

# Ticket Scalping Technology and the Effects on the Arts and Cultural Markets

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# INTRODUCTION

Many arts organizations today are increasingly affected by fraudulent ticket sales. Stealthy online technologies that assist in this practice have an impact on many areas of arts organizations that charge admission to museum exhibitions, concerts, and other events. This paper will discuss the history of ticket scalping, the ticket bot phenomenon, fraudulent websites and offer solutions for arts organizations to best navigate through the challenges posed by these technologies.

## TICKET SCALPING BACKGROUND

When you think of a ticket scalper, the image of a character standing on the street corner outside of a sports arena repeatedly bellowing the word “Tickets!” might come to mind. However, chances are that if you have ever been to any sort of live event requiring a ticket, you have encountered a ticket on the secondary market along the way. Reselling tickets at prices above face value on the secondary market, otherwise known as ticket scalping, is a common practice in the United States and has been for centuries. In fact, the ticket resale market in the United States recently swelled to \$5 billion dollars, indicating the financial success of the industry, even if it is controversial and often times illegal ([Guzman 2015](#)).

Although the modes through which consumers purchase tickets on the secondary market have changed over time, the driving forces behind the secondary market have not. Age old factors contributing to secondary market sales include the absence of available tickets on the primary market, the lack of preventative federal law, and the ongoing debate regarding whether ticket scalping is actually doing more harm than good.

Dating back to as early as the 1800s, disgruntled theatergoers often had to purchase their tickets through “theater speculators,” who would buy tickets for a show and resell them at a higher price (Devine n.d.). It was up to each state – not the federal government – to enact laws to protect customers from being taken advantage of. It took quite some time to enact these laws, but by the late 1800s and early 1900s, various states put initial restrictions in place that meant to thwart scalping to various degrees.

Today, the demand for tickets remains strong, whether the consumer purchases through a primary or secondary market. This is in part driven by the internet, which has expedited access to tickets for both buyers and sellers alike, removing the lag in shipping time, phone conversations, and extensive payment exchange. Popular sites such as StubHub, Ticketmaster, and SeatGeak are large online enterprises that offer a wide variety of tickets to events ranging from major sports games and popular entertainment to smaller plays and concerts at performing arts venues. Such online options are popular because they are convenient for consumers, offering one stop shopping for an array of leisure activities and often allow the primary seller to offer a purposeful discount through their portal.

At first glance, however, it might be unclear to an online consumer if they are purchasing through the primary or secondary market. Some companies, such as Ticketmaster’s original business model, operate as primary agents and essentially contract directly with client teams, bands, or venues a platform on which to sell their own tickets. Others, such as StubHub and a growing portion of Ticketmaster’s business, act as “ticket exchanges,” operating as online secondary markets



where sellers choose the price at which they will resell their tickets (Sawers 2016). Both kinds of companies have received scrutiny for the seemingly never-ending series of fees tacked on at the end of the purchasing process, listed as “order processing fees”. In a short-lived attempt to create more price transparency than competitors, StubHub enacted an “all-in” pricing model, where the original price of the ticket shown included all additional fees, extracting the mystery out of the end purchase price. However, StubHub quickly reversed their decision after taking a hit to sales figures (Osborn 2015).

These additional charges can sometimes add as

much as 40-50% more to the original price that attracted the customer to the ticket in the first place (Editors 2012). In fact, Ticketmaster finally settled claims in 2013 from a lawsuit filed in 2003, giving over 400 million dollars in credit to 50 million customers who were charged these “order processing fees (Trakin 2014).” While the title and fine print of these “order processing fees” has been updated with the intention of adding more clarity, additional charges continue to plague customers at the end of the buying process. Companies continue to add these extra charges, no matter how they are disguised, because they contribute significantly to the profitability of the online ticket marketplace.

