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"Ticketmaster's Dominance and (Theoretical) Innocence"

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Ticketmaster’s Dominance and (Theoretical) Innocence

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Abstract

The model of dynamic price systems is used by companies to inflate and reduce the prices in response to market conditions. Many large firms use dynamic pricing to manage revenue and maximize profit. Ticketmaster, an international superpower in the live-event ticket sales industry, uses the dynamic pricing model to create profit while accounting for consumer preferences and willingness to pay for a product. Ticketmaster’s dynamic pricing model helps ensure that goods are more likely to get purchased by the person with the highest value for the good, which is desirable for those consumers with a high reservation price and beneficial for economic efficiency. Ticketmaster's dynamic pricing model accounts for numerous factors, including popularity of the event, concert venue characteristics (e.g., location, size), and day of event. Ticket prices fluctuate continually using a system of algorithms and inputs that are designed to observe and analyze multiple variables such as live ticket sales, previous sale data, and customer reactivity. Critics believe that Ticketmaster's pricing models cause higher ticket prices for more desired, mainstream events, making it impossible for an average customer to purchase without spending hundreds to thousands of dollars. Despite the popular opinion, Ticketmaster's model has worked well for maximizing profits and keeping its top-grade position in the system. This system, despite many public opinions, has also provided high-level access to ticket accessibility and is generally regarded as a very well-structured ticketing system. Ticketmaster has also acquired many companies and receives funding from others to maintain near-monopolization status over the entertainment ticketing industry. This study will cover Ticketmaster’s dynamic pricing model in the ticket sales market and how that model has impacted the public’s access to live performance.

A Brief Report on Ticketmaster

Ticketmaster is an international ticket sales company for sporting events, concerts, and even movie tickets. The company was started by Albert Leffler and Gordon Gunn at Arizona State University in 1976, who created an early program to service online ticket sales and sales of hardware for ticketing systems. The beginning of this start-up was built around selling only concert tickets. By the mid to late 1980s, Ticketmaster had become the leading company in the ticket sales industry due to their head-start as well as their push at the early breakthrough with the internet. They were majorly in favor of selling tickets online when the opportunity would arise. However, Ticketmaster did not actually begin to sell tickets online until late 1996, which is when the first recorded sighting of their website is known to have been found and maintained by the global internet project Wayback Machine [1]. Finally, in the 1990s, the expansion of Ticketmaster continued into an international scale and grew to be what was priming to become a near monopoly within the sales industry. In the art of monopolization, the company began to acquire smaller sales companies such as TicketWeb. The company began to receive public criticism, with complaints of anti-competitive practices and attempts at total monopolization. In May 1994, popular alternative rock group Pearl Jam filed a dispute against Ticketmaster with the Department of Justice claiming they had cut them out of booking venues and added additional fees in ticket sales for charity-based shows. The case was closed due to a lack of resources and uncertain points in the case. Even with the controversy, the company continued to grow and continued their domain and acquisitions. Ticketmaster would stop selling paper tickets altogether in 2008.

With the true growth of internet sales in the early 2000s, the company turned away from their old models and focused primarily on online ticket sales. Ticketmaster would merge with Live Nation in 2010 to create a merger under the label Live Nation Entertainment (LNE). This merger has faced extreme scrutiny, with beliefs from the public and government eye alike that the company had collected too much power. Still, the merger remained intact despite a slam of various lawsuits, claims, and disputes against the company. After years of scrutiny and terror towards the company, they continue to provide ticketing for hundreds of thousands of events per year and maintain continuous growth in their various contracts, partnerships, and acquisitions. Ticketmaster is the most dominant ticketing company, accounting for up to eighty percent of total ticket revenue yearly according to a study performed in 2008 and 2019.

