



**Written Testimony of Joseph F. Choti
President & CEO, Tickets.com, LLC**

**Before the United States House of Representatives Committee on Energy & Commerce
Subcommittee on Oversight & Investigations
Hearing on “In the Dark: Lack of Transparency in the Live Event Ticketing Industry”
February 26, 2020**

Chair DeGette, Ranking Member Guthrie, and Members of the Subcommittee; Chair Pallone, Ranking Member Walden and other Distinguished Members. My name is Joe Choti. I am the President and CEO of Tickets.com, LLC. I appreciate the opportunity to share information about our company and contribute to the Committee’s efforts to improve transparency and ensure fairness for consumers in the live event ticketing industry.

Tickets.com Company Background

Tickets.com is a technology company whose core product is the primary ticketing platform called ProVenue. ProVenue serves as the core of a comprehensive suite of products and services that are utilized by our 250 plus United States client organizations to sell primary market tickets under their own brand¹. ProVenue is a software as a service (SaaS) solution that is customized by each client organization for both box-office and online, including mobile, ticket sales.

Online tickets sales by client organizations utilizing the ProVenue ticketing platform to sell client organization tickets under the client’s own branded purchase flow. There is no singular Tickets.com purchase flow for online ticket sales, but rather unique purchase flows for each client organization. Nor is there a singular Tickets.com patron account; patrons purchasing tickets may establish separate and unique user accounts with each client organization.

¹ Please note that throughout this testimony that references to “client organization” and/or “client” refer to Tickets.com’s clients which typically operate one or more venues. References to “patrons” and “consumers” refer to individual ticket purchasers.

While Tickets.com operates a business to consumer website www.tickets.com, the website does not serve as a primary market ticket platform. Rather, the website is designed to help fans discover the world's live entertainment events and to direct fans to client organization websites to purchase tickets through the client branded, Tickets.com hosted, online purchase flow.

Tickets.com also has technology, known as Replay, which ProVenue client organizations can optionally utilize to facilitate secondary market ticket sales by their patrons. However, no client organizations are currently utilizing the Replay secondary sales technology.

Consumer Protection Issues

We welcome the opportunity to be here. Tickets.com fully supports the Committee's efforts to increase transparency and access for consumers. We have appreciated our engagement with your staff in preparation for today's hearing and my goal today is to share with you how Tickets.com has approached these matters and provide insight and discuss how some of the committee's proposals would directly impact our industry. While client organizations establish the policies and practices for tickets sold through ProVenue, Tickets.com provides an array of technological features and functionality designed to enhance patrons' live event ticketing experience that can also be utilized to address the consumer protection concerns identified by the Committee.

High Ticketing Fees

Tickets.com does not set or influence the ticket prices or ticketing fees charged to consumers. All pricing and related ticketing fees charged to consumers are solely defined by and through client organizations. Typical online ticketing fees that may be charged to consumers

include per-ticket convenience fees, per-order processing fees and delivery fees for delivery of physical tickets.

Tickets.com's agreements with client organizations often, but not always, include service fees based on online ticket sales volumes; however, it is solely the client organization's decision whether to pass on these service fees, in whole or in part, to patrons in the form of ticketing fees. Tickets.com typically does not earn any fees for box office sales.

While Tickets.com does not set ticketing fees, observationally we have noticed that ticketing fees charged to patrons tend to be significantly higher for concert tickets. Like many of the other consumer protection issues identified by the Committee, the problematic business practices primarily impact consumers purchasing concert tickets for events where ticket demand far exceeds ticket supply. However, the vast majority of tickets sold by Tickets.com client organizations are for events where ticket supply exceeds consumer demand where the challenges of ensuring consumer access to face value tickets are not applicable and related ticketing fees tend to be materially lower.

Disclosure of Ticketing Fees & All-In Pricing

Tickets.com's ProVenue ticketing platform allows client organizations the option of configuring the purchase flow to make patrons aware of the type and amount of ancillary fees at various points and includes functionality to present the consumer with All-In Pricing.

In all instances, ancillary fees are displayed to the patron in the shopping cart prior to completing the purchase and in advance of requesting payment information. Additionally, if a client organization elects to utilize "all-in" pricing functionality, patrons purchasing tickets are presented with the total ticket cost, including ancillary fees, throughout the entire purchase process.

