

Culture, Media and Sport Committee

Oral evidence: Ticket Abuse, HC 823

Tuesday 15 November 2016

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Members present: Damian Collins (Chair); Nigel Adams; Andrew Bingham; Julie Elliott; Nigel Huddleston; Jason McCartney; Christian Matheson.

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Witnesses

I: Josh Franceschi, You Me At Six, Ian McAndrew, Wildlife Entertainment, and Annabella Coldrick, Music Managers Forum.

II: Chris Edmonds, Chairman, Ticketmaster UK, Alasdair McGowan, Head of Public Affairs/Government Relations, eBay, Paul Peak, Head of Legal (Europe) StubHub, and Jonathan Brown, Society of Ticket Agents and Retailers.

III: Professor Michael Waterson, author of the Independent Review of Consumer Protection Measures concerning Online Secondary Ticketing Facilities, and Reg Walker, Iridium Consultancy.

Examination of witnesses

Witnesses: Josh Franceschi, Ian McAndrew and Annabella Coldrick.

Q1 Chair: Good morning. Welcome to this special session of the Culture, Media and Sport Committee looking at abuse in the ticket market. The decision to hold the session today is based on the work of a number of MPs, particularly Nigel Adams and Sharon Hodgson, who has joined us. She is not a member of the Committee but has done a great deal of work on abuse in the ticketing and secondary ticketing market. We have decided to hold this session now, shortly after the Digital Economy Bill completed its Bill Committee stage and before it comes back to the House for Report stage. Our intention is to use the evidence sessions today to make a recommendation from the Committee about the necessary reforms we think are needed to stop abuse in the ticketing market. We will hear today not just from performers in the industry but representatives of the ticket industry.

First, welcome to Josh Franceschi, Ian McAndrew and Annabella Coldrick to this first panel. I wonder if I could start off with a question to you all but directed particularly at Josh. You have called for a fair playing field for music fans in the way the ticket industry works. How do you feel fans are being treated unfairly by the current sale of tickets?

Josh Franceschi: Good morning. Fans are heading to primary ticket websites only to see that the shows or concerts are labelled as sold out, when often they are not, and they have to pay hiked-up prices on the secondary websites, and we are pricing genuine fans of music out of the equation. I feel there needs to be transparency as to who the primary seller is, because the way that you search on Google for, say, a You Me At Six show, most of the secondary ticket websites are listed higher than the primary ticket websites. That would be my main point about that.

Q2 Chair: Ian, what is your view on the state of the market?

Ian McAndrew: Very simply, fewer tickets are being made available to fans and more tickets are finding their way on to secondary websites. In preparation for this meeting, we looked at a couple of examples. For example, on 26 October we recorded that thousands of tickets for Take That's up and coming tour appeared on resale sites before any presales even started. The moment presales did start, obviously hundreds more tickets appeared on those websites.

We also found that one particular ticket tout, who has been exposed recently in the *Daily Record*, who operates a business called I Want Tickets, was listing over 350 tickets for these shows on StubHub. The combined face value of these 350 tickets was £23,000, but Mr Lavallee was listing them for over £84,000. We looked at similar patterns of sale at shows for the band The Weeknd, where we found again, before the shows had gone on sale, over 350 tickets on sale on StubHub alone. With the Robbie Williams tour, we found, moments after the presale opened,



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over 1,200 tickets on Get Me In!, 762 tickets on Seatwave and over 3,000 tickets on Viagogo. Finally, at the up and coming Capital FM Jingle Bell Ball—which takes place over two nights at the O2 Arena—tickets apparently sold out within an hour. However, we counted nearly 7,000 available immediately across the four big resale sites. There are countless other examples that I have experienced myself, but by our definition this illustrates the extent of the industrial touting that is going on.

Chair: It sounds like a complete rip-off for everyone seeking to buy tickets legitimately.

Ian McAndrew: Exactly. As Josh highlights, it is a very distorted market caused by a lack of transparency and the ability for brokers and touts to harvest huge amounts of tickets—using bots and other means—which deprives fans of acquiring tickets at face value.

Q3 **Chair:** Annabella, would you like to comment on this as well?

Annabella Coldrick: We completely agree. We feel that the issue has only got worse in recent years. In 2012 Live Nation said that they estimated about 70% of the tickets sold on secondary sites were sold by professional traders or—as we would call them—touts. We feel it is hugely misleading for consumers, who see most of the advertising for these sites, which says, “Your mate has broken his leg so you cannot go, so someone else can”. The evidence shows that that is not the case, particularly as those tickets are immediately finding their way on to secondary sites.

This is not people buying them and two minutes later realising that they cannot go to a concert. The way it operates it is, effectively, industrial-scale market abuse. It creates scarcity; it creates panic. It is not about not finding that correct level for the tickets. As Josh said, we will often see that there are still tickets available at face value, but, because of the way they are advertised and because of the way the search engines operate, fans start to panic. They see the listings at the top and they will potentially pay massively inflated prices. This is money being sucked out of the industry, ripping off fans, which they then potentially don’t spend to go to other concerts or on recorded music or merchandise, so we think it harms British live music.

Q4 **Chair:** Where do you think the threat comes from? Is it almost criminal elements seeking to abuse the ticket industry, and the fans, by getting them to pay these rip-off charges for tickets that should have been legitimately available for primary purchase?

Annabella Coldrick: This is exactly the challenge. We often do not know. I understand that UK law says that businesses must identify as businesses and, in fact, if you buy through eBay—I think they are going to be speaking later—you know who you are buying from. They are rated. You can contact the sellers, the same with Airbnb and a lot of other platforms. In the case of many of these secondary sites, even though



they give the option to tick whether or not you are a business, often people do not necessarily tick that option.

In the case of the Quebec tout, Julien Lavallee, it is illegal to resell tickets in Quebec, so it is illegal in his own country. He is reselling tickets in the UK, making large amounts of money. He did list his business, possibly under pressure from the Competition and Markets Authority. It was then revealed that he was operating a tout in Quebec. He says he has a team of 20 staff who are all sat there buying and selling tickets all day. The moment that that was revealed, his business details disappeared, yet those same tickets are still for sale. Is it criminal? Possibly. We don't know because the law is not being enforced.

Q5 Chair: Because of that lack of transparency, do you think there is a perverse incentive within the industry to transfer tickets to secondary sites, where people can make more money by selling them at those inflated prices?

Ian McAndrew: Yes. In addition to the deployment of bots, which we have heard a lot about, there is evidence that tickets are being transferred direct from the primary to the secondary market. We feel that should be an offence. Alongside the deployment of bots, clearly we have to recognise how this market is functioning and how they are acquiring inventory. It would seem that is the only plausible explanation when you see such high volumes of tickets appearing immediately after the on-sale or, indeed, before the on-sale of a show.

Q6 Chair: A final question from me to Josh. One of your responses, in part, has been to directly sell tickets to your fans for one of your concerts. We will talk a lot today about bots and about the rules and regulations and the law around ticket sales. Do you think there is more that people in the industry could do to make sure the tickets end up in the right hands of the fans?

Josh Franceschi: Of course, yes. We are trying that at the moment. We have recently done it with our Alexandra Palace show, which is happening next year. We have printed the names on tickets. We have partnered up with Twickets as the official reseller, and already we are seeing tickets come up on StubHub at inflated prices. One seller is offering up to eight tickets when the limit is six. That is why, in regards to our Dingwalls show, which we are doing in a few weeks' time in Camden, myself and Dr Martens decided that enough is enough. We bought back another 100 tickets from the venue and I went and sold them face to face to our fans in a store.

What bothered me was an element of mistrust now between fans and artists. It is about cultural access. It is about us as a band understanding what the make-up of our fan base is and, therefore, we price our tickets accordingly. Other people are taking that decision out of our hands and ultimately there is only one loser. Well, there are a few losers, but the main losers here are the fans of live music. I don't want to drive them



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away from an industry that is already suffering from a lack of money coming into it in other ways. For the live community to continue to grow and feature up and coming British acts, we need this to change so that we can continue and the live scene can thrive.

Q7 Nigel Adams: Ian, could you perhaps explain how tickets are distributed? When a show is announced, presumably, there is not a typical number for this but do you have any indication as to what percentage of tickets for a show, say, at the O2 or a decent sized venue, go on sale to the general public? How many are held back and, if they are, why are they held back?

Ian McAndrew: I am an artist manager and we have limited information about how tickets are distributed. Most venues in the UK—and indeed across the world virtually—enter into exclusive box office arrangements, typically with a ticket agent. The terms of that agreement commonly provide that the ticket agent receives a certain quantity of tickets. There is a quantity that is then given to the artist to service fan clubs or fan pre-sales. However, the venue is possibly also in commercial arrangements with sponsors and other parties who may also receive allocations of tickets. The amount of tickets that then go on sale at a general on-sale is unknown and is unclear to us, but I think there is increasing evidence to suggest it is far smaller than it should be. Again, that contributes to the problem: the availability of tickets or a lack of tickets being made available at the point of on-sale.

Q8 Nigel Adams: Who sets the price? Who is in charge of the pricing?

Ian McAndrew: The price is set generally in consultation with the promoter and the artist. That is how prices are usually discussed and determined.

Q9 Nigel Adams: Josh, what impact does this have on your fans? As we have heard from the Chairman, you have obviously taken direct action but what feedback have you had from your fan base regarding this issue?

Josh Franceschi: Frustration mainly, because, especially for the younger demographic of fan bases of live music in general, they have a limited financial resource per quarter. Let's say they have £100 but four or five of their favourite bands or artists are touring. A £20 or £25 ticket, there or thereabouts, they can afford that to go and see multiple shows but when something like this happens with the secondary ticket websites, they are put into a corner. Sometimes they go for it and they pay the inflated price, but then other shows suffer, and they don't get to see some of their other favourite bands.

I think it is just a feeling of frustration and wanting it to be fair. If you get up in the morning and other people beat you to buying a ticket on the primary website and the show sells out organically, that is one thing. You can live with that, but the idea of being ripped off does not leave a nice taste.



Q10 Nigel Adams: As an artist, do you or any of your fellow band members ever cop stick from the fans who think that you might be complicit in this racket?

Josh Franceschi: Of course. That is why I got involved, to make a stand for myself, my band mates, our peers, but ultimately for the fans. There will always be artists or bands that find a way of making extra revenue through their fan base, but, put simply, this is a fan base that we—as You Me At Six—have built for the last 10 years. It has been based on mutual respect between us and our fans. I don't want to take advantage of them and I would like it to be seen that others don't either.

Q11 Nigel Adams: Do you think fans are up to speed on how the ticket market works? This could be to any of you. You are all shaking your heads, and one of you is nodding. How aware do you think genuine music fans are of the distribution of tickets, what a primary ticket site is or what a secondary ticket site is? From my own experience, initially my own children were not aware of what a primary site was and what a secondary site was. What is your view on that?

Ian McAndrew: There is clearly huge confusion. In fact, Professor Waterson's report highlights this confusion. He mentions that over 25% of the research undertaken suggested that people did not know from whom they were buying tickets. Primary sites or secondary sites: it is not evident or not clearly advertised who is primary and who is secondary.

We also see examples of secondary sites purchasing Google search positions, prioritising their position on Google search engines to give the impression that they are the preferred and trusted seller of tickets. We see examples of e-mails being sent promoting or pushing secondary tickets to primary users who are unaware that what they are seeing is a resale ticket. There is confusion about what the face value of a ticket is. What is the price of the show? The Consumer Rights Act was there recently to highlight what the face value is, to highlight who the seller is of a ticket, and to give other reassurances to consumers, but many of these things are not being enforced.

Annabella Coldrick: Potentially, it is only going to get worse. StubHub in the UK are entering the primary market as well in some cases. Ticketmaster in the US is pursuing a strategy of integrated inventory conversion where you show on one page—

Q12 Nigel Adams: Can you explain that?

Annabella Coldrick: Integrated is integrating your primary and secondary all on one page. You can look at a seat in Apollo Stadium, for example, and it will show you, in different colours, which tickets are available. It is very confusing, given that consumers are confused already between which ones are genuinely being offered at face value and which ones are resale. It will be there in the colour coding, bearing in mind that they do not know what they are doing, they don't know the difference in



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the first place. That happens in the US. It is going to happen increasingly over here.

Our concern is that it blurs the lines even more, and that is where the majority of the value is. The quote was that there are hundreds of millions more dollars to be extracted from this integrating the primary and secondary sites. We think we are at the tip of the iceberg here, and, if we don't do something now, in five years' time we will be in a much worse situation. Certainly, in the US it is even more challenging than it is here.

Q13 Nigel Adams: You talk about doing something now. What can be done? Again, all of you feel free to come in on this. What is the solution? Clearly, it is not working. Clearly, fans are getting ripped off. Not everybody can do what Josh does and sit in a shop and sell his tickets direct to the fans. That is obviously very admirable, but it is not practical for every show. What needs to be done? This is where laws are made. What do we need to do?

Annabella Coldrick: As part of the FanFair Alliance that we support, we have said that there are several things. For a start, the law needs to be enforced. You passed the Consumer Rights Act last year. You required, for example, that seat and row numbers should be shown on tickets. They are not always shown. If they are shown, then, if the artist and manager have made a clear statement, as part of the terms and conditions, that those tickets must not be resold, you can cancel them. That is something that Catfish and the Bottlemen did. There was a very difficult first gig. At their second gig, they saw a dramatic decrease in secondary ticketing. So there are things that can be done through enforcement.

Certainly, showing who these businesses are, and I think anyone who is selling more than two or four tickets to buy off a primary, if they are then selling on a secondary, surely questions should be asked: they must be a professional trader. Anyone who is selling on the day or the day before or the day of the presale must be a professional trader. They should all be listed as professional traders. It should not be an option to tick the box. If they are, we and you then have the opportunity to ask who they are, such as the Quebec tout who is buying tickets. That is illegal in his own country; he is doing it here as a profiteer. None of that money is going back into the UK economy, so for a start we need to enforce the law.

I know that in New York they have also banned bots. We think this is admirable. We know that they use software. However, we also know that these touts, so the Quebec tout and Andrew Newman in Scotland—he has a team of 20 people, probably quite young people, all sat there, I expect not being paid huge amounts of money, buying and reselling tickets. They will find ways to get around it if the law is not enforced.

We think there needs to be a wholesale inquiry into how these tickets are being resold and how they are being acquired. There should be some



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corporate social responsibility and some due diligence here. Surely if anyone tries to sell 20 tickets on your site, you would be asking, "Who are they?" You would be asking that on eBay if people trade records or toys or whatever all the time, yet it does not seem to be being asked. It is a very murky market and we would like to shine a light on it.

Ian McAndrew: In addition to the enforcement of the consumer rights legislation, we need to see criminalisation of bots. It is a tool used by touts to unfairly acquire large numbers of tickets. We also need to look at the transference of tickets from primary to secondary. I would like to think that that is an offence or existing consumer legislation is enforced in regard to that.

I also think we need to support new technology and new ways of delivering tickets that cannot be transferred. I have to highlight efforts made recently by Iron Maiden, with support from Ticketmaster, to personalise tickets and to ensure that their fans had proprietary access to those shows. It was a successful outcome. However, these measures need to be supported by Government efforts to protect consumers and that is what we want to see.

Q14 **Nigel Adams:** There is a Computer Misuse Act currently on the statute book. Are you aware of any examples where that has been enacted to clamp down on bots?