The most common way to measure industry structure is by using a concentration ratio or the Herfindahl-Hirschman Index (HHI). The HHI is defined as the sum total of squared market shares over all firms in an industry. It can range in value from 0 up to 10,000, with a lower value revealing a market structure closer to perfect competition and a higher value revealing a market structure closer to pure monopoly. This metric has been used by the Federal Trade Commission as well as the Department of Justice since the early 1980s. It is important to note that an HHI value or a concentration ratio does not create a full measurement of the damage possible to other competitors from a merger. This value is only designed to estimate the rough market share that a merger will possess after merging. Regulations placed on mergers in 1992 acknowledge an HHI of over eighteen hundred as a highly concentrated industry. Prior to the LNE merger, the market concentration value for Ticketmaster was already climbing steadily up to four thousand. (NYU Baker). This ratio is an indication of strong market concentration surrounding the Ticketmaster-Live Nation merger and could be viewed as evidence for a push to monopolization.

A substantial portion of Ticketmaster's sales currently come from listing tickets from verified resellers. However, given the nature of this market, many of these prices can seem unreasonable. The two most recent examples that will be discussed are ticket sales for Bruce Springsteen and Taylor Swift concerts. A brief example is how Springsteen tickets, on average, sell roughly within the mid two-hundred-dollar price range. Recently, they have gone as high as several thousand dollars.

Why Ticketmaster is Necessary

Although Ticketmaster constantly faces controversy and negative light from many customers, the company continues to dominate its market and maintain high revenue for a variety of reasons. As previously mentioned, Ticketmaster is the most significant ticketing company, with a dominant market position in the industry, accounting for up to eighty percent of total ticket revenue collected per year according to a study performed in 2008 and again in 2019. With this information, most performers will rely on Ticketmaster to sell their product due to their marketing tactics and their massive market position. While many performers renounce the use of Ticketmaster due to their frequent abuse of market position to capitalize completely on their buyers and sellers, artists continue to use them since it is easily their most profitable option to sell their product on.

Ticketmaster also has a wide selection of services and products outside of solely ticket sales, including marketing and advertisement services, analytical services, and venue management. With this variety within their sales, they can maintain a dominant position by not only relying on their clients within performance, but also collecting revenue from venues as well as marketing services. With all of this said, Ticketmaster also has a customer base that has become accustomed to and appreciates the platform that the company offers. While some of these customers may not like all fees and contracts provided, Ticketmaster provides an easy and convenient platform that allows consumers to search for and buy tickets. Lastly, Ticketmaster has a reputation within their respective markets, which will bring in new customers as well as clientele. Ticketmaster has been around for decades and become a bastion of what their industry is and what other industries could be. All of this said, while many dislike Ticketmaster, the company's massive and irreplaceable market position has allowed them to continue to generate massive profits. Currently, there are no easy solutions to the Ticketmaster disputes at hand that will satisfy all market participants. They hold a major function in the market and without them, the ticket sales industry may plummet and burn. Dissolution of the company is a non-option and would ultimately result in a temporary crash of a major industry internationally. For the near future, Ticketmaster will continue to maintain their position within the market and continue to generate revenue in a fashion that disturbs many of their customers.

Intro Pricing Model Example

A pricing algorithm for any product is based on a complex understanding of both the product market as well as the product itself. Variables including demand, general inflation, resources, and other relevant factors are important to the product market. These variables do not account for the individual sales values a company would have to account for to maximize their algorithm. With every sales website or predictive application that utilizes a dynamic pricing scheme, the sequence of code used to design said website will be different. No company will use the same model twice. An entry level design of what a dynamic pricing script might look like is this:

```
let basePrice = 10.00;
let demandFactor = 1.0;
function updateDemandFactor(totalSales) {
  if (totalSales < 10) {
    demandFactor = 1.5;
  } else if (totalSales < 50) {
    demandFactor = 1.2;
  } else if (totalSales < 100) {
    demandFactor = 1.1;
  } else {
    demandFactor = 1.0;
  }
}
function calculatePrice(totalSales) {
  updateDemandFactor(totalSales);
  let currentPrice = basePrice * demandFactor;
  return currentPrice.toFixed(2);
}
```

