



United States of America  
**FEDERAL TRADE COMMISSION**  
WASHINGTON, DC 20580

---

**Opening Remarks of Commissioner Rebecca Kelly Slaughter<sup>1</sup>**  
**As Prepared for Delivery**

**“That’s the Ticket”**  
**An FTC Workshop about Online Ticket Sales**  
**June 11, 2019**

Good morning, everyone! And thank you, Mamie [Kresses], for the kind introduction. It is my pleasure to welcome you to the Federal Trade Commission’s workshop, “That’s the Ticket,” where today we will examine consumer protection issues related to the online advertising and sale of event tickets. So welcome to everyone here with us at the Constitution Center and to all of you joining us through the FTC’s live webcast.

In the United States, our love of live entertainment burns brightly, despite the digital age, or perhaps because of it. A research firm estimates that consumers will spend about \$10 billion this year for online tickets to music concerts, sporting events, live theater, and other exciting, in-the-moment events.<sup>2</sup> At the FTC, we understand the thrill of the chance to see a favorite artist or to be in the stands for that important rivalry game. But for many consumers the experience can be tainted by disappointment and frustration: not getting a ticket despite going online the very moment sales open; sticker shock at the total price after fees are added; finding out that you paid more than you had to; or getting your heart crushed if you never get a promised ticket.

Let me share a personal anecdote to set the stage. Recently, I took my very dramatic and theater-loving four-year-old daughter, Eloise, to see Stephen Sondheim’s classic tale, “Into the Woods.” Among the many memorable lyrics of that show are “Sometimes people leave you / Halfway through the wood / Others may deceive you / You decide what’s good.”<sup>3</sup> And, of course, “nice is different than good.”<sup>4</sup> As I sat and listened to the lyrics I was very much reminded of my prior effort to purchase tickets to a live event.

I wanted to go see a comedian’s set downtown. I looked up the tickets, coordinated times with my husband and others, identified a babysitter, made sure we could budget for the expense, and went through the online booking process. When I got to the final purchase screen, I did a

---

<sup>1</sup> The views expressed in these are my own and do not necessarily reflect the views of the Federal Trade Commission or any other commissioner.

<sup>2</sup> IBISWorld, *Online Event Ticket Sales in the U.S.: Market Research Report* (Mar. 2018), <https://www.ibisworld.com/industry-trends/specialized-market-research-reports/online-retail/lifestyle-services/online-event-ticket-sales.html>.

<sup>3</sup> Stephen Sondheim, *Into the Woods*, Act II.

<sup>4</sup> Stephen Sondheim, *Into the Woods*, Act I.

double take—the all-in price was almost a third more than the listed price for the tickets I had selected. At that point, I was committed, so I grudgingly clicked purchase. Then, two weeks before the event, with no explanation, my tickets were unceremoniously canceled. That the process left me feeling more like a scorned witch than like Cinderella. I honestly did feel deceived about halfway through the wood. And the process was quite clearly neither nice nor good.

Some of the problems experienced by consumers in connection with the online event ticket market reflect traditional consumer protection concerns, while others raise issues unique to online tickets. For all of these problems, improving and protecting consumer confidence in the online event ticket marketplace is not only about laws and law enforcement but also about the industry’s commitment to ensure that ordinary consumers have reasonable access to tickets, as well as clear, complete, and truthful information about what they are buying.

The FTC’s interest in promoting a competitively functional and consumer-friendly marketplace for event tickets is shared by many: by Congress, which in 2016 enacted the BOTS Act to restrict the use of bots in buying up tickets in the marketplace<sup>5</sup>; by numerous state legislatures that have put in place, or are considering, new or revised legislation to address the online event tickets market in some fashion; by state attorneys general who have taken action against unlawful practices in the tickets marketplace; by a diverse array of industry members—who have given staff a lot to think about in the weeks leading up to today’s workshop; and, finally, by consumers themselves. As you may know, the FTC received thousands of consumer letters in response to the call for comments in advance of today’s workshop.

At the outset, I want to thank the GAO for its comprehensive report on the event tickets market, published last April, which noted consumers’ difficulty in buying tickets to high-demand events at face value, the lack of transparency in fees charged by primary and secondary sellers, and the deceptive marketing practices of some industry players.<sup>6</sup> Today’s workshop will examine these and other consumer protection issues in the tickets market as well as what steps should be taken to make this marketplace more transparent and consumer-friendly.

Here is a brief run-down of the day. To start, we will hear from Eric Budish, Professor of Economics at the University of Chicago’s Booth School of Economics. In addition to his scholarly work on market design in various industries, Dr. Budish may be familiar to many of you from his appearance in the December 2017 Freakonomics podcast episode on the event-tickets market. I trust that his remarks today will be both enjoyable and thought provoking.

