

Digital, Culture, Media and Sport Committee

Oral evidence: Live Music, HC 733

Wednesday 5 September 2018

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Members present: Damian Collins (Chair); Clive Efford; Julie Elliott; Paul Farrelly; Simon Hart; Julian Knight; Ian C. Lucas; Brendan O'Hara; Rebecca Pow; Jo Stevens; Giles Watling.

Questions 1 - 223

Witnesses

I: Lucinda Brown, Venue Business Manager, Islington Assembly Hall; Stuart Galbraith, Chief Executive, Kilimanjaro Live; Andrew Parsons, Managing Director, Ticketmaster; Adam Webb, Campaign Manager, FanFair Alliance.

II: Wayne Grierson, UK Managing Director, StubHub.

Written evidence from witnesses:

- [Fanfair Alliance](#)
- [StubHub](#)

Examination of witnesses

I: Lucinda Brown, Venue Business Manager, Islington Assembly Hall; Stuart Galbraith, Chief Executive, Kilimanjaro Live; Andrew Parsons, Managing Director, Ticketmaster; Adam Webb, Campaign Manager, FanFair Alliance.

Q1 **Chair:** Good afternoon and welcome to this session of the Digital, Culture, Media and Sport Select Committee. Today's session is the first hearing we have had as part of our new inquiry into issues relating to live



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music. We wanted to start off by returning to the issue of ticketing, secondary ticketing and abuses in the ticketing market. This was something that the Committee last looked at in late 2016, early 2017, as the Digital Economy Act 2017 was going through Parliament. Previously the Committee looked at this issue probably a decade or so ago as well. It is an important issue, and one that lots of consumers of tickets feel very strongly about.

I am pleased to see as well that we have two of our parliamentary colleagues in the gallery—Sharon Hodgson and Nigel Adams—who have worked very hard on promoting the issues around the abuses of the ticketing market. There are many people in the room who have been active campaigners on this issue as well and we welcome you to today's session.

If I could turn first to the witnesses and ask for your view on the progress that has been made so far—since the end of 2016, early 2017—with the passing of new legislation and the investigation by the Competition and Markets Authority into the selling of tickets. Perhaps, Adam Webb, if you could start off for us, and give us a sense of what progress you think has been made so far and what are the live issues that need to be addressed now.

Adam Webb: From when the Committee met in November 2016, which I think was a very revealing session for everybody, quite a lot came out about how dysfunctional this market was and what the problems were. Certainly when we were looking at it, there was very little compliance with the law and huge issues for artists. Obviously campaigns came out from the music industry, many from the music management community, but it was a sort of wider coalition of the willing. It is very difficult to stop the touting of your tickets; not impossible, but very, very difficult to do, and an absolute nightmare for fans as well. Again, it was a market that suited ticket touts and suited the platforms.

There have been massive improvements for a variety of reasons, I think primarily because of enforcement, the work of the CMA, the work of National Trading Standards and pressure from Government. The key changes we have seen are that artists are able to protect their tickets better, so you are seeing artists like Arctic Monkeys, Ed Sheeran, Iron Maiden, Public Service Broadcasting—lots of different artists, and they can use the terms and conditions now. They have a lot more power. They can help keep the tickets off certain secondary sites or those that comply with the law.

We are seeing a new kind of secondary market take root. The four sites that everyone was discussing before when talking about the secondary market were Viagogo, StubHub, GetMeIn and Seatwave. Obviously two of the sites are going to be closing down. One of the sites has lost its two major contracts at the O2 and Wembley Arena, and I think in its place we are seeing a new kind of secondary market. I think all of the primary ticketing companies now are offering a capped retail service—or they are



going to offer a capped retail service. There is more technology moving into the market as well. There have been a lot of improvements. There are some key issues to address still to get it over the line and get it to be where we want it to be, but I think there has been a big improvement.

- Q2 **Chair:** Andrew Parsons, we will have some questions about the changes in your business, but the CMA investigation—obviously it has insisted that companies comply with the consumer protection legislation. The dispute with Viagogo is because they are not complying with that. Do you think having rogue operators in the market is going to make it harder for everyone else to comply with the law, or do you think it is a question of just more rigorous enforcement? Do you have concerns that in an online world it will still be quite easy for people to try to get around the rules, even though some companies are trying to comply with them?

Andrew Parsons: My name is Andrew Parsons. I am the Managing Director of Ticketmaster in the UK, just to introduce myself. We have around about 500 staff across the UK with offices in London, Manchester, Stoke and Glasgow. I have been with the business for just over 20 years, so starting back in the contact centre, customer services—back when I was at university, at college.

The closure of our two retail sites has very much been met with positivity right across the industry, the clients that we work with, artists, managers, promoters, producers, venues—really the industry at large. There has also been some fierce criticism from brokers, touts, and the resale industry, which was probably to be expected.

Our view is that the CMA has shown itself to be a very competent regulator in this space. We have engaged with it thoroughly throughout our own journey, and we have made no secret of the fact that we have had some concerns about the move towards offshore, which the internet obviously means is likely to be able to happen. Indeed, we supplied some additional evidence that made plain the move of a great degree of the traffic from UK-based sites to offshore. That clearly still remains a concern, but, as I say, we have confidence in the CMA's ability, and certainly, given the recent announcement, its intention to see it through.

- Q3 **Chair:** Lucinda Brown, as an operator of a venue, perhaps you can give us your overview as to what the venues are doing now to address the concerns, both of artists and of fans, about preventing and stopping the abuse in the secondary ticketing market, which was not only ripping fans off, but also changing the environment and the nature of live venues as well.

Lucinda Brown: Absolutely. The advances in technology have enabled us all to address those problems in a different way. As a venue, we are often on the frontline receiving the emotional distress of fans that ticketing companies and promoters maybe don't see so much. As Islington Assembly Hall, we decided that we wanted to be part of the solution to stopping touts and secondary ticketing by making the decision



to go with DICE, which is a digital ticketing company. In the short time we have been with them, we have noticed a dramatic difference in even our business, because before when a show was sold out, we would be at 75% capacity.

As a small venue, it is one of the most distressing things: you are losing your bar sales, which is the thing that keeps you afloat in your business. With our change to digital ticketing, we have noticed that we are at 90% capacity on a sold-out show, which is where obviously all venues just want the customers to come in, the customers who are buying the tickets to be in the venue. In this short space of time it has really improved, so we hope that everybody else will engage with a solution like this.

Q4 Chair: Do you think it is a viable solution for smaller venues? Obviously, your capacity is about 800.

Lucinda Brown: We are only small; we are only an 890 cap. This is the smallest venue I have worked at. It is absolutely a solution for smaller venues. It is very easy to work with. The fact that all the other ticketing companies are having resale within their ticketing platforms is following the line that DICE have started with their waiting list, which enables fans to buy tickets from other fans who cannot go, and also ticket transfers, which is what we get asked as a venue every day: how can I give my ticket to my friend? No, you cannot because we suspect you will be touting those tickets. With the capacity of a digital solution they can do that and we can know who they are, and if there are any problems in the venue we can identify that customer and support them.

Q5 Chair: Stuart Galbraith, we have heard obviously that the big name stars, the people who you work with, have insisted on a different approach to selling tickets for their events. Again, is that something that is open to all in the industry or do you have to be a big name to be able to make those sorts of demands on the ticketing industry and on the venues?

Stuart Galbraith: At this point in time, we are still waiting for technology to catch up to the point where something can be applied at any scale. Obviously, our most recent and high-profile example is with Ed Sheeran, but we were afforded the opportunity to do that because of the scale of the tour. We had a million tickets that were going out into circulation and we had finance and we had resourcing to enable us to run a system that was largely manually based and very labour intensive but did work. It worked very well. In answer to your question, can I apply that to every tour that we do at every scale? The answer is no, not at this point in time.

Q6 Chair: Do you think that for many artists who are committing to a tour, there are costs involved in that tour, so you have to do whatever deals you have to do in order to cover your costs and try to make the tour pay? The way that you sell tickets and distribute them is one of those areas where you might have to compromise.



Stuart Galbraith: Yes, absolutely, because the fact is that, if we are playing a show in a theatre, we do not have the finances to employ the number of staff for the labour-intensive operation, for instance, that we conducted for the Ed Sheeran stadium tour. What has become evident, though, is that with the majority of the secondary industry, even before the announcement of the closure of GetMeIn and Seatwave, there was a new level of co-operation coming back from certainly StubHub, Seatwave and GetMeIn where we could request and they would comply, as opposed to us having to dictate and enforce. We can bring to bear a level of control now on theatre and arena tours by having co-operation, but where co-operation is not available it is still very difficult.

Q7 **Chair:** Do you think that there should be more transparency for buyers to understand what the sources of the tickets are? Tickets may be released in bulk by the promoter or by the artist to the vendor as part of a deal that they have come to and, therefore, that could have a big influence on setting the price for those tickets. Do you think fans should know whether the tickets they are buying are tickets that have been released by the artist or tickets that have been released through the venue?

Stuart Galbraith: Certainly, our company's objective in our ticketing strategy is to sell as many tickets as possible and put as many tickets as possible into the hands of customers at face value. To that end, we run a wide distribution model. We sell tickets or make ticket allocations available to as many different outlets as we possibly can, and then obviously we benefit from the marketing input that we get from those in return and it helps amplify the profile of the tour.

The problem we face is that if a rogue company or a company refuses to co-operate, at this point in time, because of the non-compliance on the detail of listing tickets under the CRAs—in other words, if a ticket has been blatantly sold at above face value, if it does not carry seat, row and block information or its unique ticket number, we are powerless because we cannot identify where that ticket came from or, indeed, the exact detail of that ticket to enable us to cancel it and then put it back in the marketplace at face value.

Q8 **Chair:** Andrew Parsons, with your business, to what extent is doing deals with artists and acquiring large volumes of tickets from the artist an important part of the way in which Ticketmaster makes money?

Andrew Parsons: It is of critical importance, yes. It is a very competitive marketplace. It is what is referred to as an allocational market here within the UK. Venues tend not to hold 100% exclusivity rights over ticketing. That means that they can be sold through a variety of different sources. In many respects, we compete as a client at a venue level to be able to win business but, in reality, we compete every day to try to be selling as much as we can and to be able to do a good job for the client—to be able to be getting those tickets into the hands of fans



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such that we are able, yes, to see as much primary ticketing as we possibly can.

- Q9 **Chair:** For a major venue, what sort of percentage of your ticket allocation do you think you might acquire through doing a deal with the promoter or the artist for a major concert?

Andrew Parsons: It is one of those things where it really is difficult to say, because it does genuinely vary so much right across the board. I think that most venues in the music market anyway—and it does vary from segment to segment, just to make everything even more interesting—would typically seek to be holding on to around about 50%; 50% to 60% would be held on to by the venue and the promoter would administrate the rest of that.

- Q10 **Chair:** Obviously, there will be a lot of interest in the way pricing is set for concerts and venues. A lot of our work in the past has looked at abuses and massive inflation of ticket prices in the secondary market. As reforms kick in, there will probably be more of a focus on the price of tickets going into the primary market. Do you think fans should know whether they are buying a ticket that has been released by the artist or whether it is a ticket that is being sold by the venue?

Andrew Parsons: In terms of how the price is set for that?

Chair: Just in terms of knowing whether the ticket they are buying is a ticket that has been issued by the venue or a ticket that has been released by the artist to Ticketmaster to sell on their behalf.

Andrew Parsons: Sure, sorry, yes. I do think that is one of the things Adam highlighted earlier. One of the great positive things that have come out of the legislation, and the light that has been shone on lots of these things, is that greater efforts are being made to be highlighting the official points of sale. That is one of the things that FanFair has done very, very effectively with the Music Management Forum, MMF. There has been much greater effort to be able to establish who those primary sellers are and who you should be looking to go to.

STAR, the Society of Ticket Agents and Retailers, is obviously also offering an official kitemark for that, which we always try to be able to point to. I think there is a greater degree of transparency now than perhaps there once was, but I am sure there is more that can be done.

- Q11 **Chair:** Is that something that Ticketmaster would consider doing, giving that additional information to the purchaser?

Andrew Parsons: As to where the tickets have originated from?

Chair: Yes.

Andrew Parsons: We do in a sense in that, by virtue of GDPR, we share whom the data is, whom we are offering the opportunity for the data to be shared with, so in a sense we do, but yes.



Q12 **Chair:** Yes you will or yes you do?

Andrew Parsons: We do in relation to GDPR now.

Q13 **Chair:** Yes, but I am talking about obviously the relationship with the artist. If we are saying, "We have tickets for a Robbie Williams concert and the tickets that we are selling are tickets that we have acquired from the artist, and the price we are selling them at reflects the deal that we have done with the artist to sell these tickets", is that information you think Ticketmaster would be prepared to supply to your customers?

Andrew Parsons: The source of where we established that deal with for whom we are making the tickets available?

Chair: Yes.

Andrew Parsons: I genuinely have never considered it. Perhaps, yes. In terms of price, just to be clear, we have no influence or control over price in those instances, regardless of what the source would be. Typically, the price would be the same across a venue or a promoter. The price that we are being charged would typically be the same within each of those areas.

Chair: It is something that would demonstrate transparency as to where the tickets are coming from but also show that the price of the tickets reflects the promoter's or the artist's view of what their tickets should be. In some ways, the price being sold through a company like yours could not be blamed necessarily on your margin, but on an understanding that that is the ticket price that has been set by effectively the artist working with the vendor.

Q14 **Giles Watling:** I was interested in another aspect, which has probably grown over the years. Recently, there has been some legislation to deal with it. It is the use of bots, which I imagine is a way of instantly buying as the primary source. Tickets go on sale. They can buy a whole load of tickets, a whole raft of tickets, and then withhold them and sell them at an inflated price. There has been legislation recently—I believe in July—to control this. Has that made any difference? Andrew, I think I will go to you with this one. Have you noticed a difference in what is happening?

Andrew Parsons: It is certainly an issue, and remains an issue. Ticketmaster has campaigned long and hard in this area, as I hope would have been well documented. We have been looking into it just in the run-up, too, and we experienced 20 billion—which is just an insane number—attempted attacks over the last year across all of our global sites, so through the last 12 months. As an issue, it is absolutely enormous so we very much welcome the legislation that there has been in this area. I do think that it is probably too early to tell at this stage how effective that will prove to be. The Government said they want to be able to review that in another 12 months' time to look more fully at the effects.

Q15 **Giles Watling:** Do you think it will need another year?



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Andrew Parsons: I think it will need that sort of time to be able to see whether or not we can see any kind of meaningful results from it.

Q16 **Giles Watling:** Have you identified attacks since the legislation in July?

Andrew Parsons: Yes, very much so, yes.

Q17 **Giles Watling:** Billions?

Andrew Parsons: Over the last 12 months—that is the 20 billion number. Yes, for every major sale it is still to varying degrees a problem.

Q18 **Giles Watling:** Have you been able to identify the source of these bots and have you been able to involve the police?

Andrew Parsons: It is very difficult because where we are able to identify them we block them because we do not want them to be accessing the site, so it does make it difficult to be able to determine location. Thus far, we have not been able to report anything, no.

