

Opening Statement
Chair Diana DeGette
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
Hearing on “In the Dark: Lack of Transparency in the Live Event Ticketing Industry”
February 26, 2020

Today’s hearing will examine the lack of transparency in the live event ticketing industry—an industry that is rife with practices that are harmful to consumers.

While many of us may remember standing in line at the box office to purchase tickets to a concert or sporting event, or even buying tickets outside of an arena from a scalper, most ticket sales to live events now take place online through apps or ticketing websites.

In 2017 alone, online ticketing represented a \$9 billion market in the United States. Unfortunately, the industry’s online financial success has often been at the expense of the consumer.

While it is certainly easier to buy tickets to live events today, online ticketing sales have led to anti-consumer practices across the industry. These practices have been well-documented by both state and federal authorities.

In 2016, for example, the New York Attorney General investigated the live event ticketing marketplace and found that [quote] “Ticketing is a fixed game.”

More recently, the Government Accountability Office found a number of concerning consumer protection issues in the industry, including difficulty buying tickets at face value, a lack of transparency around ticket fees, and misleading marketing practices.

In response to consumer concerns, in June 2019, the Federal Trade Commission held a workshop designed to discuss problematic practices in the ticketing industry.

As part of that effort, consumer groups raised a host of consumer protection issues in the online marketplace to the FTC, including practices that mislead consumers about ticket prices or availability, the prevalence of certain ticketing websites that may confuse consumers about the entity from which they are purchasing tickets, and restrictions that limit a consumer’s ability to transfer tickets.

On the heels of these investigations and the FTC workshop, last November, the Committee continued its effort in examining the ticketing industry by sending bipartisan letters to six ticketing companies that make up a diverse cross-section of the industry.

The Committee’s letter inquired into a range of issues that impact consumers. The companies’ responses and the Committee’s investigation validated our concerns that consumers face a

number of disturbing practices when trying to buy tickets online. Today's hearing gives us the opportunity to hear directly from companies about these troubling practices.

In particular, we will focus on five key findings today:

First, consumers attempting to buy tickets online continue to be confronted by high, hidden fees. These fees are often not disclosed until the end of the transaction, which may mislead consumers about the total cost of the ticket and frustrate their ability to accurately compare prices. Today, I want the companies to explain why they wait until the very end of the buying process to pile on fees instead of providing the total cost upfront, which is known as "all-in" pricing.

Second, companies that place restrictions on consumers from transferring purchased tickets to another individual may be limiting choice for consumers and driving up prices. I want to know why certain companies seem to be making it harder to transfer or resell a ticket that has already purchased, and whether this practice is stifling the market and harming consumers. I also want to know if this practice really prevents fraud as some companies suggest or if this is another excuse to limit consumer choice.

Third, consumers appear to be impacted by a lack of transparency related to ticket availability. Consumers may be unaware that only a limited number of seats could be available by the time tickets go on sale to the general public. For instance, the New York Attorney General's investigation found that a majority of tickets for the most popular concerts were reserved for industry insiders or pre-sale events. I want to know why this is occurring and why some companies in the primary market are reluctant to let consumers know about the actual number of tickets available at the time of general sale.

The final two findings relate to "white-label websites" and the selling of speculative tickets. "White-label" websites may employ deceptive marketing practices to make consumers believe they are purchasing tickets from an official website when they are not. A speculative ticket refers to instances in which a seller offers a ticket for sale on a resale exchange before the seller has the ticket in hand. I want to know how prevalent these practices are, how they impact consumers, and whether the industry believes we should limit them.

As you can see, the companies here today have a lot to answer for. It is clear that many of their practices are placing consumers at a disadvantage when buying tickets. I look forward to discussing how we can put the consumer first as we look toward finding solutions to make this industry much more transparent.