy Wrigley Field Event Tickets! View 2017 Schedule and Grab your Seats.
 Transparent Pricing - 14 Years Online - All Sales Guaranteed - Friendly Support Staff
 Amenities: Same Day Tickets, Secure Checkout, Instant E-Tickets, PayPal Accepted

A similar pattern emerged in organic search. All five of the top organic results for “Fenway Park Box Office” were white label sites.

White Label → **Fenway Park Tickets and Seating chart - Box Office Tickets**
[www.boxofficetickets.com/MA/Boston/Fenway-Park-Tickets](#)
 Best selection of Fenway Park Tickets at Box-officetickets.com Fenway Park event schedule,
 Fenway Park seating chart and tickets for sale.

White Label → **Fenway Park - Box Office Center**
[www.boxofficecenter.com/results-venue/?venue=2&name=Fenway+Park](#) •
 Fenway Park has the following events taking place at the following dates and times. To sort the list,
 click on the column header. To find tickets for the given event...

White Label → **Fenway Park Tickets For Sale - Box Office Ticket Sales**
[www.boxofficeticketsales.com/venue/fenway-park-tickets-for-sale.aspx](#) •
 Florida Georgia Line, Backstreet Boys, Nelly & Chris Lane - Fenway Park - Boston, MA - Tickets -
 Jul 8, 2017, Sat 6:30PM - New Kids on the Block, Paula Abdul ...
 Fri, Jul 28 Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA
 Sat, Jul 29 Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA
 Sun, Jul 30 Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA

White Label → **Fenway Park Tickets - Fenway Park Box Office Ticket Center**
[www.boxofficeticketcenter/venues/fenway-park-tickets](#) •
 Get Fenway Park Tickets direct at Box Office Ticket Center! Fenway Park seating charts, schedule
 and more! Call Fenway Park at 1-844-753-8364.

White Label → **Fenway Park**
[www.fenwayboxoffice.com](#) •
 Fenway Park Boston, MA tickets for concerts, sports and all events ... Fenway Park in Boston, MA
 opened in 1912 and is the home of The Boston Red Sox ... StubHub, Ticketmaster, Live Nation nor any
 venue, talent or booking agency, tour ...

⁷⁰ Senate bill 8501, New York State Legislature, 238th Legislature.
<https://www.nysenate.gov/legislation/bills/2017/s8501/amendment/b>

Deceptive URLs amount to approximately two-thirds of traffic for companies that engage in this practice. According to SFC’s findings, sites that use deceptive URLs rely on search results for more than 80% of their traffic.⁷¹

The following example shows how two companies, Vivid Seats and Ticketnetwork, engaged in this practice during the 2017 baseball season. For a Yankees ticket with a face-value of \$178.60, fans were deceived into spending more than \$300.⁷²



SFC’s research suggests that the remedies the FTC applied in the TicketNetwork consent decree may be insufficient to reducing deception linked to white label websites.

The consent decree was too narrow in scope and inadvertently created loopholes allowing deceptive practices to continue. Meanwhile, many other prominent ticket resale websites continue to use deceptive URL practices unabated. For example, Vivid Seats is a major white label provider. Sites that use the domains tickets-center.com, box-officetickets.com, ticketoffices.com, and onlinecitytickets.com, account for close to two-thirds of Vivid Seat’s online traffic.⁷³

Second, the consent decree’s prohibition on the word “official” or “box office” on a website fails to capture other deceptive practices involving other language or the use of non-linguistic cues. It continues to allow the use of the venue name in the URL if the advertisement indicates through “descriptors, brand names, business name, the content of

⁷¹ Source: www.alexa.com. See Appendix I.

⁷² Results pulled July 28, 2017. See Appendix I.

⁷³ Source: alexa.com. See Appendix I

the offer, or other means, that the site is a ticket reseller not affiliated with such venue...” Unfortunately, when white labels with business names such as tickets-center.com, box-officetickets.com, or ticketoffices.com use subdomains that include the name of the venue, they arguably meet that exemption threshold while continuing to deceive consumers.

