



Senator Amy Klobuchar
425 Dirksen Senate Building
Washington, DC 20510

November 27, 2022

Dear Senator Klobuchar:

Thank you for your letter of November 16, 2022 and offering us the opportunity to respond.

Live Nation Entertainment shares the goal of fostering a vibrant and accessible live entertainment experience for all the stakeholders in the industry, particularly fans and artists. We recognize your work in this space over the years and hope we can continue to find common ground on a range of policy initiatives. I believe we share the goals of improving the fan experience, promoting innovation and creating the best possible connections between performers and their most ardent supporters.

When those connections break down, as they did in relation to the recent Taylor Swift onsale, we share the frustrations of fans. The question, we agree, is how to avoid such unfortunate episodes in the future – particularly given the inherent friction that exists in our industry when demand for the most popular artists in the world far outstrips the supply of tickets.

We wish to start with an essential foundational point: live entertainment is a highly competitive industry in all its components. In fact, it is more competitive now than it was in 2010, when Live Nation, a concert promoter, merged with Ticketmaster, a ticketing services provider.

Concert promotion always has been and always will be competitive because it is a business in which artists and other content providers are able to choose who will promote their content. They have many choices in addition to Live Nation. AEG is a formidable vertically integrated competitor with a strong presence in concert promotions (AEG Live), venue management (ASM) and ticketing (AXS). The Taylor Swift tour is promoted by AEG Live and the related Messina Touring Group. Multiple other promoters such as Another Planet and Outback Presents routinely secure tours and other business in a constantly evolving touring marketplace.

Ticketing is also far more competitive than it was in 2010. The most obvious change is the emergence of a \$10 billion global resale market in which Ticketmaster is but one of numerous strong competitors. StubHub was recently acquired for a reported \$4 billion, Vivid began trading as a public company in October 2021 and SeatGeek recently

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completed a \$238 million financing round that valued it at more than \$1 billion. There are many other resale competitors beyond these.

Primary ticketing is also more, not less, competitive than it was at the time of the merger. Ticketmaster's critics conveniently ignore that the premise of the Department of Justice challenge to the merger was that Ticketmaster had hardly any competition at the time for ticketing large events. Today, SeatGeek, AEG's AXS, and Paciolan (owned by Comcast) are strong competitors that routinely make aggressive offers to venues (generally the constituency that chooses which ticketing company to use). The presence of these competitors ensures that venues can conduct effective bidding for ticketing contracts. Ticketmaster competes fiercely in this environment not only on price but also product quality.

We respectfully disagree with the suggestion in your correspondence that Ticketmaster is somehow "insulate[d] ... from the competitive pressures that typically push companies to innovate and improve their services." To the contrary, the primary reason that Ticketmaster has a significant share of some primary ticketing service segments is because of the quality of products and services that Ticketmaster provides to the venues, which, in turn, is a function of the fact that Ticketmaster innovates and invests in its technology more than any other ticketing company.

The Taylor Swift tour is a case in point. AEG Live and Messina Touring Group asked Ticketmaster to support their onsales with our Verified Fan service because this one-of-a-kind product is proven to reduce bots from obtaining tickets during the onsale, thereby limiting the number of tickets that are then placed on resale markets and, instead, sells tickets to real fans. In fact, we provided the Verified Fan service for all venues on the tour, including those ticketed by others. Notwithstanding the problems all ticketing service providers encountered, this innovative service was highly successful in its mission of getting tickets to real fans. Less than 5% of the inventory for The Eras Tour has made its way to the secondary market, which is a fraction of inventory that is commonly acquired by brokers.

Ticketmaster's unsurpassed innovations are the key to its current market position. This was acknowledged by the NFL earlier this year, when it extended its deal with Ticketmaster to operate the NFL Ticket Exchange through 2026. *See NFL Owners Approve Ticketmaster Extension*, Sports Business Journal (March 20, 2022) (NFL executive: "It's a competitive space [but] our relationship with Ticketmaster has never been better.").