Q19 **Giles Watling:** What you are telling me is that we are on the back foot on this one and we need to take further action, or that we need to wait until we get a report?

Andrew Parsons: Yes, our feeling is we need to see through what has been put in place thus far and see what the effects of it can be, but at the moment it is difficult to be able to report direct experiences and anything to point to at this stage, yes.

Q20 **Giles Watling:** Do you have any suggestions or ideas about how we can begin to get to grips with that—something that perhaps we have not considered already?

Andrew Parsons: Honestly, it is difficult. It does go back to where it is across borders, as the internet is. It is very difficult to see, so I think being vigilant and being very clear about what the law is in that regard should be a deterrent of sorts you would hope. Yes, it is difficult to be able to comment beyond that, I am afraid.

Q21 **Paul Farrelly:** Again it is, Andrew, really. I should get my pension from this Committee because I just dragged out our report from 10 years ago on ticket touting. I was just going back to Ticketmaster's evidence. In fact, one of the witnesses then was Paul Williamson, who is an old Labour Party friend of mine, who then went on from Ticketmaster to do a really good job at the London 2012 Olympics and the Rugby World Cup in 2015.

Andrew Parsons: Indeed, he did.

Q22 **Paul Farrelly:** In the evidence given 10 years ago, Ticketmaster could not have been clearer, "The principle is already in place in UK law for football matches and the 2012 Olympics, and we strongly argue for similar legislation outlawing the unauthorised resale of tickets for all events". Then what changed was that Ticketmaster, having wanted to throttle the secondary ticketing outlets, got into the market, and just as



we have come back from holidays now you are doing something completely different. Could you explain Ticketmaster's changes of mind and perspective over the last 10 years and the reasons for them?

Andrew Parsons: Happily, yes, just the 10 years. As I run the Ticketmaster UK business, which I tried to make clear, from our side and from my position, our role is always first and foremost to try to support clients who are looking to get tickets directly into the hands of fans every day. That is what a Ticketmaster business does first and foremost and that has always remained the case.

Since the legislation and that very bright light that it shone on many of these issues, and the terms and conditions that that made available, there has been even more of a landmark shift—a seismic shift—from artists seeking to take advantage of that and to take greater steps to limit resale within the market. We have always played a big part within that and we have had technology to make that available. Iron Maiden, the example that Adam cited just a moment ago—you do not mind if I call you Adam in this setting, do you?

Adam Webb: No.

Andrew Parsons: It is a piece of technology that we had, paperless, credit card entry, which denies touts the ability to resell. This has always been a very, very important part of our business. We have listened to the campaign that has grown in pace, listened to the artists and clients that we work with—ultimately the fans who buy tickets from us. They have been very clear on the need for a fan-to-fan ticket exchange and that is what we have announced that we will be launching later this year.

Q23 **Paul Farrelly:** Damian in a few moments wants to get into the nitty-gritty of your market-pricing platinum mechanism where maybe the technology is allowing you to catch up, but what happens then if people buy tickets from you as a primary seller and then try to sell them for a much higher price on the likes of Viagogo? What happens then? Will they still be able to do that?

Andrew Parsons: That remains a very real threat. Just as before, we have a variety of tools, services and technologies that we have been expanding, to try to work with clients whose aim is to limit resale in the ways that we described. We engage with artists in particular to talk about what some of those tools might be. Paperless is the credit card entry system that we used on Iron Maiden. Just very, very recently we announced a series of shows that we have been working on with an artist called Four Tet—he is a DJ producer and has a residency of floorshows at the Brixton Academy—which will be wholly mobile ticketed. That digital route forward in the long term seems to be the way that we will address the issue of touts being able to exploit fans and access tickets. At the moment, that will continue to be a possibility.

Q24 **Paul Farrelly:** Why? You are a major force in the market. Clearly, you



have to discuss the terms with your performers, but isn't it possible for you to take not just an initiative piecemeal but wholesale—like Mr Galbraith took with Ed Sheeran—to make it clear to people who buy tickets through you that resale can only happen through your new mechanisms, otherwise people run the risk of not being allowed into the venue?

Andrew Parsons: That final position I think we can all see would be a position for the artist to take. Where I very much support the view is that we want to get to a point where more and more we take away the pieces of paper that enable people to very easily move them on—for them to be very easily touted—and to move to a digital world where we are able to exercise controls in conjunction with the artist, manager, producer, event organiser, whoever that might be, and their wishes. I do absolutely agree that technology is going to be the solution to this. We are already seeing it now and I think it will go further in that direction, absolutely.

Q25 **Paul Farrelly:** Can I ask the rest of the panel in turn what you think of Ticketmaster's latest initiative?

Stuart Galbraith: We welcome it wholeheartedly. Ticketmaster is reacting to the UK marketplace specifically, and indeed its policy elsewhere in the world is different where the view on secondary is perhaps different, for instance, in the US. It is reacting to public pressure campaigns and now legislation that has been enacted. To put it bluntly, we are starting to clear up the acne that has blighted our industry, and I think that we are coming to the point where we just have one major boil left to lance.

Q26 **Paul Farrelly:** Which is?

Stuart Galbraith: Viagogo.

Q27 **Paul Farrelly:** I thought you might say that. Adam?

Adam Webb: Yes, I agree with that. Again, going back to the original Committee in November, at that point there was probably a risk that the UK market could be turning to be more like the US market. I think that in the US market ticket touting is absolutely endemic. It is beyond hope. What has happened now is not only with Ticketmaster but also with Access launching their marketplace, which is coming in in quarter 4 as well this year, and what we are seeing is a change in the UK market. In Europe it is going to be different. It is not going to be for profit resale; it is going to be consumer-friendly capped resale. That is a big market shift.

Q28 **Paul Farrelly:** Lucinda, I know you have your own model, but what is your impression?

Lucinda Brown: Yes, like the rest of the industry we all massively welcome it. It is brilliant. What you said earlier was interesting, that people should only be able to resell to the place that they bought it. That would be a fantastic solution. There would not be inflated prices where



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fans are being ripped off and artists are being ripped off. This is great news for all of us.

Q29 Paul Farrelly: One final question: I have long given up trying to get tickets for some major performers like Bruce Springsteen and just rely on friends who are more adept at it and have more time to get them for me, because I just see the impossibility with the bots and the rigged market and distribution place. Andrew, what measures do you take with your current model to improve availability by tackling bots and super sellers who try to snap markets up and then offer them all over the place at inflated prices?

Andrew Parsons: Various tools. We have an artist services team within the music space. That works with artists specifically to try to determine what the best way is for them to take their tickets to market in consultation with them. I am not sure how much the Committee will have heard of the Verified Fan product that we brought to market.

Paul Farrelly: We have seen your evidence.

Andrew Parsons: Yes. That is specifically seeking to address that particular issue of the frustration around on sale in particular. For those who may not be familiar, it basically means that it is an invitation-only presale. The artist and the event organiser invite people to participate in that presale.

Q30 Paul Farrelly: They get priority?

Andrew Parsons: They get priority. They go very broad and wide with it to make sure that they get to as many people as possible and, as a minimum, get into the artist's core fan base so that they are able to participate in that. Then we have a series of algorithms and work that we are able to do to remove the bad actors from those lists. We take out those that we can clearly see show evidence of being likely to be touts or bots. That means that the presale that we then go out to is able to get to genuine fans in that first instance. It is initiatives like that that will hopefully ensure that fans get the best opportunity to get the seats first.

Chair: We have a few people who want to come in; first, Brendan.

Q31 Brendan O'Hara: I have a question for Andrew. What is the relationship between Live Nation and Ticketmaster?

Andrew Parsons: Ticketmaster is a part of Live Nation Entertainment.

Q32 Brendan O'Hara: Okay. Live Nation and Ticketmaster are global venue owners, concert promoters, artist managers, ticket vendors and, until very recently—or technically still are—major secondary ticket retailers. Do you think that is a conflict of interest and do you think that is in any way good for consumers?

Andrew Parsons: I am the Managing Director of Ticketmaster UK so I can speak for the ticketing component piece of that. I do believe that it is a very, very, very competitive market, which ultimately I suppose is the



root of your question—it is more competitive here than anywhere on earth. In the UK ticketing market, there are new entrants. Literally, there is a technology hub here so there are new entrants to the market all the time and it remains a very, very competitive market space.

- Q33 **Brendan O'Hara:** You can understand why it would not feel very competitive when there is one massive player that are venue owners, concert promoters, artist managers, ticket vendors and secondary ticket vendors. It does not feel very competitive. If you are an ordinary fan trying to seek a ticket, we either go through you or we have to find a very circuitous route somewhere, don't we?

Andrew Parsons: It genuinely is a very, very competitive marketplace. Just looking here, we pitched and would have loved to be working with Lucinda. We are not able to. There is a different technology provider in place there at the moment. We are fortunate enough to be able to sell some of Stuart's tickets. We do not sell all of them by any means. He has a preferred relationship with another supplier.

Adam mentioned Access, which is a major supplier here that is launching its own fan exchange, I gather, later this year. There are lots and lots of suppliers within the marketplace, which I think shows more than enough evidence that it is a very, very competitive market within ticketing.

- Q34 **Brendan O'Hara:** Do you think that the UK currently has a healthy ticket market?

Andrew Parsons: I think that it is very, very competitive, yes.

- Q35 **Brendan O'Hara:** Is it healthy? Is it good for consumers?

Andrew Parsons: In that it is competitive, yes.

- Q36 **Brendan O'Hara:** You are on record as saying that closing Seatwave and GetMeIn was part of a long-term plan. Is that correct?

Andrew Parsons: It is correct that I said it, yes.

- Q37 **Brendan O'Hara:** You stand by that?

Andrew Parsons: I do, yes. Just to explain, we acquired a Seatwave business that we knew provided us with the technological means across a number of different markets that we would ultimately be able to integrate into our Ticketmaster offering, which is what we are doing later this year. That has been over a year in the making. Lots and lots of hard work has gone into that. We have effectively rebuilt out the entire front end of our website, and every means of how you interact with us as a customer has been redesigned and rebuilt.

It was always our goal to bring those together on the seating map to offer greater choice, both resold tickets and other VIP, primary. We think all of the options should be available to offer the fan as much choice as possible, and that is certainly what we have been working towards.



Q38 **Brendan O'Hara:** Why then did the CEO of your parent company, just 18 months ago, say that there were still hundreds of millions of dollars in secondary? Are you asking us to believe that you bought Seatwave less than four years ago in order to close it down?

Andrew Parsons: That is not what I said, in fairness. It was that we were looking to use that technology that was best able to harness to integrate with our Ticketmaster business. What we have listened to here is that there was a very clear and different market need within the UK. The campaign had been here for some while but had grown considerably, and the efforts to ensure that artists and music managers were participating in this, were more than ever to ensure that they were limiting resale in ways that we have played a part in with our own technology.

We have been at the forefront of a lot of these initiatives to limit resale for quite some time. It is difficult to get that message across when you did own two of the perceived big four sites. I understand that was a tough sell, but we have been part of trying to be an answer to the issue of resale for quite some while. This is a logical end to that for us.

Q39 **Brendan O'Hara:** Isn't the reality that the court of public opinion and campaigns by the *Daily Record* and Mark McGivern have shone a light in places that you did not want a light to be shone, and that you have been dragged kicking and screaming to this position and you are trying to spin a positive way out of it? The reality is that this is where you have ended up because, as I say, the light has been shone by campaigners on places where you did not want it to be shone.

Andrew Parsons: I think that primary ticketing has always been absolutely at the heart of what we do. It is what all of my teams are focused on every day of the week. That is our absolute main objective and has always been the case. I understand the focus that those resale businesses received. We understand the frustrations that fans have had with those businesses. That is why we are very pleased that we have been able to move forward with a new fan-to-fan exchange model. It is going to be very, very easy for fans to use. It is going to be built right into the heart of the account. We think that it is going to be a really positive move for the industry.

Q40 **Brendan O'Hara:** Finally, for many years Ticketmaster has had a commercial relationship with touts who were allowed or encouraged to harvest huge amounts of tickets. We hope that is coming to an end. What measures have you put in place to ensure that these former clients of yours can no longer have those tickets in that vast amount to sell on other secondary sites?

Andrew Parsons: In that sense, nothing has really changed in that we have always been in the business of protecting that primary inventory wherever we could. We block bots in their billions, as I mentioned. We work with technology—like the paperless solution that we mentioned



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earlier—to ensure that we can remove transferability by linking a ticket to a credit card or solutions like the Verified Fan opportunity that I mentioned earlier. Limiting touts’ ability to access tickets has always been an important part and will continue to be so.

- Q41 **Brendan O'Hara:** You have never encouraged touts? You have never made it easier for power sellers to harvest Ticketmaster tickets? For people like Andrew Newman, Alpha Group Services, White Widget—they have all broken through your safety or security system in order to harvest tickets. You had no commercial relationship with these people?

Andrew Parsons: In the sale of primary tickets, absolutely not, no.

Brendan O'Hara: No, in the sale of your tickets. How did Andrew Newman or Alpha Group Services or one of these other people become these power sellers, these harvesters of vast amounts of tickets? Given that, if I am correct in what you are saying, they can still do that under the new system, nothing will be put in place to stop these touts, these—what would you call them?—clients or whatever, harvesting tickets in this number.

Andrew Parsons: I have tried to be very clear that we have always sought to protect the imagery so that they could not buy from us. In fact, while we are a large player within the UK market, they could have bought from a number of other sources at any given time. The fact that we do everything possible to ensure that we sell tickets directly, and to get them into the hands of fans wherever we can, was and remains the case.

- Q42 **Brendan O'Hara:** If I was a large deal tout, essentially the closure of GetMeIn and Seatwave would have minimal effect on my business. I will just sell them on whatever secondary—I can still access the source of the tickets. Is that what you are saying?

Andrew Parsons: What I am saying and trying to be clear about is that we have always sought to work to ensure that we get tickets directly into the hands of fans, and we will continue to do so.

- Q43 **Simon Hart:** More of the same. Sorry to go back to Andrew, but just picking up on that point. It seems to me odd, though, despite all of these measures that you have talked about, that—I may have this wrong, please correct me—there hasn’t been a single time when you think you have established sufficient evidence to so much as take one tout to the police or to have anything that resembles a case that you can produce. Is that true? If it is then it might suggest that your systems are pretty inefficient.

Andrew Parsons: In terms of being able to take it to the police, I think the Committee member was talking in relation to bots. That is something that if we were ever able to establish then we absolutely would.

- Q44 **Simon Hart:** Just to interrupt on the bot point, are your systems, therefore, incapable of picking up unusual or unacceptable or illegal



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behaviour in a bot activity? You painted quite an interesting and thorough picture and yet the only bit of it missing is that it apparently does not have any effect on anybody anywhere, and nobody has been stopped doing whatever it was they were doing before, which has a negative impact on the industry. It sounds like a perfectly working machine that doesn't actually do anything.

Andrew Parsons: It works to be blocking bots every day of the week. It has to be able to. In that regard it is very, very effective. The means of them being able to identify the source of that is very complex and I would be happy to try to offer you a little bit more detail and background to this, as to some of the complexities relating to that.