Following Dr. Budish’s keynote address, we begin with our first panel discussion, about bots and the BOTS Act. Bots allow unscrupulous buyers to manipulate ticketing platforms to hold and buy large volumes of tickets, thereby gaining an outsized advantage over ordinary

---

<sup>5</sup> Better Online Ticket Sales Act of 2016, Pub. L. No. 114-274, S. 3183 (Dec. 14, 2016). After the GAO report was released, the FTC received Congressional requests to take action against deceptive and unfair practices in the event ticket industry related to hidden fees, speculative ticket sales, and misleading resale sites. *See* Letter to Chairman, Joseph J. Simons from Congressmen Frank Pallone, Jr. and Bill Pascrell, Jr., June 20, 2018.

<sup>6</sup> Government Accountability Office, *Event Ticket Sales: Market Characteristics and Consumer Protection Issues* (Apr. 2018) (GAO-18-347), [www.gao.gov/products/GAO-18-347](http://www.gao.gov/products/GAO-18-347) (“GAO Report”).

consumers—meaning that the only way for many consumers to get tickets to high-demand events is to purchase them from resellers at a substantial, and sometimes exorbitant, markup.

Congress responded to this issue by passing the Better Online Ticket Sales Act, which as Mamie noted is particularly dear to my heart, and is affectionately known as the BOTS Act. The BOTS Act outlaws the use of bots that game the ticket system. Specifically, the BOTS Act makes it illegal to use bots to get around ticket purchasing limits—a tactic usually deployed to buy up tickets for resale at a steep markup. Importantly, the BOTS Act made it illegal not only to use bots to buy tickets but also to *sell* tickets acquired in violation of the statute if the seller participated in the illegal purchase *or* knew, or should have known, that the tickets were acquired in violation of the law. Both the FTC and state attorneys general have enforcement authority under the BOTS Act.

The law is an important step; effectively enforcing it is the next challenge and opportunity. I am pleased that this first panel includes experts from the technology sector, the primary and secondary markets, industry self-regulation, and the New York Attorney General’s office. Each of these sectors must play an important role in thwarting unlawful bots—from outsmarting the bots themselves, to deterring those who turn a blind eye to selling tickets obtained by bots, to law enforcement against bad actors. I look forward to the panel’s digging deeper into how to address these incursions into the tickets market.

The next panel of the morning will examine other consumer protection issues surrounding ticket availability. We look forward to a frank discussion of the panelists’ perspectives on the pros and cons of initiatives such as fan club and credit card pre-sales, dynamic pricing, different digital ticketing models, and mechanisms to manage, limit, or expand the transfer of tickets.

After lunch, the first panel of the afternoon will look at how primary and secondary ticket sellers disclose their ticket pricing and fees to consumers. At the FTC, we hear complaints from consumers and Congressional leaders about the masking of event ticket prices, often hiding service fees or other fees until late in the transaction.<sup>7</sup> This is also an issue that GAO looked at closely. What they found is not pretty. GAO’s sampling confirmed that many primary and secondary platforms fail to clearly display mandatory fees that are added to the ticket price. While some sellers disclose complete prices early on, or give customers the option to “toggle” to the full price, others never disclose these additional fees until late in the purchasing process. The worst sites do not display the fees until *after* consumers enter their credit card information. Some sites display fees in a significantly smaller font than the ticket prices. And these fees are often substantial—in many instances as much as 30% of the ticket price.<sup>8</sup>

---

<sup>7</sup> After the GAO report was released, the FTC received Congressional requests to take action against deceptive and unfair practices in the event ticket industry related to hidden fees, speculative ticket sales, and misleading resale sites. *See* Letter to Chairman, Joseph J. Simons from Congressmen Frank Pallone, Jr. and Bill Pascrell, Jr., June 20, 2018.

<sup>8</sup> GAO found that primary and secondary market ticketing companies charge total fees averaging 27 percent and 31 percent, respectively, of the ticket’s price. A single ticket could have multiple fees, including “service fees,” per-order “processing fees,” and a venue’s “facility fee.” While most primary ticketing companies offer free delivery

If you peruse the comments received in advance of today’s workshop, you will see some real dissatisfaction with the way consumers are informed of the total cost for tickets. It’s not just me! I want to share an excerpt from one comment that I think sums up that frustration:

If listing the total price . . . is liable to reduce sales, then misrepresenting the price is a deliberate tactic to deceive a shopper and snare them with a higher price tag once they’re already, proverbially, at the front of the check-out line. I’ve never gone grocery shopping and been hit with a “soup packaging fee” after I’ve scanned my Campbell’s cans, or a “semolina macaroni product-drying surcharge” once I’m ready to pay for my linguine.<sup>9</sup>

Hiding fees until near the end of the transaction not only feels deceptive, as this comment notes; it also makes it nearly impossible for consumers to comparison-shop. I understand that our panelist, Professor Ellison, has studied drip pricing across various industries, so I welcome her insights on pricing disclosures in the ticketing industry.

