



Dedicated to Building Sales through Customer Acquisition and Retention Strategies

Executive Host

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Sorting Out the Secondary Ticket Marketplace

EXECUTIVE HOST, Jupiter, FL: The most public market today for tickets for many sporting events, concerts and theatre performances is the *SECONDARY TICKET MARKET*. 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 made by brokers, agencies and internet auction sites. But 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. The proliferation of secondary sources is bringing market prices down; in some cases lower than face value, albeit service charges tend to bring such prices back to at least the face amount in many cases. The prevailing rule is *caveat emptor*.

And business is booming. Thanks to crafty ticket marketing strategies by the primary ticket producers, tickets to popular event and favorite teams are marketed as SOLD OUT. Their ticket inventory mix includes a host of specialized seating clubs, and up front areas that command high face value prices. Many of these tickets 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.

What's the difference? A direct reseller is basically a ticket broker. 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. An auction such as Craig's List, EBay or Stub Hub 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 price for tickets they own in hopes of selling them to a buyer. 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. 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 in fact developed a decision-making model that helps their clients obtain the market or optimum price for tickets they need. "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.



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Ticket producer sources are factored in if based on a network of contacts Avanti has developed indicates tickets are still on sale from these sources, if premium seating is available, and even if sponsors have inventory they need to liquidate or trade.

Rose says, "...the last thing I would do is get on StubHub's site and start buying," 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 Rose. This is what The Tribune-Review Publishing Co. who recently published a lengthy report on the SECONDARY TICKET MARKET concluded:

Seeking a competitive edge, the major players in the secondary ticket marketplace are carving out their own niches (for example) StubHub is primarily a fan-to-fan market... RazorGator specializes in corporate package deals -- game tickets, transportation, lodging and pregame entertainment.

A third party consultant can create a huge savings and add value by helping you obtain the best ticket for your investment. The alternative is to do *your due diligence* for each ticket purchase which can 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; there would be no secondary market and critics of the oft chastised business of reselling tickets would be silenced. We're still waiting for that scenario to present itself...