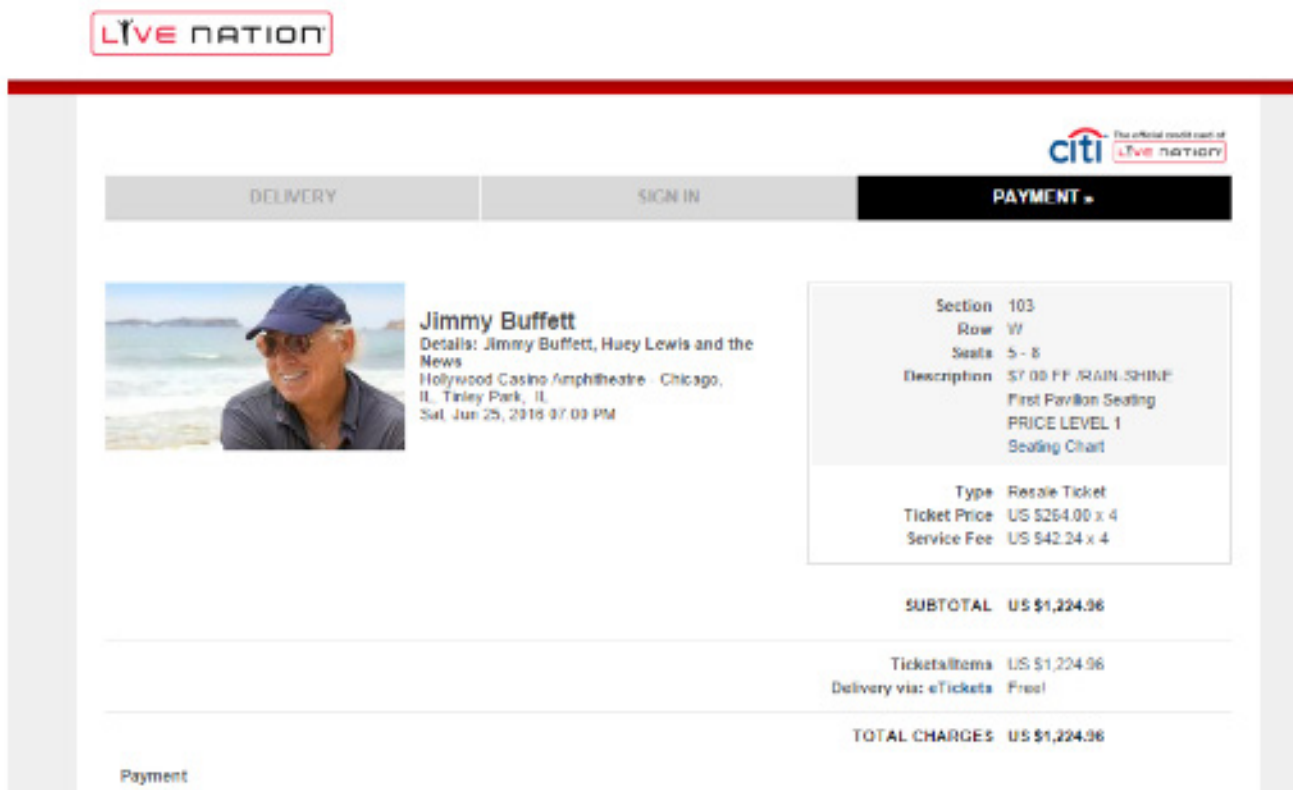


Figure 1: “Service Fee” on Live Nation’s website adds almost \$170 dollars in extra fees at the end of the purchasing process.

Selling tickets on the secondary market through sites like Ticketmaster is technically legal in every state in the United States. However, whether how these tickets end up on the sites is legal depends on the state. Many of the tickets sold through the secondary market are there because tickets scalpers put them there. The degree to which states allow ticket scalping activity to occur within state boundaries varies from almost completely prohibiting the practice (13 states as of 2017) to having minimal regulations ([Michelle Fabio 2015](#)). Furthermore, many states have not updated their legislation around this topic for decades. For instance, current Indiana state law states that it is illegal to charge above face value for tickets to any “sparring match ([Guzman 2015](#)).” Part of the problem in enacting updated legislation around ticket resale is that the law is ultimately meant to favor the consumer. Depending on the situation, however, it could be in the consumer’s best interest to have the freedom to either buy or sell a ticket. To remove consumer restrictions, certain states, such as Minnesota, repealed their scalping laws in 2006 that were previously in place for almost 50 years, making the majority of scalping activity officially legal ([Kaufman 2014](#)). On the other hand, other states take a completely different view on the matter. For example, Attorney General Bob Ferguson clearly opposed ticket bots while in the midst of his proposal to ban them completely in Washington state, commenting it “makes it a violation of the state Consumer Protection Act to sell software to circumvent, interfere with or evade any security measure or access-control system on a ticket seller’s website” ([General 2015](#)).

The discrepancy in stance per state is driven by differing opinions about how to best protect the customer, either from the buying or selling side. However, recent ticket bot activities indicate that

lax scalping laws that legalize bot activity are mostly harmful to the consumer and industries on the whole. As of late, both federal and state legislatures have taken special notice of this detrimental issue to the arts, entertainment, and sports sectors. New York, in particular, has spearheaded recent legislation to take criminalizing ticket bots and scalping to the next level. The issue was taken to the national level in the fall of 2016. A new bill, called the “Better Online Ticket Sales Act” (or BOTS Act) was initially passed in September by the House of Representatives and the Senate Commerce Committee and in December by Senate ([Coldewey 2016](#)). However, the modified version must go back through the House of Representatives and then onto the President before it becomes a law. The overarching goal of the BOTS Act is to curtail software called ticket bots, making it illegal to sell tickets that were obtained through this kind of software. This would prevent secondary resale sites like StubHub and Ticketmaster from selling any tickets purchased by bots.