The foundation of Ticketmaster's quality is the most powerful computing platform in the industry, and on top of that Ticketmaster has built the best set of tools for artists, venues and fans found on any ticketing system, anywhere:

- Unlike some other platforms in the ticketing industry, a ticket bought on Ticketmaster's platform is safe, secure, and reliably valid. No other ticketing company can offer a similar pledge. Consumer-protective products including SafeTix offer groundbreaking protections against fraud, abuse, and other pernicious ticketing practices, which are increasingly prevalent on some other ticketing sites.
- Unlike some others in the ticketing industry, we invest millions of dollars each year on bot-fighting tools. Bots are the scourge of fans when they suck up tickets, disrupting the onsale process and creating conditions ripe for bad actors to rip consumers off on the secondary market.
- Unlike some others in the ticketing industry, we invest tens of millions of dollars annually in information security and privacy safeguards, an area where our policies far surpass any national standards.
- Unlike some others in the ticketing industry, we prioritize empowering artists with the tools to decide how *they* want to ticket their shows – including decisions about pricing and distribution. That includes investing in tools such as Verified Fan, which enables artists to confirm that real fans – not brokers or bots – have the opportunity to purchase tickets.

In short, Ticketmaster has built a superior product that others in the ticketing industry have not invested to replicate. Ticketmaster's track record of continually developing new, market-leading technologies to address the most challenging problems in the industry belies the suggestion that it rests on its laurels, free from the innovation-enhancing effects of competition. The opposite is true. Ticketmaster competes fiercely to win business – and does so by offering its clients market-leading quality of service and product.

With respect to the specific questions in your letter:

1. You asked whether we still have confidence that our plan to develop an "easy-access, one-stop platform" that will be a "trusted business partner" is working. The answer is yes. We certainly stand by Mr. Rapino's 2009 testimony. If the suggestion is that the problems encountered in connection with the Taylor Swift onsale might undermine that confidence, it does not.

There is no question that the technology required to conduct an onsale for hugely popular concerts, with millions of fans – and bots – vying for a far smaller pool of tickets is complex. In this instance, despite extensive preparations for online demand twice that of any concert in live entertainment history, our systems were

not up to the task. We now know that a significant contributing factor to the troubles we encountered was that our systems were under a specific and sophisticated cyber security attack intended to hijack user accounts and therefore assume the identify of Verified Fans. That failed, but the attack overwhelmed our system for a period of time. That is unacceptable; we should have done better. However, it does not change the fact that Ticketmaster is far and away the best ticketing system in the world – and it is not even close. We noted above some of the technological innovations and investments we make to protect fans, empower artists, venues, and other clients we serve. The products and services we offer now are superior to those that existed at the time of our merger, which is critical because today’s competition is more vigorous.

2. You asked what percentage of high-profile tour tickets are available to the general public compared to those allocated to presales, radio stations, VIPs, and other restricted sales opportunities. There is no single answer to this question. The decision of how to allocate – and price – tickets for a tour and concert is that of the artist and their teams, and they make many different choices. The distinction between presales and sales to the general public is also blurred today because many presales are open to broad swaths of the general public.

The Taylor Swift tour is a good example. As noted earlier, AEG asked to use our Verified Fan service, under which registered fans get the opportunity to participate in a “presale.” But the only restrictions on participating are that the fan must register in advance and provide information that authenticates them as a real person. More than two million tickets to Taylor Swift The Eras Tour were sold to more than 500,000 members of the general public in the Verified Fan Presale.

Artists also have ticket distribution strategies designed to access their most ardent fans, fans looking for “VIP” experiences, and sponsorship opportunities (such as with a credit card company that wants to offer cardholders preferred access to tickets). Venues may also reserve tickets for sale to season ticket or seat license holders. These factors may result in more presales that could rightly be regarded as sales to the general public.