Ian McAndrew: No. We are aware of the Computer Misuse Act 1990, but, to our knowledge, there have not been any examples where that Act has been used. It makes sense that this law is clarified by the introduction of further legislation to make the use of bots an offence.

Q15 **Nigel Adams:** Finally, you represent bands; Annabella, you represent the managers. Are you aware of any examples where promoters, managers and artists are complicit in this racket?

Annabella Coldrick: Among a small section of players in the industry, there has been a bit of an attitude of, "If you can't beat them, join them".

Q16 **Nigel Adams:** Do you think that is right?

Annabella Coldrick: No, we don't. In fact, the FanFair Alliance specifically has a declaration, which we have called upon managers, promoters, agents and ticketing companies to sign, which says, "We are drawing a line in the sand. We will operate collectively against industrial ticket touting and take measures to try to stop this from happening". Just because something has happened in the past does not mean that we condone it, and it does not mean that it applies to all managers. In fact, Ian, I know you have been approached by these sites and turned them down many, many times.

Ian McAndrew: Yes, I have often been approached by one of the big four resale sites asking to enter into an arrangement where I give them inventory in return for participation in the resale profit. That is a proposal



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I have refused on a number of occasions. I can understand how that would be a temptation to some who want to maximise profits for a show, which is why I go back to the point that the transfer of tickets from primary direct to secondary should be looked at as well.

- Q17 **Christian Matheson:** Mr McAndrew, can I take you back to a point that you made earlier? You talked about large numbers of tickets going on sale on the secondary sites before they have been on sale on the primary sites. Is it at all possible that they are selling them short, that they are selling tickets they do not actually have possession of yet?

Ian McAndrew: Yes. There is lots of evidence to suggest that short selling is something that is prevalent in the secondary market, yes.

- Q18 **Christian Matheson:** They are taking a risk, or maybe there is not so much of a risk because they know full well that they are going to be able to get hold of those tickets?

Ian McAndrew: They are selling something they do not have possession of.

- Q19 **Christian Matheson:** Is that dishonest?

Ian McAndrew: Yes. Put it this way, when we do a show, we do not get paid until the show is finished because then you know who has bought a ticket and everyone gets accounted to. I don't see why that would not be the case with anyone buying tickets.

- Q20 **Christian Matheson:** They would be fairly confident they could get the tickets that they require, because of the mechanisms they have set up—bots or whatever—or whether it is people being paid not very much to go on the phones?

Annabella Coldrick: Yes. It has been reported, certainly in Italy, and I think Julien Lavalée claimed that he had contracts with venues where he would get tickets directly from some of the venues to sell. In some cases, they will be very confident they will get the tickets.

- Q21 **Christian Matheson:** Has that system ever fallen down? Do you know of any cases where the secondary sites have sold tickets but they have not been able to deliver them?

Ian McAndrew: There have been very recent examples of secondary ticket sites selling tickets that have not complied with the terms and conditions of that ticket, and those customers being turned away. That is a common issue.

- Q22 **Christian Matheson:** Those customers who are turned away, what recourse do they have from the people who sell them the ticket?

Ian McAndrew: They are redirected back to the site where they purchased them but, unfortunately, they are left out of pocket unless they can seek a refund from the secondary site.



- Q23 **Christian Matheson:** Josh, obviously you are a performer and you will speak to other performers, other songwriters and band members. You have taken a particular stand on this issue and you have sold tickets direct to your own fans. What do other bands say? Are there other performers who are as concerned as you are?

Josh Franceschi: Yes. There was a massive outpouring of support during this. We had artists, such as Mumford & Sons and One Direction, who were driving attention towards the petition that Nigel Adams put together about the ticket bots. On the whole, there are a lot of musicians and artists who don't want to see their fans ripped off. Whether they have the same passion for the subject as I do, I cannot speak for them, but on the whole I am looking to the future. I am looking at what this means for future musicians and artists who are trying to get a foothold in the industry. How much more difficult is it going to be to attract people to come and watch them at a live venue, if people have been put off the idea of that for years and years and years by being ripped off? We have a responsibility to the next generation to do something about this now.

- Q24 **Christian Matheson:** How common is it for performers or your management to talk to the promoters, and maybe talk to the venue operators, about ticket pricing and ticket arrangements?

Josh Franceschi: From where I am, when I sit down with our agent and our management and my band mates, we will say, "This is the show we believe we are putting on. This is the make-up of our fan base. This is the price we want to set". That is where we start. I don't know what happens after that. I don't know how it has got to this point, and I guess that is why we are trying to get the legislation enforced to see some changes. The power is being taken away from the artists, and ultimately, without the music, these venue halls will be empty; without the fans these music halls will be empty. That is something that is being completely glossed over. This petition and this Committee today are shining a light on that and there are some real issues there.

- Q25 **Christian Matheson:** There is a problem with music venues closing up and down the country, is there?

Josh Franceschi: Of course. That is why we have Independent Venue Week. A few years ago we took part in that ourselves. One of the local venues that I grew up playing in, the Guildford Boileroom, was in danger of shutting down. Another local venue that is close to us as a band, the Kingston Peel, was shut down. There are a lot of derelict, large, old music theatres around the country that are being shut down regularly because the business is not going through those halls.

- Q26 **Christian Matheson:** You can draw a line between the reduction in the number of venues and the fact that money is apparently being taken out further upstream by ticket sales?

Josh Franceschi: It is being taken out of the music industry and put in the hands of people who never had the intention of supporting the bands



or the fans in the first place. Their intention is only to pocket the money, not to put back into the commodity we have with music.

Annabella Coldrick: One of the things that Professor Waterson said was that the industry needed to step up to the plate and get its house in order. One of the things that we did with the FanFair campaign was to produce a guide for managers with the best practice: if you want to keep your tickets off resale sites, what should you do? Be clear in the terms and conditions that the tickets are not for resale, limit the amount that can be bought in one go, and ensure that proper checks are being made, looking at things like names on tickets.

There are some things that bands and managers can do. When we spoke to Ticketmaster they said that, when artists and bands agree to do a certain number of things, they will commit to not putting the tickets on their resale sites. That does not apply to the other resellers, like Viagogo in particular, which is based in Switzerland. It does not follow any of the rules. We know it also operates in Belgium and France, where it is outlawed.

We think that there are things that can be done, but we need your help to make sure that there is a proper framework around it so that the tips in here can be enforced. Without it, the tickets appear on secondary sites anyway.

Q27 **Christian Matheson:** It strikes me as quite a murky business, one way or the other.

Annabella Coldrick: Yes, that is fair.

Christian Matheson: We have some ideas about who might be taking the money, but if I asked you all—not naming individuals—where the money is going, would you be able to say?

Annabella Coldrick: From the example we gave, some of it is going to Quebec. We know that for a fact. Some of it potentially will be going to Luxembourg, where some of the companies are headquartered, or to Switzerland. It is often very hard to tell because you cannot see the details of who is selling. Probably about three weeks ago, there was another company listed based in Gravesend. I searched the company. It turned out it had been struck off by the Insolvency Service in 2012, yet it was operating a ticket resale business. We spoke to a journalist about that. They phoned up the ticketing company and said, “Why are you listing these tickets?” The next thing we knew, it had disappeared, so the moment we start digging, it slips away again. We think there is a genuine investigation to conduct here about what on earth is going on.

Q28 **Nigel Huddleston:** At the risk of having my colleague Sharon Hodgson reach over the table and pull me out of the room here, could I play devil’s advocate? We have an industry that is very dynamic. Technology has changed and evolved, and some clever people have come up with some new technology and taken advantage of the ability to use bots to buy



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tickets. Then they are able to sell them on an open market and people are buying them at an inflated price. Does that prove in some ways that it is working?

Josh Franceschi: We are not against innovation. If you look at Spotify, it has been supported around the music industry because there is complete transparency. You know exactly what you are getting. You pay a premium account of £9.99 a month. You can have your music downloaded to your phone and available offline and, if not, you stream it online on your computer or on your phone, with adverts or whatever, and you pay a lower price. What we are saying is, yes, they are being clever but also, in essence, they are doing something that is highly unethical and morally wrong in our collective opinion.

Annabella Coddick: We think it is market abuse. It is a distorted market. It is not a fair market. You cannot see where all the tickets are. As we say, there is imperfect information. If you are the fan, you are not quite sure whether you are buying from a secondary or a primary, and it is taking money out of the industry. Often we don't know whether people are genuinely paying those prices. They may be paying much less, but the perception for the fan is that it creates this fear of scarcity and panic, so people will panic buy. It might be that the tickets are scarce, but, if they are scarce, we would like everyone on a level playing field to have the opportunity to access those rather than have this kind of panic where a large number have been sucked out. People talk about consumer goods, but if I were to go into all the supermarkets in a town and buy up all the milk and then sell it back at an inflated price, would you say that is a free market or would you say that is a public question that should be addressed? We would say there are wider concerns here.

Ian McAndrew: Secondary ticketing is hugely successful. It is hugely successful because the market is so unregulated. *IQ Magazine* estimates it is a £1 billion a year business in the UK. The accounts released recently from the various players in this market demonstrate 30% to 40% revenue increases year on year, much greater than any other form of revenue streams in the music business. None of that money is going into the music business. It is being taken out.

Q29 **Nigel Huddleston:** To give you some assurance, I am on your side on this one. I do agree. There is a fundamental difference. The British public are more than happy to applaud entrepreneurs, but there is a fundamental difference between that and price gouging and, as you said, abuse of the system and being ripped off. That is what the British public will not tolerate. The transparency in the system, a point that several of you have made, is interesting because, if you look at the structure of the industry, we have certain companies that play both sides in some ways, don't they? We have eBay—they will be coming on in a short while. eBay owns StubHub and Ticketmaster also owns two secondary ticket organisations. Doesn't that just smell odd?



Ian McAndrew: When I first became acquainted with the whole problem of resale, it was eBay that was the platform upon which tickets were resold. They then acquired StubHub and moved more aggressively into this marketplace. I believe that the growth of StubHub exceeds that of eBay now such is the success of it. Yes, the attachment or relationship between a primary ticket seller and a secondary seller is something that does concern us. What we commonly see are primary tickets still available to be purchased but people buying tickets at inflated prices from the secondary marketplace. It is caused by this confusion and the linkage between the two partners.

Q30 **Nigel Huddleston:** Fundamentally different models as well: on eBay you know who the seller is but on StubHub you don't, and that goes back to the transparency issue.

Annabella Coldrick: Yes, and it is about responsibility for the platforms. I know in Parliament you talk a lot about the responsibility for the platforms, and there is a story in the news this morning about Airbnb again. A platform is not purely a neutral player in this. They are helping to connect. They often suggest prices that you should potentially list the tickets for, so they are not neutral and they do have a responsibility. We think they have a corporate responsibility to declare who is selling and verifying it and to allow us to look at who those businesses are and where they are getting their tickets from.

Q31 **Nigel Huddleston:** In Parliament we have to be very careful about pushing legislation, as opposed to letting markets operate and seeing how things evolve. What would you like to see out of this? Do you think it is realistic to request these companies operating in this way to act in a more moral and ethical manner, or do you think we are going to have to legislate to change this, as has happened in the States? There is banning of bots in certain states in the US. What do you think we are going to have to do?

Ian McAndrew: The last Committee meeting on this subject—almost nine years ago—highlighted many of the same problems, but in that time the problem has got worse. It has not improved. The suggestion that we will get our own house in order seems an unlikely and unreasonable expectation. For that reason, I am afraid I think there is a requirement to have legislation in order to put the house in order.

Further, I would say that, if in a few years' time, these problems continue to exist, further, more aggressive measures will be required, as we are now seeing in countries like Italy, for example, where only this week the Government there is having to take far more aggressive action in response to the growing disquiet among consumers. We would rather not see that, frankly. I am sure none of us wants to see that, but I fear that, unless we enforce the current legislation and look to other measures to control this problem, that will be a reality we may have to face.

Q32 **Nigel Huddleston:** Josh, any comments there? Do you think we are



going to have to legislate on this?

Josh Franceschi: They have said it perfectly. We have a responsibility to set the right example to the next generation of people about how we want to trade in something like this. Yes, there needs to be legislation. I would leave it up to you guys to decide how aggressive that needs to be, but I would like to see tickets only being sold through a primary website.

Annabella Coldrick: The only thing I would say is: the whole reason you are all here in Parliament is to pass laws and you want to see them enforced. At the moment, we are not seeing them enforced.

Q33 **Andrew Bingham:** I sat on the all-party group with Sharon in the last Parliament and I took the view then that this market was working and we should leave well alone. But I have to say things have evolved and I think, as Ian said, whatever we do in legislation we have to think how it is going to evolve now. I think the time has come when we need to do something. Looking at it, we talked about illegalising—if that is the word—the bots, which will help but I don't think it will be the complete cure. I am looking at one of the secondary sites here: Phil Collins tickets. We are talking about where the money is going. There are two tickets here at £484 each and the site is taking a £179 processing fee.

Annabella Coldrick: Yes, large amounts of money.

Andrew Bingham: Yes, if we are talking about where the money is going, we know where £179 of it is going.

Q34 **Jason McCartney:** Which site is that?

Andrew Bingham: Are we protected by parliamentary privilege here?

Chair: Yes, of course you are.

Andrew Bingham: We are. In that case then, it is on Get Me In!. That is one of many, many tickets. Do you think we should separate out? Get Me In! is part of Ticketmaster, so I can see why people get them mixed up. There again, somebody must see that and think, "Oh, that's over the odds". I think doing the bots is only half a job. The question I am going to ask you is: when you are arranging a concert for, whether it is Phil Collins, or you mentioned Iron Maiden—and they have a system whereby they prevented this—who has the whip hand? Who dictates? As a manager, Ian, can you say, "Right, my artist doesn't want anything to go to the secondary market at all. Without that, they are not going to play"? Who calls the shots when you are organising a concert?

Ian McAndrew: I suppose an artist of some stature obviously has more leverage.

Andrew Bingham: But an artist of more stature will sell out to create this market.

Ian McAndrew: Well, has more leverage in the sense that they have choice of where they may perform and so on. From my point of view—



and I think as Annabella highlighted—as the FFA, we created this guide to give some advice not just to experienced managers but to young and up and coming managers to understand how they can best sell tickets. However, as a general rule, we will encourage the promoter or ask the promoter to see that tickets are sold in a responsible fashion. That means having to put names on tickets, but that also puts the responsibility on the promoter and the ticket agent to provide access control at the room. Someone has to check all the names as they come in. It obviously increases workload, but we feel that that is just a by-product of the need to protect fans.

We have a degree of leverage to request that measures are taken, but in some cases it is not possible. In some venues the access control means that it is difficult to police every entrance into the room, in order to check all the tickets, and this is where you start seeing these problems. Glastonbury Festival has been way out in front in this regard, with photo ID and taking very stringent measures to ensure that people who buy tickets for the Glastonbury Festival get in to see the show and that the tickets are not transferable. It is those sorts of measures that, in the absence of any other systems, need to be adopted to protect consumers.

Q35 Andrew Bingham: I went to see Robbie Williams a few years ago and it was a very similar thing. You had to go with ID because the ticket was named. How do we then allow for the genuine fan whose friend cannot go? This happened to me in Glastonbury a few years ago. The guy I was going to take did not want to go and that was it. I had to give the ticket away.

Ian McAndrew: I am a partner in an ethical resale business called Twickets.

Andrew Bingham: I was going to ask you about Twickets in a moment.