## TICKET BOTS

### How do ticket bots work?

In 2016, the New York Attorney General Eric Schneiderman released a report nearly 50 pages long that details the plethora of dynamics surrounding ticket bots and recommendations to turn the problem around for both the industries affected as well as consumers (Schneiderman 2016). The report gives a number of reasons why it is nearly impossible for New York consumers to purchase tickets at face value. One of the major factors they found throughout their research is that less than half of all tickets are available for the general public from the moment they go on sale. Instead, they are actually reserved for



insiders within the industry, such as artists, agents, sponsors, executives, promoters, etc. For example, Kanye West’s concert at the Barclays Center in NYC held about 30%, or over 2,500 tickets for the show promoter and venue contacts (Schneiderman 2016). However, for the tickets that are available to the general public, many are often quickly scooped up by ticket bots. In 2013, Ticketmaster estimated 60% of all tickets on their site were purchased by bots (Sisario 2013), and the Pittsburgh Ballet Theatre identified more than a two-fold increase in scalped tickets to The Nutcracker between the 2014 and 2015 holiday season (DiAndrea 2016). according to the same metrics as described above. You can also opt to slice the data according to a whole other host of categories, such as the specific

state or city they are located in. While Google Analytics does not yet offer the functionality to view the ethnic demographics of your page viewers, by slicing the data by views per city, you can dive into the demographics of each location further by looking at the wealth of statistics available from the [U.S. Census Bureau](#). For instance, you could look at the average household incomes of the cities that had the most activity on your website to better understand how much disposable income they might have to better predict program attendance from certain areas.



Figure 2: Less Than Half of Tickets Are Reserved for the General Public. Graph originally from New York Attorney General Ticket Sales Report. Data Source: Live Nation/Ticketmaster (2012 – 2013) and AEG (2012 – 2015)

The sophisticated software (that is technically illegal in many areas of the country) makes it easy for brokers to bypass built in primary and secondary ticket market security measures and scoop up as many possible tickets to resell at a high market. There are four main kinds of bots that work together that allows domination on the resale market:

- 1. “Spinner” or “Drop checker” Bots:** These bots are designed to monitor sites, such as Stubhub or Ticketmaster, to detect the moment that tickets are released. In a recent report, Ticketmaster claimed that sometimes almost 90% of their website traffic can be attributed to these types of bots alone (Schneiderman 2016).
- 2. Search Bots:** Once spinner bots detect the release of tickets, this next kind of bot instantaneous searches for tickets, taking advantage of the fact that once tickets are searched for, they are put immediately on hold while making the purchase. Thus, once the bots infiltrate the system by searching for large quantities all at once, they remove these tickets from the batch available to consumers to even search for.
- 3. Purchasing Bots:** When purchasing tickets, these bots use a large batch of names, address and credit card numbers. Often, the names of the “purchaser” are made up just to fill in the blanks.
- 4. Anti-Security Measure Bots:** These bots are designed to bypass the very security measures that are meant to block the bots themselves. Most commonly in the form of the “CAPTCHA” test, or “Completely Automated Public Turing test to tell Computers and Humans Apart”, these bot designers and programmers have found ways to get around these security measures, even though companies who provide the CAPTCHA engineering, such as Google and Solve Media are constantly refining their technology to block the

bots.

One might wonder how ticket bots have become so rampant in the first place. It turns out that the software is easily available for purchase through sites such as ticketbots.net, a company registered in Panama ([Ticketbots.net 2017](#)). This site sells each bot described above, and more, including PDF generators, lottery bots, and ones designed specifically for brokers, ranging in price from \$140 to \$10,000 (for a premium Ticketmaster.com spinner complete with a dashboard – on sale from an original \$18,000). Although seemingly pricey, the bot user is guaranteed to make returns from the investment, as demonstrated through the whopping profits on popular shows, such as Hamilton, as will be discussed below.

Companies like ticketbots.net that supply this type of software to anyone who wants it appear to have no ethical consideration for what they are giving others access to. In fact, according to a report by the Guardian, a company representative replied to an email inquiry about how the software functions by bragging, “Our software already bypasses these picture Captchas using 3rd party CAPTCHA bypassing companies, who types the Captchas for you ([Davies 2016](#))”. Additionally, they boast about the capabilities they offer in a product description on their website by explaining, “In short, the bot grabs hundreds of tickets for multiple event simultaneously and let you choose cream tickets from them to buy with just a single click.” Essentially, this kind of software gives ticket brokers the power to make a quick and easy profit with minimal effort on their end. In fact, the NYAG found that U2’s 2015 tour around the United States, Bot users scooped up over 15,000 tickets in one day (Schneiderman 2016).



