

# GAO Highlights

Highlights of [GAO-18-347](#), a report to congressional requesters

## Why GAO Did This Study

Tickets for concerts, theater, and sporting events can be purchased—typically online—from the original seller (primary market) or a reseller (secondary market). Some state and federal officials and others have raised issues about ticketing fees, the effect of the secondary market on ticket prices, and the transparency and business practices of some industry participants. Event ticketing is not federally regulated. However, federal legislation enacted in 2016 restricts bots (ticket-buying software). Also, the Federal Trade Commission (FTC) has taken two enforcement actions related to deceptive marketing by ticket sellers under its broad FTC Act authority.

GAO was asked to review issues around online ticket sales. This report examines (1) what is known about online ticket sales, (2) consumer protection issues related to such sales, and (3) potential advantages and disadvantages of selected approaches to address these issues.

GAO focused on concert, theater, and major league sporting events for which there is a resale market. GAO analyzed data on fees, ticket volume, and resale prices from a variety of sources; reviewed the largest ticket sellers' websites and purchase processes; and reviewed federal and state laws and relevant academic literature. GAO also interviewed and reviewed documentation from government agencies; consumer organizations; ticket sellers; venue operators; promoters and managers; sports leagues; and academics (selected for their experience and to provide a range of perspectives).

View [GAO-18-347](#). For more information, contact Michael Clements at (202) 512-8678 or [ClementsM@gao.gov](mailto:ClementsM@gao.gov)

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## EVENT TICKET SALES

### Market Characteristics and Consumer Protection Issues

#### What GAO Found

Ticket pricing, resale activity, and fees for events vary. Tickets to popular events sold on the primary market sometimes are priced below the market price, partly because performers want to make tickets affordable and maintain fans' goodwill, according to industry representatives. Tickets are often resold on the secondary market at prices above face value. In a nongeneralizable sample of events GAO reviewed, primary and secondary market ticketing companies charged total fees averaging 27 percent and 31 percent, respectively, of the ticket's price.

Consumer protection issues include difficulty buying tickets at face value and the fees and marketing practices of some market participants.

- Professional resellers, or brokers, have a competitive advantage over consumers in buying tickets as soon as they are released. Brokers can use numerous staff and software ("bots") to rapidly buy many tickets. As a result, many consumers can buy tickets only on the resale market at a substantial markup.
- Some ticket websites GAO reviewed did not clearly display fees or disclosed them only after users entered payment information.
- "White-label" resale sites, which often appear as paid results of Internet searches for venues and events, often charged higher fees than other ticket websites—sometimes in excess of 40 percent of the ticket price—and used marketing that might mislead users to think they were buying tickets from the venue.

Selected approaches GAO reviewed, such as ticket resale restrictions and disclosure requirements, would have varying effects on consumers and businesses.

- **Nontransferable tickets.** At least three states restrict nontransferable tickets—that is, tickets whose terms do not allow resale. Nontransferable tickets allow more consumers to access tickets at a face-value price. However, they also limit consumers' ability to sell tickets they cannot use, can create inconvenience by requiring identification at the venue, and according to economists, prevent efficient allocation of tickets.
- **Price caps.** Several states cap the price at which tickets can be resold. But according to some state government studies, the caps generally are not effective because they are difficult to enforce.
- **Disclosure requirements.** Stakeholders and government research GAO consulted generally supported measures to ensure clearer and earlier disclosure of ticket fees, although views varied on the best approach (for example, to include fees in an "all-in" price or disclose them separately).

Some market-based approaches are being used or explored that seek to address concerns about secondary market activity. These approaches include technological tools and ticket-buyer verification to better combat bots. In addition, a major search engine recently required enhanced disclosures from ticket resellers using its advertising platform. The disclosures are intended to protect consumers from scams and prevent potential confusion about who is selling the tickets.