CultureCase

Use a Centralised Exchange to beat the ticket scalpers

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Summary

This paper explores possible solutions to the 'fair price ticketing curse' which 'occurs when an event organiser sells tickets at prices that do not correspond to underlying demand conditions and does not want resellers to profit from resale opportunities.' This happens a lot for highly popular music concerts and theatre shows where the ticket prices have been kept low to be fair or generous to fans. The author proposes a Centralised Exchange as the most desirable and plausible solution to the curse, since it is deemed to create the greatest overall welfare in the marketplace.

The problem has been exacerbated by technological advances which connect buyers and sellers in the secondary marketplace

The curse is especially common (and especially problematic) among producers or promoters who are not seeking to maximise their profits, but are motivated by other factors. It undoes the generosity of artists who choose to under-price in order to somehow lend favour or fairness to the market of their preferred potential buyers.

None of the attempts to eliminate the curse have been successful

Many parts of the entertainment industry effectively tolerate or endorse the current resale markets. There are many vested interests in maintaining the status quo.

The paper explores three ways to deal with the fair price ticketing curse

The first is a Resale Ban (which might prevent bots and brokers from scalping tickets but will leave some seats empty and fans with conflicts frustrated). The second is a Resale Market (a bit like what happens at the moment with StubHub and more informal fan-to-fan exchanges). The third option is a Centralised Exchange in which fans who do not secure a ticket are put into a lottery for returned tickets and the venue or promoter keeps a ledger with the identity of every ticket owner.

Keywords

tickets **events** **price** **sales**

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