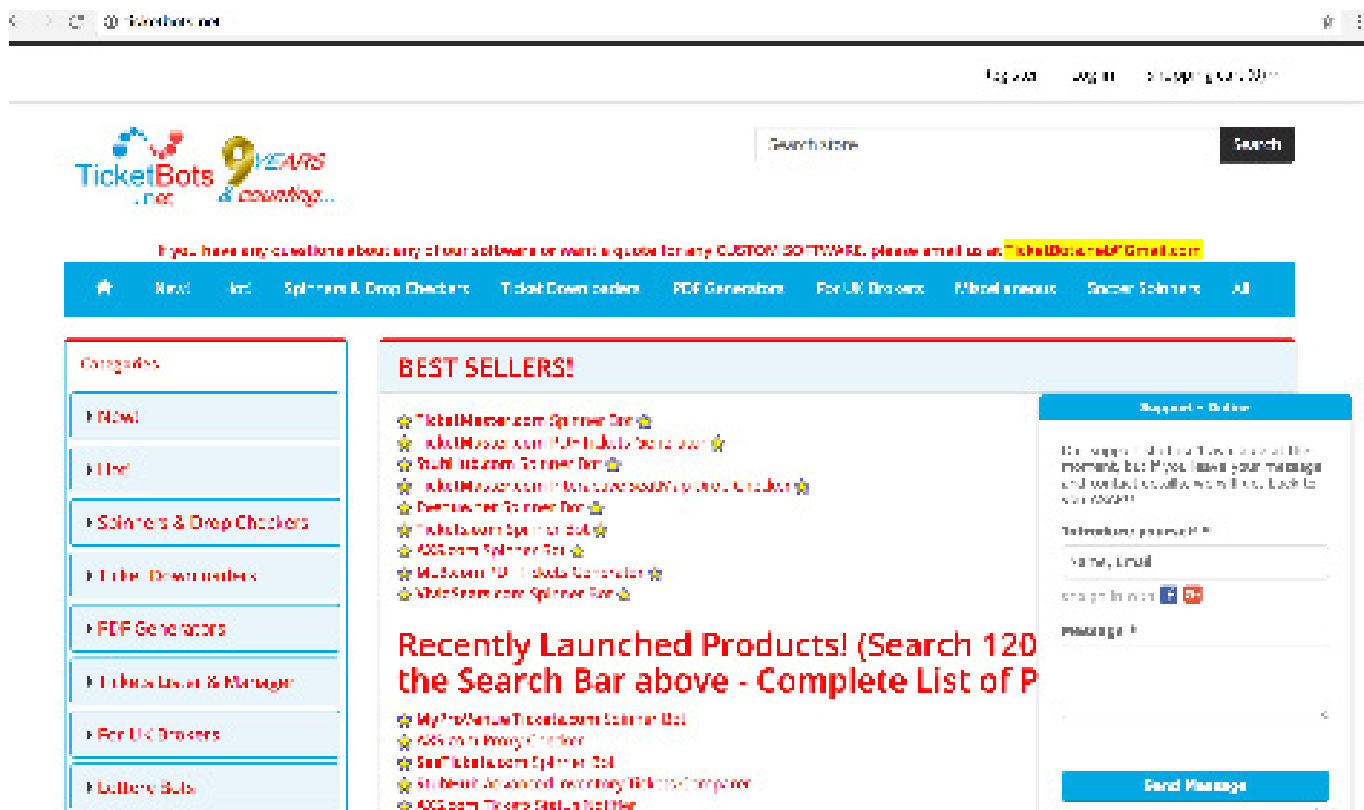


Figure 3: Ticketbots.net homepage. Boasting 9 years and counting of operation

## Ticket Bots Impact on the Arts

As of late, ticket bots, have received both media and legislative attention, mostly due to the hit Broadway musical Hamilton. In early June, several original cast members, including Lin-Manuel Miranda and Daveed Diggs, took their final bows in the show within days of each other, causing a drastic increase in ticket prices on the secondary market. The spike was so significant that it made headlines. While the average face value for a Hamilton ticket sat around \$190, tickets on the secondary market were about \$850 in May of this year, but increased four-fold in between the Tony Awards and the beginning of July (Fehr 2016). Once Miranda announced his departure from the show at the start of July, the average median ticket price increased to a whopping \$10,900 (Fehr 2016).