Q45 **Simon Hart:** Does it not pick up on common themes, for example, names?

Andrew Parsons: Only if we let them purchase, and that is the point that I was trying to make earlier. Our business revolves around blocking those bots—that is our absolute focus—so that they cannot purchase tickets wherever possible. In so doing, we are not then able to capture any details because you are blocking them from accessing systems.

Q46 **Simon Hart:** Again, I apologise if you did explain it earlier, but do you have any information you can give us on the proportion of bot attacks that get through versus the proportion of bot accounts that don't? You talked about 20 billion—

Andrew Parsons: 20 billion in the last 12 months.

Q47 **Simon Hart:** Have you any way of calculating what proportion—the success rate is what—

Andrew Parsons: To be quite clear, there lies the difficulty effectively in that if there is a potential bot attack, our job—and it is something of an arms race—is to block that bot because we don't want them to access our systems. If they are able to get through, almost by definition, we have been unable to identify them as a bot and that makes it very difficult. That is part of the issue that I was trying to explain. It makes it difficult to be able to identify them because everything—

Q48 **Simon Hart:** No other warning signal comes up when a bot has got through the system that suggests to you that there might be multiple purchasing of a very similar pattern? That does not come up on the radar at all?

Andrew Parsons: If we knew that they were a bot we would block them because that is our absolute aim.

Q49 **Simon Hart:** Sorry to labour this point, but if it is a bot presumably it is behaving arguably in a non-human way for the purposes of doing stuff multiple times—

Andrew Parsons: Correct, being able to move more quickly around the site.



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Simon Hart: You say that once that bot gets through you don't even know it has got through and yet there might be multiple purchases going on that you don't see. How does that work?

Andrew Parsons: If we were able to identify, in just the way you describe, that there was something that looked like a bot, we would prevent it. We would deny them access, so they would not be able to purchase. The difficulty lies—and this is an ongoing issue for many, many industries, not just ticketing—in being able to invest in technology to understand who those bots are and prevent them, because that is our ultimate aim, of course. That is the threat to a genuine fan being able to buy that ticket.

If we were able to identify, if we are able to see behaviour that exhibits patterns that that is a bot, we have software that will block it. If we are not able to identify it, by definition, it is difficult to then know afterwards whether or not that was a bot, because if we knew they were a bot we would have blocked them.

Q50 **Chair:** Thank you. Can I just confirm for the record, you mentioned some figures there about the number of—

Andrew Parsons: Global attempts.

Chair: Global attempts. Could you repeat those once again?

Andrew Parsons: 20 billion global bots over the last 12 months.

Q51 **Chair:** What is the volume of global tickets sales on Ticketmaster in a year?

Andrew Parsons: I will be happy to follow that up with the Committee afterwards. I don't have them off the top of my head but we do report the numbers.

Q52 **Chair:** If blocking a bot completing a transaction—I would be interested to know how many transactions successfully take place on the site because 20 billion seems like a huge number. It would suggest that every hour of every day there are thousands and thousands of bots seeking to buy tickets from Ticketmaster. It is just an enormous number.

Andrew Parsons: It is an enormous number, yes.

Q53 **Chair:** I would be interested to know what bot attacks would contribute as a proportion of your total traffic.

Andrew Parsons: I would be happy for us to follow up on that.

Chair: Thank you.

Q54 **Clive Efford:** It is that issue but I won't labour it. I want to understand a little bit more why you cannot identify who is behind it or what is the address that is behind these bot attacks. Isn't it more efficient for you to close them down and report them to the appropriate authorities than to just keep trying to dead bat them all the time?



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Andrew Parsons: I would be at the risk of repeating myself from before but—

Q55 **Clive Efford:** I am not sure you are because the question is slightly different, in the sense that you evaded the question in my opinion about identifying the source of the attack and dealing with that. I am not sure that you are right that you cannot identify where those attacks are coming from in every instance.

Andrew Parsons: As I said, our absolute aim is to try to be able to ensure that we block those from attacking sites—

Q56 **Clive Efford:** You are not able to find out who they are? That is what we are being told, is it?

Andrew Parsons: Yes, if we could we would absolutely—nobody stands to benefit more than us from being able to make that go away. It is a huge problem for us. We would love to be able to identify them and, as has been made clear, within the UK we stand to benefit from—

Q57 **Clive Efford:** I assume you want to move on, Chair, because we have been on this point for a long time, but Stuart Galbraith would like to come in.

Stuart Galbraith: If I may, I was going to give you my experience based on our most recent case study, which was the Ed Sheeran tour where, as well as asking the ticket agents to put in their normal defences against bots, we were very aware that the legislation that was referred to earlier on at the start of this question wasn't specifically just about bots. It was about the use of all technology, including computers and multiple purchases and so on.

What we did on the Ed Sheeran tour is we actually received data from all of the ticket agents that we then went through manually, and by going through it manually we were able to identify nearly 10,000 multiple purchases that had slipped through the defences of all of the agents, and not just Ticketmaster but other major ones as well. We then cancelled those because it was very, very obvious that they were breaching our terms and conditions and also breaching the new Digital Economy Bill.

It is just to offer an insight. I don't think you should necessarily be red herring too much by bot. It is the multiple use of computers as well. The only way to pick that up is by very, very laboriously manually checking all the sales records.

Q58 **Clive Efford:** Just one other question for Mr Parsons, following on from the advice about platinum tickets. Do you ever advise event organisers or artists about the best strategy to maximise profits from tickets? Do they ask for your advice as an expert in the market?

Andrew Parsons: How to—

Clive Efford: The best strategy for selling their tickets.



Andrew Parsons: Yes, very much so.

Q59 **Clive Efford:** They come to you for advice about what prices are likely to succeed on your website. Do you advise them in those circumstances about whether they should allocate all the tickets at once or do so in a phased process?

Andrew Parsons: If asked we would always recommend that the most transparent method is the best, yes.

Q60 **Clive Efford:** What does that mean? Sorry, I did not understand that.

Andrew Parsons: Your question was about what we would recommend.

Q61 **Clive Efford:** Would you advise that they phase in the sale of those tickets, or would you recommend that they are all allocated on the website at once?

Andrew Parsons: The latter.

Clive Efford: Thank you.

Chair: Ian, do you have a question on this?

Q62 **Ian C. Lucas:** It was actually about this vertically integrated market that exists within Live Nation and the relationship with Ticketmaster and Live Nation. If Live Nation is a venue would it only use Ticketmaster to sell tickets for that venue? Is that how it works?

Andrew Parsons: You would think so, wouldn't you? No. It is very similar to the other venues within the UK, in that there are a proportion of tickets that are made available for the venue, so the venue has what is termed a house allocation, a venue allocation, which it controls the rights to sell and distribute. Then the promoter typically has access to an allocation that they have the rights to, and that is the same at a Live Nation venue.

Q63 **Ian C. Lucas:** Why is that? Why isn't it the case that all tickets at a Live Nation venue are not sold by Ticketmaster?

Andrew Parsons: That is by virtue of how the market in the UK has evolved.

Q64 **Ian C. Lucas:** I am really impressed by Lucinda who has been sitting quite quietly at the end here because it seems to me that in Islington they seem to have found a solution.

Lucinda Brown: It is not a 100% solution because there are so many stakeholders. We are only a small player. We are not a multinational. We cannot dictate to the market where the tickets are sitting, so sadly we only hold 50%, unlike the Live Nation venues that hold 65% and they don't release. We release because we are a small player. We are still vulnerable to touts because of this whereas—

Q65 **Ian C. Lucas:** With your DICE arrangement, essentially you have one



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supplier or one sales person, one company. You need to contact DICE if you want a ticket but—

Lucinda Brown: No, we are not 100% DICE because the promoter will decide where the tickets get allocated. As a venue we have a small stake and we have a say. An ideal situation is that we do 100% but, as Stuart said, there are various marketing options that different companies offer. Everyone's dream is to sell out every show, so to do that we need everybody's support. We need more co-ordination together and we all need to work together as a venue, the ticketing company, the promoter, and so there are, sadly, different people who sell for us. It isn't an assembly hall.

Q66 **Ian C. Lucas:** Is it because the artist and the promoter want something different to what you want that this cannot be delivered?

Lucinda Brown: We are not co-ordinated enough as an industry. We don't work together enough and, yes, we all have different demands financially.

Q67 **Chair:** Just some round up questions from me on this segment. First, Andrew Parsons, could you tell me what the financial impact on your company is in the UK to closing down your secondary ticketing platforms?

Andrew Parsons: Very limited. If we didn't submit it we have certainly been quite public around the fact that they were loss-making businesses through last year, so in that sense I think we would rather consider the fact that the industry as a whole has moved in this direction, such that we want to be doing more and more to work with artists in this area who seek to limit resale, and that is definitely the right direction for us.

Q68 **Chair:** Yes. Some might say in that case to close down GetMeIn and Seatwave is less of a statement of principle but just a business transaction—to close down two businesses that are losing money rather than allowing them to continue to trade.

Andrew Parsons: It was important for us to establish a principle whereby fans could have an exchange mechanism, and that is what we have been working towards being able to build out, and we will be launching it later this year.

Q69 **Chair:** Is your company going to be involved in the secondary ticketing business in other markets around the world?

Andrew Parsons: We have been quite clear that it is the UK and European sites that have closed down.

Q70 **Chair:** You will still be very actively involved in secondary ticketing in the US?

Andrew Parsons: It is difficult for me to talk specifically for the US but yes, there is no suggestion of a change there.

Q71 **Chair:** Why do the principles that apply in Europe not also apply in



America to your company?

Andrew Parsons: It is a little difficult for me in that I am managing director of Ticketmaster within the UK. I would be speculating somewhat if I start to talk about what is happening in other markets but I did mention they are very, very, very different markets, which operate in very different ways.

Q72 **Chair:** It is just that one company is making a statement of principle saying, "This is what we believe in. This is what we are going to do". They tend to do it the same way everywhere rather than saying, "We believe that in Europe where we have loss-making businesses we are going to close, but in America, where we have highly lucrative businesses that do the same thing, we are going to keep them open". That does not really sound like a statement of principle.

Andrew Parsons: I don't think there was a question there.

Q73 **Chair:** I can help you a bit further. I am quite clear. I am asking: would you agree? Do you recognise the statement as a principled position or is it just simply a commercial one?

Andrew Parsons: I am very proud of the fact that we have been able to make a decision that was right for the UK market, and the fans here have been very clear in their call for a fan-to-fan exchange. The artists' community here has really come together on this issue in a way that I don't think it has necessarily around the rest of the world at quite the same level, so it is different here. Good businesses recognise change, what their clients are asking them for, and what clients are working for. I am pleased that we have been able to change it.

Q74 **Chair:** It has been driven by fan pressure.

Andrew Parsons: Fans and our clients and the campaign that has really brought us to this point, yes.

Q75 **Chair:** The fact that people do not use your secondary ticketing businesses because they lose money.

Andrew Parsons: As I said at the beginning, the changes to legislation have certainly been such that much of that has moved offshore.

Q76 **Chair:** The message to fans in America is if they stop using your secondary ticketing platform you might eventually close them down. Just to go back to something we touched on earlier as well on enforcements, how do you stop people buying tickets from Ticketmaster and then selling them on Viagogo? What you said was you do not have a mechanism to stop that at the moment.

Andrew Parsons: We have a number of different strategies that we talk to. One is similar to the model that Lucinda Brown mentioned earlier at Islington, where we are moving to a digital-only based ticket where we get to a point where we take away the pieces of paper and your mobile phone becomes your ticket.



Q77 **Chair:** That is the venue providing the solution for you. But do you design this?

Andrew Parsons: Yes, that is our solution, so to be clear that is a piece of technology that we own and operate as well on behalf of venues. A big part of our business is to supply that technology for buildings. The project I mentioned, albeit a step towards this direction, is something that we absolutely want to do lots more of, is to achieve just that.

For the Fortec shows that we announced a few weeks ago, all tickets were sold by the verified fan process in the first instance, so we were able to take out as many of the bots and touts in that first round as we possibly could. Then all tickets were distributed in a mobile-only way so that we were able to take away some of the incentives for people to tout. We do definitely think that is the direction the market will go. Technology has to be the answer here, absolutely.

Q78 **Chair:** I can understand that but, if the venue is not either directly or in partnership with you deploying those technologies in place, at the moment there is not really anything you could do to stop someone buying a ticket from you and selling it on another third party site.

Andrew Parsons: It is certainly a complicated market and, yes, the allocational nature of it means that we do not always have that control—true.

Q79 **Chair:** Is there anything you think you could do to make that hard? Is there any investment you could make to make it harder for people? The intention of your announcement is if you buy a ticket from Ticketmaster you can only re-sell it through Ticketmaster. You cannot sell it on another platform. But it would seem that you might be able to without being detected, depending on the nature of the ticketing system at the venue when you get there.

Andrew Parsons: We already see a groundswell of venues and clients seeking to go in this direction, and many of them ask us the question every day of how can we take this approach forward. On digital ticketing—certainly through the next year, the next 16 months, I think there are going to be huge moves in that direction and—from small club level venues that we work with, the Music Venue Trust as a partner supplying them with technology—I can see absolutely from small venues upwards that that is going to become more and more the norm.

Q80 **Chair:** Going back to Stuart Galbraith's comment on this, it sounds to me like at the moment, unless you have a perfect technological solution at the venue, you need a degree of human checking involved as well in order to make this work. That is what you said earlier. Do you have a further comment on that?

Stuart Galbraith: My only comment with regard to your question is that, for me, it is now about the enactment of the CRA because it is not necessarily Ticketmaster's responsibility to control that ticket once it goes



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into the marketplace. At the moment, we are powerless as promoters and as distributors to then cancel that ticket because sites such as Viagogo do not comply with the CRA. The reason they are not complying is that the minute they do we will be able to identify the source of the ticket and cancel it.

If I may be so bold, I think that is one of the reasons why Andrew perhaps made the commercial decision to close down his two secondary sites, because to comply with the CRA would have given us the tools to basically stop his business.

- Q81 **Chair:** A final question from me on this, which is principally directed to Andrew. You gave that astonishing figure on the number of bot attacks. I would be fascinated to know what the global number of ticket transactions is at Ticketmaster.

The Committee did a lot of work this year looking at the role of fake accounts and bot accounts disseminating harmful content and disinformation online, but clearly one of the big areas is what people call cyborg units—people who are controlling computers. In many ways they are replicating the work a bot might do but with human oversight. They are generating a huge volume of traffic from a particular place.

Do you also monitor bulk buying of people operating computers from individual locations, who are in some way seeking to replicate the work of a bot but with a team of humans carrying on the work? We know there are many other issues online that are caused by people behaving in that way.

Andrew Parsons: The short answer is yes. We can see highlighted areas of IP activity in areas that should not really be exhibiting quite that level of interest in artist A. That would be someone who would be identified.

- Q82 **Chair:** Would you take action against them, suspend their accounts?

Andrew Parsons: Yes. We would block it as if it was a bot.