While “all-in” pricing provides a mechanism to present the patron a single ticket price that includes ancillary fees at the beginning of a purchase flow, disclosing some ancillary fees that vary based on patron choices (e.g. ticket delivery options) is impossible at the beginning of a transaction. Specifically, the following are examples of ancillary charges, which may be charged that are unknown prior to finalizing a purchase:

- a. Method of delivery fees, if any, which may vary based on how the ticket purchasers chooses to have the ticket delivered (e.g. overnight delivery versus standard post versus digital deliver);
- b. Per-Order processing fees, if any, are generally applied on a per-order basis which, depending on the client organization, may include tickets for multiple events, dates and seating locations in a single shopping cart;
- c. Parking Fees, if any, which are generally optional add-on fees elected by customer during the purchase process; and
- d. Fees for other optional add-on or upsell items offered during the purchase process, including for example, a premium fee for concessions included with a game ticket, fees for promotional merchandise items or special offers for additional tickets.

By necessity the above ancillary charges would be difficult, if not impossible to disclose, at the beginning of a transaction in an “all-in” manner, so are generally displayed in the shopping cart prior to the customer completing their purchase.

Restrictions on Transferability

The ProVenue ticketing platform has a variety of features that a client organization, in its sole discretion, may utilize to control patron resale or transferability of tickets. The limitation of

ticket transferability and resale is determined and controlled solely by client organizations. Tickets.com technology is agnostic and allows client organizations to provide patrons a seamless ticket transfer experience or place a variety of restrictions on transferability.

We agree with the Committee that certain restrictions on transferability of tickets can limit consumer options. Observationally, most client organizations do not impose transferability restrictions on their tickets and rather utilize Tickets.com's technology to offer patrons the ability to transfer or resell tickets they can't otherwise utilize to enhance their patrons' live ticketing experience.

However, certain transferability and resale controls can be utilized as a tool to aid in insuring that patrons have greater access to face-value tickets as noted by the New York Attorney General in its investigation of ticketing industry practices.² As the NYAG noted, non-transferrable tickets can effectively reduce ticket broker activity and ticket speculation and by extension increase the availability of face-value tickets for the general public.

Additionally, client organizations may limit transferability of subsets of tickets for reasons that do not impact consumers, including, for example, to prohibit donated tickets from entering the secondary market place or restricting a venue access pass to a single individual.

Limited Ticket Availability & Disclosure

Tickets.com provides a variety of technological solutions that client organizations may optionally utilize, to ensure that consumers are afforded a reasonable opportunity to obtain face-value tickets. Available System Configurations include protected promotions, account-specific offers, single-use offer codes, geographic sales restrictions, event run purchase limits and ticket quantity limits. Additionally, Tickets.com profiles, maintains and blocks purchases from known

² New York Attorney General, *Obstructed View: What's Blocking New Yorkers from Getting Tickets* (2016) available at: http://www.ag.ny.gov/pdfs/Ticket_Sales_Report.pdf

malicious purchasers and deploys measures to thwart BOT attacks. These technological tools help client organizations insure tickets are available to their patrons rather than ticket brokers and speculators.

As with ticketing fees, Tickets.com does not determine the number or allocation of tickets made available for presales, holds, general sales or other categories of sales for any events sold by client organizations. The ProVenue ticketing platform includes functionality that allows client organizations, at their sole discretion, to configure allocations for presales, holds, general sales and other categories. Whether to disclose the total number of tickets available to the general public is a decision made solely by the client organization. While technologically it's possible to display available inventory versus total event capacity in the online purchase flow, this is not standard functionality and to date has not been requested by a client organization. However, if a client organization enables the seat-map view, a patron can see the total number of seats that the client organizations has made available at that moment in time.

While requiring disclosure of available tickets has been suggested to increase transparency for high demand ticket onsales, such proposals should take into account that advance disclosure requirements may be counter-productive at increasing the availability of high demand tickets. Specifically, Tickets.com has worked with venues and artists that will open up additional seating during an onsale as a concert nears sell-out or add additional shows once a concert sells out. Regulations requiring advance disclosures of onsale availability should be crafted to permit opportunities to offer consumers such additional ticket availability.

Conclusion

Chair DeGette, Ranking Member Guthrie, and Members of the Subcommittee; Chair Pallone, Ranking Member Walden and other Distinguished Members, Tickets.com is constantly

striving to improve patrons live event ticketing experiences and looks forward to working with the Committee to increase consumer transparency and access to live event tickets. We urge the Committee to carefully consider the potential ramifications of proposed regulations to insure that consumer access to high demand live event tickets is not reduced or ticket prices increased due to increased regulatory compliance. Hopefully today's panel can be a step along that path. I thank you for the opportunity to testify and look forward to answering your questions.