The New York Times showed great interest in this

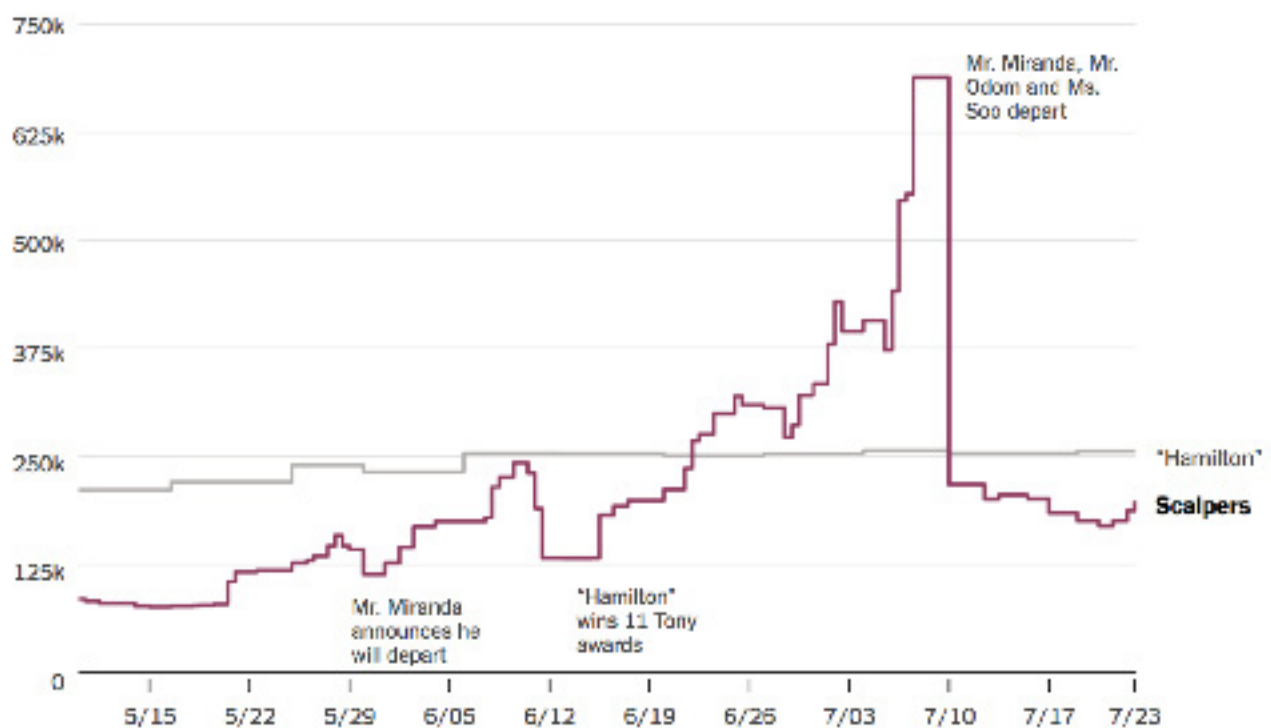
story, and conducted real-time research to track the publicly available prices for Hamilton tickets (Fehr, To Learn About ‘Hamilton’ Ticket Bots, We Wrote Our Own Bot 2016). They concluded that ticket scalpers made more than \$15 million for Miranda’s final 100 performances – and likely two thirds (over \$10 million) of that was earned during the 32 performances between the Tony Awards and Miranda’s final performance. While show producers certainly made some profit off of ticket sales (an estimated \$2.7 million for those same 32 shows), many feel that these online scalping agencies are unjustly taking money away from the people that actually make the show happen. In fact, in early June, Miranda publicly denounced the ticket bot industry and its impact on making the show accessible to a broader audience (Miranda 2016). Subsequently, show producers raised face value price of tickets in an attempt to regain

some of the money that they “lost” from the resale market. Raising the price of the face value assumes that scalpers have hit a ceiling as to how much they can charge for the resale of tickets, and so will re-collect at least a portion of the profits that the scalper would otherwise retain themselves. However, the strategy of raising the face value of popular tickets makes these shows even more

inaccessible to the general public, putting a damper on public excitement and buzz around popular shows. Additionally, when audience members pay a higher face value, the audiences’ expectations are raised of show producers and cast themselves, simply because they are forking over more money out of their own pockets that they know is going directly to the show.

## Estimates for Scalpers’ Total Profits Per Night

Compared with box office revenue.



Note: Estimates for scalper profits are a moving median.

Source: Ticketmaster.com, StubHub.com, SeatGeek.com, BroadwayLeague.com

Figure 4: Estimates for Scalpers’ Total Profits Per Night (as compared with box office revenue). Graph from New York Times, July 29, 2016.



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Traditional performing arts venues such as Broadway theaters are not the only organizations that have recently fallen victim to ticket bot technology. Museums who offer ticketed popular exhibitions and events, such as the 2017 Yayoi Kusama exhibition at the Smithsonian and a variety of events at Cleveland Museum of Art, have encountered similar issues. In fact, in 2016, the Cleveland Museum of Art's entire online system crashed due to an influx of bot technology that rapidly scooped up tickets to Solstice, their popular summer art and music festival. Aaron Petersal, the Director of Membership and Visitor Experience at the Cleveland Museum of Art, explained that his team identified the bot infiltration on their site because high demand for tickets through their

online portal (Petersal 2017). Even when they kept expanding the number available for purchase, they kept hitting capacity. Although a certain segment of tickets were reserved for Cleveland Museum members only, requiring membership information at the time of purchase, the bots unsuccessful attempt to fill out these fields ended up clogging up the system and ultimately shutting it down, necessitating sales and customer service concerns to filter through the phone center only. Like many organizations that have experienced customer service challenges because of bots, Petersal explained that the museum now has additional safeguards through Tessitura (ticketing software), such as bot verification technology, to protect both employees and customers from similar problems from happening in the future.