- Q83 **Rebecca Pow:** A quick point, and my apologies for being late, Chair, in the Digital Economy Act we have quite a lot of legislation now that should be helping. The Digital Economy Act 2017—so that is not very long ago—required a unique number to be listed on tickets. Is that happening and is that helping solve any of the problems we have been talking about? Stuart, would you like to quickly comment on that?

Stuart Galbraith: It is not something we have used yet but I have spoken to promoters that have used it and it has worked very successfully. It is something we are intending to roll out on our next major on sale.

- Q84 **Rebecca Pow:** Andrew, are you using it?

Andrew Parsons: If our clients did request and ask, and if Stuart were to come to us saying, "This is something we would like to use across this tour" then absolutely.



Q85 **Rebecca Pow:** Is it a voluntary thing or should you be using it?

Stuart Galbraith: I believe it is voluntary.

Q86 **Rebecca Pow:** It is voluntary. Fine, but it sounds useful.

Stuart Galbraith: Again, it does still depend upon a secondary site complying with the second piece of legislation—the Consumer Rights Act 2015—and listing that ticket using the UTN because if they don't we cannot identify the ticket.

Q87 **Rebecca Pow:** You touched on the Consumer Rights Act. Again, it looks like quite a useful piece of legislation and there was a report done on that by Professor Wolfson. He came up with the conclusion that it was a useful piece of legislation but it was not being enforced. Enforcement was lacking. Do you agree with that and do you think platforms should be doing more to comply with it?

Stuart Galbraith: I think, under pressure from the CMA, we have certainly seen more transparency in terms of the structure of ticketing and the use of fees. They have gone as far as they can without complete compliance, whereas—and I do not want to sound like a broken record—the one site that has not is Viagogo. We are very pleased to hear the CMA bringing for the very first time under, I presume, not just the Consumer Rights Act but also consumer protection law, they will be taking them to court. I think it is only once those actions are taken and penalties are then issued that we will see people comply.

Q88 **Rebecca Pow:** I am sure, Adam, you have something to add to that.

Adam Webb: There is a fundamental disconnect between how Viagogo view a ticket and how everybody else views a ticket. I think Viagogo, quite conveniently—because this is how ticket touts view a ticket—view it as a commodity. Terms and conditions do not count for anything and you can do with it as you wish. If you look at the small print of a ticket it does not really say that. We usually say it is a personal revocable licence and it is not for resale but there are Ts and Cs applied. Because of the enforcement of the law those Ts and Cs now have teeth.

Like Stuart said, there is more co-operation now—certainly, with Ticketmaster and with StubHub—so that you can enforce those terms and conditions and it is great. Again, a lot of artists are now doing it. It is not a perfect medicine. It is very labour-intensive. It is not going to be for everything. It is possibly not even a perfect medicine for the consumer because there are issues, like checking IDs at the door and things like that. I think technology will probably alleviate some of those in the future but clearly, yes, Viagogo has a very different perspective on what a ticket is.

Q89 **Rebecca Pow:** Finally, this is a slightly wider question. If tickets are resold through a secondary market—and sometimes they can be sold for a huge amount of money—a great deal of money can be made. I believe



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the music industry does not get any of that extra gain. Is anyone addressing that? Lucinda?

Lucinda Brown: Receiving the gain?

- Q90 **Rebecca Pow:** It is the extra gain so there is no requirement or no way, as far as I can see, for the industry itself, the life blood of all these tickets you are selling, benefitting from the benefits these secondary ticket touts are getting, or sites or however you would like to describe them.

Lucinda Brown: It is a huge problem.

Stuart Galbraith: To put it bluntly, if somebody has paid £1,000 for a ticket that had a face value of £100 then, in my opinion, that is nine shows they will not go and see, or if they were smaller shows and they were £20 tickets it is several dozen shows they will not go and see. It is sucking money out of the top of our industry and putting it into the pockets of investment funds and large institutions, which are now offshore and elsewhere. It means those monies also do not have PRS paid on them, so the songwriters and the creators of that art do not share in it and HMRC do not get their VAT return on it either.

- Q91 **Simon Hart:** Back to Andrew on this. I am no expert on this but a quick Google search discovered a site called ticketbot.net where, if you buy the software, that would enable me to purchase 2,000 identities an hour for the purposes of ticket sales. Do your systems block that? Are you confident that your systems will prevent people like me buying that software that I could have done in the last 20 minutes in here?

Andrew Parsons: All I can be confident in is the huge priority focus and level of investment that we put in and how seriously we take it. It would be difficult for me to comment on any specific piece of software and how that works, without looking into it a bit more with a bit more detail. All I can really say is that it is an absolute priority and focus for us. We have nothing to gain by allowing bots to cheat our systems.

- Q92 **Simon Hart:** Could you perhaps let us know on that specific question of ticketbot.net? Once you get back to the office could you let the Committee know if the systems block that out? It would be helpful to know that.

Andrew Parsons: Sure.

- Q93 **Clive Efford:** Can I just ask Mr Galbraith—and others may want to comment—how much of a problem is the holding back of tickets by event organisers and artists to force up prices in terms of ripping off fans by forcing prices up? Is that a problem in the industry? Is that something you think also needs to be addressed? It is something that has been raised with us.

Stuart Galbraith: I am not aware of that and it is certainly nothing that our company does, to be quite honest. We are eternally grateful to get



the tickets out in the marketplace and sell the damn things, because while we hold onto them we are at extreme risk.

Q94 **Clive Efford:** We had evidence from one individual who has written in saying they had bought a ticket early on, being told these tickets were scarce and more tickets became available in better locations at lower prices.

Stuart Galbraith: Every concert and every tour is perhaps different because obviously as promoters, and with agents and artist managers, we are striving to match demand with supply. There is no point in us trying to play an artist in a 2,000 seat venue if we can play to 10,000 seats because we and the artist would be able to make more money and 8,000 more people get to see them. Equally, there is no point in trying to play a venue that holds 10,000 if we think we can only sell 3,000 tickets, for instance.

In arenas you have the ability to start off at a small capacity. You will set your house at four and a half, you will build a business plan and you will do a deal based upon that and you will put the tickets out on sale. If it is the case that they sell very well, if you take examples of venues like the O2 or the NEC, they have a technical capability where you can then open up other blocks if you have demand. If you don't have demand you leave that capacity as it is and you are grateful that you have achieved what you set out to achieve.

There can be occasions where more tickets come into the marketplace after the initial on sale because we had more demand and you open up supply, but in a tour with a very hot ticket, certainly our policy would be to put all the tickets on sale as fast as you possibly can and sell the tickets.

Between the point of on sale and the actual playing of the show there will be some releases, because when we go on sale we don't know exactly what the technical term of the show is going to be and we may have a seat here that you cannot see from, for example. But then we find out the show has moved this piece of production and you can open up sightlines, or the mixer will be smaller or we will get licensing approval because the stage is slightly smaller than we anticipated and we can put more people on the floor. Then we will put those tickets in the marketplace.

It is possible that tickets come back out later after the on sale because, if you are opening up a venue on a progressive basis, obviously you are adding tickets at the back of the auditorium so those tickets may be cheaper than the initial tickets you sold at the front of the auditorium.

Q95 **Clive Efford:** You described earlier the success in the arrangements you put in place for the Ed Sheeran concerts, but you did say that was not practical to apply right across the industry. What would be, in your opinion? To be clear, is regulation needed so that we can apply pressure



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across the entire industry, or do we need better enforcement? Is that practical with every instance? Does it become self-defeating if we regulate?

Stuart Galbraith: I think the ultimate result would be technologically based for us, whether that is blockchain or what comes after that. But at this point in time the implementation and actioning of regulations and Consumer Rights Act, Digital Economy Bill is the only incentive that we can see to enable us to try to pull back some control into what we believe is an out of control marketplace.

Adam Webb: Can I add one thing to that as well? Again this is linked to Viagogo not recognising terms and conditions and, therefore, being ultimately a company out of its market. At the moment Viagogo is allowed to dominate Google search results and this is becoming more and more of an issue. Clearly from the consumers who contact us, who contacted Claire Turner—she was here today with her Victim of Viagogo campaign—it is a key marketing channel for Viagogo. You search for most artists' tickets and they sit at the top of the Google search.

There have been some improvements in here. This time last year they were advertising themselves as official sites. They would put the artist's name in the url so it was absolutely misleading. Google rolled out a certification scheme earlier this year—that again has had some positives—so that sites like Viagogo make a disclosure on their home page that they are a secondary site, so there is some more awareness there. But still in the advert itself because there is no overt text saying that they are a resale site, still at the start of the consumer journey you are still seeing people click through in the madness of a Friday morning ticket sale and they are getting duped.

Again, worse than that, you have tickets like Ed's, like Arctic Monkeys where the Ts and Cs are so that they are effectively going to be buying invalid tickets. Again, we have been in long conversations with Google and others about this but again, even with the developments of this week, it is just becoming extremely frustrating that we cannot get Google to budge. We feel like they are breaking their own AdWords guidelines on this as well.

Q96 **Clive Efford:** Is it fair on fans to rely on Google to be their consumer protector?

Adam Webb: I think Google in the world we live in is a trusted brand, and fortunately you have one of the world's most trusted brands. People go there for ticket searches and you have probably one of the least trusted brands at the top of the search.

Q97 **Clive Efford:** Does that make them a trusted brand then if they are prepared to put Viagogo at the top of their list?

Adam Webb: It would be incredibly helpful if they could do something about that.



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Q98 **Chair:** If Google is facilitating someone committing a fraud I would expect it to do something about it.

Adam Webb: Absolutely, yes.

Q99 **Giles Watling:** For everybody, except perhaps Adam—you touched on that earlier. I would imagine that the relationship an artist generally has with their fans and their supporters is a close one they want to encourage. They want to keep that alive and, as we all know, they want a venue that has a living, vibrant feel about it. The fans are going to be irritated, aren't they, about secondary sales and all that engenders? But the artists must be kicking up as well because they want to keep that alive. They want to keep that atmosphere going. They are not going to take it very easily that there are people making profits and irritating their own fan base. You must have to respond to them all the time. Stuart, is this the case?

Stuart Galbraith: There are two aspects to this. One is, as you say, the money that is flowing out of the industry and it is not just the artists' pockets because, prior to that, all the artists that play in stadiums and arenas played in theatres and clubs and pubs and they have all come up the same route. If that network is strangled, because we don't have people going to it because they have spent money that has left the industry, the artist can see their successors are not going to have the same opportunity and people will not be able to discover new music and then grow with it. The vast majority of artists we and the fans work with we work with have been with us right from the very start and they grow up and people—as you have probably done yourself—have followed an act for many years.

The second aspect of it is about applying terms and conditions that prevent resale—we now have artists that I am pleased to say are agreeing to take a hard line and we are turning people away. That is inconveniencing people who are coming to the show who at the end of the day are—

Q100 **Giles Watling:** The dynamic is the other way. You are getting the artist to agree the hard line rather than they—

Stuart Galbraith: We will suggest it or they will suggest it but, by mutual agreement, that is the policy we are now adopting with many tours. That means that customer who gets turned away—although it is a customer of Viagogo or a secondary tout or whatever—is still a fan of the artist. It is a fan of the artist that has paid way too much money to see them, and we want them to come in and pay the amount that the artist has prescribed and requested.

We are inconveniencing that fan on the night and we are very aware of that, but we are trying to make that fan understand that, if a ticket cannot be resold and it is not allowed to be resold, they will not get in. On the Ed Sheeran tour we facilitated, "Right, that ticket is cancelled. You are now able to buy a ticket at face value and we will give you



admission". It is inconvenient to the customer because they then have to go back to the likes of Viagogo and claim a refund but ultimately, out of the 15,000 tickets we cancelled on the Ed Sheeran tour, 99% of them got in at face value and we saved them all a fortune.

Q101 Giles Watling: That is a good result. What about the pressure you are feeling, Andrew, from the artists?

Andrew Parsons: As I mentioned earlier, we have an artists' services team, whose job is to engage with artists right from the outset to determine what the aims and objectives of the tour might be. Limiting resale is very high on the agenda in many instances, and we look to engage with them about what technologies we might be able to deploy in those instances, based on the size and type of venue they might be operating. That could be paperless, as we have done with Iron Maiden.

Q102 Giles Watling: You are responding to those pressures.

Andrew Parsons: Absolutely, and the artists' managers themselves are increasingly aware, particularly in the UK, of the means they have at their disposal to be taking it on.

Q103 Giles Watling: Where is the MU in all this? Do they get a vote? The Musician's Union.

Adam Webb: They signed our declaration, our FanFair Alliance Declaration so I think they are broadly supportive, yes.

Q104 Ian C. Lucas: If I could reinforce the points that Stuart has been making. I did a little bit of research this afternoon myself. I was quite astonished that a Paul McCartney ticket in Liverpool on a Viagogo site is £1,072. There was no indication, whatsoever, of what the face value of the ticket was and I was looking quite hard trying to find it. Obviously Paul McCartney is in a position where he does not need to worry too much about a loss of income personally but, clearly, the money that is going out of the venue, out of the people that are employed there, out of the country to somewhere, is massive. You obviously know that. Are those sorts of figures fairly standard in there?

Andrew Parsons: Adam will perhaps be able to give you more background information, but we certainly had examples of people that instead of paying £75 have paid up to £2,500, £3,000 or £4,000 per ticket, and that is for a ticket that clearly has stamped or printed upon it that, "This ticket is invalid if it is resold and will not gain admittance". Yes, I think there are people that are squandering thousands of pounds, and on some occasions being duped out of thousands of pounds, because they do not know the cost of the ticket until they get past the transaction page.

Chair: That concludes the questions for the first panel but it sounds like, from what Lucinda and Stuart said, that if you are using an electronic ticketing system, and if the law is being enforced so that details of the



ticket will be identified if anyone tried to resell it, you should be able to design resale out of the industry. That seems to be a clear way ahead and, from what Lucinda said and Stuart said, you are making it happen and it seems to be an example others can follow.

Lucinda Brown: Touts are always going to try to be ahead of the game but, right now, there is a solution that works and as long as people take it up it is there. We are using it and it is great.

Chair: That is great. Thank you very much.

Examination of witnesses

I: Wayne Grierson, UK Managing Director, StubHub.

Q105 **Chair:** Thank you very much. I would like to start the second session. People in one or two moments we will have to go and vote and will be rejoining the Committee. We may have a vote in the House of Commons before 5.00 pm, so if we are still running we may have to pause for 15 minutes to allow Members to go and vote in the House. Mr Grierson, thank you very much for joining us.

It had been our intention obviously to have a representative of Viagogo, Cristopher Miller. We had agreed that they would appear over the course of the summer. At 11.00 pm last night I received a letter from Viagogo saying that they did not feel they could appear in front of the Committee, as a consequence of the CMA's investigation and the CMA's decision to pursue action against Viagogo. They also referenced the legal action against Kilimanjaro Live as well.

In response to Viagogo's letter, I wrote back today to say we have taken advice both from the CMA and also from the in-house legal services here at the House of Commons. The CMA's case is not sub judice. The court papers have not been issued. No date for a hearing has been set. There is no reason why they should not appear as witnesses in front of the Committee today.