Today, I want to issue my own call for the ticketing industry to fix this problem—and fast: Just as consumers can now comparison shop for the all-in cost of airlines tickets, which have their own inscrutable set of mandatory fees, we should be able to comparison shop for the all-in cost of tickets to live entertainment. I recognize that this is a classic prisoner’s dilemma: If just one seller moves to all-in pricing, it will lose business to the sellers who continue to hide the ball (to the extent there are competing sellers in the marketplace). But if industry doesn’t step up to address this problem with its own collective solution, then I believe that the government must explore a law-enforcement or regulatory solution. It took a rulemaking by the Department of Transportation in 2011 to bring the industry into compliance by tightening up its full-fare rule,<sup>10</sup> but of course airlines were never subject to the FTC’s jurisdiction. The events-ticketing industry is, though, and consumer frustration with opaque and deceptive ticket pricing has passed its boiling point. Consider yourselves on notice.

Back to the formal agenda. The final panel of the day will discuss other ticketing practices that cause consumer confusion, including the practice of resale sites that deceptively mimic the official venue, artist, or event site. The panel will also look at practices around the sale of speculative tickets—tickets that resellers do not actually have and cannot guarantee they will get for the consumer.

As many of you know, these are areas in which the FTC has brought law enforcement actions in the past, resulting in cutting-edge settlements with Ticketmaster and its affiliate,

---

options, some charge additional fees for delivery of physical tickets. Most resale exchanges charge delivery fees even for mobile or print-at-home tickets. These additional fees often are disclosed late in the purchasing process. While some primary sellers disclose complete prices early on, GAO found that for most of the events it reviewed, consumers couldn’t figure out fees until selecting a seat, clicking through additional screens, creating a user name and password (or logging in), and clicking an “Order Details” icon. Also, for most of these events, the fees were displayed in significantly smaller font than the ticket prices.

<sup>9</sup> See Cmt. of Consumer Reports at 6, 7 (containing excerpts of individual consumer comments filed with the Commission).

<sup>10</sup> See U.S. Department of Transportation, Enhancing Airline Passenger Protections, 76 Fed. Reg. 23110, 23142 (Apr. 15, 2011).

TicketsNow, as well as TicketNetwork and its marketing partners. These settlements set new rules of the road for disclosing that a site is a reseller and prohibiting deceptive sales of speculative tickets.<sup>11</sup> Unfortunately, some secondary market ticket sellers today continue to engage in similar deceptive or misleading practices, which Congress, consumers, and competitors continue to bring to our attention. So I am looking forward to getting the panel's input on how to better ensure that consumers get truthful information on what and from whom they are buying.

That is the full rundown of today's exciting agenda. As you know, our wonderful staff at the Bureau of Consumer Protection has put a lot of time and effort into making today a success, and I want to thank them for their great work.

I want to leave you with one final observation. In addition to protecting consumers, our agency is tasked with promoting competition, and I would be remiss not to acknowledge that I have heard from so many consumers and industry participants about the unique and daunting competition challenges in the ticketing market. Although the FTC is formally divided into two distinct bureaus, these two missions are, I believe, highly intertwined and complementary. So although competition itself is not a part of today's formal agenda, which focuses on consumer protection, if panelists—in the course of sticking to today's agenda—identify hyperconcentration or anti-competitive practices as contributing to the consumer-protection problems we are discussing, I hope they will say so and help elucidate those connections. If the ticket marketplace is not functioning competitively, consumers will never be adequately protected.

We have much to cover, and I know everyone is eager to start the day's discussions. With that, let me turn the floor over to Mamie to introduce today's keynote speaker. Thank you.

---

<sup>11</sup> See *FTC v. Ticketmaster, L.L.C.*, No. 1:10-cv-01093 (N.D. Ill. Feb. 18, 2010) (stipulated order); FTC press release, "Ticketmaster and TicketsNow Settle FTC Charges of Deceptive Sales Tactics, Refunds for Springsteen Concertgoers Provided; FTC Warns Other Ticket Resellers" (Feb. 18, 2010), <https://www.ftc.gov/news-events/press-releases/2010/02/ticketmaster-ticketsnow-settle-ftc-charges-deceptive-sales>.