

Testimony for Oregon House of Representatives Rules Committee
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eBay Inc./StubHub
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Mr. Chairman, Members of the Committee, and invited guests, my name is Dustin Brighton, Director of Government Affairs, for StubHub, Inc. a wholly owned subsidiary of eBay Inc. eBay is the world's largest marketplace with over 90 million active users worldwide who buy and sell almost everything from automobiles to video games and everything in between, including live event tickets. Adding to its legacy of improving inefficient markets, eBay acquired StubHub six years ago and has grown it into the largest online marketplace for tickets offering best-in-class consumer protections, including a Fan Protect Guarantee that ensures fans will get into an event or receive 100% of their money back.

It should be noted that StubHub is NOT a ticket broker. The company does not purchase tickets for the purpose of reselling them at a profit. We do not position inventory on our own website. Simply put we are an internet platform for buyers and sellers of event tickets to conduct their business. However because current Oregon statute has a broad definition of what constitutes a "reseller" our company is also directly affected by this bill.

We at eBay and Stubhub fundamentally believe that open markets free of artificial restraints are the best way to deliver low prices and value to consumers.

Open Transferability is Critical to Successful Marketplaces

There's one absolutely critical component, however, for efficient markets to remain efficient and benefit consumers: open transferability.

In the past three years or so, primary ticketing companies have been rolling out services that would either outright prohibit the free transferability of tickets or, even more insidious, force consumers to use their services to resell their tickets. The underlying technology that primary ticketing companies are using to block open transferability is called paperless ticketing. While eBay and StubHub

continuously create and embrace new technologies, we do not support technologies when they are used to block consumers from using competing marketplaces and artificially raise prices to consumers. We do not believe that once a ticket is purchased it should be “non-transferable” or only transferable on “authorized” exchanges. This bill would actually allow just that and thus limit consumers’ choices as to where and how to buy or sell their purchased ticket. This also means a negative effect placed upon charities and non-profits who buy tickets to give away at fundraisers and to those who support their causes.

So how does a closed paperless ticket exchange work? Suppose you purchase a paperless ticket to a high demand concert and cannot use the ticket. According to Ticketmaster’s website, you must use Ticketmaster’s Paperless TicketExchange to resell the ticket, and, more important, you cannot sell the ticket below face value.

What Do You Have to Believe to Keep Marketplaces Open?

We think you have to believe at least two immutable truths to keep markets open and to require open transferability: (1) consumers have legitimate reasons to resell tickets; and (2) competition will lead to innovation and better services at lower prices.

- (1) *Need to sell tickets.* There’s a real need for people to resell tickets, including season ticket holders who can’t possibly attend all the home games for the Portland Trailblazers or those who need to resell tickets to defray the high costs of tickets; fans for whom illness or financial reasons prevent them from using concert tickets which are often sold weeks or months in advance of a show; or fans who simply have a change of plans – we’ve seen figures indicated that upwards of 30% of people cannot attend shows for which they purchased tickets.
- (2) *Competition fosters innovation and leads to better services at lower prices.* If consumers are forced to use a primary ticketing company’s secondary marketplace, they’ll be subjected to a lower quality of service, arbitrary price floors, and potentially higher fees resale services. As we’ve seen with the Paperless TicketExchange for John Mayer, the consumer unfriendly policies may even make it impossible for fans to resell the tickets, a potentially huge cost to fans.

This bill, House Bill 3510, as well intentioned as it is written would invariably allow those in the primary market to pick and choose who “wins or loses” in the secondary marketplace. It would allow ticket issuers to “authorize” who would be able to resell a ticket and put our business at significant risk and eventual elimination. In addition the language in the bill can be interpreted to brand a ticket as “counterfeit” simply because it was resold without the ticket issuer’s authorization. This isn’t in our opinion “consumer friendly”.

Section 2 (a) (i) states that a person cannot resell a ticket unless that person has:

Demonstrable immediate access to a current printed or electronic inventory that is updated with each admission ticket sale to show the exact number and location of spaces at the venue, on the date and at the time specified for the entertainment event, that remain unsold

The clear intent of this provision is to allow a primary market ticketing entity such as Ticketmaster and its clients to extend their monopoly into the resale of tickets and legally forbid consumers from reselling on competing exchanges.

We certainly do not support misleading websites or the use of URL’s meant to harm consumers, but if this bill passes in its current form it could jeopardize the jobs of our 150 employees who work in our Portland offices developing mobile software applications for StubHub and eBay.

On behalf of the over 630,000 eBay users and 170,000 StubHub users located in Oregon and in addition to the 150 employees who work in the Portland eBay offices I appreciate the opportunity to address the Committee today.