We understand the concern that “restricted sales opportunities” could negatively impact the general public’s access to tickets, but particularly in the case of the “high profile tour tickets” that you reference, that is unlikely to be a major problem. As a general matter, artists want to get tickets to their most ardent fans. And it is in no one’s interest to “hold back” tickets to the point that they go unsold. The tools we make available to artists and other event organizers are designed to maximize the probability of a sell-out at appropriate prices, and to ensure that

access to tickets is convenient, fair and equitable for the stakeholders the event organizers prefer to engage. It will rarely be possible to achieve those goals in stadium and arena tours without broad participation by the general public.¹

3. You asked about complaints that have been made to Ticketmaster or to government agencies about potential noncompliance with the Consent Decree with the Department of Justice. Consistent with confidentiality provisions set forth in the Consent Decree, we would be happy to brief you and the Committee on this subject. *See* Amended Final Judgment, *United States et al. v. Ticketmaster Entertainment, Inc. et al.*, No. 1:10-cv-00139-RMC (D.D.C. Jan. 28, 2020) at 31 (providing that any complaints about potential violations can be made to a Monitoring Trustee, “on terms and conditions governing confidentiality requirements”). While it is certainly true that our competitors frequently complain about our compliance – regardless of whether there is any basis for their complaints – Live Nation and Ticketmaster are committed to complying with the terms of the Consent Decree. There never has been and is not now any evidence of systemic violations of the Consent Decree. It remains against Live Nation policy to threaten venues that they won’t get Live Nation shows if they do not use Ticketmaster, and Live Nation does not re-route content as retaliation for a lost ticketing deal.
4. You asked how much we have invested in upgrading our systems to address demand surges. I know of no way to isolate our investments in that way, but no one in the world invests more than Ticketmaster on meeting the challenge of large onsales. In 2022, we invested more than \$100 million in product and technology maintenance and upgrades.

Over the past five years – including the COVID pandemic when the live entertainment business was essentially shut down – we have invested \$900 million in a variety of digital infrastructure upgrades, Amazon Web Services (AWS), licensing, hardware, and relevant staff. We also undertook a significant project to migrate 50% of our digital ecosystem to AWS, which affords more flexibility in providing a better consumer experience for fans across our digital products. Those investments have generated many of the product innovations discussed above.

¹ There is a longstanding practice of “holds” so that artists, venues, and others connected to the industry can distribute tickets to “friends and family” or as a form of marketing, but that volume is small. We surveyed ten of the top tours our teams worked on in 2022, and the percentage of withheld tickets was about 3%.

During that time, working with our clients we have pioneered the most advanced and secure digital ticketing platform in the world. Over the past five years, we have led a fundamental shift in ticketing, moving our clients and their fans from paper to digital tickets that are more convenient, easily and safely managed and transferred, and reduce fraud.

Additionally, we have introduced market-leading demand management tools including fan queuing technology that provides a superior customer experience with real-time messaging on queue position and provides the ability to select tickets from an interactive seat map. This product also helps protect our systems during high-volume onsales and supports ticket buyers continuing to shop for other events without disruption.

5. You asked about information the Ticketmaster Board of Directors has received about Consent Decree compliance. Ticketmaster itself does not have a Board of Directors, but is subject to oversight by, among other entities, the Board of Directors of Live Nation Entertainment, Inc. That board is fully committed to ensuring compliance with the Consent Decree and receives updates on the matter. While the substance of those briefings and any associated materials are subject to attorney-client privilege, as indicated earlier we would be happy to brief Committee members, as we have in the past, regarding Ticketmaster's commitment to its fans and compliance with the Consent Decree.

We conclude by recognizing our role in the live entertainment marketplace and the responsibilities and scrutiny that come with it. We are constantly striving to do more, better and faster. We want to serve fans, artists, and clients, and to outpace the competition with the best services and most consumer-friendly policies in our venues and on our ticketing platform.

At the same time, any conversation about how live entertainment can be improved that focuses exclusively on one company in the space and then ignores other essential constraints and opportunities is simply too narrow.

We would respectfully suggest there is an important role for legislators, policymakers, and regulators to consider meaningful reforms on those issues. There are policy reforms within the purview of Congress that would significantly change the consumer experience for the better. Those include, for example, upfront and transparent pricing, a ban on speculative tickets and deceptive websites, more mechanisms for enforcement of anti-bot laws, and rules that protect the inherent rights of artists and content providers to put reasonable limits on whether tickets to their shows are resold and, if so, at what prices. Real reforms such as these would – if they became law – dramatically improve the live entertainment experience for millions of fans.



We stand ready to work with you and others for a better, safer, more secure experience for fans.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Berchtold", with a long horizontal flourish extending to the right.

Joe Berchtold
President
Live Nation Entertainment, Inc.