No such thing as a sold-out show

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Jock Given gets slightly hot under the collar about the company that dominates ticket sales

Mick Jagger of the Rolling Stones, whose Steel Wheels Tour in 1989 netted a record $260 million or more for the band, a record at the time. *Nancy Farrell/Flickr*

Ticketmasters: The Rise of the Concert Industry and How the Public Got Scalped
By Dean Budnick and Josh Baron | *ECW Press* | $39.95

"BASICALLY, you're getting at this emotional issue, which is who owns the ticket?" says the former Ticketmaster CEO John Pleasants. "The artist thinks they own the ticket, the building thinks they own the ticket and the ticket actually sits in Ticketmaster's system."

Tickets seem an unlikely thing to get emotional about. They are, surely, just administrative tags that get us through the door? Ticketmasters shows they are far more important than that, though we might have sensed it already from everyday expressions: cocky people "have tickets on themselves," good locations are "front row seats," a popular occasion "standing room only." Nothing demonstrates a person's stature or smarts like a pair of great tickets to a sold-out event. Tickets are currency, as valuable and tradeable as the US Treasury's greenbacks.

It is the currency that Ticketmaster has been especially good at. Established in the United States in 1976, the company first ticketed an Electric Light Orchestra concert in Albuquerque the following year. Twenty-five years later, in 2011, it sold 141 million tickets around the world and nearly as many again through the box offices of its venue clients. Ticketmaster is the official provider of ticketing services for this year's London Olympics and Paralympics.

They have not always done so well with the emotion. They are the dealer standing between the fans and the bands, the people popularly pilloried for taking a day to answer the phone (78 per cent of their tickets are now sold online, just 7 per cent by phone, 15 per cent through outlets), sending callers into automatic voice recognition systems that recognise everything except the caller's voice, having only the restricted-view seats left, charging like wounded bulls for them, and adding a surcharge they call, without irony, a "service fee."

Music journalists Dean Budnick and Josh Baron, executive editor and editor-in-chief respectively of Relix magazine, have done a wonderful job of explaining the labyrinthine, oddly emotional business of ticketing and its migration over the last half century from the bureaucracy of the "box office" to a business of its own. The story is partly about technology enabling things that weren't possible before networked computers, but it is crucially about particular business models and corporate relationships and the people who created and challenged them.

The "free" market for concert tickets has been structured and restructured in ways that have not always served consumers well. But their power to change those structures, while still getting to see the bands they love, is limited.

MAIL order, ticket agencies in major hotels and the telephone had long allowed people to book tickets to shows without going to the box office. Computers, especially networked computers, offered new possibilities. The pioneers in the 1960s and 70s saw these opportunities differently. A company called Select-A-Seat thought people would like to choose the exact seats they would sit in rather than taking the ticket-seller's idea of "best available." It thought it could make money by selling ticketing software to theatres. Control Data saw the chance to sell or rent a lot of computers, and backed a company called Ticket Reservation Systems, later Ticketron. Computer Sciences Corporation invested in a system called Computicket.

None of these initiatives came from theatres themselves. Electronic ticketing companies were independent enterprises that needed to pitch the benefits of their systems to the people who put on shows. They had to promise something: to cut theatres' costs or to increase their revenues, perhaps by selling more tickets or improving the experience so consumers would pay extra for it. Each of these occurred, but it was the last that was most transforming.

Ticketmaster, which became Ticketron's main competitor and eventual conqueror, had another approach. An accountant, later its chief operating officer, called it "Ticketing 101":

Fred [Rosen, Ticketmaster's CEO for most of the 1980s and 90s] came in and said, "Right now you have a cost centre, it's called your box office. You pay for the equipment and you have to pay for the labour to sell the tickets. I'm going to give you the equipment for free. I'm going to equip your entire office with terminals. I'm going to teach your people how to sell tickets over those terminals and I'm going to support those people. What I'm going to ask you to do is close down the first day of sale on concerts and let me sell those tickets through my outlets [in places like record and department stores]. So now you don't even have to pay the labour on the first day of sale. But if that's not enough, I'm going to give you a piece of every ticket I sell. So I've just turned your cost centre into a profit centre."