This simple algorithm was designed by a student at the University of Wyoming. It is particularly important to recognize that this selection of code is an incredibly simplified example of what a pricing algorithm might look like, given that a response algorithm for a standard sales website marketing any product would require several fluctuating factors such as current market status, availability of products, competitor pricing, and similar variables. This example algorithm starts with a base price input of $10.00 and a demand input of a perfect 1.0. The demand input changes based on the quantity of sales made for the product. This allows the algorithm to fluctuate prices based on the realized quantity of sales over time. The final process in this script is a multiplication function of the base price by the demand input and giving the final calculation in a string of numbers in the shape of a price. This model should be designed to carefully account for quantity of sales dependent upon price and ultimately maximize profit for the seller.

Live Art vs. The Algorithm

Ticketmaster's pricing algorithm has been drastically affecting various artists since it was created. Their model is constantly fluctuating between resales through external sellers and modulating their own ticket access and their select prices. From a standpoint of a consumer, dynamic pricing can be both beneficial for the customer’s interests as well as detrimental to their spending.

The focal way that dynamic pricing has affected artists such as Swift, Springsteen, and countless others is by completely altering the financial process of tours. With the creation of internet and online streaming services, the necessity for tour revenue has become a focal source of income for any aspiring and major artist. Dynamic pricing models have created a market that allows artists who seek the financial success of musicianship to create a higher profit margin from their fans. For smaller venues or artists with smaller followings and smaller demands, the dynamic pricing model has little to no impact on the final cash grab of an artist. Smaller or up-and-coming artists, even on the day of a show making a last-minute purchase, will have a standard or set price on their tickets. However, significantly larger artists will either make a much higher profit based on time until the performance, demand of tickets based on location, size of the following, economic class of the city performed in, and various other relating factors. If an artist does not have a large following, a continually growing following, or a marketing team designed around expansion on tour, the economics of dynamic pricing will not affect an artist. Demand is the focal point of this argument.

However, dynamic pricing has created a large outburst for affordability in the entertainment industry. With the spike in ticket prices, fans who may fall into a lower income class, fans who may be younger, fans that may be less attentive to an artist's marketing and or performance announcements, and fans that do not keep track of team/sports calendars may miss an opportunity to see a major artist or event live. Regarding smaller events, Ticketmaster is regarded as a reliable source of tickets that do not break their purchasers' wallet. Without the addition of fees and taxes, a smaller event may have tickets on sale for as cheap as $20 or less (with the tickets being relatively inexpensive and fees adding a variable price per purchase). This has led to the argument of dynamic pricing being a manipulative tactic from both entertainment markets as well as any market that utilizes this scheme. Dynamic pricing has also impacted the issue of transparency between fans and resellers. Buyers believe resellers such as Ticketmaster have changed or increased prices to maximize their profits. This also applies to their fees and their contracts in the purchasing process. Ticketmaster will often charge based on five factors:

1. Face Value Price – this price is considered the charge applied by either the seller or the reseller. This is a fluctuating price that is set and affected by both supply and demand. The use of dynamic pricing algorithms and processes will affect this price based on those factors.

2. Service and Order Processing Fees – Ticketmaster will add a service fee based on their agreement/contract with either the artist or the reseller. This is a set price that does not change based on the face value of the actual ticket itself. They will also add an order processing fee. The processing fee is designed to negate the price of shipping fees and protection costs, which means the processing fee will never be charged on an in-person purchase. Based on the purchase, the costs of transportation can cost less than the fee. According to their service site, Ticketmaster says that any extra money left in the fee costs will be split between artist and seller.
3. Delivery Fees – Ticketmaster alters this price based on the style of delivery. Sometimes, this fee also does not apply to some purchases. This fee is then given to Ticketmaster as extra profit.
4. Facilitation Charges – The client selling on Ticketmaster decides whether to charge this fee. These fees are designed to return profit to the actual venue being performed in. Ticketmaster collects no profit from this charge.
5. Taxes – Taxes are not a major source of income from a ticket sale relative to Ticketmaster's total income graph. They are decided by federal, state, and local laws. These are nonnegotiable on a purchase.