The reason I believe they have chosen not to do that is because they are concerned about incriminating themselves by anything they may say in the evidence that they give, but the basis on which Select Committees work is people are invited to come and tell the truth and if you have nothing to hide the truth will do you no harm.

Viagogo has decided not to come and answer our questions. I think this sits as part of a pattern of evasion on their behalf. It is disrespectful to the House. It is even more disrespectful to the customers who have been the victims of Viagogo over so many years that they will not come and answer questions about the way their business works.



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The Committee will take further advice on Viagogo's response. We are publishing today the letter I received last night, and our initial response, and we will publish any further correspondence in due course. To my mind, I think this underlines the many real problems that exist around this business and the message that comes from today's hearing, even though they are not here to answer for themselves, is that if you want to be safe if you are buying tickets online do not buy them from Viagogo. It is not a reputable company.

That being said, Mr Grierson, we are very pleased to have you here. We would like to start off.

When we had the hearing in November 2016, which has been referenced, Paul Peake, for the legal team at StubHub represented the company. He said at that time, to a question I asked him, that he did not believe the company had a legal obligation to monitor the activity of sellers on their platform. He said, "By law, we are not required to police or monitor our site". It would appear that StubHub no longer believes that to be the case. Could you explain why there has been this change in strategy from the company since November 2016?

Wayne Grierson: Thank you, Chair, for inviting me to give evidence. To echo your sentiment about Viagogo, from our position in the resale market, we believe it is an absolute disgrace, that they are discrediting the industry and the House, where they are not showing up to give evidence, given that they have a dominant position within the market in terms of the UK business. We are a UK-registered business, the company, as we are in the country; they are not. We have a vested interest in making sure that our consumers, or the consumers within the UK, are treated fairly.

To answer your question specifically, the legislation as it was understood is that there is self-declaration for sellers. We have a Payment Intermediation Licence through Luxembourg where we have to do the checks. All business sellers on StubHub and all sellers on StubHub, go through a number of checks. They are checked against certain databases for fraud and criminality and they have to self-declare whether they are a business or whether they are a consumer seller.

Through the CMA investigation, and the outcome of that, what constitutes a business seller has been defined, so now they have to be declared based on certain parameters. We would check and they have to be disclosed, and we would ask for certain information to ensure they are who they say they are—we will ask for documentation about the company and their passport information, so they are fully disclosed to the consumer, prior to the transaction on StubHub.

Q106 **Chair:** What steps does StubHub take to ensure that tickets being sold on StubHub are not tickets that are prevented from being resold?

Wayne Grierson: Mr Galbraith said that there is increasing collaboration between us and the promoters. We take a very specific view on it. What



is the right benefit for the customer? What is the right outcome for the customer? Are they going to be affected? There is a grey area around terms and conditions. Two-thirds of our business is consumer sellers, and selling tickets to buyers that make a late decision in terms of their social calendars.

What we do not think is fair are the unfair terms and conditions that are restricting the reuse and resale of tickets. So, 51% of the tickets on StubHub go below face value¹, so it is a good-value proposition, and 98% of sellers on StubHub are consumer sellers. They have committed to go to an event six to 12 months previously. They get to within one month of the event and realised they cannot go and that is when they register to sell on StubHub, trying to recoup some of that money they paid six to 12 months previously.

Q107 **Chair:** StubHub is the ticket partner for Anthony Joshua's fight at Wembley.

Wayne Grierson: That's right.

Q108 **Chair:** In a situation like that, you have a contract with the promoter. If the promoter in that case has stipulated that tickets could not be resold on third-party sites, but they were being resold on StubHub, would you police your own site to make sure that could not take place, especially as you are the ticket-agent operator?

Wayne Grierson: As with the gentleman from Ticketmaster, we have anti-bot technology to make sure we protect who buys the tickets; we have ticket limits. We make sure that is enforceable as per the lines of the agreement with the rights holders. If the rights holders are looking to restrict resale or put some provisions around it, we will make sure that there is a commercial agreement as per the discussions in the prior session. We very much distinguish the events on StubHub.

Q109 **Chair:** Sorry to interrupt but could you explain what you mean there? You said, "We will make sure there is a commercial agreement".

Wayne Grierson: Where there is a commercial agreement—you referenced the match with Anthony Joshua—where we are the primary distribution channel, just like at Ticketmaster, a primary channel, we would have a separate event. The separate event with StubHub would be defined as official. Any resale events would be clearly defined as a resale within the marketplace. Therefore, the consumer knows what they are buying from which seller.

Q110 **Chair:** The question I am asking is: how do you police what people do on the site? If the company is accepting that it does have responsibility for the way people behave on their site, you enforce the law on the sellers, so they have to show key information to the consumer about the tickets they are buying, but if the people who are using StubHub to sell tickets

¹ Witness Note: To clarify, 51% of tickets on StubHub go for face value or below face value.



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on are doing so in breach of conditions that have been set on the original purchase of the those tickets, so they could not be resold on a secondary ticketing platform, do you, StubHub, do anything to stop that happening?

Wayne Grierson: It depends on the terms and conditions that are specified.

Q111 **Chair:** If the terms and conditions are that this ticket is not available for resale and it is a major event and you may be aware of the fact that those are the conditions that have been set, what do you do to make sure that people are not breaching those conditions by selling? The reason that it is important is because it is not just the terms and condition of the contract, it is that someone may be purchasing a ticket that will be cancelled when they turn up.

Wayne Grierson: We believe that the consumer has the right to transfer a ticket. I am not a lawyer, so whether it is a licence, whether it is about who owns the ticket—speaking from a consumer perspective, people believe that once they own the ticket they have the right to either gift it, as a gift, as a present to a loved one or family member, or to resell it, based on their circumstances changing. I don't think consumers understand—we discussed it here in the prior session—that the ticketing market in the UK is very fragmented and very complex. Therefore, for the person on the street who only buys probably one or two tickets, or goes to one or two events per year, it is very hard for them to comprehend how everything works.

Your point to terms and conditions. As part of the CMA, we have to police and we have to do certain monitoring whereby if there are restrictive terms and conditions, and the event is live on StubHub, we have to present to the consumer what those restrictive terms and conditions are prior to any purchase. That is our responsibility.

Q112 **Chair:** You are saying that for someone who was purchasing a ticket on StubHub, where that ticket was being resold by the original purchaser, you would make sure that it says at the point of purchase that this ticket was banned from resale and that you may be denied entry if you purchase it?

Wayne Grierson: As part of the CMA agreements, and the undertakings that we have signed up for and in order to be fully compliant, that was one of the requirements. If there are any restrictions on use relating to that ticket, whether it is obscured view from section for example, then that is visible to the consumer before they buy that ticket.

Q113 **Chair:** And that would include whether the ticket was banned from resale.

Wayne Grierson: It is restrictions on use in terms of resale or anything that relates to that ticket. We have a duty to monitor and present that information to the buyer before they purchase and to show that in a



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durable medium in terms of paper, confirmation, post transaction so there is full visibility of what they are buying.

Q114 **Chair:** Just to be clear, things like restricted views relates to giving people proper information about the location of the seat they are buying?

Wayne Grierson: Yes, and also if there is any—as you have referenced—restrictions on resale. As I said, I believe we have a market-leading, FanProtect guarantee. Now others in the industry do not have the right market-leading FanProtect guarantees, so a transaction with StubHub is safe and secure and, if there are any issues with your transaction, you will get your full refund.

Q115 **Chair:** I believe you had a dispute last year with the O2 over selling tickets for a Metallica concert. Is that correct?

Wayne Grierson: Metallica. That is a fairly complex one because the terms of the ticket were changed post on sale. The tickets were introduced into the market and there was no information around whether there were any restrictions on use. The terms of that ticket then changed. Tickets had been sold where those terms and conditions were not visible and at a later point those terms were introduced. It was an inconsistent message to the consumer.

Q116 **Chair:** You were told by the O2, they identified the problem. The tickets that were not eligible for resale were being resold on StubHub and the problem continued. Is that not correct?

Wayne Grierson: No. The problem did not continue. As soon as it was made aware that there was a change in the terms and conditions post the initial on sale, the tickets were removed from the site. Then we worked with the O2 to ensure that the customers that were affected—because they were not aware of those changes in the terms and conditions, or they were not aware of those terms and conditions when they made the original purchase on the resale site—were able to get into the venue.

Q117 **Chair:** How many tickets for the Metallica concert at the O2 were sold on StubHub in breach of the terms and conditions?

Wayne Grierson: I don't have that information to hand but I can absolutely follow up, post this.

Q118 **Chair:** It was more than 1,000, was it not?

Wayne Grierson: I don't think it was more than 1,000. Again, I don't have that number to hand. I can follow up to the Committee.

Q119 **Chair:** Again, this is where you have a relationship with the venue. There are terms and conditions that have been put in place, which say at a particular point that these tickets are not available for resale, and yet they are being sold on StubHub, or re-sold, even in breach of the terms and conditions that StubHub knew the venue had set.



Wayne Grierson: Maybe I did not explain; apologies. When that ticket for Metallica first went on sale, there were no terms and conditions saying there was a restriction on resale. At a later point, post the on sale—I think about four to five weeks—it was made aware that the artist and the bands wanted to restrict resale. At that point we removed all listings from StubHub. As soon as that was made known, we took the decision to remove the listings from StubHub. Then we worked with the O2 to say we need to find out: how do we get our customers into the venue in the absence of that information not being made known to them, or to the private purchaser, that they could not resell that ticket?²

Q120 **Chair:** Were tickets sold on StubHub, resold on StubHub, after that change was made, after people were notified?

Wayne Grierson: I can come back with the exact times, but as soon as we were notified there was a discussion, obviously, because this was new news. Then the action was taken to remove all listings relating to that event from the website.

Q121 **Chair:** I think it is really important because it is about the ability of a company like StubHub to monitor what is going on on the platform and to restrict sales where, actually, a tout is seeking to defraud someone by selling them a ticket that they know most likely will not be honoured when they turn up.

Wayne Grierson: There are business sales and consumer sales. Two-thirds of our business is consumer sellers, and they are not aware of the technicalities of terms and conditions.

Q122 **Chair:** Is that two-thirds by individual sellers or by volume?

Wayne Grierson: By consumer sellers, by volume.

Q123 **Chair:** So they are not necessarily the same thing because you can have a small number of sellers selling a large number of tickets.

Wayne Grierson: We have business sellers on StubHub. We are transparent. They are disclosed and visible on StubHub, but it is a very small part of our business relative to the industry. Viagogo is the majority market, the majority reseller, and we don't agree with the practices and business operations they are operating by. Fundamentally, we are a responsible, committed ticket agent or option. We are fan-first. We are fully behind our FanProtect guarantee, and we continue to be compliant.

Q124 **Julian Knight:** Congratulations for turning up, by the way, unlike Mr Miller at the last minute. I was debating whether or not we should replace

² Witness Note: As provided in a follow-up submission to the DCMS, StubHub was notified by AEG on 29 April (4-5 weeks after the official on-sale) that the band had requested AEG to turn off the integration between StubHub and the venue. This integration allowed for the original buyer's ticket to be cancelled at the time of resale and then reissued to the new buyer. Integration was therefore turned off on 29 April. StubHub did not receive a request to stop resale or remove listings from our site. StubHub subsequently worked with the venue to ensure that all StubHub customers got access to the event.



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him—like they did with Roy Hattersley—with a tub of lard, but that is for Chair.

Wayne Grierson: I am glad I turned up. I dread to think what I would be.

- Q125 **Julian Knight:** You have made some remarks about Viagogo. Do you think that they have a very cosy relationship with the likes of Google? I am thinking in terms of the fact that Google, as part of its terms and conditions, I believe, or its terms of trade, does not put fake items at the top of its search engines, fake items for sale; it says that it does not do that. However, if an item or a ticket is not for resale, why is that Google allows Viagogo to basically use its search engine in order to sell that particular item? What do you think is at play there?

Wayne Grierson: I think many businesses use Google as a search engine to promote whatever products they have and I think Viagogo are just a part of that. I cannot comment on any relationship.

- Q126 **Julian Knight:** You said that Viagogo are a blight on the industry and here it is, right at the top of Google. Any listing you do—I have just done some listings here—they come right to the top of Google, and yet the items they are selling are effectively fake; they are not for resale. I know that you will have a relationship with Google, like everyone else, but is Google not also responsible for this situation?

Wayne Grierson: I would not want Google to set the policy. I think it is down to Parliament to set the policy.

- Q127 **Julian Knight:** They set their own terms of trade. They say they will not sell fake items.

Wayne Grierson: I cannot comment in terms of Google's position but I do go back to the point in terms—apologies if I don't answer your question; I am happy to come back to it—

Julian Knight: I would prefer you did answer it.

Wayne Grierson: I just want to make the point again about the ability to resell or to transfer. Let's be clear, TM-Plus, or the move for TM to close GetMeIn and Seatwave is resale in all but a different name. Yes, there is a price cap on the secondary listing, but we have seen in other markets than the UK—Mr Chairman referenced the US in terms of how that has progressed and Stuart referenced supply and demand in terms of marrying that up—and what we are concerned about is that primary prices will increase over time.

Platinum Tickets is an example. If the price of the primary ticket increases, then the secondary ticket-price is going to increase. Again, the general consumer on the street does not understand about terms and conditions. They buy something that they believe they have the ability to resell, like any other commodity. I hate to use the word "commodity", but if I bought a car from a garage, and the only place where I could sell that



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car was back to the garage, for them to market to their audience that they have, the opportunity for that consumer to recover the money they initially paid, is very limited.

Therefore, I think that is where Google comes into play and how do you promote a consumer-seller's listing that cannot go in order to try and resell? In my experience, I bought tickets to an event that I couldn't go to. It was six months ago. I paid £80, not £180 because they were good seats. But I couldn't go so I had to resell them. But I didn't sell them for the price. I just recouped a fraction of that and that is because for me, my mindset is that I have already expensed that. I didn't have that money in my pocket anymore, so whatever I get back now is a benefit, and that is what we see from consumers. We see consumers making decisions about their social calendars much closer to the event. People are buying about 30% of the tickets on StubHub within a month or a week of the event, and what we see is the more supply in the market for consumers and the pricing is coming down. It is really a good-value proposition for consumers.

Q128 Julian Knight: Isn't there a fundamental point that, as you said at the start, Viagogo is a blight, and shouldn't Google, as a company that likes to talk about its corporate responsibility—we get the press releases all the time—remove them from their listings, full stop? Should they not effectively block and effectively strangle Viagogo by not allowing them their listing?

Wayne Grierson: I would love nothing more than for Viagogo to exit the market, and that is not because there would be less competition, it is because it is the wrong competition. Even with GetMeIn and Seatwave closing, there is less completion in the market. We want competition in the market but we want operators to operate by the same set of standards that we are signed up to, with CMA undertakings, to make sure the consumer has a consistent experience wherever they go to buy a ticket within the UK.