The "piece of every ticket" was the "service fee." All the nascent ticketing companies charged them. Ticketmaster's breakthrough, "what did in Ticketron," was to see the service fee as the instrument for changing the relationship between the people who put on the shows and the people who sold the tickets. First, the service fee could be whatever you wanted it to be, so long as the consumer would wear it. Second, paying venues a share meant they were less likely to complain about it.

Over time, Ticketmaster started paying venues advances against their shares of service fee revenue, entering into multi-year deals with venues that committed to use Ticketmaster's services exclusively. Venue operators used those advances to upgrade their facilities, or to put in their pockets. While some competitors survived, Ticketmaster benefited from significant network effects. The more venues it had exclusive arrangements with, the more consumers came to expect to be able to buy tickets from Ticketmaster for the acts they wanted to see. The bigger and more prestigious the venues Ticketmaster controlled, the harder it became for bands to tour without them.

AS Ticketmaster's power grew, a major band that wanted to tour the United States but didn't want Ticketmaster handling its ticketing would have to play hokey venues where its fans might not want to go. Some bands confronted this power. The chapters of the book that describe these battles are enthralling vignettes in the long and messy history of conflict between the emotion and business of music.

The Grateful Dead was a class all of its own, "sui generis" as the lawyers might say. It founded its own ticketing service on a mailing list of "Deadheads" that numbered 25,000 by the late 1970s. Formed for several reasons, not least that the band's ageing fans now had more jobs and kids and less time to stand in queues, GDTS started doing its own fan-friendly mail order ticketing for blocks of tickets to Grateful Dead shows, and ended up in a full-scale confrontation with Ticketmaster. Like the taping and trading of live performances that the band encouraged, GDTS became a significant part of the fan experience. Staff and volunteers would allocate rows of seats boy/girl/boy/girl or fill them with fans sharing the same first name or visiting from the same out-of-town location. Eventually, GDTS was insisting on an allocation of 50 per cent of the seats at every show, even in notionally exclusive Ticketmaster venues. Though troubled about the precedent it set and determined to keep it a unique arrangement for a unique band, Ticketmaster let the Grateful Dead get away with it until their last concert in 1995.

Pearl Jam was a different matter. Releasing its first album Ten in 1991, the band became one of the hottest acts around. It had several run-ins with Ticketmaster, but particularly objected to the size of its service fees. When it started exploring other ticketing options, Ticketmaster made it clear it would insist on the exclusivity of its ticketing deals with any venues Pearl Jam wanted to play. There would not be a second Grateful Dead. Pearl Jam cancelled a tour, politicians and the Department of Justice got involved, and the band's appearance at a public hearing in Washington became "standing room only." REM's attorney told the hearing every part of the business – promoters, venues, agents, managers – had competition except one:

> *At this point in 1994 … there really isn't any choice. If you want to do a major tour, a major arena level tour in major markets, you have no choice. [Ticketmaster] comes along with the building.*

But this was the year Newt Gingrich's Republicans overwhelmed Clinton's Democrats in the mid-term elections. There might have been some political mileage in a "youth" issue, but not enough, and the technical anti-trust case was underwhelming. When the Department of Justice talked with Ticketmaster's venue clients, it found they liked the status quo. Their contracts typically ran for three to five years, they put them to tender when they came up for renewal, and the system of revenue sharing, signing bonuses and service fee advances from Ticketmaster suited them. Pearl Jam's critics argued that if they wanted lower ticket prices for their fans they should cut the guarantees they were demanding from promoters rather than ask Ticketmaster to cut its service fee. The Department of Justice announced the closure of its investigation in a two-sentence media release.