Clients believe Ticketmaster will overcharge their profitable fees and set higher prices to collect a profit. There is little to no evidence to prove this claim other than customer claims towards consistently inflated prices when compared to other dominant sellers. When data from Ticketmaster is formally compared to other sellers such as StubHub and Eventbrite, the models with which these companies return profits on their tickets based on fees are roughly the same.

They present remarkably similar models and there is no conclusive evidence that Ticketmaster charges higher fees than any other relevant ticket sales company.

Dynamic pricing models have also altered the way that artists will maintain their live performances. When a ticket is sold for a significantly higher price, artists can feel pressured to put on an incredible spectacle instead of a better performance of sound. This can create a focus on visual appeal versus actual musical performance quality. Dynamic pricing has also altered the way the sales have been performed. With the ability to adjust prices in fractions of seconds, sellers can alter an algorithm or their selling approach to maximize revenue for the sales company as opposed to the artist. This point has created a focus on the economics and analysis behind sales in the ticket industry, creating a more data-driven process to sales.

Live Art vs. Competitive Algorithms and Venues

Ticketmaster’s ticket pricing model is designed to consistently farm external websites to collect data about ticket prices based on supply, demand, and venue pricing. One of the factors that a code system like this will look for is other listings of tickets (whether verified or not). This introduces ticket scalping. Ticket scalping is the practice of purchasing an event ticket with no intention of attending the event with the sole goal of reselling the ticket for a profit. The practice of scalping does not only apply to the music ticketing industry, but also applies to other industries including sports tickets, popular shoe brands, name brand clothing, and even the stock market. Often, when ticket scalpers purchase tickets to resell, they will sell the tickets at a significantly higher price than what was originally listed on the seller’s website in order to maximize the gain from a singular purchase. On a purchase for an artist with a smaller following, ticket scalping has little to no return, which is why scalpers will not aim to purchase smaller venue tickets or bar-side tickets when buying to resell. Scalping is often done in larger events, such as the Super Bowl, World Cup, Top 500 Charts Artist’s concerts, and artists with cult followings (whether large or small).

As previously mentioned, pricing data is collected by Ticketmaster from all sources, including ticket scalpers. Because scalpers place such soaring prices on their purchased tickets, Ticketmaster will respond in a fashion that causes an overall increase in pricing throughout their platform on all tickets regardless of placement within the venue. This is one of the focal causes of such massive ticket prices on high demand venues. The chain of supply relative to the increase in demand is what scalpers will take advantage of. In contrast, when an event promoter first sells a ticket, they will undervalue the ticket price to maximize the total number of ticket sales. Instead of placing a high value on the initial sale of tickets, the promoters will sell at a reasonable price to guarantee a total sellout as opposed to over-valuing the tickets and leaving some unsold. Scalpers will take advantage of this theory by purchasing the maximum number of tickets at first sale using hand-purchasing tactics and automated purchasing systems (commonly known as botting).

Part of Ticketmaster’s focus of controversy is their outrageous price ceilings for tickets. A majority of this issue comes from the reselling of tickets. However, fans consistently misplace the blame on Ticketmaster as they believe that it is a conscious decision to allow for tickets to reach such a high price bar. While Ticketmaster is the one hosting the ticket sales, it is not only Ticketmaster that has such a high price ceiling. Throughout most major ticket sales websites, tickets on one website will sit around the same price margin as tickets on another site. This information is important to understanding that not all of the major issues that Ticketmaster faces are directly related to their own issues.