A recent Adwords policy change by Google made significant strides in addressing deceptive URLs, however this corporate policy does not sufficiently protect consumers. It is applicable only to paid advertisements — not organic search — and does not have the weight of government enforcement behind it. Similarly, these policies are not applicable on other search engines. The patchwork of state laws that have begun to address the fraudulent practices of white label ticket resale sites is a positive step forward. However, more work by the FTC is needed. The Commission should vigorously enforce the TicketNetwork et al. consent decree and investigate whether the practices identified in the TicketNetwork investigation continue to be employed by other brokers.⁷⁴ The FTC should also offer guidance applicable to all ticket resale websites. This guidance should not only address the use of deceptive URLs, but go beyond simple advertising practices and address the egregious fee differentials between white label sites and their affiliated marketplaces.

VIII. Conclusion

After the Ticketmaster merger, consumers were told that a competitive marketplace in which entrants were able to compete easily would emerge. Instead, ticket buyers have seen no significant new entrants in the primary market while consumer protections for concert, theater, and sports fans continue to be overlooked. Widespread ticket holdbacks continue to restrict the free flow of tickets. Restrictions on ticket resale, while allegedly put in place to restrict ticket scalping, seem to benefit the primary ticketers who seek to double-dip on fees. Similarly, ticket buying bots continues to proliferate, and the ticketers most empowered to do something about it, seem to have a financial incentive to look the other way. Drip pricing continues to make finding the actual cost of a ticket difficult. Finally, deceptive resale website continue to dominate search results.

Buying live event tickets online should not require a consumer to have to navigate a series of pitfalls. The National Consumers League and Sports Fans Coalition call on the FTC to

⁷⁴ United States District Court. Final Judgment and Order for Permanent Injunction and Other Relief as to Defendants TicketNetwork Inc and Ticket Software LLC. (July 24, 2014). <https://www.ftc.gov/system/files/documents/cases/140723ticketnetworkstip.pdf> Section 1a

further investigate the industry and provide peace of mind to America's concert, theater, and sports fans.

Appendix I



Ticket Resale “White Label” Programs

August 2017

What Is the Sports Fans Coalition?



Sports Fan Coalition (SFC) is a grassroots, member-supported sports fans advocacy organization. We’re made up of sports fans who want to have a say in how the sports industry works, and to put fans first.

We have one goal: to give fans a seat at the table whenever laws or public policy impacting sports are being made.

Professional sports leagues are multi-billion dollar industries with armies of lobbyists in Washington, D.C., state capitals, and city halls around the country. The fans who actually buy the tickets, watch the games, wear the merchandise, and make the system work, however, don’t have such representation.

It’s time to change all that, and it starts with Sports Fans Coalition.

What Are “White Labels” & Why Are They Bad for Sports Fans?

“White label” ticket resale websites use the ticket inventory, website technology, back-end functionality, and order processing systems of other, larger ticket resale sites. They are permitted to set prices for tickets and impose fees and surcharges at their discretion, profiting from any markup. Both Vivid Seats and TicketNetwork operate expansive networks of white label sites.

White label sites negatively impact consumers by:

- Offering identical inventory as unique, giving the illusion of choice and dominating search engine results and advertising slots
- Charging exorbitant costs with inflated ticket valuations and enormous fees, often hidden until a buyer’s credit card info is entered
- Deceiving fans into thinking they’re buying directly from a venue box office at face value, with misleading URLs, link titles, imagery, etc.



3

Major White Label Platforms: Vivid Seats & TicketNetwork

At least two organizations in the ticket resale industry, Vivid Seats and TicketNetwork, have launched “white label” programs.

VIVIDSEATS®
SEE MORE. SIT CLOSER.

- Ticket resale platform: [vividseats.com](https://www.vividseats.com)
- “16 million tickets to 70,000 live events in the U.S., Canada and worldwide”
- Founded in 2001

 **ticketnetwork**
Straight from the Source

- Ticket resale platform: [ticketnetwork.com](https://www.ticketnetwork.com)
- “[O]ver \$5.5 billion in ticket inventory to concerts, sports, and theater events around the globe”
- Founded in 2007



4

Platforms Provide Inventory, Webtech, & Order Processing

Only unique qualities of white labels: URLs, search engine marketing & small design differences

Example of White Label Ecosystem / Point of Purchase



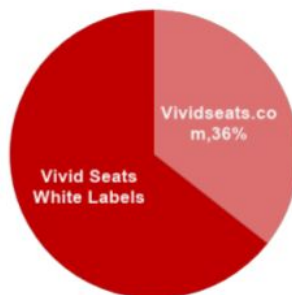
5

White Labels Generate Significant Web Traffic

Top 4 Vivid white label sites make up 64% of Vivid's total monthly traffic

Monthly Unique Visitors - Vivid Seats vs. Top 5 Vivid White Labels

(Past 30 Days – last updated on July 31, 2017)



*Includes traffic from tickets-center.com, box-officetickets.com, ticketoffices.com, and onlinecitytickets.com, along with affiliated sites.