Ian McAndrew: The reason I got involved in that was simply because I feel I need to have a mechanism to deal with that exact situation, where someone who legitimately cannot go to a show has an opportunity to resell their ticket at face value or less. That is the proposition that Twickets offers. It has become a very growing business because it demonstrates that more and more people want to use a more ethical solution to the issue of exchanging tickets for shows they can no longer go to.

Annabella Coldrick: There are other ways as well. There are things like with some ticketing apps you can transfer. If you buy three tickets, you can send a ticket to each friend on a mobile phone, the paperless ticketing, where you go in and show that; they also have things like waitlists for concerts.

Q36 Andrew Bingham: What is that? I have not heard of that.

Annabella Coldrick: If a show has sold out—for example, as Christine and the Queens had sold out in Brixton Academy, I put myself on the



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waitlist. Then, if tickets become available because someone cannot go, they re-enter them into the system and that person—

Q37 **Andrew Bingham:** Who manages the waitlist, the venue, the promoter?

Annabella Coldrick: In that case it is the ticketing company. It is DICE in that case. We would encourage measures like that as well, where genuine fans who cannot go will then get a notification but, obviously, this often does not happen within minutes of the tickets going on sale. This normally happens a week or two weeks or a day before the gig, when you suddenly realise you cannot go because of a genuine reason. That is quite good if you then get a notification saying, "A ticket has come up. Do you still want to go?" You pay for it and the other fan gets the money.

Q38 **Andrew Bingham:** Twickets, I want to look at Sharon across the room. Twickets came in front of us, I think at the all-party group in the last Parliament. At the time, if my memory serves me correctly, you were doing that without taking any commissions or anything. Is that right or do I have you mixed up with someone else?

Ian McAndrew: There is a 10% capped commission fee.

Andrew Bingham: I don't say do it for nothing. I am not criticising that. You cannot work for nothing.

Ian McAndrew: No, that is the margin that the business operates on in the transfer of tickets, but the key principle is that tickets can only be resold at face value or less. As you have highlighted in that example of Phil Collins, what we are seeing on many of these secondary sites is that the fee is way in excess of 25% of the ticket. We feel that is excessive.

Annabella Coldrick: I am sure you will hear from the secondary companies who will say it is the bands' fault because they do not offer refunds, but you will find out, if you buy a ticket from a secondary site, that you cannot go and ask for a refund; you cannot get a refund from the secondary site.

Q39 **Andrew Bingham:** They provide various guarantees. Because, if we are going to legislate, what we don't want to do is send the industry back to blokes hanging around outside venues shouting, "Tickets, tickets, who wants tickets?" We still get a bit of that—

Annabella Coldrick: They are still there as well.

Andrew Bingham: But as legislators we want to get this right. The outlawing of bots is completely sensible. It has been done in America, and I think Canada and elsewhere, but I am not sure that cures it. If you are a ticket agent—and I am looking at this one here again—it is in your interest to stick so many through the primary, and then shove some into your sister company through the secondary and pick up your commission and whatever else.



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Annabella Coldrick: Is that the Royal Albert Hall?

Andrew Bingham: Yes.

Annabella Coldrick: Where the Royal Albert Hall says that resale is prohibited? That is one of the terms and conditions of the Royal Albert Hall.

Andrew Bingham: Well, there are loads on here. There are absolutely dozens and dozens of them. In fact, I picked one of the cheaper ones at that.

Annabella Coldrick: So there is no enforcement.

Q40 **Jason McCartney:** I am fortunate enough to have a fantastic local music venue in my bit of West Yorkshire—the Picturedrome in Holmfirth—so I have not really needed to experience this. I did go on some websites last night and watched the old “Dispatches” documentary on Viagogo as well. You talked about all this money being made going out of the industry, but is there a quiet coalition of promoters, venues and artists who are complicit in this? Some of the money must be staying in the industry, which is why they are releasing these tickets wholesale to the secondary market.

Ian McAndrew: The only way for the money to remain in the industry is to be complicit with it, and that is the problem. I do not think anyone wants to be complicit. I certainly don’t think our promoters wish to be complicit. Some years ago, many of those promoters wanted to take steps to avoid the resale market emerging in this country, but when it did, when there was no regulation and it has grown, it has driven some people to partner. As I illustrated earlier, I get phone calls from resale sites requesting my participation. It comes down to an ethical decision by the manager, the promoter or the artist to say, “No, that is not what we wish to do”.

Q41 **Jason McCartney:** Getting to the nub of this then, who are the real villains in this? I will ask each of you that question. Ian.

Ian McAndrew: Because of the concealment of the identity of the people involved in selling, it is a very opaque business. It is very difficult to understand or know who is transferring tickets, what tickets are going from where to where, who is selling them, and who ultimately is pulling the strings, shall we say.

Q42 **Jason McCartney:** This “Dispatches” documentary is a few years old now. I think three rows of front row for a major event in an arena were released to a secondary ticketing website, and people were being misled that they were from people who could not go to the gigs. Both the venue and the promoter must have been complicit in that.

Ian McAndrew: Correct.

Q43 **Jason McCartney:** They are the villains. They need to be named and



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shamed and held up in front of their fans by us, as the market fails, and be held to account for this.

Ian McAndrew: Yes. As I mentioned earlier, the transfer of tickets from the primary market to the secondary market should be outlawed or criminalised.

Q44 **Jason McCartney:** Are there crocodile tears here, Annabella? Is this the problem? You have people who are making money from this, who are crying crocodile tears.

Annabella Coldrick: We know that there are some. As we said, we disapproved of it, which is why we have the declaration. The real issue is there is no transparency. For every single ticket that was resold through a secondary site, if we knew who was selling it we could then ask the questions, and we could answer your question about how much of it is Julien Lavallee in Canada, how much of it is Andrew Newman in Fife, and how much of it is X promoter or Y venue. We don't know. The platforms are acting with no responsibility here and are completely under a shroud of secrecy.

Q45 **Jason McCartney:** I heard you on the radio this morning. You were talking about this practice being outlawed in Canada. What specifically has been outlawed and what has been the effect of that legislation?

Annabella Coldrick: I understand it is any resale without the consent of the promoter and the artist. If the promoter and artist say, "It is fine to resell my tickets", you can do it legally.

Q46 **Jason McCartney:** What impact has that had on the industry in Canada?

Annabella Coldrick: I don't know. All I know is that the tout who is based there is now reselling in England and Scotland. We would have to ask the Quebec Government to find that out.

Q47 **Jason McCartney:** Maybe Justin Bieber and Shawn Mendes—I have a young daughter, so I know he is Canadian; I am down with the kids—they are off around Europe, maybe, instead of doing gigs in Canada. It would be interesting to see some kind of analysis of what effect it might have on the market.

Annabella Coldrick: In fact, we could do. I assume there is a representation of the Quebec Government in London. I am sure we could ask them to say what has been the impact. One of the impacts looks like that their touts are now fishing in the European market to make money instead. Again, not money that is going back into live music in the UK, but tickets that are still on sale, we think, in breach of all the consumer law and in breach of the undertakings with the CMA.

Q48 **Jason McCartney:** Yes. Josh, who are the real villains in this?

Josh Franceschi: I am not going to personally name and shame people because—



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Q49 **Jason McCartney:** Oh, go on. It is your opportunity.

Josh Franceschi: No, no. They are the ones who can toss and turn in bed at night, I guess.

Q50 **Jason McCartney:** But you know who they are?

Josh Franceschi: Through the rumour mill, I have heard of examples of people doing things and being complicit in it, but I believe that, with your help, we can change the legislation and we can make it transparent so we will know exactly who needs to be accountable. At this stage, I feel like that is the proper course of action.

Q51 **Jason McCartney:** Obviously, transparency is a huge part of this, isn't it?

Josh Franceschi: Yes.

Q52 **Jason McCartney:** I have never been to Glastonbury but my colleagues here were telling me about how they operate that with passport ID, photographs and names.

Annabella Coldrick: Yes, and they hold 100% of the tickets so they can do that.

Chair: Thank you very much. That concludes our questions for this first panel. Thank you very much for your evidence.

Examination of witnesses

Witnesses: Chris Edmonds, Alasdair McGowan, Paul Peak and Jonathan Brown.

Q53 **Chair:** Gentlemen, thank you for joining us this morning. I think you all heard the evidence in the previous session. Based on the evidence we have received, our concern is that there seems to be a big market failure in the sale of tickets, which leads to fans either being denied the opportunity to buy the tickets that they want at a fair price or having to do so at a massively inflated price.

I would like to start off by looking at the way the market operates at the moment. If I could start with you, Mr Edmonds, first, looking at Ticketmaster as operating in the primary sales market, what percentage of tickets that are put on sale for an event will be put on sale in the primary market, excluding those that may have been presold or been part of a separate deal through fans' groups or the venue? What typically will be the percentage of tickets you would expect to be sold, first run, through your site?

Chris Edmonds: Yes. I can talk about the visibility I get in terms of events we sell through Ticketmaster. The number of tickets that are sold through presales is important because, within that, you may have fan clubs and you may have sponsorship-specific cardholders who may be offered priority rights. For an average event, you would expect probably about 20% of tickets would go through a presale. You may have some



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tickets that are then retained by sponsorship, bands, artists or whatever. In terms of an average event, if you were to ask me how many tickets I would expect to go on sale at face value, then, between 50% and 70%.

Chair: Between 50% and 70%?

Chris Edmonds: Yes.

Q54 **Chair:** Where are the rest of them?

Chris Edmonds: There will also be some tickets held, be it by the venue or by the artist, management, or hospitality, commercial deals that may be in place. It varies hugely by artist or on a venue-by-venue basis in terms of how those work, and it depends upon the actual nature of the artist as well. I would say, 50% to 70%, on average, for most major acts. Those are the sort of tickets we would expect to sell.

In terms of some of the confusion that Professor Waterson highlighted in his review, you also have to understand that there are very few exclusive deals within the UK. As one of the main ticket agencies here, Ticketmaster will only see a percentage of those tickets. They will be sold across multiple sites, be it Ticketmaster, See Tickets, Eventim, Access and others or Ticket Factory. Whatever tickets are left at face value, dependent on the venue deal or who the promoter of the event is, they will be split across multiple channels.

Q55 **Chair:** Is that always the case? As Ticketmaster, will you have exclusive deals with a particular artist to sell their tickets?

Chris Edmonds: It depends on where the venue is. It depends on the artist promoter. It is specific, in that it is driven by the venue more than anything, in terms of the venue deal. We may get tickets from both the venue and the promoter, so that may increase the number of tickets we are selling as a business at face value.

Q56 **Chair:** For a major event, on average, how quickly do you think that event will sell out from the tickets that you have available to sell?

Chris Edmonds: Minutes. That is how this industry has changed radically over the past years, and we have talked about that previously. Whereas it used to take you hours or days to sell out an event, in terms of its web capability, you can see a major event now sell thousands of tickets per minute. One show at an arena can be gone in two or three minutes or less.

Q57 **Chair:** Can you understand the concern of fans, who might go on to your site looking to buy a ticket, who are told that there are tickets available but there is a link to a secondary ticketing site, which is part of your company, where it can be bought at a higher price and with a handling charge as well? Can you understand fans' concerns about the way that market operates?



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Chris Edmonds: Yes, I fully understand that, and it is at the heart of the problem in this respect. Wherever you have an instance where demand is far exceeding supply, for whatever reason—be it that the artist wants to price it at below market value—it creates concern, frustration and disappointment, and they are saying, “How could those tickets have sold out so quickly?” We monitor every major on-sell we do through our business. We can have hundreds of thousands of consumers queuing on our site to try to buy tickets for an event. I absolutely understand that.

The problem is, in terms of tickets then suddenly appearing on ticket resale sites and educating the customer that their tickets may have already been sold through a presale over the previous two or three days. At the moment, we still have the drama of the 9.00 am on-sell on a Friday. When a customer comes to our website, they have no real visibility of how many tickets are left. We may have a limited availability in terms of only 50% to 70% or less—depending on how those tickets have been split across the ticketing industry—so we can quickly be sold out.

Q58 **Chair:** Do you believe that these are all legitimate people buying tickets, who then decide within a matter of hours that they don’t want the tickets anymore and seek to resell them, or do you believe your system is being exploited by bots or by touts?

Chris Edmonds: The resale market exists and undoubtedly brokers, these powersellers, operate within that marketplace. One of the issues we focus upon on every single on-sale—and it is something you were talking about with your earlier group—is around bot activity. Every time we have a major on-sell, we see massive bot activity trying to hit our site. As a business we are pretty successful at stopping that, but our concern is, while we welcome this inquiry and greater focus on this, I am convinced that the rest of the UK ticketing industry fully understands or acknowledges the threat from bots in terms of brokers out there who could be potentially harvesting those tickets.

Q59 **Chair:** You will have heard calls this morning for legislation to ban the use of bots in the market. Is that something you would support?

Chris Edmonds: Yes. It is something we have been supporting for two or three years and we highlighted that back in 2014. It is a massive issue for us in the States, and the US is always a good indicator in terms of what is going to happen in the UK and across wider Europe. As a business, the statistic we talk about regularly across our global ticketing business is that we prevent about 5 billion hits a year. That is a massive amount of traffic trying to hit our website. These bots can have two aims. One of them could be to try to industrially harvest tickets. The other can be purely like a denial of service attack, trying to disrupt our business.

An example I talk about is the ticketing we did for the Rugby World Cup in the UK last year. We did 100% of the tickets on that, and the amount of bot activity we saw from Eastern Europe and from Asia was incredible.



In one month alone we estimated we had over 1 million hits from bots. That was one of the reasons customers were getting frustrated, and saying, "Why am I in a queue for so long?" It is something that happens regularly in our business. We have to throttle down the traffic that is hitting our website because what we are trying to do is identify who the bad guys are and shut them out.

Q60 **Chair:** Are you powerless to stop it?

Chris Edmonds: As a business, we are constantly investing and changing the technology around it in terms of preventing bots getting through. We believe we are pretty successful within the UK, but the levels of bot activity and the levels of sophistication are definitely increasing. My concern is across the wider UK ticketing industry because I do think there is a lot more we could be doing—both as primary ticket agents and as venue and event organisers—to focus upon that bot activity and make sure we are doing all we can to prevent bots from harvesting tickets and therefore ensuring that fans will have more access to face value.

Q61 **Chair:** We have heard a lot about transparency. Given that Ticketmaster is part of a group that is a major player in the primary and secondary markets, could your company not set a good example by insisting on transparency of people who sell through the secondary market, so that on Get Me In!, for example, people have to reveal their identity? That would be a very powerful tool to work against these people who you claim are distorting the market.

Chris Edmonds: It is one of the issues we are wrestling with at the moment, in terms of the Consumer Rights Act, and are very much asking for transparency around who the powersellers are in the industry. We are giving everyone within the business the opportunity to register that. Our resale business had an initiative of contacting these parties and asking them to declare their interests. As the earlier panel highlighted, one of the challenges we have at the moment is that we do have some powersellers who are already putting forward their identities and then they are becoming the focus of fairly high-level media scrutiny. We have this challenge of a disincentive potentially being created in terms of these guys being 100% transparent. We would welcome it, but I think it will be achieved most effectively through the whole industry—ticketing companies, resale companies and event organisers—agreeing that it is the right thing for transparency, and not automatically the risk of these guys being cancelled.

Q62 **Chair:** With respect, Mr Edmonds, this is not industry guidelines for best practice. This is the law. We are asking why, if you are one of the major players in the industry, you do not enforce the law.