Domination of The Market and The Price to Pay

Ticketmaster has faced countless controversies including class-action lawsuits, privacy disputes, and COVID-19 refunds. Some of the most notable of these controversies include the Schlesinger v. Ticketmaster class-action, the United States et. al. v. Ticketmaster Entertainment Inc. and Live Nation Inc. litigation, and the COVID-19 class-actions filed by multiple various parties. These lawsuits and controversies have created a severely negative perception of Ticketmaster by popular media and the general public.

Ticketmaster vs Taylor Swift I: The Reputation Tour

There have been several controversies involving Taylor Swift and Ticketmaster over the years, but one of the most significant occurred in 2018 when Swift embarked on her "Reputation" stadium tour. During the ticket presale period for the tour, many fans were frustrated to find that tickets sold out within minutes, despite high demand and unaffordable prices. Some fans accused Ticketmaster of engaging in unethical practices, such as using bots to purchase tickets and resell them at inflated prices on secondary ticketing sites. Others accused the company of prioritizing VIP packages and other premium ticket options over standard tickets, effectively pricing many fans out of the market. In response to these concerns, Swift and her team worked with Ticketmaster to implement a series of measures designed to improve the ticket-buying experience for fans. These measures included using Verified Fan technology, which required fans to register in advance and prove they were legitimate fans, to have a better chance of securing tickets during the presale. Verified Fan is a technology that was made to inhibit scalping by requiring legitimate fans to log-in in advance and provide personal details like their names and their email addresses. Despite these efforts, some fans continued to criticize Ticketmaster and the ticketing industry for its unaffordable prices and limited ticket availability. The controversy surrounding Swift's "Reputation" tour highlighted the ongoing challenges facing the live event industry, including issues related to ticket scalping, reselling, and access to live events.

Taylor Swift vs. Ticketmaster II: The Eras Tour

On November 1, 2022, Taylor Swift announced her upcoming “Eras (Tour),” and millions of fans attempted to buy tickets during the presale. Due to the overwhelming demand, Ticketmaster's website crashed, and many fans were unable to purchase tickets. To make matters worse, Ticketmaster shifted the start times for the presale for Swift's other concert dates, and many fans felt they were robbed of their chance to buy tickets. Ticketmaster then issued a statement to explain what had happened and apologized for the inconvenience caused to fans.

In response to the incident, Rep. Alexandria Ocasio-Cortez (D-N.Y.) called for Ticketmaster and Live Nation to be broken up, citing the companies' monopolization of the ticket market and their failure to meet the needs of customers. Additionally, many fans spoke out on social media to express their frustration at not being able to buy tickets. Ticketmaster then offered refunds to fans who managed to purchase tickets but never received them. Ticketmaster also adjusted their ticketing system so that more tickets would be available at the time of the general on-sale. They also announced plans to work with artists to ensure that tickets are available to fans who are unable to purchase them during presales. Eventually, Swift’s tickets would go back on sale from Ticketmaster and other re-sale sites like Stubhub.

Currently, due to extreme demand and a low quantity capacity, tickets for the ongoing tour can range from moderate five-hundred-dollar prices for nosebleed seating to well over ten thousand dollars for floor seats, whether close or far from the stage. In a few cases, tickets have even been marked as high as over forty-thousand dollars on select resale sites. Selling tickets for such a high value is easily a profit for scalpers who manage to sell their tickets. However, this negatively impacts many of the people who wanted to see an artist and would have been able to purchase tickets at the artificially low face-value price if scalpers were not present in the market. But it is important to recognize that some consumers are better off with scalpers present in the market. If there are no scalpers in the market and the initial seller prices tickets to have a "sell out," then it is highly unlikely that the tickets will end up in the hands of those consumers with the highest willingness to pay. By allowing scalpers to purchase and then resell tickets – or also to simply allow for dynamic pricing by the initial seller – it is more likely that concertgoers will end up being those individuals who value the tickets most highly. Consequently, precisely those individuals with the highest willingness to pay for tickets will end up benefiting from scalping or dynamic pricing.