Q129 Julian Knight: A couple more questions. You mentioned having a consistent experience. Viagogo—I have never seen this before—have a one-star rating on Trustpilot. I have never seen a one-star rating. I thought that was more associated with dodgy tarmac firms and double-glazing sales. You only have a two-star, a two-and-a-half star rating.

Some of the comments that have been made about your particular company, Mr Grierson, are "Efficient, yes" that's good, "but what exploitative touts. They are not quite as bad as Viagogo. Why on earth do a venue like the Royal Albert Hall let these people have tickets?" Another one: "An awful customer service and they are not honest about any charges they make. They have changed the charges and I have had to pay out over half the price of my tickets".

Aren't you ashamed of seeing that in terms of your customer services,



your experience, and isn't part of the problem something about the very transaction that is wrong here? The reason why people feel so mistreated by your industry—and to a certain extent, frankly Mr Grierson, your own company—is because this transaction is literally pilfering them; it is literally taking money out of their pockets. Isn't it the fact that these particular ratings show your industry, even ones that seem to be much better off than Viagogo, needs fundamental reform and fundamental change?

Wayne Grierson: We take consumer feedback very seriously. I monitor Trustpilot every day. I believe our consumer service is the best in the industry. If I look at the US, we do not get to this size in terms of trust, in terms of how we do that. We have a call centre that answers every call within 20 seconds; 90% of the calls within 20 seconds. If you send us an e-mail, we will respond in 24 hours.³

I think on those specific examples it depends whether you are a seller or a buyer. For buyers, 51% of the tickets go at or below face value⁴, so we are not taking money; they are a good-value proposition. NFL tickets last year went for £4. There are people who cannot go who are enabling others to go. For sellers, this is where we see an issue. There are consumer sellers: the reason that we have such a high percentage of consumer sellers is that people do not sell a ticket every day, and 60% of the tickets that we see being listed in the market go on social channels, through communities, through Facebook connections, through my Instagram group. Therefore, I either list a ticket on StubHub or also share it to my community and, if that ticket sells and it is not removed from StubHub, the seller has entered into a contract to fulfil on that order.

We have a dedicated team to make sure that every order on StubHub is delivered to the buyer. If there is any issue we have to come in and invoke our FanProtect guarantee, while we then have to go and find replacement tickets for our buyers so they can go into the event.

Q130 **Julian Knight:** Why do you have this rating of two stars? When you said that you believe yourself to be the best in the industry—I mean two stars out of five? We don't like banks but, frankly, most people would probably rate their bank a lot higher than your industry. What is it about your industry? What it is about the things that you are doing well as an industry, right now, in terms of consumers that you think you need to change?

Wayne Grierson: People don't generally talk about good news or take the time to report good news. We have a retail location that does meet our customers. We have a face to an e-commerce business, unlike many others, so we can interact. We get other feedback. We have our own

³ Witness Note: StubHub's call center answers 70% of calls within 20 seconds.

⁴ Witness Note: StubHub charges a service fee for every transaction, regardless of ticket sale price.



measurements in terms of customer satisfaction scores. We do surveys for those who have contacted our contact centres, and they are very high, at 75% to 80% satisfaction.

What you see on Trustpilot—and believe me, I look at this every day—the comments, we respond to. I ask the team to respond and look at every occurrence of those concerns so that we can get better and improve. So, are more customers going to increase the rating? I don't know. But we have other internal metrics where we do surveys where we have an interaction to say, "How was your experience with StubHub?"

Q131 Julian Knight: I want to pick something up. You said that between 75% and 80% of customers are satisfied. Frankly, if I was running a shop and 1 in 5 customers left the shop miserable, I would not be running the shop for very long. What is it, though? You have ignored my question. What you said was how fantastically you communicate and discuss and do surveys and you have people respond. What is it about your industry that means that, frankly, you think it is acceptable to have a consumer feedback of that sort of pitiful level? What is it about your industry that is so wrong? What is it about your industry that needs to change?

Wayne Grierson: What needs to change is the rogue operators; the rogue operators need to be addressed. Enforcement, so that everyone operates to the same standard. That is what we have to get to. This industry has evolved. Regulation and the CMA outcome, the CMA review, is getting us to a level of transparency, which is fantastic for the consumer, and we are fully on board.

But everyone is not to the same standard. That is the fundamental problem. People are experiencing different things. Viagogo are the majority share within the UK business for resale, therefore they are setting the tone, they are setting the negative sentiment, and we are wrapped into that, unfortunately. We differentiate because we have metrics and I know the external ones are very different from the ones I am telling you, but we have fraud at less than 0.1%;⁵ we have customer satisfaction internally, we do surveys, we are engaged. Our head of global customer service, his mantra is Plus2, which is we go that extra step for our customer. This is disseminated across all functions. I know that is not transparent to the Trustpilot metrics you reference—

Q132 Julian Knight: But that is what your customers say.

Wayne Grierson: But we talk to every customer that we transact with. The ones on Trustpilot are just a sample. We talk to every customer within the business in terms of the transaction. We do a survey and we can get metrics and guidance and signals to say, "How is the sentiment for our customers within our business that transact?" and we have that, as well as external signals. We take many different signals to see where our position is.

⁵ Witness Note: The incidence of fraud on StubHub is 0.1 percent.



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Q133 **Julian Knight:** You still have not given me two or three things—whatever number—that you think the industry needs to improve on, and that you need to improve on.

Wayne Grierson: We need transparency across the industry, not just secondary but how many tickets are actually available. The previous panel referenced holdbacks and others, but the customer needs or wants to understand how many tickets are available for them to purchase. “Is there an opportunity for me to purchase?” “Can I gain access?” “If not, I may not even know that that event exists and I may only be aware of that one month, two weeks, prior to the event.” To answer your point, we need more transparency, which the CMA delivered, which we are committed to.

The other thing is that everyone within the resale market has to abide by those same principles, not just the big three, or big four, but also those that are not playing by the board.

Q134 **Clive Efford:** Mr Grierson, if I went on your website to buy a ticket for an event, I would see the face value of the ticket, the location of the ticket, and the source, whether it is a business or an individual that is selling it—all the things that you are required to supply. You are owned by eBay. How much influence or control does eBay have over your company? What is your day-to-day relationship with eBay?

Wayne Grierson: We are a separate business unit. My head office is in the US. The head of the US, or global business, reports into the global head of eBay.

Q135 **Clive Efford:** They own Gumtree as well.

Wayne Grierson: Gumtree is separate.

Q136 **Clive Efford:** Separate from you but part of the eBay family. They will have the same requirements in terms of the information that is supplied.

Wayne Grierson: Yes.

Q137 **Clive Efford:** Do they? If eBay were concerned about the consumer, people who have expressed their concerns to us, would they not apply the same rules to Gumtree as they do to you?

Wayne Grierson: Because we are a resale ticketing platform, the investigation from the CMA and others is just based on the StubHub UK entity. So very different business entities and in terms of: do I talk to anyone in Gumtree? No. They are very different business units.

Q138 **Clive Efford:** But you get my point: if the parent company is taking the moral high ground on protecting the consumer, why do they not apply the same rules to their companies when it comes to sale of tickets?

Wayne Grierson: We see tickets listed across many different channels but the majority of those channels are social channels, Instagram and



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Facebook—60% of the tickets we see listed are not on marketplace-type environments.

Q139 **Clive Efford:** What proportion of your company business is businesses online selling tickets rather than individuals?

Wayne Grierson: More than two-thirds of our business is consumers and, as the Chair referenced, we do do primary in terms of boxing, so it is about one third.

Q140 **Clive Efford:** Is that volume or is that income?

Wayne Grierson: That is income.

Q141 **Clive Efford:** Income, okay. What do you do to investigate the source of those tickets, how those people came by them, to ensure they are not botnets?

Wayne Grierson: We do verify checks. We check those sellers against databases to make sure that they are who they are, before they list. That is fully disclosed on StubHub. As was referenced in the earlier session, allocations of supply go through many different routes. Business sellers, who are verified and visible, have been part of that value chain for many years and they have played a role within terms of the distribution of those tickets to then be resold through other channels. We don't know where the tickets have come from but what I can say, from what I see within StubHub, is that the average number of tickets listed per business seller is six tickets. Therefore, that implies to me that how they acquired tickets is not through bots. If it was, and evidence was brought to me, that that was how they acquired tickets, they would be banned from the site. We take a very hard stance on using technology or methods to disadvantage the general consumer when buying tickets.

Q142 **Clive Efford:** How many people would you say, in the last year, you have banned from your site?

Wayne Grierson: As a gentleman earlier referenced, it is very hard for the primary to identify the source of the bots. Bots is generally a primary issue. When we do primary through on-sales, we have anti-bot technology, exactly the same issues as Ticketmaster has. We try to identify where those bots are coming from, what the forensic footprint is, what the IP addresses are, and it is very hard to find that. The gentleman referenced there are companies selling bot technology. We should be closing those companies down. We should be going for the source so they aren't able to sell bot technology.

Q143 **Clive Efford:** Who is "we"?

Wayne Grierson: Well, this is where—I will reference Mr Galbraith again—there is a new level of collaboration, or a level of collaboration, that we are part of the industry, and therefore I am very open to working with part of that industry to go and help—



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Q144 **Clive Efford:** Would you say to this Committee that enough is being done in that regard by the industry itself to go after those people who are selling that sort of software or operating the bots themselves?

Wayne Grierson: We welcome legislation. I think the teeth are just starting to bite, which is great. The young gentleman from Ticketmaster said—I was astonished at the level of hits they get—20 billion. But is there enough? Probably it is not a joined-up effort. Lucinda referenced also that there is a lack of collaboration within the industry. Could we do more? There is always more we could do.

Q145 **Clive Efford:** In your evidence to us, you welcomed the banning of bots. What impact did that have on your business?

Wayne Grierson: Viagogo is dominant in the resale market. Most of our business is consumers and primary, more than two-thirds. We have business sellers that are declared but we do not see that much of a material change. The average number of tickets listed by business sellers is around six tickets.

Q146 **Clive Efford:** You are saying that the legislation had no impact.

Wayne Grierson: No. We don't know yet. I think it is just starting to bite. We hope it does, in terms of making sure that tickets get into the hands of the customers. What we are seeing is many more consumers within the marketplace. I can only comment on what we see in our market place—much more consumer-driven—therefore, people are listing tickets much closer to the event and we see people buy tickets, not necessarily more at the on sale, but closer to the event, because that is when consumers realised they cannot attend.

Q147 **Clive Efford:** I am a bit slow on the uptake, so you are going to have to go through that again for me, because either it did have an impact, or it did not. You are saying you are seeing an increase in the consumer traffic. What is that as a consequence of? Is it the legislation? Is it a change in their market? Did the legislation have impact or not?

Wayne Grierson: We have always seen less than 1% of the tickets appear on the resale site. There could be maybe 50 to 100 tickets that appear over the course of the on-sale but we do not see big volumes of on-sale tickets, or we never have done. That represents our market size within the UK market.

Q148 **Clive Efford:** Can you tell us how many occasions you have identified activity that you thought necessary to report to the authorities?

Wayne Grierson: It has been very limited. Our fraud rate is less than 0.1%⁶ because there is no incentive to list fraudulent tickets on StubHub because we have the ability to hold payment until after the event. We see buyer fraud more than seller fraud. That is using fake credit cards. But we have our trust and safety team that are looking at signals in the

⁶ Witness Note: The incidence of fraud on StubHub is 0.1 percent.



market to say, "Does the IP address match the home address? Does that match previous purchase behaviour? When was the account set up?" We are looking at different signals but most of the fraud is buyer fraud driven. Seller fraud is very low.

Q149 Clive Efford: When the account was set up, are you saying that is a way of catching not just people who are using credit card fraud but would that apply also to a computer that was applying for tickets? If it had been recently set up you would identify that?

Wayne Grierson: We look at certain patterns within the website. If someone sets up a new account and we see peculiar behaviour in terms of listing patterns or buying patterns that would go into fraud queue, where we have a dedicated team looking at those signals to try to say, "Okay, does this look suspect? Is this something we need to do? Do we need to suspend those listings? How do we need to investigate this?" The action will be taken. There is a dedicated team that does that.

Q150 Clive Efford: I recall a report back in 2013 by the Metropolitan Reporting Bureau, which linked organised crime online using bots and other means as being associated with drug trafficking and international gun running. Are you in contact with the authorities on a regular basis about the potential involvement of those involved in criminal activities?

Wayne Grierson: Absolutely. If any authority came to us asking for information we will work collaboratively. As a reference, we check every seller against criminal databases and fraud databases. At that point of checking, before they even start doing anything on the website, they would not get through. They will get blocked and they will get reported.

Clive Efford: They get reported?

Wayne Grierson: Yes, but we have not had any instances of that. As I said, seller fraud on our website is very low because there is no incentive because they do not get paid until after the event.⁷ This is where our concern is, that if we over-regulate then these types of bad actors will go to off-platforms where there is no visibility and no consumer protection.

Q151 Clive Efford: Yes, I get the seller fraud but the issue about making large sums of money through the sale of tickets where perhaps they are selling them at a huge mark-up, which is where the incentive is for criminal activity to get involved in a secondary market. It is there that the problem is. Are you identifying people there? Identifying them to the authorities?

Wayne Grierson: We have the checks in place, in terms of checking criminal databases, fraudulent databases, as part of our payment intermediation licence in Luxembourg. We are basically audited like a bank because we hold the money between the seller and the buyer. We

⁷ Witness note: While most sellers do not get paid until after the event, there are certain sellers with a track record of excellence that are approved to receive payment prior to the event.



have a duty of care to make sure that every transaction or every seller is legitimate. We check criminal databases to ensure there are no criminals trading on our website.

Q152 **Chair:** Since I asked my questions to you before, I was just looking on StubHub at tickets for the test match on Friday at the Oval. StubHub is able to help me and I have been offered a ticket to the test match there. It gives the block number and the row number but it does not give the seat number of the ticket. Surely you agree that seat numbers should be disclosed.

Wayne Grierson: Yes, part of the CMA undertakings, which will be live by January, is that it is mandatory where a seat number is known.

Q153 **Chair:** Of course, the reason in this case the seat number would not have been given is that the Oval has a policy that tickets that are resold through third party platforms are in danger of being cancelled. They do work with the companies to sell tickets. You are not listed as one of them. As the consumer on this page, there is no information to warn me that there is a danger that the ticket could be cancelled if I purchase it not from the club but from the reseller. There is nothing there to tell me that at all. That was information that you would—

Wayne Grierson: We provide in the listing flow the seller can disclose all information that they have to hand if they have it. Part of the CMA undertakings, which will be live by January, is those fields are mandatory and we are doing additional checks where if there is duplication, so if the seller lists the same ticket or two different sellers list the same tickets, we are going to check that in the background to make sure that there are no duplicates listed on the site.

Also we have a monitoring duty whereby if someone notifies us to say that seat is wrong, and so on, we will contact the seller. That was part of the undertakings that we have signed up to and committed to as part of the CMA additional undertakings.

Q154 **Chair:** This particular ticket says the delivery is by pick-up and available at the StubHub Last Minute Service Centre near the venue. What is that?

