

## Impact case study (REF3)

<b>Institution:</b> University of Warwick		
<b>Unit of Assessment:</b> C - Economics and Econometrics		
<b>Title of case study:</b> Reforming Event Ticketing		
<b>Period when the underpinning research was undertaken:</b> 2001 - 2014		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Michael Waterson	Professor of Economics	October 1991 - present
<b>Period when the claimed impact occurred:</b> 2016 – 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<b>1. Summary of the impact</b> (indicative maximum 100 words)		
<p>Michael Waterson's government-commissioned report on secondary ticketing ("The Waterson Report") has shaped the campaigning strategy of music industry professionals seeking to address the issue of secondary ticketing and prompted regulatory reform. The recommendations made in the report have been adopted and acted upon by the government, ultimately improving consumer protection from exploitation by sellers seeking to profit by reselling event tickets at greatly inflated prices. The report has also influenced consumer advice from the music industry to ticket buyers and has set the agenda for policy change on an international scale.</p>		
<b>2. Underpinning research</b> (indicative maximum 500 words)		
<p>Professor Waterson's established body of research into consumer choice and behaviour [3.1, 3.2, 3.3] demonstrates that:</p> <ol style="list-style-type: none"> <li>1. Reluctance on the part of consumers to undertake thorough searches when purchasing products and services reduces competition between suppliers, resulting in poor value for customers. [3.1, 3.2]</li> <li>2. Consumers are willing to pay considerably more than the list price when a desired product is in short supply. For example, in an empirical study of UK sales of the iPhone 4 on eBay [3.3], Waterson found that a highly significant premium over list price was paid in almost all sales over the first six weeks of the phone coming to the UK market – a time when demand for the product outstripped supply in primary retail outlets.</li> </ol> <p>Based on Waterson's expertise, Sajid Javid MP (then Secretary of State for the Department for Business Innovation and Skills (BIS)) directly invited him to lead an investigation into consumer protection measures concerning online secondary ticketing platforms. The research was jointly commissioned by BIS (now BEIS) and the Department for Culture, Media and Sport (DCMS). When tickets to recreational events are released onto the primary market, traders can use secondary ticketing platforms to re-sell them at greatly inflated prices. None of the associated profit reaches the organising body or artist, and the practice can undermine attempts to maintain public accessibility of events. However, the existence of a well-functioning secondary event-ticketing market can benefit consumers and performers.</p> <p>Having taken written and oral evidence from key stakeholders including members of the public, industry representatives, event organisers, Parliamentarians, ticketing agencies and consumer representatives, Waterson wrote the <i>Independent Review of Consumer Protection Measures concerning Online Ticketing Facilities</i> ("The Waterson Report"). [3.4]</p>		

The report set out the issues surrounding secondary ticketing and considered whether they were satisfactorily addressed by the Consumer Rights Act 2015 (CRA).

The report concluded that the CRA, as a relatively new piece of legislation, required more detailed clarification and a consistent approach to enforcement. It presented a series of recommendations to improve the legislation:

1. A lead body, such as National Trading Standards, should conduct an investigation into the CRA-compliance of secondary ticketing platforms and their sellers, with specifically allocated funding.
2. Enforcement action should be taken in respect of breaches of the CRA.
3. If, within a reasonable time, no progress has been made by secondary sites on compliance and identification of traders, the Government should consider alternative approaches such as licensing those selling beyond a certain volume of tickets.
4. The primary ticket industry, with Government assistance, should form a project group to examine and standardise how information on primary ticket outlets, previous or forthcoming opportunities to buy for the same event, and pricing information including compulsory charges, is displayed.
5. If the industry fails to form such a project group, ministers should call a roundtable for the various primary industry participants.
6. The live event industry should be represented in the Cyber-Security Information Sharing Partnership.
7. Primary ticket vendors should consider introducing identity technologies to prevent the mass purchase of tickets by individuals using 'bots'.
8. An annex to the report provides practical tips for consumers on ticket purchasing and it is recommended this is published by Citizens' Advice and other consumer organisations.
9. The report concluded that the ticketing industry should continue to develop comprehensive approaches, such as a common standard for confirming the authenticity of tickets.

