

**U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations**

Opening Statement of Ryan Fitts
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Chairwoman DeGette, Ranking Member Guthrie, and Members of the Committee, thank you for the opportunity to appear today on behalf of Vivid Seats to discuss with you important issues in the ticket marketplace. Vivid Seats is committed to working with Congress to foster innovation, promote competition, and make sure that fans have the best experiences possible. Congress has an important role to play here, particularly as primary ticket sellers seek to use their market power to restrict the transferability of tickets, which would leave fans with fewer choices and higher prices. Recognizing this, legislatures in Colorado, Connecticut, Illinois, Virginia, New York, and Utah have enacted important legislation to protect fans' right to transfer and access tickets, and we support recently introduced provisions in the BOSS Act that would do the same.

Those of us who are fortunate enough to work at Vivid Seats aren't just employees—we're fans, too, and we put the fan experience at the center of everything we do. Since our founding in 2001, Vivid Seats has disrupted the ticket marketplace with innovations that empower fans to buy and sell tickets when, where, and how they want to.

Before discussing the state of the ticket marketplace today, it is important to note how far we have come. As I am sure many of you will remember, the ticket marketplace looked very different before Vivid Seats and companies like it began offering convenient and trustworthy online resale marketplaces. Back then, tickets typically were available only from two sources—a

primary seller or an unsafe resale channel. As remains the case today, fans who tried to purchase tickets from primary sellers often found that sales were restricted to an “on sale” period that was held weeks or months before the event and provided limited seating options. Competition among primary sellers was, and still is, lacking or non-existent.

Fans who were not fortunate enough to get a ticket through the primary seller had no safe and convenient way to obtain tickets, and fans who had tickets but could not use them had no safe and convenient way to sell them. As a result, many fans had to resort to unsecure channels, like unverified Internet listings or on-the-street and back-alley sales, where counterfeit tickets were too common, where it was difficult to shop around for the best values, and where there was nobody to call for help if an issue arose. Simply put, the marketplace was not working, as there was no good way to match buyers with sellers.

Vivid Seats was created to solve this problem by providing fans with a secure, safe, and convenient place to buy and sell tickets to a wide variety of events. Today, if a fan wants to buy a ticket at the last minute, our platform allows her to do that. If a fan wants a ticket to a “sold out” event, our platform allows her to find one, and chances are good that we will have options available for her no matter how popular an event might be. If a fan wants to search among various ticket options—comparing tickets in different sections on different dates at different prices—our platform allows her to do that, too. And if a fan has a ticket that she cannot use—maybe something came up at work, a sudden illness or other unanticipated conflicts—the fan can sell the ticket on our platform or others like it.

When fans buy tickets on our platform, they do so with peace of mind. Every ticket sold on Vivid Seats’ platform is backed by our industry-leading 100% Buyer Guarantee—a promise that the fan will receive valid tickets that match the description of the tickets for which they paid

and those tickets will be delivered on time for the event—or else the fan gets their money back. And if the fan has any questions or encounters any issues, we'll quickly provide a response from our 300-person call center that operates daily from 7:00 a.m. until midnight and typically connects fans with live support in less than a minute.

Our commitment to putting fans first is evident. Newsweek recently recognized Vivid Seats' commitment to deliver great, reliable experiences for fans, naming us to its list of America's Best Companies for Customer Service and ranking us #1 in the ticketing industry. And because of our track record as a safe, secure, and reliable platform, Vivid Seats has been chosen as the official ticketing partner for a host of well-known teams and brands, including ESPN, Rolling Stone, the University of Colorado Buffaloes, the Notre Dame Fighting Irish, the Chicago Bears, the Green Bay Packers, the San Francisco 49ers, and many more. Vivid Seats has become one of the most popular and trustworthy online ticket marketplaces in the world, sending thousands of fans to live sporting events, concerts, and theater performances across the country every day.

At Vivid Seats, we constantly are innovating, always looking for new ways to improve fans' experience. Just last year, we launched a redesigned mobile app to help fans discover and explore ticket offerings, and we launched Vivid Seats Rewards, a loyalty program that is unique in the industry, benefitting both casual fans and super-fans by allowing them to earn credits and discounts with no caps or blackout dates. In addition to our online ticket marketplace, Vivid Seats also offers software solutions like Ticket Fulfillment Services (TFS) that help companies sell tickets themselves. These companies, which Vivid Seats vets and holds to high standards, license our technology offerings to facilitate secure payment processing functions, to ensure timely delivery of tickets to their customers, and to access our nationally-recognized customer support

team and service center. Our TFS platform powers the event ticketing solutions offered by household names like Groupon, American Airlines, CapitalOne, and Caesars Entertainment.

I am proud of the work we're doing at Vivid Seats, not just for fans across the country but also for our neighbors in our community. Since our founding in Chicago in 2001, we have grown to over 500 employees—and we're still growing. As our footprint grows, so too does our responsibility to our neighbors. Last year, we launched our corporate social responsibility program, which supports the Ann & Robert H. Lurie's Children's Hospital of Chicago. We provide the joy of live events to many organizations, working with numerous veterans and civic oriented non-profits, and we sponsor events to support women in tech.

Below, I address several issues that I understand Congress is considering as it examines the ticket marketplace and considers legislation in this area: transferability, speculative tickets, “white label” websites, and fees.