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## FRAUDULENT WEBSITES & GOOGLE TECHNOLOGIES

Other technologies that aid third parties in making a profit off someone else's ticket exist besides ticket bots. While most online purchasers are familiar with large national online ticket shops, such as Ticketmaster, they may be unfamiliar with a whole other side market of websites that look nearly identical to a venue's official site, but are set up by a third party posing to dupe unsuspecting customers. Individuals set up these websites and often markup tickets two or three-fold in addition to other processing or printing fees. One would think that this would be common among commercial events in high demand, such as major sports championships or concerts of popular recording artists, but unfortunately, even smaller budget and non-profit enterprises around the country have been greatly affected by this concerning trend. These stealthy individuals have figured out how to leverage the power of Search

Engine Optimization to their advantage and have such well-oiled business models that they are often able to surpass the real organizations themselves in the Google search ranking.

The fraudulent websites are managed by highly sophisticated scalping organizations that make a significant profit by tricking customers into purchasing tickets. While these websites prey on all kinds of events, their predatory practices are hitting non-profit performing arts organizations particularly hard because of the unfortunate image they falsely project of the victim organizations, including non-profit performing arts performances such as the ballet. These sites make it easy for individuals or scalping agencies to sell tickets they purchased (often by the aid of bot technology) specifically for to resell to consumers. The websites often charge two, three, or four times the original price, and in turn, make a profit. The Pittsburgh Ballet Theatre (PBT) is one of many performing arts organizations that has gone head to head with these unscrupulous organizations (DiAndrea 2016).

The Pittsburgh Ballet Theater first noticed this



showing up at the box office with tickets under a different name, which was usually the name of the scalper. Upon identifying this issue, the PBT soon realized how many of their tickets had passed through the hands of these unscrupulous scalpers before they made their way to the actual performance attendee. Most often, specific individuals use bots to generate fake names under real addresses so they don't get automatically flagged in the system they are taking advantage of. In fact, the PBT identified most of these computer-generated names by finding the exact same combination of letters used in each name that were just scrambled differently.

The majority of the PBT's scalpers sell their tickets on websites created to directly trick the customer into thinking they are purchasing through the ballet itself. These sites have thought of everything under the sun to look legitimate, going as far as replicating domain names, logos, messaging, and images of the organization they are copying. In fact, at one point, one of the websites actually used direct video from a PBT performance. Furthermore, the ballet laments that many of these websites have a nicer aesthetic than their own. Says the PBT's Ticketing Manager Aimee DiAndrea, "Pittsburgh-Theater.com has a really slick website, and is designed to look like you are on the cultural district's website. When you used to go onto the page, it had all of the Pittsburgh Cultural District's logos and images, but luckily, our lawyers contacted them and issued a cease and desist. Eventually, they took it all down but they are still selling tickets on there, just without the imagery. So far, that has been our main victory over the scalpers (DiAndrea 2016)."



Figure 5: A fraudulent site that was already selling Nutcracker tickets in February for the 2016 holiday season.

Sites that pose as one organization through a certain domain name are usually a small part of a larger organization that profits from selling tickets to all sorts of events, such as pop concerts and sports events. This business model has proved successful; scalpers are able to reinvest their profits in making their websites look attractive and legitimate. Not only do they have the funds to spend on the front-end, but they also cover the back-end channels as well. In order to draw the maximum number of customers to their fake sites, these scalpers work the Google advertising capabilities to their advantage. They purchase paid ads to ensure they are at the top of the listing on searches. Although the PBT benefits from a Google Grant because of their nonprofit status (which includes access to Google Adwords), the scalper's digital marketing campaign poses a real challenge to the PBT who is limited by their marketing budget. In fact, for the past two Nutcracker seasons, the PBT had to spend over \$5,000 on Adwords alone in order to get above the fake sites in the Google listing.

At the time we talked with DiAndrea in 2016, even though the PBT still showed up on the top of organic Google searches, there were many paid ads listed before the consumer arrived at the organic listing.

Both the PBT and Ballet Austin cite that they have seen most of the scalping within their organizations occur for tickets to the Nutcracker. For years, Ballet Austin has offered tickets at a low price point of only \$15 in order to maximize accessibility for this popular piece of programming (Majors 2016). Unfortunately, scalpers seem to target this block of seats directly, and quickly wipe out this entire section in order to resell them through dummy sites for almost 10 times the

price. This creates an array of issues from Ballet Austin's perspective, but the main issues are how it impacts the overall customer experience and the atmosphere during show night. Says Senior Manager of Audience Sales and Services Aaron Majors, "sometimes, these guys aren't able to offload all of their inventory. They don't care though because their margin is so good, and they just let it go unsold. Then, we have empty areas of our hall, which has a negative impact on the ambiance. It's a lose-lose situation for everyone, especially for the customer."

Majors emphasizes what a big business Nutcracker ticket scalping is for this specific outfit based in Houston. In fact, he came across a YouTube video created by the head of the organization tailored specifically for training people in the Philippines on "best practices" for ticket scalping. "They have a browser that is designed specifically for this purpose. It opens up multiple sessions all at once, allowing individuals to place over 20 orders in a rapid fire manner around 3 AM, so we aren't able to see it. They have their operations, are good at what they do, and the worst part about it – it's totally legal."