Wayne Grierson: We have a retail solution whereby we have an external face, a physical face, to the customer. Last Minute Services is a service whereby people that cannot attend events and it is close, so on a Wednesday, and the event is on a Friday or the Saturday, they realise they cannot get a babysitter they send us the ticket. We hold that ticket on their behalf. We do not own or list any tickets but we hold that listing on their behalf. Once we have the physical ticket the buyer still has the option to purchase that ticket. If the buyer does purchase that ticket they come into our location. We meet the customer and we give them that seller's tickets so they can then go to the venue.

Q155 **Chair:** In this case, even though there is a ban by Surrey Cricket Club, who issue tickets for the Oval test match, on people selling tickets



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through third party sites—even though that ban exists—not only at the moment, will you allow those transactions to take place but a representative of your company will be there and hand you the ticket when you buy it?

Wayne Grierson: Yes, but the clarity—

Q156 **Chair:** That is correct, is it not? If I bought the ticket to the Oval I would be in breach of the terms of sale. It would be handed to me by a representative of your company, even though your company should know full well that that transaction should not have been permitted?

Wayne Grierson: It is two things. One is we have not been notified around restrictions of releasing said ticket. I can check. But also, as part of the CMA undertakings, that gives a new level of transparency that we are committed to sign up to.

Q157 **Chair:** It would be fair to say that transparency is not currently being enforced at the moment. I find it interesting, though, that it is not just a tout, an agent, that is selling these tickets or you meet that person on the street, but the physical handover of the ticket is being done by someone who works for your company who will meet the person buying it, even though the transaction should never have been permitted. They get away with it because the seat number has not been published and, therefore, Surrey does not know which ticket to cancel. If they ever found out then they would and the ticket would be worthless.

Wayne Grierson: I do not know what listing you are referencing, whether it is a business seller that is selling that or a consumer seller. I can follow up.

Chair: It does not say whether it is a business or a consumer.

Wayne Grierson: When you check out it will tell you whether it is a business because it will have all the credentials on the left-hand side. That could very well be a consumer seller. As I said, in terms of going back to the awareness around terms and conditions to the general public, those people that are not aware around, "What does terms and conditions mean? What does restriction on resale mean?" As part of the CMA undertakings it is we, as a platform, that have signed up to monitoring, whereby we will look and, if we were notified, we will have to present that information to the consumer prior to any purchase.

Q158 **Chair:** You keep referring to the CMA undertaking and this demonstrates that it is not being done. What concerns me more is not only that it is not being done now but that agents of your company are facilitating these transactions that should not be taking place. While it is good that you have agreed to meet the CMA's undertakings, I do not get any terms of real urgency now for enforcing those provisions.

Wayne Grierson: There is a sense of urgency because we have a deadline in order to meet that and we are working hard to make sure of that. We are working with Westminster Trading Standards, as the



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primary authority, to make sure that as we start deploying these changes to ensure that they are as per what we have agreed with the undertakings and that it is clear and transparent to the consumer. We are absolutely committed to make sure this is transparent and is as agreed with the CMA.

Q159 **Brendan O'Hara:** Roughly, in the UK last year, how many transactions took place via StubHub?

Wayne Grierson: I do not have that figure off the top of my head but I can—

Brendan O'Hara: Roughly.

Wayne Grierson: Probably 200,000, including primary.

Q160 **Brendan O'Hara:** 200,000, for the sake of argument, and, from what I gather from what you said earlier, you are asking us to believe that StubHub is this benign space that merely connects genuine fans with people whose social calendar now prevents them from going to a concert or an event.

Wayne Grierson: As I said, we have business sellers on StubHub.

Brendan O'Hara: But primarily you said—

Wayne Grierson: The majority of our business is people—

Q161 **Brendan O'Hara:** The vast majority of those 200,000 transactions are done by people whose social calendar somehow clashes.

Wayne Grierson: We also do primary. There is a large part of our business that is primary transactions, so that will be included within that figure. I don't have the breakdown as to what is consumer, what is primary, and what are business sellers.

Q162 **Brendan O'Hara:** Again, you would expect us to believe that the vast majority of your customers are simply folk who forgot it was granny's birthday and they have to go somewhere else. If that is the case, how do you become a power seller on StubHub if it is primarily people whose social calendars have crossed wires? How do you become a power seller?

Wayne Grierson: Our market position is not the dominant position within the market. As I said, we have business sellers but, given we don't have the majority of the share, we are not the primary channel for business sellers as a distribution channel. We do primary, we do consumers and we do have business sellers.

Q163 **Brendan O'Hara:** That runs contrary to what was said when you bought Ticketbis in 2016. It was said that almost all your inventory was controlled by no more than 50 ticket touts or brokers who have access to millions of tickets.

Wayne Grierson: I am not sure what you are referencing there in terms of that comment.



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Q164 **Brendan O'Hara:** You are saying that is completely wrong?

Wayne Grierson: I cannot comment on that because I am not aware as to what document you are referring to and in what context.

Chair: We will have to take a pause to take a vote. We will resume when we return.

Sitting suspended for a Division in the House.

On resuming—

Q165 **Chair:** I would like to call the evidence session back to order. Thank you for bearing with us during the votes. We are not expecting any further interruptions as we bring this session to a conclusion. Brendan, you were asking questions at the time of the interruption.

Brendan O'Hara: Indeed I was. Just to recap, Mr Grierson, you reckon there are about 200,000 transactions a year on StubHub.

Wayne Grierson: I can confirm the figure at a later point. It will probably include primary consumer sellers and business sellers.

Q166 **Brendan O'Hara:** Yes, and what percentage of those tickets would come from your business or power sellers do you think?

Wayne Grierson: I don't have that number to hand.

Brendan O'Hara: Roughly again. It is something you can come back to us with but in the same way as you think there are about 200,000 transactions.

Wayne Grierson: More than two-thirds of our business is consumer sellers around primary in terms of the share of business. It would be remiss of me to give you a figure here. I can come back.

Q167 **Brendan O'Hara:** But you are saying that two-thirds of your business you reckon would be—if I bought a ticket and could not go, I wanted to sell it on—individuals like me?

Wayne Grierson: Correct.

Q168 **Brendan O'Hara:** Why then would the founders of Ticketbis, which StubHub bought in 2016, have said in July of this year that almost all the inventory is controlled by no more than 50 touts or brokers with access to millions of tickets.

Wayne Grierson: I cannot comment on that particular statement. Again, as I said just before the break, I don't know what the source was.

Brendan O'Hara: It came from an interview they gave to *IQ Magazine* in July 2018.

Wayne Grierson: I don't know who gave the interview, whether it was—

Brendan O'Hara: It was the founders of Ticketbis, the company that you



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guys bought.

Wayne Grierson: But that is a Spanish company. I look after the UK business. The one I am giving evidence on is the UK business. That statistic is not true for the UK.

Q169 **Brendan O'Hara:** You absolutely refute and do not recognise this as being anything—

Wayne Grierson: Yes, I look after the UK business and the UK business—

Brendan O'Hara: This is not representative of the UK business?

Wayne Grierson: I can confirm that, 100%.

Q170 **Brendan O'Hara:** How much do you pay Google per year for your position when a customer searches?

Wayne Grierson: We have different marketing channels. For SEO, e-mail, we have good healthy repeat rates; 35% of our customers are returning customers so they bought once and they come back again. People arrive on our platform through different channels. I don't have the exact Google spend because that is part of the marketing budget.

Q171 **Brendan O'Hara:** Could you give me an approximate figure?

Wayne Grierson: I don't have it.

Q172 **Brendan O'Hara:** Is it a substantial amount of money?

Wayne Grierson: It depends. Google, as I understand, is based on how many people are bidding for certain key words and the price of that keyword would go either up or down, depending on the number of people bidding for it. I don't have that information to hand. We have a very healthy repeat business in terms of customers that come back to StubHub. We see about 30% to 35%.

Q173 **Brendan O'Hara:** The reason I was asking was because I did a Google search yesterday and I Googled "Paul McCartney tickets" and it came up, Viagogo, StubHub, Kacey Musgraves, Viagogo, and StubHub. Jason Derulo, Viagogo, StubHub, and it was repeated throughout. I thought you must pay an awful lot of money to get that prominence within Google. You must pay an awful lot of money to be listed ahead of someone like Ticketmaster, who are the official ticket seller. I wondered how much. But you don't know how much you pay, or your company pays, to get that level of prominence on Google?

Wayne Grierson: It depends whether Ticketmaster are bidding to pay to appear at the top, or who is bidding. We have a marketing team that is looking to promote our business. We invest in brand. We do radio ads to build brand and awareness, so it is not just Google how people find StubHub.

Q174 **Brendan O'Hara:** I am not saying it is, but I am trying to get to the



bottom of how much you pay Google to give you that level of prominence. What is even more remarkable is that, when you type in an artist whose event you know is not sold out you still get prominence ahead of the official ticket seller. It is incredibly lucrative and you would not be doing it if it wasn't lucrative. I am just trying to find out how much you pay in order to get that prominence.

Wayne Grierson: I said that I am happy to follow up afterwards. Going back to events that are not sold out, sometimes they are better seats or sometimes they are seats that are not available on the primary, so they are being relisted by consumers.

Again to your point, we have invested in brand, so people understand what the StubHub value proposition is and where we sit in the market. People don't just find us through Google; there is brand awareness, what we call a direct channel—I don't want to get too technical—they come through SEO, they come through repeat business, so it is not just Google in terms of how customers find StubHub.

Q175 **Brendan O'Hara:** Do you think it is fair that consumers are directed to secondary sites when an event is not sold out ahead of the primary site? Do you think that is consumer-friendly and fair?

Wayne Grierson: Consumer-friendly? StubHub provides a solution whereby a customer can find potentially any event in the UK. What they have when they present is all the information: a selection of seats that they could purchase and the information relating to that purchase, and they can make a decision. In other resale sites, it is not that visible. You can actually go on and we have 3D interactive maps. But also, if you land on StubHub, if the price is not what you see, we have features where you can set a price with us so if your budget is £20 or £30, you can leave your details and we will notify you to say a ticket is available for that budget so you don't have to make a purchase then.

Q176 **Brendan O'Hara:** I think any reasonable person would say that being directed to a secondary ticket site ahead of a primary ticket site, when the event is not sold out, is not fair.

Wayne Grierson: We don't know when an event is or is not sold out. All we have is consumers that are listing tickets when they cannot go to the event.

Q177 **Brendan O'Hara:** What constitutes a high-value seller on StubHub?

Wayne Grierson: We don't have a definition of a high-value seller. We have, as I referenced earlier, business sellers. They are fully disclosed, fully verified, on StubHub.

Q178 **Brendan O'Hara:** What do you need to do to qualify as a business seller?

Wayne Grierson: It is based on the volume of tickets you are selling and that is part of the CMA recommendations or undertakings that we are



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committed to. If a seller sells more than 100 tickets over a period of time, 12 months, they have to be disclosed as a business seller and that gives clarity to anyone operating in the resale market. It is really clear distinguished. Prior to that, there was no clarity. This gives us clarity to say that there are 100 tickets so that is now a business seller.

Q179 **Brendan O'Hara:** What service does StubHub offer these business sellers ahead of me selling a spare ticket I have in my pocket?

Wayne Grierson: Business sellers go through additional checks to make sure that they are robust.

Q180 **Brendan O'Hara:** What checks?

Wayne Grierson: Checking criminal databases, checking other databases.

Q181 **Brendan O'Hara:** You check criminal databases?

Wayne Grierson: Yes, as I referenced earlier, in terms of when a seller registers on StubHub, as part of our Payment Intermediation Licence, we have to do certain checks as part of that validation. We are checking criminal databases, fraud databases, to ensure that any information that is provided by that seller checks out. We also ask for additional information. That, again, is a very small part of our business, but that is what we do.

Q182 **Brendan O'Hara:** How do you check a criminal database?

Wayne Grierson: We have a trust and safety team and, as part of the Payment Intermediation Licence, we are audited to make sure that there is no money laundering and there are no abstract effects on our website. As part of that—

Q183 **Brendan O'Hara:** You are not suggesting that you actually search the Police National Computer?

Wayne Grierson: Of course not, no.

Q184 **Brendan O'Hara:** I am interested as to how you check criminal databases.

Wayne Grierson: I don't know—maybe my terminology is not quite right. I am happy to follow up with the Committee in terms of how that process works and the checks that we do, but I do know that we do checks on sellers to make sure they are verified and the information they present is accurate and true, before they list on StubHub.

Q185 **Brendan O'Hara:** Do you pay some or all of your business sellers ahead of the event?

Wayne Grierson: We have the capability to pay after the event, and hold the money. We have the capability to pay before the event.

Q186 **Brendan O'Hara:** I am asking about your business sellers. Do you pay



some or all of your business sellers ahead of an event?

Wayne Grierson: In some cases, yes. Some business sellers are paid ahead of the event, once the ticket has been delivered to the customer and the customer has confirmed that that is what they ordered.

Q187 **Brendan O'Hara:** As the Chair said, if a customer bought a ticket for the Oval, then the ticket would not be delivered until the day of the match, outside the ground, by one of your representatives. At what point would you pay for that ticket to the person selling it?

Wayne Grierson: Just to clarify, we have a resale location that is a fixed premises—which is branded StubHub—in the centre of London. It is not outside the ground. It is a proper branded retail location where our customers will be picking up the tickets. In terms of that last-minute sale three days before the event, or it could be the day of the event, the seller is listing the ticket on StubHub and we hold that physical ticket so we know it exists and once the buyer buys, if the buyer buys—because not every ticket sells on StubHub—they will be advised to pick it up from the retail location to then go to the event.

Q188 **Chair:** On that point, in the case of test-match tickets for Friday, if you have a request from the Surrey Cricket Club saying, “We want to visit your premises Friday morning and we want you to show us whether you are holding any resold tickets for the test match”, do you show them?

Wayne Grierson: We have an obligation, through the CMA undertakings, to show any restrictions on use to the consumer, based on being notified. We would check the event’s primary listing to see if there is anything disclosed there to make sure that on StubHub it is fully disclosed. Obviously, Stuart Galbraith’s example about Ed Sheeran, we didn’t list that event on StubHub. That was through a conversation with Mr Galbraith.

Q189 **Brendan O'Hara:** You are getting away from the point

Wayne Grierson: No, no. I am not a lawyer, in terms of whether they have the right to come into our premises; I don’t know, so I would have to defer to the legal team to find out whether that is the case or not.

Q190 **Chair:** It is quite interesting that you go straight for the lawyers there because you are basically saying, unless they have a legal right to say that the ticket actually belongs to them, it would not be granted. But the reason they might ask to see the ticket is so that they can cancel it because the ticket has been resold against the rules, and the reason they would have to go to the trouble of going to see the physical ticket is because the seller has not listed the seat number on the ticket when he or she sold it on StubHub.

Wayne Grierson: As we demonstrated, we fully want to work with the industry—we have been, and it has been referenced in terms of the progression that has been made—so if a rights holder came to us and said, “This ticket has restrictions as to use” as we demonstrated with



Metallica, that event was removed. We have not been notified about any terms and conditions relating to the ticket that you referenced and it is impossible for us to reference terms and conditions on every ticket but, as part of the CMA undertaking, we would have an obligation to check with the primary to see whether there was any disclosures around terms and conditions on use.