Chris Edmonds: We consider that we are fully compliant with the law. For everyone who sells a ticket through the site, we put questions in place for them to declare their interest if they are a business seller, and if they are aware of block-row seat information, they should do it. The



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reality is—and this is what we submitted in our response to the Waterson review—we are concerned that the level of people who are putting in information is not what is expected, and there are reasons for that. Therefore, as a business, we have to try to work out a better way to do it. As a business, we could say, “Unless anybody puts exactly that they are a business trader or puts all that seat information, we refuse to accept their listings”. The reality is we will just drive those guys to offshore sites where they can resell those tickets elsewhere, and that will be in nobody’s interests.

Q63 Chair: You are being extraordinarily complacent in your attitude towards that, and I find your answer on that point extremely unsatisfactory.

Mr Peak, why is it that, if I was selling a ticket on eBay, I would have to declare my identity, but if I am selling it through StubHub I don’t?

Paul Peak: Of course, I cannot comment on eBay. I can only comment on StubHub, but we do have different registration flows. That said, what we did in 2012, in open consultation with the CMA, was to say, “How can we better educate the sellers and how do we better give them the opportunity to disclose themselves as business sellers on our site?” What we did—

Q64 Chair: With respect, it is not about education. They don’t want to do it. They are deliberately not disclosing their identities so they can do what they do. The question is: why do you not take enforcement action to make sure that, if people do not declare their identities, they cannot sell?

Paul Peak: It is an important principle for any marketplace, not only secondary ticket marketplaces, but also wider platforms that share an economy, that we are under no duty to monitor or police our sites. That is the incredibly important principle to maintain for e-commerce. Also, by law we are not required to police or monitor our site—

Q65 Chair: Sorry to interrupt. I want to be absolutely clear about what you have said. That you are under no duty to police your site.

Paul Peak: Correct. Secondly, in respect to your question regarding why we don’t do more for individual sellers, absolutely we would. If we have specific knowledge of a seller who is selling on our site as a business, that is not disclosed as such, we will absolutely take action against that. That said, let’s remind ourselves, under the Consumer Contract Regulations, it is the seller’s responsibility to disclose itself as a business.

Q66 Chair: Either way, you are making a nice little margin out of it as well. I am sure we will come on to that. A final point from me. This is not just a few rogue traders that are not disclosing their identities. Part of the evidence we have received, which we are publishing today, is from the England and Wales Cricket Board. Looking at the last Ashes series, over 90% of the test match tickets were being sold through secondary sites. The first on-seller of the ticket did not disclose their identity. This seems to be the standard operation of the market. It is against the law and no



one is doing anything about it.

Alasdair McGowan: Picking up on the point you raised about the percentage of tickets that were on secondary sites, we did some analysis for Waterson in terms of the major sporting events, because there had been an issue in the industry—in fact, it was discussed by a previous incarnation of this Committee—about whether they should have specific rules in place for major sporting events. We looked at the percentage of tickets for these major sporting events that were appearing on our site because that is what we have visibility over. In respect of the Ashes, for example, I think it was only 1.2%, and that was the highest figure we had for all the major sporting events.

For other events, whether it was Six Nations or the Rugby World Cup or the Ryder Cup, it was significantly less. I think it is really important to bear that figure in mind, because there are a lot of figures bandied around about the scale of the secondary market. On average—and these are the big sporting events—if we are seeing only 1% of the total number of tickets appearing on our site, compare and contrast that with some of the issues that Chris has rightly raised about tickets that are held back in the marketplace.

We have heard from the New York Attorney-General's report—they have some very interesting stats there—which shows that, on average, more than 50% of tickets never go on public sale. On average, about 16% of those tickets are held for industry insiders. We are not necessarily talking here about presales. We are talking about industry insiders having these tickets. As we have heard earlier today, they then go direct from the primary market to the secondary market.

Q67 **Chair:** To be clear, the reason I directed the question to Mr Peak rather than to you is because the ECB's statistics relate to test match tickets on sale on Seatwave, Viagogo and Get Me In!. The figure they provided, for the first week in July 2015 of Ashes tickets, was that 97% of the tickets being sold on those sites for test matches were tickets where the seller's identity was not disclosed. That is what I am saying. If you look at those statistics—and it does vary for different weeks during the summer—it is high and it is high all the way through.

Paul Peak: It is important to remember that 98% of our sellers on our site are consumer sellers. Those statistics are not surprising. They would be consistent with those numbers. 98% of our sellers are consumer sellers.

Q68 **Chair:** Even though they are not disclosing their identity, you know who they are?

Paul Peak: No. They declared themselves as private sellers, so 98% of our sellers have declared themselves—

Q69 **Chair:** That may well be, but in this case 97% of the people selling the tickets had not disclosed their identity?



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Alasdair McGowan: Again, I do not mean necessarily that—

Chair: It is all right. You can shrug your shoulders, Mr Peak, but those are the facts.

Q70 **Nigel Adams:** Would it not occur to you, if you have spotted that a particular seller was selling a large number of tickets—and I have too many examples to go through; we only have three-quarters of an hour—to follow that seller up and do some inquiries into them?

Paul Peak: I think it is a fair point. We cannot always find—

Q71 **Nigel Adams:** Yes or no?

Alasdair McGowan: I think we come back to the monitoring point.

Q72 **Nigel Adams:** Sorry. I will get to the point. Would it not occur to you or your team, if you saw something that looked a bit fishy on one of your sites, through one of your sellers who was selling multiple tickets, to investigate that seller?

Paul Peak: Absolutely not. We do not police or monitor our site and we are not required to do so. That said, I think Chris makes an important point, and this is something that we are definitely open to discussions on with the CMA and regulators, that if there is an industry-wide solution where there are X number of sellers, if you sell over a given threshold, then we start asking the questions that you suggest. I think that is a solution that we can look at. That said, Chris also makes a very important point that, if we accept that, we will drive a lot of these sales to overseas sites that will simply not comply with the law.

Q73 **Nigel Adams:** Can I just pursue this? The answer you have just given me there, is there not an alarm bell in your head going off saying, “We are going to look like Dick Turpin over this”? You are not prepared to police yourselves. What do you think consumers are going to think about a response like that? What do you think genuine music fans will think when they hear you say, effectively, “We are not bothered who sells tickets and how many tickets they sell on our site”?

Alasdair McGowan: No. Sorry. To interrupt, I don’t think that is what we have said. Like Ticketmaster, we have changed our site to make it possible for people to disclose the details, so when we ask people to give us their name, their address and their company registration number, we will then take that information and then we will automatically populate their listings with that data. We have changed our site to increase transparency. We also educate all our sellers about their legal obligations. We do have to maintain the principle here that it is ultimately the seller’s responsibility to meet their obligations. That is a really important principle, not just for tickets. This applies to e-commerce, it applies to online platforms and it applies particularly to the share economy. We have to be a bit careful here about imposing monitoring requirements on online platforms because it does raise a number of more fundamental issues about e-commerce law.



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Q74 **Nigel Adams:** Many people will be surprised by that answer. It is clear that there is abuse of this market going on. To be clear, you are saying you do not feel you have any responsibility to monitor who is selling tickets on your site?

Paul Peak: We have no legal responsibility to monitor our sites.

Q75 **Nigel Adams:** Do you have a moral responsibility at all, do you think?

Paul Peak: Clearly, we have a moral responsibility because we have made significant product investments in the last two years to provide the opportunity to sellers to disclose, to educate the sellers at various stages of the sale flow, to give information or guidance on the CRA and on the Consumer Contracts Regulations. It absolutely is something that we take seriously. Of course we do rely upon sellers to, one, comply with the law and secondly provide their information.

Q76 **Nigel Adams:** Do you believe that you follow the current Consumer Rights legislation?

Paul Peak: Absolutely.

Nigel Adams: You do?

Paul Peak: Yes. On that point we do everything that is required under the law to comply with the Consumer Rights Act.

Q77 **Nigel Adams:** Yes. It is just that I have screen-grabs here of tickets that are on sale for a Black Sabbath gig, which in my view breach UK consumer law, not just from your site but from others. There is no clarification on seat numbers on tickets. Is that within consumer law or are you breaching the law?

Paul Peak: No, absolutely.

Q78 **Nigel Adams:** You just said you follow the law.

Paul Peak: Absolutely let us be clear. You will go on to our site, and any other site, and you will always see instances of tickets being listed without seat and row information.

Q79 **Nigel Adams:** You are breaching consumer law? Your site is?

Paul Peak: No. Mr Adams, let me finish. There will be circumstances where that information—this is provided in the Act itself—is not applicable, such as, for instance, a general admission ticket. There may also be instances where that information is not available, and again that is something that is provided for by the Act. As a platform, we cannot be held responsible for information we simply do not have. Equally, on the sellers—and let us take a practical example here—if we take the Rugby World Cup, tickets were on-sold on a category basis with no information whatsoever on seat or row information. The sellers had no means of providing that information, and that is something that the Act itself contemplates. To your question: am I breaching the law? No.



Also under the Act what we are required to do is to take due diligence and necessary precautions in order to secure this information. Again, as Alasdair has said, we have done that. We have made significant investments on the back of the Consumer Rights Act to ensure that we prompt, educate and provide information or guidance regarding these obligations.

Q80 Nigel Adams: Just talk me through if I was to be listing on your site. Talk me through how you determine whether I am a business or a consumer. Is it a simple question: are you a business? What is it?

Paul Peak: You would go to a landing page that said, "Are you a private or a business seller?" We would give information or guidance at that point. Sorry. There would be an icon essentially that you would click on, and there we would set out information that allowed you, as a private person or a business, to make your determination in accordance with law whether you consider yourself to be a business or whether you consider yourself to be a private.

Q81 Nigel Adams: That is it? So it is a tick-box?

Paul Peak: It is a tick-box. It is, yes.

Q82 Nigel Adams: Is there any follow-up done at all to check whether—

Paul Peak: Absolutely.

Q83 Nigel Adams: When I go to America, I have to declare whether I have been involved in terrorism or moral turpitude or whatever it is. On the whole, I generally tick "No". I would like to think that, when I get to the kiosk, there are checks that are done by customs and border officials.

Paul Peak: There is additional information that we ask you in that process. The moment you click "business seller", we then start to capture business information, so we ask for your name, business name, your business address and your company registration number. What is important to note here is that we give business sellers no option but to disclose. We then take that information, we pre-populate it on the buy flow, actually on the very first page in which we display tickets, so as a buyer—I have examples here, Alasdair, that we can show—I will be able to see a link that says "seller details". I click on "seller details". A screen pop-up appears, and there we will disclose anything that the business seller has disclosed, so we will fully detail business name, business address and company registration.

Alasdair McGowan: This may be also worth mentioning here. There are additional checks that are done for all sellers. One of the things that StubHub does, and one of the things that makes it such a safe site, is in terms of having an incredibly low seller fraud rate, something like 0.02%. The reason we have that low seller fraud rate is because we first intermediate the payment between buyer and seller. Therefore, if there is any problem with the transaction, the seller will not get paid. In order to



intermediate that payment, we have to be licensed as a payment institution. As part of that licensing, we have a regulatory requirement to do due diligence on all our sellers. We will do automated ID checks. We will ask them to provide us with identity documents, passports and so forth. Beyond that, there may be additional daily screening that we do against a range of different databases. It could be OFAC, EU, UN sanctions; lots of different things. That is checking for things like anti-money-laundering and so forth. We are obliged by law and through regulation to do that. We make these additional kinds of screening checks on all our sellers.

- Q84 **Nigel Adams:** A final question to Ticketmaster, obviously part of Live Nation, a huge global interest. I notice from their results that the market for secondary ticket sales across Live Nation grew by 32% last year, whereas primary ticket sales revenue grew by just 6%. In cash terms, how much does that mean to Ticketmaster here in the UK? What are your revenues in terms of the primary market and the secondary market with the companies that you own?

Chris Edmonds: Without going into the actual details around the revenue, which I do not have to hand, which we could bring, but to give you some sort of context around it, the number of tickets that are resold through Get Me In! and Seatwave are single figure percentages compared with the amount of tickets we sell through Ticketmaster.

- Q85 **Nigel Adams:** In revenue terms, do they outweigh primary?

Chris Edmonds: The average revenue per ticket will be higher, but it is still a small part of our business. The core focus of what we do is still around primary ticketing. It is one of the things in terms of some of the points we have just been discussing. We are focusing upon the secondary market, whereas I do think a lot of the focus needs to be upstream, on companies like us and primary around the whole issue of how we get tickets to the fans and the transparency around the distribution model.

- Q86 **Nigel Adams:** I agree, but can you clarify, for everybody's benefit, do you make more money out of secondary ticketing sales or primary ticketing sales? Which is the most profitable arm for your business?

Chris Edmonds: On a per ticket basis it is hard for me to answer. I could get that information. What I would say to you—

- Q87 **Nigel Adams:** That would be quite useful. If I was running a business, I would know what the most profitable part of my business was.

Chris Edmonds: My primary focus is the primary ticketing business. Get Me In! and Seatwave operate as separate entities.

Nigel Adams: Yes, I appreciate that.

Chris Edmonds: But I would say to you also, in terms of the tickets that are sold through Get Me In! and Seatwave, 30% to 40% of those are sold at face value or below.



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Q88 Nigel Adams: I understand that the group's plan is to try to integrate primary and secondary ticketing. Given that we have spoken quite a lot about transparency for ticket purchases today, can you just explain to me how integrating primary and secondary ticket sites on to a single page is going to benefit the ticket seller in terms of transparency?

Chris Edmonds: The way it operates within the US—and it will probably come to the UK as well, as it was described earlier—is where you have one seating plan for a venue, where you have primary tickets with clear face values and those tickets that are being sold through the second market are differently colour-coded. That has been operating in the US now for probably about 18 months. That was quite a controversial and difficult decision to get through some of the venues and other event organisers in the US. The interesting thing is what we found is, once a customer is given full visibility of the choices of tickets that are front of them, be it face value or secondary, the conversion rate on the primary tickets increased.

It is one of the issues that has been highlighted today, that in the Professor Waterson review it is because you have a fragmented view in terms of what ticket availability is. If you give consumers clear choice, they will buy the ticket at the price they are willing to pay. Some customers say, "Look, for an extra £100, I know I can be right near the front. I am willing to pay that". Others will say, "It is not worth that. I will buy a face-value ticket at \$50 further back in the arena".

Q89 Chair: Thank you very much. If I can ask one quick question of my own, following on from Mr Adams's questions around process. Presumably on the secondary platforms you can monitor transactions, the amount of money someone is making out of sales through different identities, through different bank accounts. Would you refer to the police any suspicious activity on your sites that might lead you to believe that there was someone who was trading in breach of the consumer legislation?

Alasdair McGowan: We have a clear legal responsibility under the Consumer Rights Act to report criminal activity.

Q90 Chair: Can I ask, with regards to the ticketing market, has that ever been done?

Paul Peak: We have an established relationship now with ActionFraud. What we needed was a centralised police enforcement unit—and that is provided for in the Act—to allow us to report instances where there is criminal activity. Yes, we do have that process and we are working very closely with ActionFraud.

Chair: Has that been used? Have you done it?

Paul Peak: Have we reported any cases? I do not have that information to hand, but I can check.

Q91 Chair: Mr Edmonds, would you know for Ticketmaster's businesses?



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Chris Edmonds: In terms of both primary and secondary, obviously we have zero tolerance in terms of any criminal activity. Fraud, thankfully, is very rare across our business.