The alternative to this extreme sales method is a small profit to a happy salesman and a happy customer who gets to see their artist. The desire for profit outweighs the desire for a balanced market, and many people consider this to be a type of fraudulent selling (although it does not fall under the legal definition of fraud, being the "intentional use of deceit, a trick or some dishonest means to deprive another of his/her/its money, property or a legal right") (Law). This can be seen on the ticket price tracking website TicketIQ, which is well known for providing statistics such as the cheapest, most expensive, and the average ticket prices for an artist while also providing links to retailers in their studies. While tickets are accessible through other websites such as Stubhub and TicketIQ, Ticketmaster has discontinued their sales of Swift’s tickets under extreme legal scrutiny from the Supreme Court and the US Department of Justice.

Ticketmaster vs Bruce Springsteen I: Sales Issues

In 2009 through 2010, Bruce Springsteen was involved in a dispute with Ticketmaster concerning the way they handled ticket sales for his concerts. This was around the same time when Ticketmaster merged with Live Nation, which had fans and economists concerned Ticketmaster’s increased market share. Springsteen, who was known for his dedicated support of his fans and the opposition to ticket scalping, caused a storm upon recognizing that Ticketmaster was directing their own buyers to a secondary website under their acquisitions, TicketsNow, where tickets were being sold at severely inflated prices.

Springsteen had recently announced that he was intending to partner with a secondary site, Ticketfly, for his upcoming tour. After recognizing this issue with Ticketmaster, Springsteen attempted to cut ties with the conglomerate and vowed, in a publicly released statement, to not work with them. The statement read, in part: "We perceive this as a pure conflict of interest. Ticketmaster is supposed to be a service to the artist, but clearly someone there is making decisions based on anything but the interests of the artist." While this may or may not be the case, Ticketmaster is not a company designed to provide a perfect service to the artist. Ticketmaster’s president Mark Yovich has made the statement that “working with our partners to envision the future of live entertainment is what drives our team. Building the technology and service to seamlessly connect fans with the events they love is our passion. We are relentless in our pursuit to develop the innovations that will unlock unforgettable experiences for fans. ”The primary service is to be provided to fans and buyers. This statement from Springsteen and his PR team simply highlight the lack of understanding towards the modern ticket market from both artists and buyers alike.

The issue created widespread debate about the ethics of pricing in the live event industry and the power dynamics between artists, promoters, fans, and ticketing companies. Many fans and industry insiders applauded Springsteen for taking a stand against what they saw as a corrupt system, while others criticized him for not doing enough to prevent the controversy from happening in the first place. The incident highlighted the ongoing challenges facing the live event industry, including issues related to ticket pricing, access, and transparency.

Ticketmaster vs. Bruce Springsteen II: Safety

Since then, Springsteen has continued to oppose the conglomerate's actions even to recent date. In February 2021, Springsteen made national news when he announced that he would be cancelling his Broadway show dates due to an influx of COVID-19 and public health concerns. The decision was made after Ticketmaster informed Springsteen's team that they would be implementing a new and specialized technology called Verified Fan. However, Springsteen's team found it concerning that data was being collected, for they feared it would be used in unfair marketing advantages. Springsteen's team also took issue with customers being forced to purchase tickets via Ticketmaster, which they believed would create an inhibition for some fans for purchasing tickets. During an interview, Springsteen said, "We have no intention of stepping back onto a stage until the conditions for a safe return are met." This put more scrutiny on their working activity due to a public observation of lack of health concern.

Ticketmaster vs. Bruce Springsteen III: Pricing Outrage

The most recent occurrence with Springsteen was in 2022 at the end of the summer. His tickets went on sale in August, and following Ticketmaster's pricing model, his tickets went from a standard below-average price to a massive five thousand dollars. Springsteen is known for selling his tickets below the average price margin so that fans who fall below a standard revenue line can still have access to his tickets and his tours. However, following the response model of Ticketmaster and their sales program, his outrage against the company caused a massive delay in the tour and ticket sales. For future dates and as more information comes out, it is still unclear whether Springsteen tickets will utilize dynamic pricing in the future. Currently, Springsteen tickets nationally can vary from anywhere from the low one hundred pricing to high hundreds to high thousands, the highest on record matching up to ten thousand and some change. Ticketmaster reported that only a rough 1.3 percent of all buyers of Springsteen tickets would break the four-figure price mark.

