

HALLMUNC 2024

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**Specialized Committee: US Senate Judiciary Committee
Taylor Swift vs. Live Nation Entertainment**

Introduction: Specialized Committee: Us Senate Judiciary Committee – Taylor Swift vs. Live Nation Entertainment

Taylor Swift took the world by storm with one simple tweet on November 1st, 2022. Swift herself confirmed that she was going back on tour in 2023.

- “I’m enchanted to announce my next tour: Taylor Swift – The Era’s Tour, a journey through the musical eras of my career – past and present!”

Millions of hardcore fans of Taylor Swift named “swifties” immediately began saving their money, making plans in their group chats, and begun the long search to find the perfect outfit for the perfect evening.

Fans of Taylor Swift had until November 9th to register for Ticketmaster’s Verified Fan Program before presale tickets went live on November 15th. The program is an effort by Ticketmaster and artists to prevent scalping of tickets, use of bots, immediate resale, and most importantly to allow real fans of the artists to attend their shows.

3.5 million swifties registered for Ticketmaster’s Verified Fan Program but only 1.5 were given pre-sale codes while the remaining 2 million people were put on a wait list.

On November 15th, millions of swifties waited for the 10 a.m. start for the Era’s Tour presale to go live. It seemed that millions of people’s dreams of seeing their idol, their queen - Taylor Swift were about to come true. However, it was a nightmare, dressed like a daydream!

The sale quickly descended into chaos as fans began reporting site crashes, extremely long waits in queues, and many other technical difficulties. Despite feeling defeated, swifties hoped to be able to snag tickets on Friday, November 18th when tickets went live to the public.

However, on November 17th, Ticketmaster announced that the public sale of the Era’s Tour set to start the next day at 10 a.m. was cancelled because the tour was sold out.

To make matters worse, tickets for Swift’s Era’s Tour immediately began popping up on resale platforms for outrageous prices. A ticket under a \$100, was now going for thousands.

In response, millions of swifties took to social media to voice their complaints. Politicians even got involved such as House Representative Alexandria Ocasio-Cortez tweeting that Ticketmaster has become a monopoly after its merger with Live Nation and that they need to be reined in.

Swift broke her silence on November 18th via her Instagram Story stating,

- “Well. It goes without saying that I'm extremely protective of my fans. We've been doing this for decades together and over the years, I've brought so many elements of my career in house. I've done this SPECIFICALLY to improve the quality of my fans' experience by doing it myself with my team who care as much about my fans as I do," she wrote. "It's really difficult for me to trust an outside entity with these relationships and loyalties, and excruciating for me to just watch mistakes happen with no recourse.”

Ticketmaster apologized to Taylor Swift and her fans but blamed the issues on high demand and bot attacks.

The same day, the Justice Department opens an investigation into Ticketmaster and Live Nation who are known as Live Nation Entertainment since their merger in 2010.

CNBC – *How the Taylor Swift Debacle Fueled the Ticketmaster Monopoly Debate*

- <https://www.youtube.com/watch?v=B58ZrSNPxBw>

Now this News – *Senators Use Taylor Swift Lyrics to Roast Ticketmaster at Hearing*

- https://www.youtube.com/watch?v=Fu_7e4XJJMk

Background Information:

- **Venue, Promotor, and Artist**

○ **Venue**

- the place where something happens, especially an organized event such as a concert, conference, or sports event.

○ **Promotor**

- a professional in the music industry who publicizes and promotes upcoming live performances and concerts.

○ **Ticketing**

- The avenue, application, distribution, and delivery of tickets to the event

○ **Artist**

- The act that is performing and who the audience is paying to see.

- **Monopolies & Horizontal and Vertical Integration**

○ **Monopoly**

- Is a market structure where a single seller or producer assumes a dominant position in an industry or a sector. Monopolies are discouraged in free-market economies as they stifle competition and limit substitutes for consumers. In the United States, antitrust legislation is in place to restrict monopolies, ensuring that one business cannot control a market and use that control to exploit its customers.

○ **Horizontal Integration**

- an act of joining or consolidating with one's competitors to create a monopoly.

○ **Vertical Integration**

- is an expansion strategy where a company takes control over one or more stages in the production or distribution of its products.

- **History of Ticketmaster Prior to 2010 Merger**

○ 1976

- Ticketmaster is found in Phoenix, Arizona by businessman Gordon Gun III and college staffers Albert Leffler and Peter Gadwa.

○ 1977

- Ticketmaster's first ticketed concert is held at University of New Mexico with musical guest Electric Light Orchestra (ELO).