Chair: Sorry, lots of people want to come in and we are almost out of time. Are you aware of any cases where you have referred trading to the police or to the fraud squad as being suspicious?

Chris Edmonds: Not recently, no.

Chair: Or at all that you are aware of?

Chris Edmonds: I do believe we had an instance two or three years ago where we identified somebody who we thought may be using a bot within one of our resale sites, at which point we engaged with them and that person was banned from ever using our site again. That is one of the things we have across our business, zero tolerance around bot activity.

Q92 **Christian Matheson:** I have a couple of questions, gentlemen. Can I just clarify your business model? You make a percentage on the amount of the value of the ticket that you sell, is that correct, on both primary and secondary sale markets?

Chris Edmonds: On primary tickets we charge a per ticket booking fee, an order processing fee, which is agreed with whoever the client is, be it the venue or the promoter. For our primary business, that averages about 11%.

Q93 **Christian Matheson:** Gentlemen, again, so you charge a percentage of the face value?

Paul Peak: Correct.

Alasdair McGowan: Sorry, just to be clear, on the resale price that would be a mixture of buyer fees and seller fees. I think it would be a 50% seller fee and a 10% buyer fee. I think that is consistent with Seatwave and Viagogo and Get Me In!.

Q94 **Christian Matheson:** So you would make a bigger cut on a Robbie Williams ticket going for £800 as opposed to, say, £150? You would make more money if the sale price was higher?

Alasdair McGowan: Very simply, yes, but whether we sell 10 tickets at £100 or 20 at £50, we arrive at the same number.

Q95 **Christian Matheson:** Yes, but there is an incentive, therefore, for you to sell more tickets on the secondary market because you get a bigger return for them.

Chris Edmonds: On a like for like basis, if you looked on a per ticket basis, you could say that, but the reality is, when we are given tickets for a concert like Robbie Williams, we have a contract with the promoter, who tells us at what price we can sell those tickets, which is at face value plus a normal booking fee. In the business—and it was referred to



earlier—we have never and would never move tickets from primary to secondary. We would be in breach of our contract from the very source of the tickets. We always sell them on that basis.

Alasdair McGowan: I think it is also worth making the point that on our site, up to 40% of tickets at any given time will be listed at either face value or below. In the US, which is a kind of more developed market, that figure would be even higher. It is also important to remember that the prices will decrease quite dramatically as you get much, much closer to the event. You can get some incredible deals if you go on to some of our sites at the very last minute; you can get it way, way below face value. I think consumers are becoming savvy about this and they realise that they can get those sorts of deals. We are now seeing, I think, 25% of tickets being sold on our site coming at the last 72 hours. I am making the point that we should not assume that people will always be buying these tickets at higher volumes. We have an incentive to deliver as much value to our customers as we can, otherwise they will not come back.

Q96 **Christian Matheson:** I am trying to get my head around the business model. Mr Peak, you have mentioned that 97% of your sellers declare themselves as consumer sellers. You also described to Mr Adams the verification process that you go through to make sure that that is the case. What is the percentage after the verification process? How many do you weed out?

Paul Peak: I think I understand your question to say after a business or a private go through the cell phone—

Christian Matheson: After you have verified them, all the stuff you ask people?

Paul Peak: We have to make a distinction here between what verification checks we do under the payments licence and what verification we do outside that. Verification on the payments business is very clear. It is limited to identity, so all our sellers, regardless of how you disclose yourself, will go through an automated check. That would check your identification. It will also check for things, like OFAC, the San banned list to make sure that we have legitimate sellers on our sites. Outside that, there are limited touchpoints between us and our sellers. The sellers own the tickets. They set the prices for their tickets. They provide the information for the tickets. We provide a platform; no different from eBay.

Q97 **Christian Matheson:** The verification process does not verify whether somebody is, indeed, a consumer seller that they have self-declared as. It does not check the veracity of that statement?

Paul Peak: Absolutely. We do not verify, so we do not ask for additional detail from the seller to prove whether they are private or whether they are a business.

Q98 **Christian Matheson:** Should you?



Paul Peak: We are certainly not required to by law.

Christian Matheson: Forgive me, I know you are a lawyer, so I don't blame you for falling back on that particular defence, but try to throw off that legal language.

Paul Peak: I will answer your question direct. Should we? If we have an industry-wide solution that mandates this, absolutely. This is something that we spoke about with the CMA many months ago. If it is back on the table, we are certainly open to discussions. That said, we do have a concern—the same as Chris—that what this will do is drive traffic or drive business sellers to sites that don't operate in the UK, and they will not make those disclosures.

Alasdair McGowan: Can I make a general point here? I understand some of the concerns that have been raised today, but I do think we have to recognise that the secondary market predates StubHub; it predates Get Me In! and Seatwave; it predates the internet. This market has been around for a very, very long time. Even if we all decide to pack up our bags and go tomorrow, the market will still exist. The issue for the Committee and for policymakers is: do we want this trade to be happening on safe sites like ours, which have low fraud rates, which have customer guarantees? We guarantee every single transaction so that you know that, if you buy a ticket, you are going to get into the venue.

Any problem with the transaction, in the first instance, we will endeavour to get you a ticket that is as least as good as the one you purchased. If we cannot get you that, then you get a full refund. That is a really clear customer guarantee. If we don't exist, where is the trade going to go? It is going to go to the streets; it is going to go to other parts of the internet. It will go to Facebook. It will go to Twitter. It will go to all sorts of different places. That cannot be right for the consumer. It cannot be right in terms of tackling fraud. We have to be really careful here that, if we keep on regulating and regulating and regulating, we don't drive that trade off our site.

Q99 **Julie Elliott:** I have to say, I am more than a little bit alarmed, listening to the evidence. It is clear as mud how this market operates. Mr Peak, as my colleague has said a few times, you keep saying, "It is not a legal requirement". You have said you don't police your site. How on earth can you know with any real belief that what you are saying is accurate if you don't check who people are, that they are who they say they are? How do you know that this is not criminals selling tickets, stolen tickets? How do you know that is not the case?

Paul Peak: There is a good question here and we need to address the elephant in the room. That is, the current landscape that we operate in is an open market. It is perfectly legal to buy tickets in any volume and to resell those tickets, like any other commodity. Like Alasdair said, the market exists. It will continue to exist. That said, we talk about transparency and forcing these sellers to disclose themselves as



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businesses, but that should not be a means for event organisers in the primary industry to close down the secondary, because that presupposes that the secondary should not exist in the first place. We have already had the Waterson review, which has rejected any further regulation in this area.

Alasdair McGowan: Can I make an additional point? If I heard you correctly, I think you were concerned that there were not sufficient checks.

Julie Elliott: I am concerned about what Mr Peak has said.

Alasdair McGowan: From your question, my understanding is you were concerned that there were not sufficient checks in place to check whether someone is a criminal. What we have been saying is that we are doing an awful lot of checks in terms of compliance with Know Your Customer rules, automated ID checks and additional ID checks on top of that. The fraud rates are incredibly low as a result; 0.02% is incredibly low.

Q100 **Julie Elliott:** What are these auto ID checks?

Alasdair McGowan: These are checks that would be done when somebody initially comes on to our site and once—

Julie Elliott: What are they? What kind of checks are they? What kind of checks do you do?

Alasdair McGowan: Automated ID checks.

Paul Peak: For example, Julie Elliott would register on our site as a seller and you would input your details. Obviously, at that point we have your name and we have your address. We would run that then against databases.

Q101 **Julie Elliott:** What kind of databases?

Paul Peak: Databases, for instance, to see whether you have criminal prosecutions or criminal convictions—that is an example—or whether you have past instances of fraud, whether you are on a banned list, for instance, from OFAC or similar. They are the type of checks that we would run. Again, it is something that is done at the point that you come on to our site.

Alasdair McGowan: I would make one further point, which is we have changed our site to increase transparency. Some people say maybe we need to go further. We have said today we are open to those discussions, but I would also make the point that we are being asked to make changes to our site and to increase transparency on our site. What about the primary market? You heard earlier about some of the contractual relationships that exist between the primary market and the secondary market. Where is the transparency there? We made a very clear pitch to Waterson that we think there needs to be a transparency requirement



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placed on event promoters to say what percentage of tickets go on public sale, because, at the moment, we have no transparency in this respect.

There are other laws one could point to, for example, in Australia. There are rules in place there whereby, if somebody wants to restrict ticketing for a particular event, they are obliged to provide details of the overall ticket manifest. I think that would be helpful. I know some people will say, "Look, ultimately, we cannot divulge contractual relationships and these are commercially sensitive", but I would simply say, if I look at the RFU, the RFU has in the past published data with a breakdown in really quite granular form how tickets how allocated, what percentage goes to corporates, what percentage goes elsewhere. I don't see why we can't have some similar requirement placed upon the primary market, because we have to get transparency here.

Q102 Julie Elliott: Mr McGowan, you are talking about the primary market. We are here to ask you questions about what you do, not your view on other bits of the market. We totally accept this is an issue that goes right across the whole gamut, but you are here to answer our questions on your businesses.

Alasdair McGowan: Understood, yes.

Q103 Julie Elliott: A few of you have said that about 30% to 40% of resale tickets are sold at face value. What is the highest mark-up your sites sell resale tickets at? What is the highest percentage mark-up?

Alasdair McGowan: I am not sure I know.

Julie Elliott: Can you look into that and then send us the information?

Alasdair McGowan: We can provide you with figures.

Julie Elliott: All of you?

Chris Edmonds: Yes, no problem with that.

Paul Peak: Yes, of course.

Q104 Julie Elliott: I also want to come back to Mr Edmonds. Do you check with your resale companies—not with Ticketmaster, with your resale companies—where the seller gets their tickets from and how they get them?

Chris Edmonds: No.

Julie Elliott: Why?

Chris Edmonds: We don't have visibility. Our metrics, in terms of whether we should be allowing that person to sell the tickets, is whether they deliver. If it is a broken delivery, that is less than 1% across our business.

Q105 Julie Elliott: Do you think you should check that?



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Chris Edmonds: As I say, the consumer issue at play there is in terms of whether—

Q106 **Julie Elliott:** No, but let us say the tickets could be stolen. How do you know they are not stolen if you don't check where they have come from or how people have bought them or how many they have bought? How do you know they are not stolen?

Chris Edmonds: We will know that in terms of when the consumer—the buyer who gets the tickets—gets into the venue whether there is an issue. The reality is, if I looked at this year to date, there have been less than 1% of issues around that. The levels of fraud are very low.

Q107 **Julie Elliott:** I want to come on to what you said about fraud. You said that you had one instance two or three years ago where you reported something. How many tickets has your company sold in the last two years, which would be at narrowest margin the time since you had reported a fraud?

Chris Edmonds: It will be hundreds of thousands of tickets potentially.

Q108 **Julie Elliott:** As low as that?

Chris Edmonds: Yes, because in reality, as I say, our primary business in the UK will be—

Q109 **Julie Elliott:** No, not your primary business, your business, Ticketmaster, Get Me In!, Seatwave, all of the companies that your business owns, how many tickets? You have sold hundreds of thousands in two years?

Chris Edmonds: No, in primary we will have sold over 10 million tickets and then across Get Me In! and Seatwave there will be hundreds—

Q110 **Julie Elliott:** You have not reported one instance of fraud in that time?

Chris Edmonds: We have only one case that I can think of now—and I can come back to the Committee with further information—where we have had a known fraud.

Q111 **Julie Elliott:** Do you think that would reflect the reality of what is going on in the market?

Chris Edmonds: It reflects in terms of: since we entered the resale market, in 2008 and 2009, at that point levels of fraud within the resale sector were very high and we worked with the market to introduce greater levels of checking and protection for the consumer. That is what we say. If people want to buy tickets through the resale market, they should be able to do it within a safe marketplace. That is the metric of success.

Q112 **Julie Elliott:** What you are not telling me is that they are doing it in a safe marketplace. I find it hard to believe that in two years, with millions of tickets at play here, there has not been an instance of fraud. I find that



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quite hard to believe. Do you think that is an accurate reflection of your business?

Chris Edmonds: As I say, I can go away and check that but, in terms of—

Julie Elliott: No, I am asking your view. Do you think that is an accurate reflection of what is going on here?

Chris Edmonds: In terms of fraud instances, you probably had the one player I was talking about who had a high volume of tickets associated with them. In terms of zero tolerance, if somebody fails to deliver tickets or we think they are engaged in any fraud or criminal activity, we don't allow them to trade on our business.

Julie Elliott: I will ask you again: do you think that is an accurate reflection?

Chris Edmonds: It is an accurate reflection of our business. I cannot speak on behalf of the wider industry, but I do think over the last—

Julie Elliott: You think in two years, with millions of tickets in play, there has been no fraud at all in any of that?

Chris Edmonds: No. As I say, I think across other sites there may have been instances.

Julie Elliott: No, in your business. I am talking about your business.

Chris Edmonds: In our business, we have very limited instances of fraud.

Julie Elliott: You think there has been no fraud in the last two years, with millions of sales of tickets?

Chris Edmonds: As I say, I think there has been one instance with one player—

Julie Elliott: No, you said that was two or three years ago, after that instance.

Chris Edmonds: I can go away and check, but that is my view. I am not aware of any major instances around fraud.

Q113 **Julie Elliott:** Mr Peak, in your business, how many times have you reported fraud in the last two years?

Paul Peak: Again, the same position, I don't have those statistics. I am certainly happy to provide them to the Committee.

Q114 **Julie Elliott:** Do you think what has been described, that there has been no fraud in millions of tickets, if you are not checking where the tickets come from and how people have obtained them, there is no fraud in that?

Paul Peak: We need to distinguish the business here. We are not talking about millions. We operate in the secondary business. It is several



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hundred thousand. Importantly as well, remember that, as a seller, there is no incentive to engage in fraudulent activity on our site. The reason for that is because, first, we don't pay the seller until after the event. Secondly, to the extent that we then, under our FanProtect guarantee, go to the market and try to get comparable tickets, we pass on any costs associated with that directly to the seller. The reason why you see fraud on our site, and also Ticketmaster and other sites, is incredibly low is because there is no commercial incentive to engage in fraudulent activity.

Alasdair McGowan: To speak to your broader point, we would accept that, off our sites, there is an issue in terms of fraud. This is an acknowledgement. One of the reasons why sites like ours have evolved is precisely because consumers did have issues elsewhere in terms of getting tickets and were getting defrauded. The fraud rates that we are seeing, you ask: does this feel accurate to us in terms of our sites? It does because, ultimately, if consumers have a problem, they will tell us about it. We have given them a customer guarantee. We will end up paying out if there is a particular problem, so I feel completely confident about the accuracy of our figures.

Q115 **Julie Elliott:** Can I come back to the automated ID checks? What you have described is basically that people need to give a name and address. It did not sound to me as if you did any checks on whether that person was a real person, or that they lived at the address that they are giving you. It sounded to me as if you were simply checking that they were not on any kind of criminal watch list. Is that right?

Paul Peak: I don't have all the details as to what checks and databases we use in terms of every seller on our site. I am certainly happy to send that to the Committee. That said, I do think we need to remind ourselves that the reason why we do those checks is not because we pick and choose what types of checks we do on different types of sellers. It is a legal requirement, so as an entity we are a licensed entity.

Q116 **Julie Elliott:** You are constantly telling us this is a legal requirement and that is not a legal requirement. That is, to be fair, because you are a lawyer.

Paul Peak: I want to give you the background so you understand why we do those checks.