Again, going back to the point I raised earlier, consumers are going to get penalised if they do not understand the terms and conditions. People buy a ticket and they believe they own that ticket and that, if they cannot go to the event, they have the right to resell.

Q191 **Chair:** We are clear on this, in the example I gave, where if you go on the website it is quite clear there are restrictions on the resale of the ticket and StubHub is not listed as a site where you can resell the ticket, if the organisers of the event—in this case Surrey County Cricket Club—came to you tomorrow morning and said, “We can see there are tickets being sold for our event on your site. They should not be being sold. We want you to show us the tickets that are going to be available for collection at your physical premises so that we can cancel the ticket” what you can’t say to me today is that you would comply with that request.

Wayne Grierson: It is an unusual request. Normally what would happen—and has happened before—is that we would get letters to say that these tickets are listed on the website and they would contact the seller.

Q192 **Chair:** For me, what I am hearing from this—I appreciate what you have said about the CMA, although they are not CMA recommendations; this is about the law and your agreement to abide by the law, which you should be abiding by now—your agreement to abide by the law in January is welcome. However, there still seems to be a bit of the old attitude, which is that this is not your problem, the problem exists between the person selling the ticket and the organiser of the event, and you are just the middle man. That, to me, is what I am getting from what you are saying.

Wayne Grierson: If I can clarify—apologies if I did not come clear—that we have always been compliant with the law.

Chair: You are not at the moment.

Wayne Grierson: The duty and the responsibility to monitor is on the seller to disclose and we provide the capability to disclose. I am not sure who is listing that ticket, whether it is a business seller or a consumer. Consumer sellers sell tickets very sparsely and in terms of whether they know what information to provide and do they have the order confirmation, do they have a physical ticket? I am speculating in terms of an example but, no, the attitude is not the old attitude. Our attitude is to work with authorities—and we have demonstrated that with the CMA—to make sure that our standards are set.



In this point of transition—we discussed with the CMA in terms of how we would make all these changes in a certain time—there is going to be stuff that sits out, which does not sit with what we have agreed or what the law will be like in January, but we are committed to that in January all of this will be live. There is going to be this transition phase where there is a transition.

Q193 Brendan O'Hara: Could I go back to this idea that the majority of your business comes from people whose social calendar changes and they find themselves with a couple of extra tickets and they need to get shot of them? Yesterday I phoned the NFL hotline to try to buy a ticket for the Philadelphia Eagles Jacksonville Jaguars at Wembley on 28 October. Not a chance. It was completely sold out. So I went to StubHub and there were countless tickets. There were tickets for any part of the ground that I wanted to sit in. I clicked on one, Club End Zone, section 217, row 15—interestingly no seat allocated to it—and the asking price of that ticket was £3,136.88. The face value of that ticket was £100. How much money would StubHub make from the buyer of that ticket?

Wayne Grierson: To clarify, the two-thirds, as referenced earlier, are primary and consumer sellers. That is what I referenced earlier and I did not have the split between consumer sellers, primary and business sellers. To answer your point: that ticket will not sell. In our experience, there will be tickets that are listed, but that have not been purchased—

Brendan O'Hara: Too right, it has not been purchased—

Wayne Grierson: No, but those types of tickets do not sell. I can only give comments on what I see in the StubHub marketplace. Tickets that are listed for those types of prices do not sell.

Q194 Brendan O'Hara: So, say it was to sell at £3,136.88. Now the ticket price is £2,600.25 and the total fee—which I presume would be your cut of the sale—is £511.88, and that is just from the buyer. I presume there would be, what, a 20% seller premium on top of that? So, for a £100 ticket, which is on your site, for this astronomical amount of money, once you have had the buyer's premium and the seller's premium, you stand to make somewhere in the region of £800 from selling a £100 ticket. Do you regard that as in any way fair or ethical way to do business?

Wayne Grierson: The sell fee is not 20% and the buy fee, as you calculated, is 18%, which is comparable to—

Q195 Brendan O'Hara: For what? What is your seller fee?

Wayne Grierson: It is 10%.

Q196 Brendan O'Hara: Okay, 10%. I take it back. You make, what, £700?

Wayne Grierson: Irrespective of the volume, this is just one case. The average ticket price sold on StubHub is £93 so let's put it into context. We don't see those types of tickets selling. Somebody can list it for that price—



Q197 **Brendan O'Hara:** Can I get back to my question, which was: do you regard the business model where your company can make £700 by selling a £100 ticket as fair and ethical?

Wayne Grierson: In principle. That ticket will not sell. I can put my car on the market for a very high price. That ticket will not sell. As I said, the average ticket price on StubHub is £93 and 51% of the tickets go below face value.⁸

Q198 **Brendan O'Hara:** Let's take it away from this astronomical sum for this one ticket. Do you think that your business model is fair and ethical?

Wayne Grierson: Our business model is like any other competitive market, including Ticketmaster. They apply a buyer fee and a seller fee, and for that we provide a managed market place in terms of customer services, shipping, and making sure our FanProtect guarantee will protect that service. When the price of a ticket is unusually high, and it does not sell, yes the fees are high. In reality, that is not what we see in our marketplace.

Q199 **Brendan O'Hara:** Is it not the case that you portray yourself as a consumer champion but what you are actually doing is indulging in an appalling piece of profiteering and market distortion?

Wayne Grierson: We are a Fan-First business and I cannot stress that highly enough. StubHub provides a solution for a growing consumer need for consumers to resell tickets. So 60% of the tickets that are offered in the marketplace go through social channels. If we did not exist, the likes of rogue traders like Viagogo would be operating and there would be no consumer protection. As we have demonstrated with the CMA and the progresses that we have made and referenced in the earlier session, we are part of the industry. We want to be part of the solution, but if you push us to the streets or push us to unregulated platforms, which do not really care about local consumers that is not a good place for consumers.

Brendan O'Hara: Thank you.

Q200 **Clive Efford:** Can I clarify something you were saying to Mr O'Hara earlier on about people who turn up—when tickets are bought very late—at the venue on the day and one of your operatives is there to hand them the ticket? How does that work?

Wayne Grierson: Sorry if I did not clarify. The ticket from the seller will be sent to our retail location where that will be held. We call it a last-minute sale. It gives a consumer seller an opportunity to list that ticket up until the event time, or till a couple of hours before the event. If you are a buyer—

Q201 **Clive Efford:** Is it a physical ticket, a piece of paper?

⁸ Witness Note: To clarify, 51% of tickets on StubHub go for face value or below face value.



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Wayne Grierson: A physical ticket, yes. If you buy that ticket we will send you an order confirmation to say this is where you would need to pick up the ticket and we will have a member of staff there in order to provide that ticket to the buyer.

Q202 **Clive Efford:** That has to be a big event, then, hasn't it? You wouldn't do that for everything, presumably?

Wayne Grierson: We provide a solution whereby if people have changed their plans and they want to send us a ticket that is a service we offer to the buyers.

Q203 **Clive Efford:** But in order to make that viable, surely the mark-up on the tickets has got to be quite substantial.

Wayne Grierson: I should say that, as we get closer to the event, the average ticket price becomes lower. Our fees don't change. They are the same. We have a service offering that we do not dynamically price a ticket depending on whether it is within three days, or one day. Our fees, as the gentleman references, are the same.

Q204 **Clive Efford:** In a music venue, like the O2—you would have a ticket booth there permanently, would you?

Wayne Grierson: No, it is a fixed location in central London, on Charing Cross Road. It is not at the venue. We ask the customer to come to our location—apologies if that was not clear—they come to us, and they collect from there, and then go to the venue.

Q205 **Clive Efford:** Thanks for clarifying that for me. Can you take me through what is StubHub Pro?

Wayne Grierson: StubHub Pro is a seller tool. As I referenced, what we see in our marketplace is that sellers list, an average of six tickets per event but across many events, so there is breadth rather than volume.

Q206 **Clive Efford:** Do they have to sign up as a StubHub Pro to sell the ticket?

Wayne Grierson: No, they can use the listing flow—

Q207 **Clive Efford:** If I was somebody who was not selling tickets frequently, is it in my interests to sign up for StubHub Pro?

Wayne Grierson: No. If you are a business seller, you have the option to use a seller tool. That is the StubHub Pro.

Q208 **Clive Efford:** What I am getting at is: is this a way of you checking? Would you require someone to become a StubHub Pro if they were a regular seller?

Wayne Grierson: No.

Q209 **Clive Efford:** It is not a means of checking out the backgrounds of people who are operating on your website?



Wayne Grierson: No. The background checks are that you would have to provide certain information, your passport, company details, your VAT number and so on, and then there is a team that check and validate that all that is true. That is not the StubHub Pro. There is a team that validates that. It is part of the Payment Intermediation Licence.

Q210 **Clive Efford:** What is the process? I thought I was listening carefully to the answers you gave Mr O'Hara, but I might have missed something. What is the process you go through for registering a business customer, someone who you would pay up front? In an answer to me earlier on, you said people would not be paid until the event, but business customers are paid up front.

Wayne Grierson: We have the option to pay before or after the event. For some business sellers, yes, they can be paid prior to the event.

Q211 **Clive Efford:** Why?

Wayne Grierson: Because we hold them to a higher standard and we do checks. If you don't want to go through those checks you will not be a seller on StubHub, so there is a higher degree and we see, again, a very low fraud rate of 0.01%⁹ in terms of the level of fraud on StubHub from the sellers' side.

Q212 **Clive Efford:** When you say "fraud"— you said that earlier on—you are talking about credit card fraud, aren't you?

Wayne Grierson: I will try to distinguish the two. On the sellers' side, we see basically zero fraud because we go through more robust checks. On the buyer side, we are checking credit cards, IP addresses, all of the fraud checks that the trust and safety team would do within StubHub to make sure that that buyer's transaction is good and no one is using fraudulent credit cards.

Q213 **Clive Efford:** So why the threshold of 100 tickets? If I was someone selling 100 tickets, at the prices that Mr O'Hara has just quoted, I could make £100,000 just on the American Football.

Wayne Grierson: Yes, but, as I referenced, those tickets do not sell. The 100 tickets were confirmed by the CMA in discussion with GetMeIn and Seatwave and those parties that are implementing that.

Q214 **Clive Efford:** But what about if I sold 100 tickets at one-third of that price? How far do they come down? You say they do not sell at £3,000, which was quoted, but what do they sell at? On £100, it is still 10 times, isn't it?

Wayne Grierson: The average ticket price on StubHub is £93. That is the average ticket price that we sell, and 51% of tickets sold on StubHub are below face value.¹⁰

⁹ Witness Note: The incidence of fraud on StubHub is only 0.1%.

¹⁰ Witness Note: To clarify, 51% of tickets on StubHub go for face value or below face value.



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Q215 **Clive Efford:** Yes, but one-third of your business is for high-volume customers, which means that £1 in every £3 that you get comes from people who sell a lot of tickets, or tickets for a very high value.

Wayne Grierson: We see that most of the tickets that are of high value will be there today, will be there tomorrow, and will be there in three weeks, four weeks' time because they simply do not sell.

Q216 **Clive Efford:** Among your business customers, these people who presumably target the very popular events, where they can almost guarantee getting a higher return on their tickets, what is the average sale price there?

Wayne Grierson: I don't have that data. As I said, we are looking at an average ticket price of £93. The average ticket listed by a business seller is six tickets per event. It is very small. Less than 1% of the tickets for on-sales appear on StubHub. I can only comment on the marketplace. I think others—Viagogo is probably very different—but I am trying to give a context around how StubHub operates within the UK market.

Q217 **Clive Efford:** Can I clarify, when the CMA was carrying out their investigation, in the early stages, were your premises raided?

Wayne Grierson: Yes. You have to speak to CMA as to why they—

Q218 **Clive Efford:** Did they not tell you?

Wayne Grierson: They visited the office. Do I regret that it came to that outcome? Absolutely. Do I think we are in a good place now? Absolutely. Are we committed to delivering the changes to drive transparency for the consumers? Absolutely.

Q219 **Clive Efford:** If I were asking the questions of the CMA in a future meeting, they would tell me that they do not anticipate having to raid your premises now because you are one of the good guys?

Wayne Grierson: We have signed up to the undertakings. We are committed. As I referenced earlier, we are working with Westminster trading standards as the primary authority. We are meeting on a monthly basis to make sure the changes we are doing are aligned to the undertakings and will be representative of the intent of the undertakings.

Q220 **Clive Efford:** One last question. If these tickets do not sell at these sorts of inflated prices, and it gives you such bad publicity because we are able to sit here and say, "Look at these inflated prices" that you are enabling to be advertised on your website, isn't it in your interests to put a cap on, so you can be sure that you don't look like you are facilitating greed and exploitation in that way?

Wayne Grierson: Yes, I understand the debate around price caps. What we don't want is unintended consequences, going to the streets where there is no consumer protection. I think it is worthy of more debate on what is that cap. We mentioned Ticketmaster earlier, and there will be a retail component to that business that we have seen in other markets,



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and the primary price would increase. If you are capping a primary ticket, the price of that is increasing and then, naturally, the secondary market will increase because you are capping a higher value.

We are concerned it would go to the streets where there is no consumer protection, and people are not checked and balanced in terms of: who is this seller? Can we guarantee that? There are no FanProtect guarantees. We are generally concerned that things will go to the streets where there is no consumer protection.

As I said earlier, 60% of the tickets we see listed in the market are through social channels. There are no standards. This is what we are advocating for and this is what we signed up for with CMA. We need a set of standards that everyone should be abiding by, whether you are a small, start-up business that is joining the market, or you are more established. So that is what we are looking for.

Q221 Clive Efford: One last question. In terms of your commission that you take, the buyer and seller commission, it is a flat rate right across. You don't think, "Well, if someone can afford to pay £3,000 for an American football ticket, they can afford to pay more commission to us."

Wayne Grierson: We don't price any tickets, so we are not influencing the price of that ticket. That price has been set by the seller. We have commission on both the buy side and the sell side, as do other businesses, such as Ticketmaster and other primaries.

Q222 Clive Efford: Yes, I understand, but I am saying: do you vary your commission? If somebody was paying a lot more, is it still 15% or do you say, "Well, if they can afford that, we'll bung an extra grand on it"?

Wayne Grierson: No, because there is price sensitivity. Whether you have the means to pay for that ticket, you have the disposable income to afford that ticket, and whether you would—no, there is price sensitivity. You would not increase the fees on high-priced tickets because, again, we have no interest in having people landing on our site and not checking out because we have tried to acquire that customer through different channels.

Q223 Clive Efford: It is always 15% for the customer fee?

Wayne Grierson: For the buyer side, and then the sales side, yes.¹¹

Clive Efford: Okay, great.

Chair: Thank you very much. That concludes our questions this afternoon. Thank you for your answers. Thank you for your patience during the voting period as well. Thank you.

¹¹ Witness Note: The buyer side fee for StubHub is on average 15%.