### 3. References to the research (indicative maximum of six references)

**3.1 Waterson, M.** (2003). "The role of consumers in competition and competition policy." *International Journal of Industrial Organisation*, Vol. 21(2), pp. 129-150. doi: [10.1016/S0167-7187\(02\)00054-1](https://doi.org/10.1016/S0167-7187(02)00054-1)

**3.2 Giulietti, M., Waterson, M., and Wildenbeest, M.R.** (2014). "Estimation of search frictions in the British electricity market." *The Journal of Industrial Economics*, Vol. 62(4), pp. 555-590. doi: [10.1111/joie.12062](https://doi.org/10.1111/joie.12062)

**3.3 Waterson, M., and Doyle, C.** (2012). "Your call: eBay and demand for the iPhone 4." *International Journal of the Economics of Business*, Vol.19(1), pp. 141-152. doi: [10.1080/13571516.2012.642644](https://doi.org/10.1080/13571516.2012.642644)

**3.4 Waterson, M.** (2016). *Independent Review of Consumer Protection Measures concerning Online Secondary Ticketing Facilities*. <https://warwick.ac.uk/fac/soc/economics/staff/mjwaterson/ind-16-7-independent-review-online-secondary-ticketing-facilities.pdf>

#### 4. Details of the impact (indicative maximum 750 words)

##### Informing UK policy

Both Sajid Javid MP and Baroness Neville-Rolfe wrote to congratulate Waterson for his work on the report. [5.1] In March 2017, the Government issued its formal response to the report, stating its intention to accept all the recommendations. [5.2] As a direct result of the report's recommendations, National Trading Standards (NTS) and Trading Standards Scotland commenced investigation of particular individuals who engage in large-scale ticket purchases, with the aim of discouraging others from doing the same. NTS secured an increase in its grant to carry out this work. [5.3] Following investigation, two ticket touts were jailed in February 2020 on various counts of fraud relating to secondary ticketing. [5.3]

In December 2016, the Competition and Markets Authority (CMA) launched an investigation into secondary platforms' adherence to CRA legislation (including raids on two companies' offices). [5.4] In November 2017, it began enforcement action against four major secondary ticketing websites suspected of breaching the CRA. [5.4] One of the platforms, Viagogo, failed to make necessary changes to how it presents information to its customers. As a result, the CMA initiated legal proceedings against them. In September 2019, following a court order secured by the CMA, Viagogo finally addressed outstanding concerns and court action has now been suspended. [5.4] The court order requires that an annual independent review of Viagogo's compliance be carried out until 2023. [5.4]

In April 2018, the Government introduced new rules requiring all ticket resellers and secondary platforms to provide consumers with detailed information about tickets, including the location of seats, disclosure of any restrictions and the original price. [5.5] For the first time, resellers will also have to supply the Unique Ticket Number to the purchaser if the event organiser specifies one, helping to identify the ticket's seat or standing area location. In addition, three of the main secondary ticketing sites signed formal undertakings committing to ensuring better information is provided about tickets resold through their sites, building on changes they made during the CMA's investigation. [5.5] The Advertising Standards Authority also announced a clampdown on misleading pricing practices on secondary websites in March 2018 and banned Viagogo from using the phrase "official site", referring them to Trading Standards. [5.5] Furthermore, an amendment to the Digital Economy Act in July 2018 gives the government the power to create a criminal offence of using internet bots for the mass-purchase of event tickets, with offenders subject to unlimited fines. [5.5]

In addition, the *Waterson Report* has shaped wider debate around this issue. It has been cited in 17 Parliamentary debates, including twice by Theresa May in PMQs (19 October 2016 and 1 March 2017). [5.6] The House of Commons Library produced a briefing paper on secondary ticketing (February 2017), referring extensively to the report. [5.6] Waterson continues to engage with the All-Party Parliamentary Group on ticket abuse, giving a presentation in January 2019.

##### Shaping music industry practices

Waterson's report was welcomed by 'a coalition of more than 30 music industry figures' who called on the Government to take forward the recommendations. [5.7] The Music Managers Forum (MMF), the largest representative body of music managers in the world, invited Waterson to speak at a 'Live and Ticketing Summit' in September 2016, hosted in collaboration with Songkick (a platform that manages ticket sales for artists) and FanFair Alliance, a group formed by music managers to campaign against online industrial-scale ticket-touting. Following the Summit, MMF and FanFair Alliance created a guide for managers and artists on tackling online ticket-touting. [5.8] FanFair Alliance has published two further guides since July 2016 to bring about change in secondary ticketing: advice for consumers on buying tickets online based on the guide in the annex to Waterson's report and advice on how to seek refunds from secondary platforms. [5.8] Drawing directly on Waterson's report, FanFair Alliance launched four practical

policy recommendations to Government to help curtail the activities of professional online touts. [5.8]