Q117 **Julie Elliott:** My concern is that there seems to be a huge amount of trust that you put into the person coming to your site to sell something. First, as Mr Adams said, it is up to the person to declare whether they are an individual or a company, a bit like the checklist that you do when you enter other countries. That is the first element of trust. To me, there is nothing stopping a slightly dodgy business ticking that they are an individual, saying that they are Joe Bloggs at 10 Corporation Road, as long as it is actually an address. It does not seem to me that what you are telling me is that you are doing any checks that first, Joe Bloggs is Joe Bloggs, and secondly, that they are resident at an address of 10



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Corporation Road.

Alasdair McGowan: Can I intervene, because I want to make two—

Julie Elliott: I am asking Mr Peak.

Alasdair McGowan: We are both in the same company in regard to the question.

Chair: No, with respect, Mr McGowan, the question has been addressed to Mr Peak. Let him answer it.

Alasdair McGowan: Apologies, Chair.

Julie Elliott: Mr Peak is the person who is answering at the minute and said these things. I am happy for you to add on once he has answered.

Alasdair McGowan: I am sorry, my apologies.

Paul Peak: I don't want to reiterate myself here, but the position is very clear. We are not required to monitor or—

Julie Elliott: No, I know you are not. I know that.

Paul Peak: More importantly, again, we come back to this: we had this discussion in the past and we are open to discussions to come up with a solution where we better mandate business disclosures on our site. That is something that we discussed in the past and it is certainly something that we are open to in the future, as Mr Edmonds has said today. I do have genuine concerns that we are asking for transparency on the secondary market, and that cannot be used as a mechanism to close down the secondary market, because that presupposes that it is illegitimate or illegal to operate and sell tickets on the secondary market and that is not the case.

Q118 **Julie Elliott:** Nobody has said that, but you have not answered my question that I put to you: what are you doing to check these people are the people they are saying they are? It appears that you are not doing anything to check that. Mr McGowan, do you want to add to what—

Alasdair McGowan: Yes, sorry. First, I don't think that is true or fair to say that we are not doing checks. We have been very clear we are doing checks, so we are doing ID-related checks about their identity. In addition, I would make the point—

Q119 **Julie Elliott:** What are you doing that Mr Peak has not said you are doing?

Alasdair McGowan: Can I finish my point? The second point I would make is that I don't think it is right to say that we are taking people on trust. At the end of the day, our business model is incentivised against somebody engaging in fraud on our platform, for the very simple reason that, if the tickets don't turn up, they don't get paid. There is a reason why we have not had a single case of counterfeit, for example, in 2015 or



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2016. If you are a seller and you are trying to engage in fraudulent activity on our site, you are not going to get paid, because we don't pay you until after the event. I think that is a really powerful tool in terms of tackling fraud, and I think possibly we can see we may have similar—

Q120 Julie Elliott: You are missing the point that I am trying to get at. I am not asking about counterfeit tickets. That is an entirely separate issue.

Alasdair McGowan: You are asking about fraud, though.

Julie Elliott: What I am asking about is: how do you know where these tickets come from? How have people gained those tickets? Are they real individuals selling those tickets on? There is nothing that you are telling me that says you know anything about that or that you have any interest in finding that information out.

Alasdair McGowan: I am not sure that is true. There are two issues there. There is one about the individual and then how they get hold of tickets. On the first case, I do think we do an awful lot of checks with individuals, similar—

Julie Elliott: You keep telling us that, but you are not telling us what they—

Chair: We might move on now. Andrew Bingham.

Q121 Andrew Bingham: Thank you. I want to take you back. First, Mr McGowan, you said we, as legislators, have to do this, that and the other to make this secondary market work. I think as an industry you have a lot of responsibility, but the questions are to Mr Edmonds.

You said earlier about how we should look upstream, so I am going to refer back to what I mentioned in the earlier session about the Phil Collins concert at the Royal Albert Hall, which was presented by Live Nation. Are you the promoter in that, as Live Nation?

Chris Edmonds: Live Nation, yes, will be.

Q122 Andrew Bingham: It says, "Live Nation presents" so you promote the concert. It says on the website, "Tickets cannot be exchanged, resold or refunded, sold by third parties" etc. Then you go on your other website, Get Me In! and there are tickets here that are £1,127.50 each, for which two tickets would cost £2,200, for which you would take a processing fee of £419. That suggests the answer to the question you could not give Mr Adams, where you said about your revenue stream that you sold a lot more tickets in the primary market and a lot less in the secondary market, but your cash revenue was higher from the secondary market. As a company, you have at least two bites of the cherry there, because I presume Ticketmaster was selling the primary sales, so you have three bites at that cherry. For you to sit here and say—as Mr McGowan has said—that, as a legislator, we need to do this, that and the other and look at this, do you not think as an industry you have some responsibility when you are faced with those facts? That is one concert on one day at



the Royal Albert Hall.

Chris Edmonds: I do think that is where we, as a business in the industry, should do better and should be more effective.

Q123 **Andrew Bingham:** You should do something, I would venture to say.

Chris Edmonds: It is absolutely right. For a major artist like Phil Collins—and I think Take That was mentioned as an example earlier—we know when we put those events on sale that demand is far going to exceed supply. The most effective distribution of tickets, which reduces the number of tickets that are appearing on our sites and other resale sites, is where there is a thoughtful ticketing strategy in terms of how you get fans to register.

Maybe for the Royal Albert Hall event there, we have missed an opportunity on that, but something like with Robbie Williams, another artist we have worked with—we have worked with Radiohead, we have worked with Muse, we have worked with Robbie Williams and Iron Maiden, which was given as an example earlier—is where the artist or the promoter has come to us and said, “We don’t want any ticket resale here”.

Q124 **Andrew Bingham:** I am sorry to cut across you—I am conscious of the time—but I would make two other points. First, the main site, “Live Nation presents” and it says on this site, I am looking at it here, that you cannot resell these tickets. You are telling the consumer they cannot resell the tickets and then your company, lo and behold, is reselling the tickets. How do you square that? You have one leg of the company saying you cannot do it and the other one perpetuating it.

The other point I would ask you, I don’t know how much these tickets were, but it says the original face value of these tickets was £520. I don’t know the answer to that. I would like you to write to us and tell us what the actual face value of a ticket to see Phil Collins, on block F, row 5 was. I would venture to say I am not sure it will be £500.

Chris Edmonds: I am not fully aware of the pricing on Phil Collins.

Q125 **Andrew Bingham:** No, but I would like to know. I repeat the question: one of your websites says you cannot resell it and then your other website is perpetuating the resale, so what is right, what is wrong and why are you allowing that to happen?

Chris Edmonds: There should be a consistent message. I am happy to go away and look at that because, as a company, within our resale business, if there are specific terms and conditions—which has happened on other events during this year—we will make sure they are highlighted on the resale site.

Q126 **Andrew Bingham:** It is not there, is it?

Chris Edmonds: No, exactly. I welcome—



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Andrew Bingham: I have the two websites side by side here. One says you cannot resell and on the other one you can.

Chris Edmonds: I will clarify to you on the pricing and around that issue as well.

Q127 **Andrew Bingham:** The pricing you can clarify, but I don't see how you can answer the question that I have thrown at you that you have two levels of the same company doing diametrically opposite things. You ask us to try to legislate to make this market work. I do agree. I am in favour of secondary ticketing, but it is being abused. I am sorry, but the way I am sitting looking at this example, you are not helping yourselves. If you don't do it, we may legislate and we may get it wrong but you have to play your part, and doing that is not playing your part.

Chris Edmonds: We fully accept our responsibility.

Andrew Bingham: Do something about it, I would say.

Chris Edmonds: That instance I will focus on, but also the other examples I have referred to—and we are engaged with many artists and promoters right now who are looking to us to deliver effective ticket distribution models that limit the level of resales—that does not conflict with our business at all. That is how we think this business will evolve. I am a believer that, ultimately, technology will sort this problem out, whereby you will know the identity of every person within a venue. The ticket is on their mobile or it is a credit card or a debit card that gets them in there, and that will deal with it. As a business, we are investing in that and pushing forward on that.

Q128 **Andrew Bingham:** At the moment, the secondary ticketing looks like a cash cow, given you are going to make £419 on a couple of tickets here, whereas your primary sale—I don't know what the tickets were. When I tried it was about £100 or something. Basically, you are going to make more facilitating a resale that you are saying you are not allowed to do. That is the problem. It is a cash cow for you.

Chris Edmonds: There is a conflict of interest there that you have highlighted around that specific event. I am happy to go away and look into that.

Q129 **Chair:** With a case like that, presumably it would be within the remit of your company to go to the person selling it on Get Me In! and say, "You are selling a ticket in a secondary market when there is a prohibition placed on that. We are going to ban you from our site. We are going to cancel them and we are going to ban you from the site".

Chris Edmonds: That is what we do on events where we know there are restrictive terms and conditions in play, or it is paperless or you need the identity.

Q130 **Chair:** Also your business can find out who that person is.

Chris Edmonds: Absolutely.



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Q131 **Chair:** Can you tell us: is that something that you do, ban people from the site because they are in breach of terms of trade?

Chris Edmonds: We will not ban them. We will prevent them from listing and take the listing down. All that will happen is that person will potentially move to another resale site, but we don't allow someone to resell tickets if we think it is specifically in breach of our guidance. We will not allow them to list the ticket.

Q132 **Chair:** I want to clear this up. You proactively do this; it happens all the time?

Chris Edmonds: Yes, there are many events, and we are approached by event organisers saying, "There are issues around this". We talked about an example where we know paperless ticketing may be offered or a similar model is being offered by another ticketing company and, therefore, we will not allow tickets to be listed.

Chair: I am talking about your own sites. Mr Bingham has brought this to your attention. Clearly, no one at Ticketmaster or Get Me In! is monitoring it because it is freely going on.

Q133 **Nigel Adams:** Mr Edmonds, you mentioned Iron Maiden. It is great that a band with such global appeal is taking a stand on this, and fantastic again that You Me At Six are prepared to stand up and speak out on this. They don't want to see tickets on secondary resale sites. A couple of weeks ago—whenever it was—the Q Awards, which I think StubHub sponsored, artist after artist stood up. I have a couple of quotes here. I will not read out everything that Dan from Bastille said, because it is before the watershed—literally every other word is a swear word—but artists are speaking out. James Bay, who is not known for being overly outrageous, is apologising to fans for ever having to deal with secondary ticket sites and he wants to see an end to them. What is your view on this? Clearly, you can make it work with Iron Maiden. Do you feel that this whole market needs to be remodelled? Is there a need for secondary ticketing sites that are, by the look of it, appearing to exploit genuine music fans?

Chris Edmonds: Secondary markets fulfil a demand for some customers who don't buy tickets when tickets first go on sale or are willing to pay a market price. I go back to my other point: what you are referring to, I do believe that, through technology and through ticketing companies behaving in a smarter manner, being more effective in distribution models, we can limit the number of tickets that leak through to the secondary market.

Q134 **Nigel Adams:** We mentioned Twickets earlier on; those are tickets that can only be bought at face value plus a handling fee. Is there not an argument for saying that any ticket that is resold, and there are genuine reasons for wanting to resell a ticket, should that not be a case where tickets are sold at face value plus a reasonable handling fee?



Chris Edmonds: Historically, we have offered some of our clients face-value ticket exchanges over the years. We have particularly done that on some of the major sporting tournaments we have been involved in. It works on some events but the reality is that, if you put any caps on pricing or offer face value, it drives sellers to other sites. You have various types of sellers. You have the brokers who are securing tickets, where we have greater transparency in how they are accessing those tickets. You have a lot of consumers who are buying four or six tickets, and they have it in their mind that they will resell two or three of those above face value to pay for their tickets and pay for their night out. We are finding that more and more consumers are moving in that space, and that the percentage is moving to more consumers and the brokers within the UK.

Q135 **Nigel Huddleston:** I want to dive into this business model and the incentives and where the decisions are made a little bit more in this. You mentioned earlier, Mr Edmonds, that, if an artist wants to sell at below market value, they are free to do so. The implication there was that perhaps the artist will want to sell tickets to their fans at a price that otherwise could be much higher. Can we read into that, therefore, if we see a ticket at a considerably inflated price that the artists have approved that? Have the artists allowed for or given permission for prices of their tickets at their events to be sold at significantly inflated prices?

Chris Edmonds: We do work with some artists where we offer a dynamic pricing model, which we find has a major impact in terms of the number of tickets that are then resold through the resale sites. Normally we would take something like 10% of the best seats in a house and value them. They can be purchased via the Ticketmaster main website, so we maintain availability. The issue with resale comes from when people come to our site and they find we have nothing left, we have sold out, and they go to our resale sites. We think a dynamic pricing model on a limited number of the tickets is a very effective response to that. We are working with one artist at the moment, whereby we are openly and transparently listing those tickets within Get Me In! and Seatwave, saying, "These are official artist tickets" through there, because that way you can affect the pricing within the resale market places and capture the value from the resale sector. That goes direct back to the industry.

Q136 **Nigel Huddleston:** I get that, but going back to the question that Julie Elliott asked earlier, if you are having conversations with artists about this, do you have a conversation saying, "Okay, we will allow there to be some market inflation on this, but we will set a cap, because we don't want to rip off our fans"? Do those conversations take place?

Chris Edmonds: As I say, we found caps don't really work and it has to be generated by the market, but every conversation we have with an artist or a client is different. We have some clients who will do a mix of paperless ticketing on the front rows of an event so they know exactly who those fans are. It is not the VIP brigade who are buying tickets for those events, but, within the same venue, we can be doing dynamic price



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VIP ticketing. All those things can come together to be effective distribution.

Q137 **Nigel Huddleston:** If you see a ticket for Take That or whatever multiple times, then it is not Take That's fault necessarily?

Chris Edmonds: No. "Dispatches" a few years ago shone a light on that in terms of our industry. The business stepped back in the UK from that and now they are looking for greater transparency. That is why we say we are now currently pushing. You can still have listings within Get Me In! and Seatwave, but they should be officially sanctioned, completely transparent listings, advising the customer who those tickets are coming from.

Q138 **Nigel Huddleston:** Mr Peak, I want to understand the business model and the incentives. You set processing fees, which by the way imply that there is some cost in that, rather than commission-based, but some of the processing fees can be hundreds of pounds on some of these secondary ticket sales. If it has been set as a percentage of the ticket price, your inbuilt incentive in your business model is for those secondary ticket prices to be the highest they possibly can be. Is that good for music fans?

Paul Peak: First, I don't accept that. Bastille is a perfect example. Bastille is currently at the O2. A lot of the tickets currently are 50% below face value. Take That, another perfect example, the primary themselves sold 29,000 tickets directly via the secondary and profited from that sale. Are we incentivised for high prices? No, we are not. That said, if we look at what dictates price, it is as simple as supply and demand. We don't control either. If you look at demand, there will always be demand for popular, attractive events: Rugby World Cup, big theatre shows. Then if you look at the supply angle, we have already seen today that 1% of the available tickets end up on our site, so the question I have is if you really want to serve consumers, we need to look at the 99% that don't come on our site.

Alasdair McGowan: Can I add to that and make a couple of points? There are lots of things that the primary market can do in terms of better matching of supply and demand. There are decisions that artists and event organisers take about how many tour dates they do, how big the venue is that they play. Sometimes they will make a conscious decision to play an intimate, smaller venue. I understand that but, of course, that is then going to create some supply issues. There are decisions that you can take there.