Class-Action I: Schlesinger v. Ticketmaster (2003-2013)

The Schlesinger v. Ticketmaster class-action lawsuit was filed in 2003 and centered around allegations that Ticketmaster had overcharged customers for shipping and handling fees on ticket purchases. The lawsuit was brought on behalf of all customers who purchased tickets from Ticketmaster between October 21, 1999, and October 19, 2011, and who paid a fee labeled as "order processing fees" or "UPS delivery fees." The lawsuit claimed that Ticketmaster falsely represented the shipping and handling fees amount and failed to disclose the true amount of these fees. The plaintiffs alleged that Ticketmaster charged customers more than the actual cost of shipping and handling and used these fees to increase its profits.

Ticketmaster initially denied the allegations but eventually settled the lawsuit in 2013 for $386 million. The settlement was one of the largest ever in a consumer class-action lawsuit. Under the terms of the settlement, customers who had purchased tickets during the relevant time were eligible to receive a refund of up to $5 per ticket, with a maximum refund of $15. In addition to the monetary settlement, Ticketmaster also agreed to change its practices going forward. As part of the settlement, Ticketmaster agreed to disclose the amount of its shipping and handling fees upfront and to cap those fees at the actual cost of shipping and handling. The settlement also required Ticketmaster to provide more transparent information about its fees and to establish a fund to pay for future litigation related to shipping and handling fees.

Class Action II: United States v. Ticketmaster Entertainment Inc. and Live Nation Inc.

The United States et al. v. Ticketmaster Entertainment Inc. and Live Nation Inc. litigation was a lawsuit filed by the United States Department of Justice (DOJ) in 2010. The lawsuit was brought against Ticketmaster and Live Nation over their proposed merger. The DOJ alleged that the merger would create a dominant market position for the conglomerate and create significantly reduced competition in the market due to two of the major powers being joined in one force. The DOJ found that the merger would go against antitrust law and attempted to block the merger.

A major concern within the FTC regarding major industry controlling mergers includes unnecessarily inflated prices, a lower quality product and or service, and significantly less innovation and progression within a market. It also creates concern for customer service, as the lack of competition makes the monopolized seller have total control over the price range and creates no incentive to work with the customer, as sooner or later a customer who is willing to pay will likely come along However, within such a limited market such as ticket sales, the idea of a completely controlled industry is not necessarily a negative idea. The merger itself provides more mainstream access to ticket selections and provides a smaller market for scalping and resellers. This limits profit for external sources and creates a more streamlined revenue line for both artists and Ticketmaster. As well, the network for selling tickets becomes more condensed and accessible to artists and necessity for multiple-party selling becomes completely negated. Ticketmaster and Live Nation defended the merger, arguing that the merging of their companies would allow for a wider selection of services and price ranges for customers and investors under the belief that more opportunity for purchasing would enable more potential customers to be involved with their markets. Eventually, the companies agreed to settle the litigation with the DOJ.

To abide by the subcontracts of the settlement, Ticketmaster and Live Nation agreed to numerous clauses introduced to address the DOJ's concerns about the impact of the merger on competition. These conditions included the divestiture of several assets, including Ticketmaster's Paciolan ticketing process and Live Nation's promotional assets in a selection of markets, as well as the establishment of a variety of blockages in order to prevent collusion between the two companies. The settlement also maintained vital processes in order to encourage industrial competition, including a requirement that Ticketmaster provides a licensed version of their own algorithm and sales process as well as a clause implementing a prohibition on retaliation against venues that opt to use companies other than Ticketmaster.