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## PROPOSED SOLUTIONS

There are a number of tactics and measures that arts organizations can take to curb the operators of the technologies discussed above and allow for best industry practice for future artists and arts managers

### 1. Arts organizations should not be afraid to address and stand up to scalpers

Once scalpers are identified, organizations should take the necessary steps to contact them and let them know they will not be taken advantage of. For instance, in recent years, the Pittsburgh Ballet Theater has tried working with such individuals, letting them buy tickets directly so the PBT can control who the tickets are going to and remove the stress of dealing with computer generated, nonsensical names. Although this strategy mostly worked, scalpers still created their own fake websites. During the next Nutcracker season, one individual even went a step further and created 48 separate accounts through which he purchased tickets with the intention of reselling, yet he still reached out to the PBT asking to buy even more tickets on top of that. This drove the ballet to put their foot down and terminate the relationship. DiAndrea notes “This year, we said enough is enough (DiAndrea 2016).”

Similarly, just last year, the Cleveland Museum of Art discovered that a single individual purchased hundreds of tickets to through their site. The museum decided to get in contact with him and return the tickets as well as refund him for the full price to send the message that his attempt to pick up so many tickets at once (most certainly with the intention of reselling them at a higher price) was unacceptable to the organization (Petersal 2017).

Arts organizations should take the necessary

steps to identify who these scalpers are and communicate with them instead of letting them get away with methods that directly impact their customer base.

### 2. Closely monitor ticket sales and leverage similar ticket sale technologies

Much of the activity that occurs by the scalpers is technically legal due to a lack of regulation. Organizations should consider a progressive approach to this situation rather than prioritizing precious resources on coming up with tactics to stop the scalping activity from occurring. It takes a great deal of constant effort to continuously block IP addresses and place limits on the number of tickets scalpers can buy. Instead, while the technology is available and legal, arts organizations could consider thinking outside the box and consider alternative methods to selling their tickets. For instance, both secondary resale and fraudulent websites leverage auction pricing tactics, meaning they have the ability to offer tickets with price fluctuation based on demand. Mike Smith, Professor of Information Technology and Marketing at Carnegie Mellon’s Heinz College and Tepper School of Business suggests that arts organizations should consider doing the same. He questions, “since consumers are accustomed to purchasing everything from airline tickets to seats to a professional sports game, why should arts organizations be any different (Smith 2016)?”

Ballet Austin tested this strategy in 2015, and dynamically priced tickets so that when identified scalpers attempted to purchase tickets, it triggered a reaction in their system that caused the price to go up. However, this also slowed down purchase time for all customers, and the scalpers were usually able to go through a back purchasing channel via a proxy IP address (Majors 2016).



Until bot activity declines or becomes illegal, organizations should consider tactics that focus on going head to head with the scalpers to minimize the effects of scalping long term. For instance, Ballet Austin closely monitors the websites on which their tickets are resold, and actually put portions of their ticket inventory at face value on the very same sites, hoping to curb scalped ticket customer purchases. Majors explains, “I actively monitor the pricing of our product in the secondary market, and plug into all the KPIs to see the average price and where we compare.”

Arts organizations should also consider alternative pricing strategies that could encourage scalpers to buy more inventory at certain points. This would allow arts organizations to recoup some of the financial benefits that instead is currently going to the scalpers. Says Majors, “At the end of the day, nothing is stopping them from doing something negative to our customer, and it is out of our control. If we can somehow get more money from them when they are trying to take our inventory, it would ultimately be better for us, so we are trying to figure out how we can do that.” Aaron emphasizes that he ultimately hopes the Austin Ballet gets to the point that the scalpers will not have any incentive to continue targeting them, but remains skeptical. “They are only interested in our cheapest seats and their margin is insane. There isn’t a disincentive for them, so we need to figure out how we can best wound them.”

Arts organizations should consider alternative pricing methods and not shy away from leveraging existing technologies that can allow them to recoup some of the profit that currently falls into the hands of third parties.

### **3. Raise awareness among customers**

Informing patrons that they purchased scalped tickets is complicated and can have customer service and organizational perception implications. For instance, people go to the ballet for a nice evening out and most ballet companies spend a good deal of effort on customer service to ensure a high quality of experience. Thus, telling someone upon arrival to the theater that they purchased tickets through a third party for an excessively high markup is not ideal. To gently raise awareness about this issue and protect the customers in the future, Ballet Austin inserts a blurb in all patron emails that states “If you feel like the price you paid is too high for your tickets, it probably was. In the future, please buy directly through Ballet Austin for the lowest price possible (Majors 2016).”

The Pittsburgh Ballet Theatre has taken similar measures to protect future purchases by their patrons. They recently created cards that they pass out to customers upon arrival at the theater that that informs them if they purchased through a third party and how to order directly through the PBT next time. They also raise awareness about the issue by inserting language in all program booklets that gives information about scalping and how to purchase through PBT instead. Says PBT’s Marketing Director Aimee DiAndrea, “we thought about putting the cards on every seat that was purchased through a third party, but the issue with that is we don’t have the resources to do that every time and we don’t want to ruin someone’s evening. They brought someone on a date, and then there’s a card that says ‘you’ve been duped’ isn’t how we want to go about things (DiAndrea 2016).”