Also the root of the problem here is that it is incredibly hard for fans to get hold of tickets in the first place, because we have this kind of winner takes all model, where when you are trying to buy a ticket—and this isn't a criticism of Ticketmaster, it is more a general point about the industry—frequently they put all the tickets on sale at a given time and they don't have it in tranches, whereas if you put it in tranches, there is a chance



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that you could manage the demand burden. If I know that there are going to be tickets put back on the primary market further down the track, and I think, "Well, am I going to pay this price on the secondary market?" you can manage out the load a bit more effectively in terms of demand. Those are some of the decisions that the primary market ought to think about.

- Q139 Nigel Huddleston:** We have come across today several incidences and several examples that are causing a lot of brand damage to your industry in quite a significant way. A couple of the options we have been discussing have included banning bots and making bots illegal, but another one is this multiple of ticket prices. I will leave you with this example here. I have looked again at Get Me In!, 29 November, 7.00 pm, a Justin Bieber show at O2. There are tickets on sale with a face value of £70 that are going for £1,650. That is more than 20 times the face value, and you are taking £610 commission for two ticket sales or a processing fee in that. That doesn't sound to me like providing a service to fans; that sounds like straightforward ripping off fans. You need to seriously think about whether that is a business model you want to support and continue.

Paul Peak: Mr Huddleston, what I would say to that is it is a fair point. That said, there is a big difference between the list price and sale price. Probably the reason why you see that ticket on Get Me In! or any other site is because it is probably not sold. Again, a fan or a consumer will only pay what they are willing to pay and what they consider a fair price for that ticket.

- Q140 Nigel Huddleston:** The British public would understand it more if you said, "We will cap it at X times multiple" or something like that. You would do yourself a lot of good if you went down that route.

Chris Edmonds: I also think that Justin Bieber is a classic example of probably one of the most popular artists—people want to see him right now—whereby when tickets were offered to the public, something should have been in place.

Nigel Huddleston: Mr Edmonds, I will go back to the question I was trying to get to at the beginning. I don't believe Justin Bieber thinks that is a good way to service his fans, but the dynamics of the decision-making I am really concerned about. This is doing damage to you, but it is also doing damage to the artists themselves. Coming to a reasonable conclusion that the British public could understand I think would be a sensible route out of this dilemma.

- Q141 Chair:** I think this is a reminder to us. We started with this as well. We are not seeing a perfect primary market operating. One of the reasons that tickets are never really in the primary market is that they are controlled by people who harvest them at the point of sale. They are not sold out by consumers, consumer demand. They are taken away from the consumer straight away and then released at much higher prices through



the secondary market. Part of our discussion has been our concern about the fact that that is not policed in any way.

Mr Brown, you have been sitting there very patiently while we fire our questions at the rest of the industry. Just going back to the primary sellers, we have been asking probing questions of the secondary market, but does the primary market need to do more to try to protect the sale of tickets and be smarter in the way it uses technology to do that?

Jonathan Brown: Absolutely, is the answer to that, I think. The examples that have been used—Iron Maiden as an example again—where technology and policy are used to help manage how tickets are sold in the first place can then help manage how tickets are resold or not. It is important to remember that customers need the means to dispose of tickets if they cannot use them. I go back to sitting in front of this Committee nine years ago talking about the same subject. It was interesting to note that it was three days before the first iPhone was released. Things have changed enormously over the last nine years, not only technology but also the resale market. Customers need the opportunity to be able to resell tickets if they cannot use them. That was something else that we were not necessarily good at nine years ago. I think event owners, and all those involved in putting on events, need to understand that better.

Some of the work that FanFair Alliance has done on that, in terms of educating managers, is absolutely very good. But they may not all choose to do that. All events may not need that level of protection around it. So, yes, absolutely, I agree that there are things to be done. New technology that will come along as well, which is nascent now, will help that, and help improve the market generally over the years.

Q142 **Chair:** Do you think one of the problems with this industry is that, if you are a broker of, effectively, a ticket with a primary or secondary market, you are just a broker. It is just a commodity. There is not much of an incentive for things to change because if you are a primary seller and you sell out in 10 seconds, you have sold out. If you are a secondary seller and you are selling at inflated prices, you are making money. Where is the incentive to change that market?

Jonathan Brown: Are you saying there is—

Chair: If you are a broker, if you are a ticket broker.

Jonathan Brown: Yes. If you are a ticket broker reselling, you would not necessarily want to change that, no.

Q143 **Chair:** Is that one of the problems? It is a kind of market failure?

Jonathan Brown: I don't know whether that is market failure. I think it is back to the ownership issue. People talked about tickets moving from the primary market to the secondary market, and things like that, without necessarily defining what the primary market is. The primary market is the people who own the tickets; the people who make choices



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about how tickets are sold; the venues; the promoters who have arrangements with presale sponsors who do some presales. Things like that. They make the choices around that, so I don't think it is necessarily a failure there.

Clearly, it has been proven there is a market and—as Chris Edmonds was saying earlier—the ability to price events better can help take the heat out of that resale market as well, and ensure that the income is coming into the event, so managing that pricing is obviously very important as well. Those are all improvements to come. They are things that we need to talk about as an industry that we have not necessarily yet got to, as well.

Q144 **Chair:** Do you think there should be clearer separation between the primary and secondary market?

Jonathan Brown: As Chris Edmonds was talking about earlier, in the US, where you are seeing tickets listed against each other, surely, it must be better for customers to be able to see the cheaper ticket, the primary ticket, alongside that before making that choice; for that difference to be highlighted so they know where they are buying the ticket from.

Q145 **Chair:** You could say that if I bought a ticket from Ticketmaster and I can't go, why don't I just give that ticket back to Ticketmaster and they can sell it at face value again for me?

Jonathan Brown: You mean a sort of returns policy?

Chair: Yes. Or they go to a different division of the same company, or sell it at an inflated price.

Jonathan Brown: Yes. Again, if we go back nine years, that is the sort of thing that we were talking about, not necessarily in terms of being able to return a ticket but certainly being able to resell a ticket with an authorised mechanism. Again, that is one of the things we are talking about when we say that there should be a means of controlling how tickets are sold in the first place, because we can introduce that control.

Q146 **Chair:** We have talked about banning bots. There seems to be a pretty broad consensus across all the panels—fellow panellists are nodding vigorously at that point—my question would be: would we introduce yet another piece of legislation that we find difficult to enforce?

Jonathan Brown: I think it would help. I agree that there may be questions around enforcement, as there might be around any legislation around the secondary market and the resale of tickets, but it would help enormously. It would help create a black and white in terms of what is allowed and what is not.

Also, there is a greater need for better understanding and defences within the industry, to help protect against those bots. As an organisation, we have been talking to the National Cyber Security Centre, for instance, about our members being able to participate in their forum, the Cyber



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Security Information Sharing Partnership, to create a forum in there for people to discuss these issues, these high level technical issues, which perhaps sometimes need to be talked about discreetly as well; to allow them the space to do that, and to try to encourage that understanding within our membership.

Q147 **Chair:** I must admit that one of my concerns, listening to this discussion today, is that it reminds me of other issues the Committee has looked at—like doping in sport—that it is possible to have a zero tolerance attitude towards something that, nevertheless, is going on all around you and you are not investigating to stop. Not you personally, but the industry.

Jonathan Brown: I am sorry. There was a question there?

Chair: Yes. Ultimately, we can pass laws, and we may well recommend that we pass a law banning bots, as it seems to have been successful elsewhere and it may help, but it probably does require a greater effort from all the players in the industry to stop these practices.

Jonathan Brown: Yes. Absolutely, that is where we play a part, in terms of bringing that industry together to be able to talk about these issues, to codify them, and to regulate them within our own membership.

Alasdair McGowan: Can I make one very brief observation about bots? We have long campaigned against bot misuse in multiple jurisdictions, at the US level, at the state level and also at the federal level. General counsel gave evidence to the Senate Commerce Committee on the subject early this year.

One of the things we have seen—because about a dozen different states have implemented these laws—in the Washington State example, is the possibility that we could go even further and not just ban the use of bots but also the sale of these bots, because that is potentially a lucrative industry in itself. Waterson makes this point in his report. People are selling these bots for several hundred dollars at a time, so I think we want to clamp down on some of that activity too.

Q148 **Andrew Bingham:** Just for the record, Mr Edmonds, the Phil Collins ticket I was referring to is billed at a face value of £520, as indicated by the seller. I had a quick look and apparently the face value of that was probably about £175. You are facilitating somebody fabricating the original face value—no pun intended, for Phil Collins—and it is saying its original face value is £520. So, again, I would very much like to know from you what that face value was, and please disavow that it was not, whether it was or—

Chris Edmonds: We will take it away and look into that.

Andrew Bingham: If it is not £520, you will have perpetuated another falsehood.

Chris Edmonds: Understood.

Chair: Gentlemen, thank you very much.

Examination of witnesses

Witnesses: Professor Michael Waterson and Reg Walker.

Q149 **Chair:** Mr Walker, Professor Waterson, thank you for joining us this afternoon. Apologies that we have been running slightly longer than we had anticipated. Thank you for your patience. You have heard the evidence that we have received so far, and you both have intimate knowledge of this market. Based on where we are now, what is your recommendation on how we should take this further forward? What is the best way to try to correct what seems to be a failure in the primary and secondary ticketing market, where the losers are the fans and the performers? Professor Waterson, perhaps you would like to start?

Professor Waterson: Thanks. As you know, in my report, I made a number of recommendations for the secondary market, which was the initial focus of the inquiry. In terms of checking compliance, it appeared to me that the relevant sections of the Consumer Rights Act had been introduced but that very little—if anything—had happened as a result of that.

Therefore, I thought it was important that resources were made available to police the Act, which has various provisions including, for example—and coming back to some of the earlier evidence—if the person selling on the secondary market is associated in some way with the primary market, that they need to be identified, and I do not know of any cases of that happening. So that was the secondary market.

Then, on the primary market, I think quite a lot needs to be done. I was pleased to see the FanFair Alliance moves, because it is important. All these tickets essentially come from the primary market in some way or another. It is difficult for consumers, particularly in music, to understand where tickets might come from and the fact that if one site says it is sold out, other sites—and I have an example—may still have tickets.

The example I have, since it has come up several times today, is Black Sabbath, not in London but in Birmingham. A lot of primary sites say, “Sold out” but there is still one, at the time I looked, on the same day, which had tickets available. That is a sort of strange thing, it seems to me.

There is a lot more that the primary people can do—and I think the FanFair Alliance again picked this out—to make sure that, whatever is agreed by the artist with their manager and agent, is then promulgated by the promoter and by the venue. There is a lot of movement there, a lot of slippage there, between various elements of the industry, I would say. That is the role of the primary market, and there are a lot of things that one could do to make sure that whatever the artist wants is carried



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out. Then, from the point of view of the Government, the Government also has a role. In some ways, the Government can act as a facilitator.

There is very, very little standardisation in this industry, and one thing that would be desirable is the development of standardisation across ticketing so that you are assured that the ticket is valid and, also, in terms of various parties in the industry becoming more educated about the use of technology. People have mentioned technology in various ways. There are a lot of potential developments there, like any technological market. There will be some winners and some losers in that. Some things will turn out not to work, other things will turn out to work, but I think there is a lot that can be done there. Also, consumers themselves, and one of the things that I was keen to do and did was to provide some sort of guidance to consumers. I think there are a lot of different players in this industry, and they all have a part to play.

I am not against having a secondary market. I think it is important. In particular, if you think about what the consumer is doing, they are paying quite a lot of money for something that might be six or nine months away, and you have to be fair to consumers if circumstances change.

Q150 Chair: Would you agree that the problem we have been looking at today is, effectively, that there is not a primary market for most people? That the tickets are captured at point of release and then drip-fed through the secondary market at inflated prices up to the event. That is, the ordinary consumer does not have a fair crack at the primary market at all.

Professor Waterson: It depends what you mean by “the ordinary consumer”. For some acts, the fan base provides quite a useful forum, where individuals can join a fan club. I am not saying that everyone who joins a fan club is necessarily a fan, but individuals can join a fan club and can get preferential access to tickets through various means, maybe a week before the general sale.

I would not say that the ordinary public never get a look in. One of the odd things about the industry is that a lot of events do not ever sell out. There is a lot of apparent pushing towards the thing being sold out, and you can still see tickets for events months after the initial sale, but that is not a message that anyone in the industry likes to maintain, I would say.

Q151 Chair: Let me ask Mr Walker, there has been a lot of discussion around the technology that polices the market. Do you think that it should be easier to prevent the harvesting of tickets by bots in the primary market, and do you think it is an acceptable excuse—I certainly don’t—for the providers of the secondary market that, effectively, they have no obligation to police the sale of tickets on their sites?

Reg Walker: I was interested to listen to some of the previous evidence, where the secondary market was purporting to be a passive participant when in fact it is not. It is far more proactive, and I don’t believe the



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Committee has been given any indication of how the secondary market operates.

All four major platforms—around 85% of ticket resale in the UK goes through four sites—Seatwave, Viagogo, Get Me In! and StubHub. Each of those sites operates a preferential scheme for ticket touts. The more tickets you get, the more preferential treatment you get. In fact, many of these touts, despite what it says on some of the resale sites, are paid out in advance of events for tickets, so they receive substantial incentives there to sell more tickets. Also, according to one whistleblower from one of the secondary sites, there are personnel within these companies that actively look for people who are increasing the numbers of tickets they sell, and invite them to join these schemes.

The other point of participation is that all the money from the vendor to the vendee arcs through the ticket resale company itself, so all the finance is controlled. If the order cannot be filled by the ticket tout, they will step in and source another ticket and provide that to the consumer, so this is not passive participation. This is not simply being a marketplace. One of the biggest enablers for ticket touts using advance technology to harvest tickets is the fact that they are paid out in advance of the events by these companies. If they had to carry the debt for some of these tickets that they have harvested in bulk for six, nine months, maybe even a year, and wait until after the event had come and gone, they simply could not do so.

Q152 **Chair:** Mr Walker, so I am clear: in this case, a tout selling tickets through a secondary site will have effectively a preferential deal with that site, and, because they are selling a large number of tickets, they will have an agreement whereby they get paid at the point of transaction?

Reg Walker: They get paid upon dispatch of the ticket to the purchaser. They do not have to wait until the event, which may well be up to a year later. They are also given access to inventory management tools. I have seen this access first-hand, so this is not anecdotal. I have seen it first-hand, where touts are given access to the software on the sites to bulk list tickets, to adjust prices, to monitor what similar tickets are going for and to adjust their prices accordingly. So there is an incredible amount of preferential treatment given to these bad actors, many of whom are highly suspected of being bot users. There is no other explanation from our examination of sales ledgers as to how these people could acquire the tickets.

In one instance—and I need to be a little bit careful as it is due to go to trial next year—Get Me In!, at the time the biggest reseller, was harvesting £3 million worth of tickets a year and was reselling them and was allegedly acquiring these unlawfully. Yet there appears to have been no due diligence or no checks on how it was acquiring them, and yet there is clearly reason to suspect offences because Trading Standards are prosecuting them.



Q153 **Chair:** Thank you for that. A final comment from me before bringing my colleagues in. I think you have answered one of the questions we were trying to get an answer from the previous session, which is that it is quite easy to identify the people that are likely touts because of the nature of their transactions on the site. It requires a lot of policing. Yes?

Reg Walker: Absolutely. StubHub, from their own trust and safety department, indicated to me some while ago that they had approximately 200 trusted sellers. Those are people who have gone in, presented identification, and are selling tickets in bulk and are paid out in advance. Forgive me, I hope I heard correctly earlier from one of the gentlemen from StubHub or eBay, that there were no instances of fraud in 2015-16.