Class Action III: COVID-19 Refund Disputes

In 2020, Ticketmaster's refund policies for events to take place after the pandemic raised another controversy. The issue came to be given that Ticketmaster announced a change in policy that would only allow for refunds for events that were cancelled totally, but not for events that were either postponed or any other edits to their schedules. That policy changed sparked outrage between both consumers and consumer advocacy, all of whom believed that all purchasing customers should be provided refunds in full to any event that was either postponed or anything else given the belief that some events may never be rescheduled. At the same time, many people were in financial hardships and desperately needed monetary refunds. After a period of review, Ticketmaster revised the policy and provided refunds for all cases, although some restrictions applied. Ticketmaster also came under fire for a delay in refunds, with some refunds taking months to process.

In addition to the refund controversy, Ticketmaster also faced criticism for its handling of the sale of tickets for future events. Customers found themselves concerned about purchasing tickets during the peak and dwindling of the pandemic, and many found that Ticketmaster was not providing enough information regarding their policies from before and after the pandemic. This led to mistrust of the company and a slight dent in the total revenue generated for the years after the pandemic. This controversy highlighting Ticketmaster (but not limited to only their sales) showed the difficulties within the live entertainment industry during the pandemic to the public eye and demonstrated the importance of creating fair and balanced refund policies for consumers. It also demonstrated to many major conglomerates the legal ramifications of not having a proper system in place to maintain balance and customer fairness within the sales industry.

Conclusion: Why Ticketmaster May Not Be In The Wrong

When a customer purchases a ticket for more than the initial offering price, often times they can feel cheated or like they got scammed to some extent. This feeling is ultimately determined by the quality of the performance or event that the person in question ends up attending. Regardless of quality of performance, the feeling of over-spending on an event that many feel like should be public access is still present. Customers will often reflect this sentiment onto the seller, which is often Ticketmaster (especially since they do not want to think negatively about one of their favorite performing artists). However, many customers will fail to acknowledge the countless aforementioned factors in the selling process that alter the price of the product. With dynamic pricing, the final ticket price is not really determined by Ticketmaster itself, but rather by an automated system that takes into account market conditions. This system accounts for other site's same-listing prices, the rate at which other sites sell tickets, the scale and quality of the venue, and the rate at which their own site sells tickets. This system is not limited to just these factors though. Fees that are complained about are often majorly set by venues and artists and are not determined by the vendor. Of course, there are fees determined by the seller in reference to their own profit margins. But while Ticketmaster receives a percentage of the profits, their primary purpose is to cater to the customer, venue, and lastly the artist. The revenue they bring in is not overdrawn nor is it out of position. A one-hundred-dollar fee on a several-thousand-dollar ticket, in comparison to the ticket, is a negligible price to pay. A customer who is willing to pay thousands of dollars per ticket to attend an event such as the Super Bowl or a Taylor Swift concert will not be bothered by fees. There are also several proposed solutions, including an auction style market. This prevents buyers from pushing past their reservation prices for tickets and creates a fair and more equal market. However, this is not currently in practice or in place from any sales website, although some artists including Third Eye Blind have utilized this practice before. This market, while dangerously close to monopolization, is not yet corrupted by the ideals presented by the Federal Trade Commission. While Ticketmaster may be in a dangerous position for the market of ticketing, until the day comes that all competition is eliminated and Ticketmaster creates an unreasonable market for the live entertainment industry, they will continue to be a necessary component of their select industry and will continue to provide a relatively fair and well-regulated service to customers and investors alike.

Endnotes:

[1]: This is the first recorded example of Ticketmaster’s website. It was a ridiculously small, very poorly put together site that specialized in only dealing with tickets in selective portions of the US region. Given a few extra years (in the span from 1996-2007), Ticketmaster went from selling only in North America to being an international stormfront of a company. The only current competitors of any value are StubHub and Eventbrite.

Citations:

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