Source: Alexa.com



6

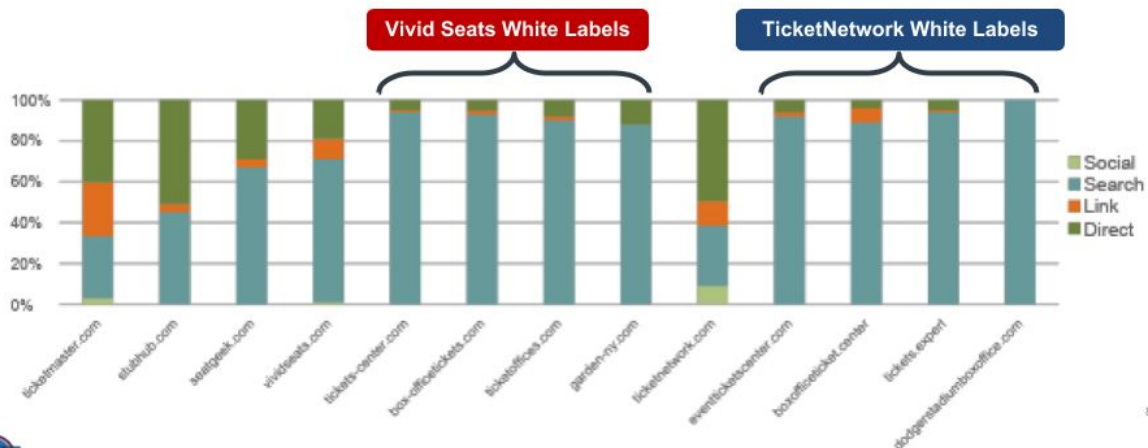
White Label Inventory, Display, Maps, Etc. Nearly Identical to Larger Resale Site

The image shows a side-by-side comparison of two white-label ticket resale websites. On the left is Vivid Seats, and on the right is TicketNetwork. Both sites display the same event: Boston Red Sox at New York Yankees. Each interface includes a list of ticket options with prices and a corresponding stadium seating map. Red arrows point from the Vivid Seats interface to the TicketNetwork interface, highlighting the identical layout and content. Below the interfaces, a text box states: "White Label sites each offer a similar user experience – same venue map, ticket display, and checkout process".

White Label sites each offer a similar user experience – same venue map, ticket display, and checkout process

White Label Traffic Almost Entirely Driven by Search

Traffic sources as % of each site for 2017



Source: Alexa.com

...Which Is Mostly Driven by Paid Search Marketing

URLs and link titles use venue/team name to mimic official box office

Paid Results for "Los Angeles Dodgers Tickets"*

Los Angeles Dodgers Tickets - Dodger Stadium - Los Angeles
(52) www.vividseats.com/LADodgers
4.2 ★★★★★ rating for vividseats.com
 Save On Dodgers Tickets - Get Better Seats
 Wide selection and low prices - TopRatedReviews.com
 Ratings: Service 9/10 - Ease getting tickets 9/10 - Website 9/10 - Ease finding tickets 8.5/10
 vs Giants vs Angels
 All Matchups vs Rockies

Los Angeles Dodgers Tickets - Dodger Stadium Tickets
(52) dodger-stadium-tickets-center.com (800) 833-7888
 Los Angeles Dodgers Tickets - Buy Dodger Stadium Reserve Baseball Tickets
 America's Huge Inventory, Interactive Seating Chart, Schedule and Tickets
 100% Buyer Guarantee - LA Baseball Tickets - More at this Venue! Order by Phone

Dodger Stadium Tickets - Get Your Tickets Online Now - tickets.expert
(52) dodgerstadiumtickets.expert
 Dodger Stadium Reserve Tickets - Get Tickets to Dodger Stadium in Los Angeles, CA

