



The Secondary Sports Ticket Market Conspiracy

The most public market today for many sporting event, concert and theatre performance tickets is the SECONDARY TICKET MARKET. Here tickets are bought and sold for use beyond the original producer and owner of the tickets. Once relegated to the street corner or the second story of a not-so-nice building on a not-so-important street, the secondary market for tickets is now facilitated by brokers, agencies and internet auction/exchange sites.

Now, even teams, promoters and theatres (primary ticket producers) have official arrangements with one or more of the ticket auctions/exchanges or direct resellers which now operate nationally thanks to the Internet as their distribution channel. So buying tickets to events is a function of two markets: Primary/Producer and Secondary.

The proliferation of secondary sources is bringing market prices down in some cases and higher and others.

The prevailing rule is caveat emptor. And business is booming in the secondary market. Due to variable ticket pricing/ marketing strategies by the primary ticket producers, all tickets or all tickets in a particular price group for popular events and favorite teams are often marketed as SOLD OUT. The producers' ticket inventory mix includes a host of specialized seating clubs, and up front areas that command high face value prices. We suspect many of these ticket classes are marketed simultaneously by the primary seller/producer and either direct resellers or auctions/exchanges. Specialized seating area prices from ticket producers can look more attractive to buyers when compared to seats for sale on the secondary market. The net result is a broader distribution of tickets, but more and more tickets are being sold at prices determined by the basic principles of supply and demand, and not the face value.

A reseller can be a broker, agency or individual; an entity that has acquired tickets to an event and is making a "market" for the tickets hoping to make a profit through mark-ups over face (the price printed on the ticket). On an auction internet site such as Craig's List, EBay or Stub Hub third parties will list prices at an asking price and invite bids; these same companies and many others provide an exchange where brokers, ticket producers and even individuals set their offer price for tickets they own in hopes of selling them to a buyer.

Still another site, Ticket Network, is a marketing arm for brokers all over the country, and brokers list prices at competitive rates to each other, and the exchanges mentioned above. The prices swing wildly on the secondary market. That is, the range for a given ticket may be quite wide, leaving the buyer in a classic caveat emptor situation. Like all marketplaces though, knowledge is power; and market power can drive prices up or down. Consider a buyer's point of view. The typical buyer doesn't have the time or inclination to compare prices in any organized manner in order to help determine what the market value of a given ticket is. If buyers are price sensitive, they are more likely to simply accept a lower quality ticket in order to reach their budget, rather than search other sources for the quality that they want. But even in this case, how can you be sure that this ticket is worth what you're paying? Avanti International LLC in Northfield, Illinois, has been consulting with clients as they purchase tickets for corporate entertainment business use for over 5 years. They have developed a decision-making model that helps their clients obtain the market or optimum price for tickets they need.



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“We take into consideration all available ticket resources,” says Mark W. Rose, president and founder of the company which also has a successful consulting practice in sponsorship development and ad buying.

Rose says, “The last thing I would do is get on StubHub’s site and start buying before comparing to the other marketplace offerings,” preferring instead to let Avanti’s model and market knowledge determine a market value and then check a multitude of sources. “The trick is to be able to do an analysis fast and most people don’t have the time or tools to make an informed buy,” according to Review Publishing Co. who recently published a lengthy report on the SECONDARY TICKET MARKET that concluded: “Seeking a competitive edge, the major players in the secondary ticket marketplace are carving out their own niches such as corporate package deals, individual game tickets, transportation, lodging and pregame entertainment.” Avanti found in focus groups of buyers that users of the various ticket sources tend to be loyal to one site, preferring convenience to shopping around.

A third party consultant can create a huge savings and add value by helping you obtain the best ticket, from the best source for your investment. The alternative is to have diminishing returns in terms of time spent acquiring knowledge and then applying it to research and buying strategies.

As long as ticket producers price their tickets at an optimum price to minimize risk of selling too few, the secondary market will flourish. The optimum price is not necessarily the market price. Nor is the face value the market price. When setting prices, producers pit the estimated demand and the prospect of not selling enough tickets to make a profit or cover costs. The secondary market focuses mostly on the demand and the delivery of tickets which is a much simpler proposition; however the delivery channel is where the market flux tends to stray off the market price and where many buyers get trapped. In a perfect market, a producer would sell all tickets at face value, and that would exhaust the complete demand; the critics of reselling tickets would be silenced. We’re still waiting for that scenario to present itself.

For more information, go to www.avanti-intl-marketing.com.