String Cheese Incident, a "quintet of Colorado ski bums" that got together in 1993, had "a lot of kinship" with the Grateful Dead ticketing model, plus online technology. They set up SCI Ticketing in late 1998 using the TicketWeb platform launched a few years earlier. TicketWeb "turned any PC into a fully functioning box office, complete with call centre." Ticketmaster bought it in 2000. A year later, SCI Ticketing licensed software from the Australian company Softix, whose platform was used by Ticketmaster's Australian rival, the Packer-owned Ticketek. As String Cheese Incident, the band, got bigger, they started wanting the bigger venues that came with Ticketmaster's exclusive deals: nearly 90 per cent of the top fifty arenas and top fifty amphitheatres in the United States and 70–75 per cent of the top theatres and clubs.

In 2003, they filed a civil law suit against Ticketmaster, alleging infringements of the Sherman Antitrust Act. The band was "not saying Ticketmaster doesn't have a place in the ticketing business, but we have a different philosophy of doing business, one that caters directly to our fans." Eventually Ticketmaster offered to settle, allowing the band, among other things, to sell 50 per cent of the tickets to its own shows just like the Grateful Dead, although there was to be no crowing. Some were uncomfortable accepting the offer, seeing it as a failure to seize the opportunity "to really take [Ticketmaster] the full length and uncover some stuff and really help restore some balance to the industry." But bands want to play music, String Cheese Incident were being offered everything they had asked for, and settle they did.

THE many owners Ticketmaster has had over its four decades reveal different strategic visions. Jay Pritzker, the head of Hyatt Hotels, bought the company in the early 1980s. Microsoft co-founder Paul Allen acquired a controlling interest in the mid nineties, presciently seeing the opportunity for e-ticketing to be a "killer app" of internet commerce. Then Barry Diller, the head of Paramount Pictures and 20th Century Fox in the 1970s and 80s, brought Ticketmaster into the "interactive commerce conglomerate" that came to be called IAC/InterActiveCorp, which controls Match.com and Vimeo.

In Australia, Ticketmaster's operation has been a wholly owned subsidiary of the international company since 2005, when the Seven Network sold out of the half share it acquired in the late nineties internet boom ("Ticketmaster7"). The US group bought into Australia when the Victorian government partly privatised BASS Victoria, part of the pioneering online ticketing organisation in Australia (originally the "Bay Area Seating Service" in San Francisco and later "Best Available Seating Service"). BASS still operates in arts and entertainment in South Australia.

Ticketmaster Australia's main competitor is Ticketek, a wholly owned subsidiary of Nine Entertainment Co, which also owns the Nine Network, ACP Magazines and Allphones Arena, the indoor stadium where the basketball finals were held at the Sydney Olympics. The two supply ticketing services to some of the country's main venues and events: in Melbourne, for example, Ticketek has the MCG and Rod Laver and Hisense Arenas; Ticketmaster has Etihad and AAMI Stadiums, the Arts Centre and the Comedy Festival.

It is the global Ticketmaster's latest ownership permutation that troubles Budnick and Baron most. In 2010, it merged with Live Nation, becoming a division of the Los Angeles–based entertainment and e-commerce conglomerate, Live Nation Entertainment. This consolidated the world's biggest concert promoter and the world's biggest management group (Frontline Management, bought from Warner Music Group in 2008) under the same roof with the world's largest ticketing services company.

The company made a small operating profit in 2011, but a net loss of $83 million after interest expenses. The concerts division made an operating loss of over $100 million; Ticketmaster and the Sponsorships divisions each made operating profits of nearly $120 million. The theory behind the multi-divisional Live Nation behemoth was that the synergies between the businesses would make the whole bigger than the sum of the parts. Big acts would undertake big tours with big sponsors and advertisers in the big venues that Live Nation and Ticketmaster controlled. It was the music industry's answer to the file-sharing and downloading era, when consumers buy less music and pay lower prices for it when they do.

But vast amounts are now guaranteed to the big acts to keep the vast machine running. So far, they are too big to be made up through all the promised synergies with the rest of the Live Nation conglomerate, if the cost of the debt taken on to assemble the integrated business is taken into account. Some see the merger as the concert industry's AOL/Time Warner – the "synergy" deal that marked the peak of the internet boom.