The Society of Ticket Agents and Retailers (STAR) is the self-regulatory body for the entertainment ticketing industry in the UK. In 2018, STAR outlined the action it has taken in response to the issues suggested by Waterson for consideration by the primary ticket market. [5.9] In response to recommendation 4 of the report, STAR formed a project group of organisations across the live entertainment industry. The discussions, including STAR, CMA, DCMS and BIS, informed the CMA's advice to event organisers regarding ticket resales. [5.9] In 2017 STAR also updated the Code of Practice for its members to reflect Waterson's suggestion that booking or service fees should be included in the price shown on the ticket. [5.9] Furthermore, soon after the publication of the report, STAR established a relationship with the Cyber Information Sharing Partnership, as recommended by Waterson. [5.9]

#### Influencing wider policy and practice

Waterson has been asked to provide advice on event ticketing to multiple organisations, including government bodies. For example, he produced a report (February-June 2019) for the Irish Competition and Consumer Protection Commission on a merger between key players in the Irish ticketing industry, and in December 2019 he met with the founder of Twickets (the website for fan-to-fan *face value* ticket resales) to provide advice on expanding their operations. He also provided feedback on the draft of a report by the Face-Value European Alliance for Ticketing which makes recommendations for the future of online ticket resales across the EU (published October 2020).

The government of a Canadian province asked Waterson to conduct an overview of Canadian legislation regarding secondary ticketing and to provide policy advice (March 2017). He has also been in discussion with the US Government Accountability Office, which has since produced a report on consumer protection issues in event ticketing (April 2018) that cites the research. [5.10]

In addition, four start-up organisations have been in discussion with Waterson and are working to provide technological solutions to enhance security and transparency in the ticketing industry. One of them, the Aventus Protocol Foundation, invited Waterson onto their Advisory Board. [5.11] At their request, Waterson produced a follow-up report in the form of a working paper, discussing the potential role of technology in improving event ticketing. [5.11]

### **5. Sources to corroborate the impact** (indicative maximum of 10 references)

**5.1 Letters** from Sajid Javid MP and Baroness Neville-Rolfe congratulating Professor Waterson on his report.

**5.2 Formal Government Response** (March 2017) accepting the report's recommendations in full, allocating funds to National Trading Standards and endorsing CMA action.

**5.3 National Trading Standards (NTS) annual report 2016/17** (p. 5) confirming budget increase and enforcement action against large-scale ticket 'power sellers'. Combined with copy of NTS press release confirming two ticket-touts were jailed in February 2020, and article on Complete Music Update website linking this action to the Waterson Report.

**5.4 Report** of the CMA's investigation, including court action against Viagogo.

**5.5 Press releases** [Combined PDF]: (a) BEIS news story, February 2018 - New rules introduced to protect consumers against ticket touting; (b) CMA press release, April 2018 - Secondary ticketing sites pledge overhaul; (c) DCMS press release, December 2017 - New legislation to ban ticket tout bots; (d) Advertising Standards Authority news article, March 2018 - Clampdown on misleading pricing practices on secondary websites.

**5.6 Transcripts** of seventeen Parliamentary debates referencing the Waterson Report, including two PMQs. Combined with **House of Commons Briefing paper** (no. CBP4715), June 2018.

**5.7 MusicWeek article** detailing the response from leading music industry figures to the Waterson Report, May 2016.

**5.8 FanFair Alliance website** outlining policy recommendations to Government following the Waterson Report. Combined with **Fan Fair Alliance guide for consumers** on buying tickets online. **FanFair Alliance reports** including: four practical policy recommendations to government based on the Waterson report, advice for artists and managers about combatting online ticket touting report, advice for consumers about buying tickets online and beating the touts report; and advice on how to seek refunds from secondary ticketing platforms [combined PDF].

**5.9 Evidence submitted by the Society of Ticket Agents and Retailers (STAR)** to the DCMS live music inquiry in 2018, making clear the actions they had taken as a result of the Waterson Report and **CMA advice** to event organisers regarding ticket resales [combined PDF].

**5.10 US Government Accountability Office (GAO) report**, April 2018 (p. 30 and p.41).

**5.11 Announcement of Professor Waterson joining the Aventus Board**, July 2017, and **Working Paper** [combined PDF].