Transferability. While there has been much progress and vibrant competition in the resale channel, the primary channel is still dominated by a few players, and they are threatening to tighten their grip by restricting ticket transfers. The cornerstone of federal policy in this space must be ensuring that a ticket belongs to the fan who holds it, and the fan should be able to transfer the ticket on a platform of her choice if she does not use the ticket herself—as is the case with most property. Guaranteeing ticket transferability is good not just for each individual fan who holds a ticket or who wants one, it also is good for the entire ticket ecosystem because it promotes competition. We compete aggressively with many of the companies represented on this panel, and that competition drives us to innovate to improve the fan experience through better customer service, better prices, better inventory, and better experiences on our websites.

None of this vibrant competition, and the resulting innovation, could happen if tickets were not transferable. In that case, tickets would be available only through marketplaces controlled by the primary ticket seller, resulting in fewer choices and higher prices for fans. That, after all, is the consequence when you can buy a product from only one source and when you are prohibited from reselling the product once you have bought it. Unfortunately, today, some powerful players in the primary ticketing channel are using their size and influence to restrict fans' ability to transfer tickets, either by prohibiting fans from transferring tickets altogether or by requiring that transfers occur only on marketplaces that the primary ticket seller controls.

These restrictions result in less value and fewer options for fans—both those who have tickets and those who want them—as tickets become available from one source only, if they are available at all. Recognizing that transferability is good for competition, and competition is good for fans, Colorado, New York, Connecticut, Virginia, Illinois, and Utah have enacted pro-fan laws guaranteeing fans the right to resell tickets. Vivid Seats supports those laws, and we encourage Congress to enact similar legislation.

Speculative Tickets. Fans have a right to know what they are buying, and they have a right to get what they paid for. Fans can lose out if they buy tickets from a seller who, unbeknownst to the fan, does not yet have the ticket in hand and is unlikely to provide the ticket the fan purchased. That is why Vivid Seats supports legislation—like that enacted in California, New York, Tennessee, and Maryland—that would make undisclosed speculative ticket sales unlawful. It also is why we prohibit this type of speculation on our platform. We have an aggressive enforcement team that looks for unauthorized speculative ticket sales, and when we find them, we stop them. Sellers who violate our rules by listing unauthorized speculative tickets can face fines, suspensions, or even bans from our platform. We take our rules on unauthorized speculative ticket

sales very seriously because we believe that undisclosed speculative sales lead to bad experiences for fans, and they reflect poorly on the marketplace.

Vivid Seats also recognizes that some fans want the opportunity to make informed purchases from reliable sellers who will procure tickets on their behalf. This option is valuable for fans who want to be certain that they will have tickets to a high-demand event, just as a consumer might pre-order a popular toy during the holidays or a book by a popular author. In these instances, the buyer knows that the store does not have the item in stock at the time the order is placed, but the seller commits to obtain the item for and deliver the item to the customer.

Vivid Seats offers this option through our Zone Program, which provides ticket availability, access, and convenience for fans by allowing them to purchase a ticket for an event within a specified zone, after which the seller will obtain and deliver a ticket in the selected zone (or sometimes a better zone). Vivid Seats restricts participation in the Zone Program to pre-approved sellers who have a track record of delivering value for fans, and all sellers in the Zone Program must abide by Vivid Seats' Zone Seller Agreement, which includes important protections for fans. All tickets listed in our Zone Program are prominently designated as such, and all sales in the Zone Program—just like all other sales on Vivid Seats' website—are backed by our 100% Buyer Guarantee.

White Label Websites. The Committee has expressed concerns about ticket resale websites that make representations of affiliation with or endorsement from a venue, team, or artist when in fact no formal affiliation or representation exists. These websites—sometimes called “white label” websites—may deceive fans into thinking they are buying tickets directly from the primary ticket seller and not through a resale channel. Vivid Seats shares the Committee's concern

with these types of websites, and we support legislation—like a bill that we are supporting in Michigan and a recently enacted law in New York—that prohibits such deceptive conduct.

We have adopted consumer protection policies in our own business to prohibit such practices. For example, Vivid Seats screens potential licensees of its TFS software to ensure that the technology is provided only to trusted businesses, and we require them to that comply with the Federal Trade Commission’s 2014 consent decree with TicketNetwork. TFS licensees are not permitted to: use the name of a venue, team, or performer in the URL sub-domain; use the word “official” in connection with a venue, team, or performer unless it has been expressly authorized to do so by that venue, primary seller, or ticket issuer; or represent that the website is a primary ticketing site or is offering tickets at face value. We conduct audits of our licensees, and we take action when we become aware of violations of our policies.

Fees. Vivid Seats does not set the base price for tickets sold in our marketplace, and we do not receive any revenue from that base price; only the seller sets and receives the base ticket price. Instead, like many companies that operate marketplaces, especially online marketplaces, Vivid Seats earns service fees, which are a percentage of the ticket price. Those fees support and sustain Vivid Seats’ investment in a marketplace that features technological innovations, reliability and security, and our industry-leading customer service. These features come with every ticket sold on Vivid Seats, regardless of the price.

More competition in a marketplace generally results in lower prices and better service, as consumers can shop around for the best values. That is one of the reasons why ticket transferability is so important. If sellers in the primary channel can restrict transferability—whether by prohibiting it, charging high fees for it, conditioning it on disclosure of private information, or

restricting it to resale marketplaces they control—it would result in higher prices and worse service by reducing competition and leaving fans with just one source for tickets.

Vivid Seats appreciates the opportunity to testify today, and we look forward to working with Congress to create the best experiences possible for fans.