Los Angeles Dodgers Tickets - Save 50% or More On SeatGeek
(52) www.seatgeek.com/Dodgers/Tickets
 100% Guaranteed Tickets At the Lowest Possible Price - Buy To The Smart Way

Baseball Tickets On Sale - L.A. Home Games Up To 55% Off
(52) www.gametime.co/LA-Dodgers/Tickets
 Don't Print Tickets - Just Scan Your Mobile Phone - Get Your Baseball Tickets Now
 Game Tickets - In-Seat Photos - Last Minute Deals - Concert Tickets
 Extra Discount Codes - Photos From Each Seat - Price Guarantee

Los Angeles Dodgers Tickets - Dodger Stadium in Los Angeles.
(52) www.ticketmaster.com/LADodgers (844) 753-8712
4.2 ★★★★★ rating for ticketmaster.com
 Buy Los Angeles Dodgers Game Tickets Great Prices and 100% Guarantee.
 14 Years Online - Friendly Support Staff - Transparent Pricing - Over 2 Million Orders
 America's Same Day Tickets, Secure Checkout, Instant E-Tickets, PayPal Accepted

Get Tickets For LA Dodgers - 100% Price Guarantee
(52) www.ticketmaster.com/LADodgers
 Your Price - Your Seat - No Hidden Fees - Buy & Sell Online at TicketPick
 100% Authentic Tickets - 24/7 Customer Support - Best Price Guarantee
 TicketPick Online - Events In Your Area

White Label

White Label

White Label

White Label

White Label

White Label

White Label

White Label

Wrigley Field Tickets 2017 - Chicago Schedule & Tickets
(52) wrigleyfieldtickets.com (800) 833-7888
4.2 ★★★★★ rating for wrigleyfieldtickets.com
 2017 Wrigley Field Tickets & Schedule - Secure Chicago Reserve Tickets Online
 America's Huge Inventory, Interactive Seating Chart, Schedule and Tickets
 Types: Concert Tickets, Sporting Event Tickets, Theater & Show Tickets

Wrigley Field Events - Box Office Tickets. Order Now
(52) wrigleyfieldboxoffice-tickets.com (800) 444-8520
 Chicago, IL, Marquette, Buy Wrigley Field Tickets
 100% on time guarantee - Instant E-Ticket Download - Premium Seating - Secure Encryption
 Categories: Country / Folk, Pop / Rock...

Wrigley Field Tickets - Without The Fees - ticketclub.com
(52) wrigleyfieldticketclub.com
 Don't pay service fees for your tickets. Save 10-20% versus other sites.

Wrigley Field Tickets - Wrigley Field Seating Chart | Vivid Seats
(52) www.vividseats.com
 Buy Event Tickets Online! Large Selection - Lower Prices
 Easy checkout - Unmatched service
 Ratings: Service 9/10 - Ease getting tickets 9/10 - Website 9/10 - Ease finding tickets 8.5/10

Wrigley Field Tickets - Chicago, IL - Order Online
(52) www.ticketmaster.com/WrigleyField (844) 753-8712
4.2 ★★★★★ rating for ticketmaster.com
 Buy Wrigley Field Event Tickets! View 2017 Schedule and Grab your Seats.
 Transparent Pricing - 14 Years Online - All Sales Guaranteed - Friendly Support Staff
 America's Same Day Tickets, Secure Checkout, Instant E-Tickets, PayPal Accepted

Baseball Tickets On Sale - Baseball Tickets Up To 55% Off
(52) www.gametime.co/LADodgers
 Don't Print Tickets - Just Scan Your Mobile Phone - Get Your Baseball Tickets Now
 Game Tickets - In-Seat Photos - Concert Tickets - Last Minute Deals
 Extra Discount Codes - Photos From Each Seat - Price Guarantee

Wrigley Field Tickets - Wrigley Field Seating Chart
(52) www.ticketclub.com
 Where Do You Want to Sit?
 A+ Rating - Better Business Bureau
 Ratings: Ease finding tickets 10/10 - Website 10/10 - Ease getting tickets 10/10 - Service 9.5/10

*Results pulled July 28 in Firefox Privacy Mode with cache and cookies cleared

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These Practices Bleed into Organic Results

Fenway Park Tickets and Seating chart - Box Office Tickets
www.box-officetickets.com/MA/Boston/Fenway-Park-Tickets
 Best selection of Fenway Park Tickets at Box-officetickets.com Fenway Park event schedule,
 Fenway Park seating chart and tickets for sale.