Chair: Yes.

Reg Walker: I am aware of a case where Keir Timbrell from Trading Standards, Greenwich, investigated a case on my behalf where some two dozen counterfeit invalid tickets were sold by a seller through StubHub. When Trading Standards went to StubHub and said, "Have you reported this?" they said, "We can't see that the seller has done anything wrong, but maybe, in hindsight, we should have reported it" so that is factually incorrect. I also deal with victims on the ground from all four platforms, so to pretend that these are safe and secure platforms and that people always get entry is absolutely incorrect.

Q154 **Nigel Adams:** No doubt, with the work you do, you will have lots of examples but could you point to one single event or show, where you believe that the majority of tickets have ended up being effectively fenced, by the sound of it, but certainly ended up on the secondary market?

Reg Walker: Boxing is probably the most problematical. I will give you an example there. In the past, historically, we have seen 30% to 50% of the tickets for a boxing event harvested, just by touts. But then you see other factors come into play, such as Matchroom placing its ticket allocation straight on to StubHub. Then, apparently, according to StubHub itself, Anthony Joshua, the boxer, is sponsored by StubHub, and part of that deal, in the discussion I had with them, was that he would place several hundred tickets for sale on StubHub as well. Once you start getting those deals factored in, the percentage creeps up and up and up, and less than 50% of the tickets then go on to the market.

Q155 **Nigel Adams:** That is a commercial arrangement. Is what has happened transparent to the people who are buying tickets?

Reg Walker: It has never been transparent in the past. However, on the most recent fight that has been advertised on StubHub, for the first time ever, it says, "Anthony Joshua has personally allocated these tickets for you and derives no financial benefit" and so on. It forgets conveniently the point about he is sponsored by StubHub to do this. That is not mentioned in the by-line. But that is the first time ever, in all the time I



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am aware of that deal being in place, that his name has ever appeared on the ticket.

- Q156 **Nigel Adams:** If I could come to a question I asked earlier, of the first panel, do you believe that there is complicity within the management, artists—you have mentioned a boxer there but at least he is being transparent about his tickets.

Reg Walker: He is now.

Nigel Adams: What level of this whole racket do you think is controlled by artists and their management?

Reg Walker: I think a small number of artists are certainly complicit. However, I also believe that there are a small number of bad actors in management and agents' positions, but I personally have seen tickets diverted from a primary directly on to a secondary with one major artist, and that was on the instruction of his—

Nigel Adams: Who was that artist?

Reg Walker: That was Michael Bubl , and the person who gave the instruction was Carl Leighton-Pope, and that was some while ago. In my opinion, I believe that was done potentially without the artist's knowledge and it makes me wonder if there are other artists out there that this is happening to, that they are unaware.

Another example, more recently, the managing director of Live Nation in Italy has just been forced to admit that his organisation has been putting tickets straight on to Viagogo at enhanced ticket prices. This has come out in a recent programme within the last week, and that was without the knowledge of the artist, who is rabidly anti-secondary. Again, there, these decisions are made at extraordinarily high levels.

- Q157 **Nigel Adams:** Obviously, the work of FanFair Alliance is trying to educate their own members' industry. Do you support the work they are doing?

Reg Walker: I think it is interesting. I believe it is a force for good. I believe it is encouraging openness and transparency. Some of the research and evidence gathering they have been doing has been particularly interesting, and quite revelatory in the way that the secondary market operates. I do support their aims of having an open and transparent ticket marketplace where the consumer does get a fair crack of the whip because, at the moment, for a high demand event, the consumer stands practically no chance of getting a decent ticket for anything.

- Q158 **Nigel Adams:** What is the worst example you have seen of profiteering on tickets at a show?

Reg Walker: There are two types of ticket harvesting. One of which is what they call "tenners on", which is where a tout will harvest, say, 1,000



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tickets for an event and simply up the price by a tenner. Those types of touts buy in bulk, so he will buy 1,000 tickets and he will make a £10 profit. He has made 10 grand off the one show. It is an extraordinary amount of money.

However, there are others that specialise in harvesting small numbers of tickets, front rows, for instance, where you will see 20, sometimes 30 times' face value, without any difficulty at all. The prices can be extraordinarily high and they do sell, contrary to some of the evidence earlier. I have dealt with a family of five who purchased a ticket for an event, where the ticket face value was £40, and the father had paid £4,500 for those tickets from Viagogo. Contrary to evidence earlier, these tickets do go for extraordinary sums of money.

Q159 Nigel Adams: A question to both of you: you may be aware that I tried to introduce an amendment to the Digital Economy Bill regarding criminalising the use of bots. Do you support that sort of measure, Professor Waterson, and also Mr Walker?

Professor Waterson: Yes. I support it. I don't think it would be a complete solution to the problem by any means and I think it might be quite difficult to enforce. One of the potential problems is: you are introducing special legislation in one particular area. You mentioned the Computer Misuse Act earlier, I think, so rather than this you could develop the Computer Misuse Act or make use of that legislation, which covers a number of things. To some extent I support it but I don't see it as something that will deal with the problem.

Q160 Nigel Adams: No. I don't think there is any misconception that it will prove to be a silver bullet, but we do believe strongly that it will help and it appears that the ticketing companies believe it will help as well. When you were doing your report, did you look at other countries that have enacted similar regulation and laws?

Professor Waterson: We had something of a look at this, yes. One of the reasons why I was not in favour of banning the secondary market was the point I made earlier about fans who genuinely want to sell. The other point is that it was quite easy to go on to sites at the time I was doing the report to buy tickets for football events in France and yet France has banned the secondary market, so banning it does not work.

Reg Walker: I definitely think there needs to be clearer legislation around bots. Not only bots, because there are various types of software that is used to attack primary ticketing systems. That legislation would have to be made supranational. But we will have to slightly disagree. I see the sales ledgers, so I identify attacks on primary ticketing systems, and what we have been able to do is not only identify the clusters of proxy identities that are used, but who the bad actor is behind that attack. In the main, they are almost exclusively UK residents.



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However, the danger is that, if legislation is passed without a supranational codicil, as there was for the resale of tickets for the Olympics Act—so there is precedent for this—a tout could simply outsource their bot activity to a company in Spain, and the whole exercise would be effectively a straw man. But, like I say, there is precedent for that with the resale of tickets for the 2012 Olympics, where it was made an offence anywhere in the world. But it also means that the bad actors are within arm's reach of UK authorities.

Q161 Nigel Adams: We are certainly hopeful that, as the Bill passes through its future stages, that we will be able to convince the Government to introduce something, which, again, will not be a panacea but it will help.

Is there anything you believe would also assist in ensuring that tickets that should be made available to genuine fans don't end up in the wrong hands?

Professor Waterson: Can I say that one of the things in the Consumer Rights Act legislation was that it focused very much on the secondary market, and I think that is because many of the main proponents of that Bill, which became an Act, were interested primarily in sport rather than music, and it became apparent to me, during the course of my inquiry, that the issue was a much bigger issue in music than it is in sport. In music, and this is the capacity of the primary market and the fact that primary ticket agents have relatively small incentives to keep tickets away from the secondary market because they are keen just to get rid of tickets, but it is important to impose some restrictions or potentially could be useful to impose some restrictions on the primary market.

Q162 Nigel Adams: Such as?

Professor Waterson: For example, I am not aware—Reg may be aware—of primary ticketing sites informing the relevant authorities about bot attacks on them or about lower technology attacks with the same effect on them. I think that is partly because they have limited incentives to do that.

Reg Walker: I am aware of one company that has and the reason was I reported it on their behalf because they were having difficulty getting law enforcement to investigate. I spoke to a senior officer at the National Fraud Intelligence Bureau who then went off to the cybercrime unit. The cybercrime unit declined to investigate because it said it “only dealt with cyber-dependent attacks not cyber-enabled”, which was a euphemism, I think, for saying, “We don't want to touch this”.

Q163 Nigel Adams: There is a lack of willingness to pursue?

Reg Walker: It is extraordinarily difficult. I can give you lists of all the bad actors, many of whom are powersellers for the four main platforms, and I can give you very clear evidence of offences being committed on a regular basis. For example, it is a banned practice to pretend to be a consumer while acting as a business. That is always unlawful. These



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people pretend to be multiple consumers. It is the only way they can harvest tickets, but the very act of doing that in itself is a banned practice and unlawful and yet we cannot get it investigated.

Q164 **Nigel Adams:** Are the platforms doing anything or are they turning a blind eye?

Reg Walker: No, absolutely not. In fact, they give preferential treatment to the very bad actors that are doing this. They are actually courted. I will give you an example. Peter Hunter, Ticket Wiz, is believed to use multiple identities and extremely aggressive software. He was courted by Get Me In! at one time. He was then feted by StubHub and then he was courted by Viagogo. The reason is there is a finite number of these people who harvest tickets in bulk. Andrew Newman, who was mentioned earlier, is another one. He was one of Get Me In!'s biggest resellers. He is now active on StubHub, strongly suspected again of using extremely aggressive software and multiple identities. We know who these people are but they are feted because they have such value to the secondary sites. They produce and resell such high volumes of tickets.

Before StubHub ever entered the UK market, one of the first things it did was send some representatives to meet the Association of Secondary Ticket Agents, which is an umbrella organisation for the majority of the very large touts within the UK, in order to secure their inventory. That information came from members of ASTA and from the chair of ASTA itself, Graham Burns, so we have had it independently corroborated. Again, it gives you an idea of the dependence of the platforms on these bad actors that they would seek to secure their tickets before they even entered the UK marketplace.

Q165 **Nigel Adams:** That would have been quite useful information prior to our session.

Reg Walker: I am sorry I came in last.

Nigel Adams: We may very well follow it up. From what you are saying, these ticketing companies are turning a blind eye to what you believe is criminal behaviour. Surely, if you believe it they are probably aware of it as well.

Reg Walker: I think it goes beyond turning a blind eye. Annabella Coldrick gave examples earlier where bad actors have been identified. The person who was mentioned was reported to the RCMP by Trading Standards in the UK earlier on this year, again by Keir Timbrell. It was a person who was suspected of committing offences and attacking primary ticketing systems, but the response of the secondary site was not to remove his tickets and suspend the relationship. It was simply to remove his details. Apparently that bad actor has absolutely denied that he removed the details and insists it was the site. Again, it is not just turning a blind eye. It is actually covering for them.



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I had a conversation recently with a director of one of these companies about what the touts do that is illegal. I went through that, and I said, "By the way, do they give you tax invoices and VAT invoices?" He went grey and said, "Oh, we're changing that". Then we had a trawl through the publicly available accounts for some of these touts, several of whom have limited companies, and the amount of tickets we could see them harvesting and reselling is about a tenth of what they are actually declaring on their published accounts. This is meant to be a £1.2 billion industry in the UK alone, and yet we can only find a turnover of around £200 million on published accounts. What I would like to see is a full investigation by HMRC into Seatwave, StubHub, Get Me In! and Viagogo, where this money is going, who the beneficiaries are and are they avoiding tax.

Professor Waterson: At the same time, Reg, these tickets must come from the primary market so there must be—

Reg Walker: I totally agree. On the primary side of things you have standards of prevention of harvesting of tickets that are sublime, in fairness to Ticketmaster who probably go beyond most of the other primary ticket agencies, but there are certainly primaries out there who do little or nothing to prevent ticket harvesting.

Q166 **Nigel Huddleston:** Gentlemen, thank you for evidence so far. Very briefly and a slightly different topic here: in these heightened security times does it make sense for us to be selling tickets in the primary and secondary market to people who we don't know and, therefore, we don't know who is at these major venues?

Professor Waterson: This is an issue that I have thought about. It is quite problematic because in a typical purchase an ordinary person won't be purchasing just for themselves. They will also be purchasing for their partner or the rest of their family or whoever. In a sense, you always have to take on trust that relationship and so you seldom know who is actually in the venue. The only circumstance in which you do know is the sort of Glastonbury circumstance where everyone is registered. With the best will in the world, it would not be at all straightforward to try to deal with that problem.

Reg Walker: I can give you some practical examples of how criminals work. We had an operation a few years ago where we were monitoring the ticket sales for certain festivals, because pickpockets were travelling in from Europe and targeting those events. We had good intelligence from Europol as to who the bad actors were and we were able to identify them on the sales ledgers. We simply changed the tickets from e-tickets to box office collection, so when they turned up on the door we had police waiting for them and they were summarily dispersed. But they rapidly cottoned on to how we were doing that, so we got away with that for about a year and a half and then all the bad actors that we saw coming on site from the highly organised crime groups were purchasing from touts. What we would do is corral the touts in a certain area, observe



those and then watch the bad actors coming in to buy access and then they stopped doing that. When we were stopping them we started seeing that they purchased tickets for access from one of the four platforms. There are very tangible examples of bad actors and criminals using these anonymising portals to gain access to live events to commit offences.

Q167 Chair: Two quick questions of my own to finish with. Professor Waterson, one of the solutions that have been put forward to this issue is to simply cap resale value of tickets as a means of disincentivising some of the abuses in the market. That is not an approach that you favour. Could you explain a little bit to the Committee about why that is?

Professor Waterson: When I was thinking about this I was thinking quite practically. In practical terms, if you think about cases and markets where prices are capped—and there are not many—you have a situation where you know who the actors are. If you are capping prices of electricity distributors, you know who the actors are and you have a big agency dealing with that. There are still arguments and debates and so on, but I could not see anything like that ever happening in the music industry and probably it is not worth it from a cost benefit point of view. It was essentially a sort of pragmatic thing.

I suppose the other bit about it is that within a venue, particularly a large venue, everyone knows that some tickets are more valuable than others for whatever reason. If you go to opera—not that I do—you will see a huge range in prices across the venue but you tend not to see that in music or very little. To some extent that issue can be dealt with through an increased range of prices on the primary market. I think those elements were what led me to believe that capping prices as a general rule would not be enforceable.

Q168 Chair: Mr Walker, just finally, you mentioned criminal activity into touts. When you see abuse in markets it is always interesting as to what the motivation is for people to do that other than making easy money. Do you think there are broader criminal elements, people involved in financial crime, who exploit the ticketing markets for various reasons?

Reg Walker: Most certainly. One particular group springs to mind, which is an Israeli-based organised crime group where there were convictions, where they had firearms, explosives, rocket launchers in Israel. They were responsible for the attempted assassination of police officers. One of the arteries for finance for that was certainly ticket touting, and that group is still active in London. I have recently seen proxy identities that are under the control of that organised crime group. Despite the fact that their main operator in the UK has had a warrant out for his arrest since 2012, that group is still active and that money is going back to some very bad places.

There are other organised crime groups within ticket touting that are linked to paramilitary activity in Dublin at the moment and the same paramilitary group is in Marbella in Spain. They are financially backing



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some of the touts over here who are active on the secondary market and secondary platforms. We are aware, from a couple of trials over the last few years, that some of our really bad actors have been backed and financed by major class A drug importers. There are links to serious and organised crime, direct and indirect, with the secondary market and bad actors.

One thing that does need to be put in perspective, though, is that not all touts are criminals. Some certainly are, some to a lesser degree or a greater degree than others, but there are certainly many people out there who buy and sell tickets who are not engaged in criminal activity. I think you need to keep that balance of the type of people we are dealing with.

Chair: Thank you both very much indeed for your evidence. That concludes our session today. Thank you very much.