The numbers in the concert business are extraordinary. The Rolling Stones were offered a guarantee of $65 million for their fifty-date Steel Wheels Tour as far back as 1989, a "game-changing" deal unlike the venue-by-venue deals done with individual promoters in the past. The band ended up doing much better than the minimum guarantee, netting more than $260 million for the tour, a record at the time. Rod Stewart was getting a guarantee of $175,000 to $250,000 per show in the early 1990s. That went up to $350,000 to $400,000 as the corporate relationships and the kinds of deals changed. In 1981, according to Budnick and Baron, the top 1 per cent of artists took 26 per cent of US domestic concert revenue; by 2003, still well before the creation of Live Nation Entertainment, they were accounting for 56 per cent.

It's not clear whether the sums being paid for the major acts can be recouped even through the many revenue streams available to a conglomerate like Live Nation. It is, however, absolutely clear that one of the strategies has been to significantly increase the amounts consumers pay. Here, the networked computer that has helped to transform the business so fundamentally over the last thirty-five years is again a crucial tool. Everyone always knew some seats were more valuable than others; now information technology makes "secondary markets" easier to operate and "dynamic pricing" a practical reality. Concert tickets, especially for premium seating, can become commodities like hotel beds and airline seats, rising and falling in price hour-by-hour, day-by-day as ticketing IT systems manage the inventory to maximise yield.

Ticketmaster will get the blame, but the story will always be at least a little more complex. As a famous New York "friends and family" ticket dealer told Paul McCartney, there's no such thing as a sold-out show. People have been making money out of that for a long time, arguing, like today's Ticketmaster, that the true monopolist, the one who really gets to call the shots, is the great artist. •

Award-winning podcast from the QI offices in which the writers of the hit BBC show discuss the best things they've found out this week. Hosted by Dan Schreiber (@schreiberland) with James Harkin (@jamesharkin), Andrew Hunter Murray (@andrewhunterm), and Anna Ptaszynski (#GetAnnaOnTwitter). nosuchthingasafish.com. Episodes. Playlists. No Such Thing As A Dinosaur For Goldilocks. No Such Thing As A Fish. No Such Thing As A Welcome Lasagne. No Such Thing As A Fish. No Such Thing As George Clooney In A Blackcurrant Suit. No Such Thing As A Fish. No Such Thing As Quartz For The Courts. No Such Thing... A Russian man who joined a boyband competition show on Chinese TV on a whim but quickly regretted his decision has finally been released from his ordeal after making it all the way to the final. Vladislav Ivanov, a 27-year-old part-time model from Vladivostok, was working on the show Produce Camp 2021 as a translator when producers reportedly noticed his good looks and asked him to sign up as a contestant. Ivanov told the programme he had been asked â€œif Iâ€™d like to try a new lifeâ€ and agreed, but quickly came to regret the decision. NO SUCH THING AS the news. Watch full episodes and clips of the topical BBC panel show based on the podcast, in which Dan, James, Anna and Andy discussed the most interesting news stories from the week. Watch on youtube. more info. CONTACT. For press enquiries: For bookings and events: For everything else Where do you frequently find such a thing as no such a thing? You really should say more about that. â€“ J.R.â™¦ Dec 12 '17 at 19:53. 1. I'm a native speaker.Â I am so happy to see you saying straight out that "no such a thing" is not grammatical in English. It annoys me no end when people waffle these things by refusing to recognize a mistake a native speaker, regardless of educational level, would not make.Â I was using "no such a thing" and am unsure about it and I searched that's how I ended up here. Now I think about it -- the reason a person says "no such a thing" instead of "no such thing" is probably that, first, yes, there is such a thing, as a category; but no, there is not such an instance in that category. Now, how do you express that? No Such Thing as the News is a British television comedy series on BBC Two, which is a spin-off to the podcast No Such Thing as a Fish, produced and presented by the researchers behind the panel game QI, also on BBC Two. In it each of the researchers â€“ James Harkin, Andrew Hunter Murray, Anna Ptaszynski and Dan Schreiber â€“ collectively known as "The QI Elves", present their favourite facts related to the previous week's news.