Fenway Park - Box Office Center
www.boxofficecenter.com/results-venue?venueid=21&venue=Fenway+Park
 Fenway Park has the following events taking place at the following dates and times. To sort the list,
 click on the column header. To find tickets for the given event, ...

Fenway Park Tickets For Sale - Box Office Ticket Sales
www.boxofficeticketsales.com/venue/fenway-park-tickets-for-sale.aspx
 Florida Georgia Line, Backstreet Boys, Nelly & Chris Lane - Fenway Park - Boston, MA - Tickets -
 Jul 8, 2017, Sat 6:30PM - New Kids on the Block, Paula Abdul ...
 Fri, Jul 28 - Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA
 Sat, Jul 29 - Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA
 Sun, Jul 30 - Boston Red Sox vs. Kansas City Royals Fenway Park - Boston, MA

Fenway Park Tickets - Fenway Park Box Office Ticket Center
www.boxofficeticketcenter.com/venues/fenway-park-tickets
 Get Fenway Park Tickets direct at Box Office Ticket Center! Fenway Park seating charts, schedule
 and more! Call Fenway Park at 1-844-753-8364.

Fenway Park
www.fenwayboxoffice.com/
 Fenway Park Boston, MA tickets for concerts, sports and all events ... Fenway Park in Boston, MA
 opened in 1912 and is the home of The Boston Red Sox ... StubHub, Ticketmaster, Live Nation nor any
 venue, talent or booking agency, tour ...

White Label

White Label

White Label

White Label

White Label

White Label

*Results pulled July 28 in Firefox Privacy Mode with cache and cookies cleared

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White Label & Parent Sites Dominate Paid Search Results

MLB Parks	1st Ad - Desktop	2nd Ad - Desktop	3rd Ad - Desktop	4th Ad - Desktop
Busch Stadium	VividSeats.com	Box-OfficeTickets.com	Tickets-Center.com	StubHub.com
Rogers Centre	VividSeats.com	Box-OfficeTickets.com	TicketOffices.com	TicketNetwork.com
AT&T Park	Tickets-Center.com	VividSeats.com	TicketClub.com	EventTicketsCenter.com
Yankee Stadium	Tickets-Center.com	BoxOfficeTicketsCenter.com	Ticketmaster.com	TicketNetwork.com
Globe Life Park	Tickets-Center.com	VividSeats.com	GlobeLifeParkBoxOffice.com	TicketNetwork.com
Petco Park	Tickets-Center.com	VividSeats.com	MLB.com	BoxOffice-Tickets.com
FNC Park	BoxOffice-Tickets.com	Tickets-Center.com	TicketLiquidator.com	TicketNetwork.com
Kauffman Stadium	Tickets-Center.com	KauffmanStadiumTickets.com	BoxOfficeTicketsCenter.com	VividSeats.com
Miller Park	TicketLiquidator.com	Box-OfficeTickets.com	SeatGeek.com	Tickets-Center.com
MLB Parks	1st Ad - Mobile iOS	2nd Ad - Mobile iOS	3rd Ad - Mobile iOS	4th Ad - Mobile iOS
Busch Stadium	Tickets-Center.com	VividSeats.com	BoxOffice-Tickets.com	None
Rogers Centre	VividSeats.com	BoxOffice-Tickets.com	TicketOffices.com	None
AT&T Park	VividSeats.com	Tickets-Center.com	BoxOfficeTicketCenter.com	None
Yankee Stadium	BoxOfficeTicketsCenter.com	Tickets-Center.com	Ticketmaster.com	Gametime.co
Globe Life Park	VividSeats.com	GlobeLifeInsurance.com	BoxOfficeTicketsCenter.com	Tickets-Center.com
Petco Park	Tickets-Center.com	VividSeats.com	BoxOfficeTicketsCenter.com	None
Kauffman Stadium	BoxOfficeTicketsCenter.com	VividSeats.com	Tickets-Center.com	KauffmanStadiumTickets.com
Miller Park	Tickets-Center.com	BoxOffice-Tickets.com	StubHub.com	TicketLiquidator.com

- Search Criteria = "Stadium Name" + "Tickets"
- Vivid Seats and its white label sites are red.
- Ticket Network and its white label sites are blue.



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