



**Testimony of Stephanie Burns  
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**House of Representatives Committee on Energy and Commerce  
Subcommittee on Oversight and Investigations**

*“In the Dark: Lack of Transparency in the Live Event Ticketing Industry”*  
Wednesday, February 26, 2020

**Chair DeGette, Ranking Member Guthrie, and Members of the Subcommittee,**

Thank you for the opportunity to participate in this important hearing today to discuss policies and practices of the live event ticketing industry. StubHub shares the Committee’s commitment to consumer protection and applauds your effort to look at the industry holistically on behalf of fans.

StubHub was founded in 2000 and revolutionized secondary ticket sales by providing fans a safe, transparent, and trusted marketplace to buy and sell tickets online. Today, StubHub offers tickets to live events in more than 40 countries and has more than 130 partnerships with major sports leagues, universities, teams, venues, and artists around the world.

Every transaction on StubHub is protected by our industry leading FanProtect™ Guarantee. In those rare instances when there is something wrong with a ticket purchased on StubHub, we will provide a comparable or better replacement ticket – or – in the instances when that is not possible – a full refund inclusive of fees. StubHub’s FanProtect™ Guarantee is the hallmark of our business and it is why we have earned the trust of fans around the globe.

Our mission is to connect fans to the joy of live events around the world. We believe that a fair, secure, and competitive ticket marketplace unequivocally supports the interests of fans. It ensures that fans have greater access to the events they want to experience and can make informed purchasing decisions based on user experience, fees, and customer service.

In recent years, our mission has been complicated by various anticompetitive and anti-consumer practices in the ticket industry. Many of these issues were identified by the Committee during its investigation, including restrictions on the transfer or resale of tickets, obscurity around the availability of tickets to the general public, and the use of deceptive URLs in ticket advertising practices.

**Restrictions on Transferability & Consumer Choice**

Increasingly, as a condition of initial sale, ticket issuers, sports teams, artists, theatres, and venues are using terms and conditions and technology to place downstream restrictions on the



tickets that fans have rightfully purchased. With ticket restrictions, ticket issuers can single-handedly eliminate consumer choice and foreclose competition.

For example, Ticketmaster's SafeTix technology enables Ticketmaster to control if, and how, ticket purchasers may transfer or resell their tickets. Through this technology, Ticketmaster can disable ticket transferability completely or it can limit transferability solely to its own proprietary platforms.

Additionally, when Ticketmaster is the primary ticket issuer, it is using this technology to require consumers who purchase resale tickets on competing sites to complete the transaction within Ticketmaster's own app in order for the user to obtain the purchased tickets. This means that consumers who buy tickets on StubHub are forced to register with Ticketmaster, download the Ticketmaster app, and provide their data to Ticketmaster in order to receive their tickets. This practice introduces an unnecessary level of friction for the consumer and it enables Ticketmaster to use valuable data of StubHub's customers for its own marketing purposes.

This technology is being utilized today and it has been reported that Ticketmaster will apply SafeTix technology to all tickets it sells or fulfills by 2021. This is particularly concerning in a marketplace where Ticketmaster controls approximately 70 – 80% of every ticket initially sold.

StubHub believes that fans should always have the option to purchase a transferable ticket at the initial point of sale that they can use, transfer, or resell without restriction.

We fully expect that you will hear arguments today from proponents of transferability restrictions that these restrictions are necessary to enhance security and limit fraud. These arguments are a smokescreen to justify a practice that is designed to limit consumer choice and thwart competition, which only serves to harm consumers.

The good news for consumers is that several states have adopted laws ensuring that they have the option to purchase a transferable ticket at the point of sale, including New York, Connecticut, Virginia, and Utah. Two more states – Illinois and Colorado– have laws in place that prohibit any restriction on the transfer or resale of a ticket.

StubHub encourages federal action in this area to ensure consumers across the U.S. are afforded the same protections.

### **Transparency & Ticket Accessibility**

Bots are often singularly blamed as the reason fans have difficulty accessing tickets. To be clear, StubHub strongly supports, and has supported, legislation prohibiting the use of bots to procure tickets, including the 2016 BOTS Act.

However, it is important to note that bots are not the only reason why fans may have difficulty accessing tickets. Another major contributor is that large percentages of tickets are actually never put on sale to the general public.

According to a 2016 report by the New York Attorney General's office, an average of 46% of tickets go on sale to the general public during the general on-sale. The remaining 54% are held back for industry insiders, fan clubs, credit card pre-sales, artists and other sources. The average number of tickets made available to the public falls to 25% for top concerts and was noted to be as low as 12% for one concert at Madison Square Garden.

In many instances, tickets that have been held back from the general on-sale are gradually released over time leading up to the event and are often dynamically priced to reflect the current market rates.

Providing fans information on the number of tickets available for sale, when these tickets will be offered, and at what price will create a clearer picture of event accessibility and help to inform fans' decisions on if, and when, to buy.

### **Deceptive URLs & "White Labels"**

StubHub does not work with, own, or operate deceptive "white label sites".

StubHub has spent significant time advocating against this practice with regulators and policymakers, and we're pleased that today seven states have passed legislation specifically prohibiting the use of deceptive ticket website URLs.

It is also important to note that the consumer harm around "white-label" sites is not limited to deceptive URLs. Rather, certain ticket marketplaces partner with "white-label" sites in order to crowd out competitors in search engine results. The search results create the appearance of multiple, independent, and distinct ticket resale marketplaces; however, the links are in fact different portals to the same inventory and back-end infrastructure as the flagship site. This is blatant consumer deception.

StubHub encourages the Committee to investigate the full list of harms associated with "white-label" sites and stands ready to assist.

### **Conclusion**

StubHub is committed to partnering with policy makers and industry stakeholders to promote a transparent, safe, and competitive live event ticketing industry to benefit fans across the globe.

Thank you again for the opportunity to testify today and your consideration of our comments. I look forward to answering any questions you may have.