Both the Pittsburgh Ballet Theatre and Ballet Austin have seen a wide range of customer reactions upon realizing that the tickets they purchased were sold to them through a third

party at a marked up price. They cite that most are surprised, and some become upset, defensive, and even angry that they were taken advantage of. Majors recalls a time when a family showed up at the theater yet didn't have any tickets reserved under their name. Ballet Austin realized that this family unknowingly purchased nosebleeds tickets through a scalper for thousands of dollars, and in order make up for what happened, they gave them complementary tickets to a better area of the theater. "It creates a customer service nightmare, because we don't want to tell people that they did something wrong by purchasing through a fake site."

It is crucial for arts managers and advocates to inform current and potential patrons about rampant scalping and other activity that affect their organization. The more aware patrons of arts organizations are about these issues that is plaguing the industry, the more likely they are to ensure that they show their support for the art they love through verified organization portals.

#### **4. Supporting Stricter Bot and Scalping Laws**

As mentioned earlier, potential legislation is pending that would clear up the current legal discrepancies among states and outlaw bot technology on a federal level via the "BOTS Act". Embedded in the New York Attorney General's report are recommended legislative changes that their research shows would best reverse the negative state of the industry (Schneiderman 2016), including:

- Ending the ban on non-transferrable paperless tickets - This would require the original purchaser to be present at the time of ticket redemption, essentially eliminating the motivation

for ticket scalpers buy in bulk to resell to the public, since the end purchaser wouldn't have access to the physical credit card used at the point of original purchase. In fact, this practice will be put into action for Hamilton's run in London's West End, starting October 2017. Customers will be able to purchase tickets online, but will need to be present at the box office themselves in order to pick up their tickets. As the Victoria Palace Theatre's Managing Director Nicholas Allot told the Daily Mail, "Once the seat has been purchased, people will get an email with instructions. They'll know where they are sitting, and everything is confirmed... You can't put anything online to sell, if you haven't got a physical piece of paper to sell ([Hemley 2017](#))". He expects that online ticket resales will at least be cut in half.

- Imposing criminal penalties on scalpers and bot operators (not just civil sanctions) – It goes without saying that this could drastically reduce the number of people willing to take the risk to make a profit from ticket scalping if jail time was a possibility.
- Capping permissible resale markups – Although the argument behind removing caps is to ultimately let economic forces drive the price to what the market will pay for, recent trends and instances (i.e. Hamilton accessibility concerns) demonstrate the disadvantages to a lack of a price ceiling.

Arts managers and advocates should take the appropriate measures to show their support for the BOTS act by staying informed of the status of the bill, sharing its status with other stakeholders and the public, and lobbying or writing to legislators.

#### **5. Supporting Industry Ownership of Current Concerns**



Unfortunately, even if the recommendations proposed by the 2016 NYAG report are followed and ticket bots become illegal across the nation, it remains to be seen if this will actually put a halt to the practice. As explained earlier, reselling tickets on the secondary market has been occurring for centuries, and no matter what the platform, if the desire is strong enough to scalp and make a profit, it can be done. Enforcing these policies, especially when many of the scalping entities and bots are housed offshore have proved to be extremely difficult. Therefore, all stakeholders should encourage those with bargaining power to take a stance against ticket bots and other technologies that benefit those far removed from the art itself. Sites like Ticketmaster can do this by ensuring that brokers that sell through their site comply with the law and don't sell tickets purchased with the aid of bots.

Some industry experts go as far to say that it isn't the governments job at all to police the ticket resale

market, and should be left up to those who have a stake in the industry. Says Rafi Mohommed, founder of pricing strategy consulting firm Culture of Profit, "It shouldn't be the government's business how tickets are distributed, and taxpayers shouldn't have to fund efforts to enforce this anti-bot law. To ensure that concert and theater passes end up in the hands of fans at face value, industry leadership—not a needless government intervention—is just the ticket ([Mohammed 2016](#))".

Regardless of whether the proposed BOTS legislation is passed at the federal level, arts organizations should encourage and support those companies with the means to take a stand against bot operators and other ticket brokers who are negatively impacting both creators of the art and consumers.

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## CONCLUSION

Ticket scalping is a practice that will likely continue to occur and evolve with technology as long as it is legal, and as demonstrated throughout the course of history, individuals who want to find a way to usually will. Majors from Ballet Austin emphasizes, "Ticket scalping is a reality that already happens in many genres. All sectors of the arts are having to reevaluate our business model, address ticket scalping head on, and think a little differently about how we price our products to get it out there to customers." Arts organizations must be informed about the ways in which they could specifically be targeted and keep a pulse

on the various online channels and technologies that have the potential to sell their tickets in the future. Identifying proactive and creative ways to reach customers, staying up-to-date on current legislation and taking a stand on policy as opposed to exerting extensive resources on the scalpers themselves will result in the greatest chance for success for arts organizations.



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## CONCLUSION

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