

## Controversy over the sale of tickets for live events

How does the market for tickets work and why might some tickets rocket in price in a matter of hours? **Jon Guest** takes a look

Tickets for the Oasis Live '25 tour went on sale at 9.00 a.m. on Saturday, 31 August 2024, and were available from three websites: Ticketmaster, GigsAndTours and See Tickets. Within minutes of going on sale, fans started to post complaints on social media about long on-queues (over 6 hours), error messages and crashing websites. They became even more irate when tickets started to appear on resale websites for prices far exceeding their face value. For example, standing tickets with a face value of £150 to see Oasis at Wembley in 2025 started to be listed for prices over £1,000. Very similar things happened with the sale of tickets for recent tours by Beyoncé and Taylor Swift. How does the market for tickets work?

### Primary and secondary markets

Tickets for live music, theatre, comedy and sporting events are initially sold by the event organisers, official promoters and/or the venue itself. They typically employ specialist digital platforms such as Ticketmaster, See Tickets and GigsAndTours to organise the online sale. This is the 'primary market' where the prices are set by the organiser and the tickets are sold at face value, i.e. the amount printed on the ticket.

The evidence suggests that the prices for some popular live events are set below the market clearing rate. For example, some estimates suggest that over 10

million people tried to buy some of the 1.4 million tickets for the 17 dates of the Oasis Live '25 tour.

### Why are tickets priced below the market clearing rate?

The sale of tickets typically takes place months or even years in advance of the live event, making it difficult to predict levels of demand (i.e. how many people are willing to buy tickets at different prices). In response to this uncertainty, many event organisers err on the side of caution and price below rather than above market clearing levels to avoid the risk of half-empty stadiums.

Many performers are very conscious about making tickets available for prices that so-called 'regular' fans can afford. Setting high prices could result in a backlash on social media.

However, setting prices below market clearing levels in the primary market can create incentives for a large 'secondary' market. The secondary market is where someone resells a ticket they previously purchased in the primary market. There are two broad categories of website that people can use to resell tickets.

### Uncapped secondary ticketing sites

Resellers are free to list tickets on these sites at whatever price they choose. The uncapped secondary ticketing market in the UK is dominated by Viagogo and Stubhub.

## Capped secondary ticketing sites

As the name suggests, these websites set a cap on the price resellers can charge. The cap is typically at between 5 and 10% above the face value of the ticket so that the reseller can recover any fees they had to incur when they originally purchased the tickets. Many primary market platforms now offer a service where tickets initially purchased from their websites can be resold. Other capped secondary ticketing sites such as Twickets and Ticketswap are not part of a primary market platform, so people are free to list tickets they purchased from any primary platform.

## Secondary market sellers

There are two broad categories of sellers in the secondary market: fan and professional resellers. A fan reseller is someone who initially buys a small number of tickets but can no longer attend the event because of changes in their circumstances. Professional resellers, sometimes referred to as 'ticket touts' or 'scalpers', are people who buy large numbers of tickets from the primary market and then try to sell them for a profit in the uncapped secondary market. If prices are considerably lower than the market clearing rate in the primary market, then the potential to resell for a profit is considerable. For example, tickets to see Taylor Swift at Wembley in the summer of 2024 were listed on an uncapped secondary ticketing website for £7,000 – 46 times greater than their face value.

## Is government intervention needed?

Apart from some specific events such as the Olympic Games and professional football matches, the UK government has not restricted the ability of people to resell tickets for a profit in the secondary market. However, in March 2024, Labour announced that it would cap the resale price of tickets for live events if it won the general election.

Many live-event organisers and performers have voiced their strong opposition to people reselling tickets for prices that far exceed their face value. In some cases, they have introduced measures to reduce

the activity of professional resellers in the uncapped secondary market.

Economists take a more positive view about the uncapped secondary ticketing market. They argue that selling below market clearing levels in the primary market leads to an allocatively inefficient outcome. The uncapped secondary market helps to reallocate tickets to those with the highest willingness to pay and so reduces levels of allocative inefficiency.

## Questions

- 1 Using a demand and supply diagram, illustrate the impact on allocative efficiency of setting prices below market clearing levels in the primary market for tickets.
- 2 Discuss some of the methods that live event organisers have used to limit the resale of tickets in the uncapped secondary market.
- 3 To what extent is it in the interests of society to allow the resale of tickets at levels that far exceed their face value?
- 4 Some fans have argued that a random ballot should be used to allocate tickets when demand exceeds supply at the price set by the organisers. Discuss some of the advantages/disadvantages of taking this approach.

## Weblinks

BBC News story about problems arising from the sale of Oasis tickets:

<https://tinyurl.com/ymaec829>

Oasis fans were invited to enter a ballot to buy tickets after missing out:

<https://tinyurl.com/228cs382>

The Conversation considers what should be done about ticket touts: <https://tinyurl.com/5r4wenna>

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