○ 1978

- Louisiana Superdome is the first major venue signed. New Orleans Jazz (now Utah Jazz) is the first major league team to sign on to Ticketmaster's services.
- 1987
 - Ticketmaster Canada established in Toronto.
- 1988
 - Ticketing operations launch in Australia.
- 1991
 - Ticketmaster acquires its major competitor Ticketron.
- 1994
 - Barcode ticketing launches. Ticketmaster is used for the World Cup.
 - American rock band Pearl Jam filed a complaint with the antitrust division of the U.S. Department of Justice, claiming that Ticketmaster has a "virtually absolute monopoly on the distribution of tickets to concerts" and attempted to book its tour only at venues that did not use Ticketmaster. However, no action was taken on Ticketmaster.
- 1995
 - Ticketmaster.com launches.
- 1996
 - Ticketmaster becomes publicly traded on NASDAQ.
- 1997
 - Ticketmaster Ireland launches.
- 1998
 - Ticketmaster.co.uk launches and is rated UK's number one ticketing website. Ticketing operations established in Mexico.
- 2000
 - Online account management for season ticket sales debuts for Dallas Mavericks. Print at home Ticket Fast online ticket delivery service debuts for Staples Center, Ticket Web, VISTA, and Admission Canada.
- 2001
 - Ticketmaster acquires competitor, Reserve America. Ticketmaster launches in Norway.
- 2002
 - Ticketmaster launches in the Netherlands and Denmark. Word verification added to online transactions to prevent automated access.
- 2004
 - Ticketing operations begin in Sweden and Finland.
- 2005
 - Ticketmaster New Zealand and Germany established.
- 2006
 - Ticket operations begin in Spain and Turkey. Successful launch of mobile ticketing with Mobile Ticket at the O2 Wireless Festival.
- 2007
 - Established partnerships with NBA, NFL, and NHL.
- 2008
 - Ticketmaster acquires Front Line Management. Becomes Ticketmaster Entertainment Inc. Becomes partners with Yahoo.
- 2009
 - Ticketmaster surpasses sales of one million Paperless tickets.
- 2010
 - Ticketmaster Entertainment and Live Nation merge to form Live Nation Entertainment.

- **History of Live Nation Prior to 2010 Merger**
 - 1996
 - Company is established as SFX Entertainment, a subsidiary of SFX Broadcasting
 - Late 1990s
 - SFX acquires a number of concert promoters including Sunshine Promotions, The Entertainment Group, and Avalon Entertainment partners.
 - 2000
 - SFX is sold to Clear Channel Communications for \$4.4 billion.
 - 2005
 - Clear Channel Communications renames company to Live Nation and names Michael Rapino as the company's CEO.
 - 2006
 - Live Nation acquires the House of Blues chain.
 - 2009
 - Live Nation announced that it has reached an agreement to merge with Ticketmaster in a \$2.5 billion, all stock deal.

- **The 2010 Merger between Ticketmaster and Live Nation**
 - US Justice Department approve merger after a year's worth of investigations.
 - To allow the merger, Ticketmaster is required to license its primary ticketing software to a competitor, sell off one ticketing unit, and agree to be barred from retaliating against venue owners who use a competing ticket service.
 - This will be known as the Consent Decree.
 - The Department of Justice is currently (2023/2024) investigating Live Nation Entertainment to determine if the Consent Decree has been violated by Live Nation Entertainment
 - Live Nation Entertainment (Ticketmaster and Live Nation) now control 140 concert venues globally, sell around 140 million tickets a year, and promote 22,000 concerts annually.
 - Investors welcomed the settlement, sending shares of Live Nation up 14.7%

- **Opposition to the Merger**
 - TicketDiaster.org, a coalition of competitors and others that had opposed the merger, said monitoring of the new company would be crucial.
 - Seth Hurwitz, owner of the 9:30 Club in Washington D.C. and Merriweather Post Pavilion said, "It all comes down to whether the Justice Department will indeed be the watchdog they claim they will be".
 - Bruce Springsteen states "A final point for now: the one thing that would make the current ticket situation even worse for the fan than it is now would be Ticketmaster and Live Nation coming up with a single system, thereby returning us to a near monopoly situation in music ticketing, If you, like us, oppose that idea, you should make it known to your representatives"

- **2022 Ticketmaster Controversy: *The Taylor Swift Eras Tour Saga***
 - Taylor Swift partners with Ticketmaster/Live Nation Entertainment to sell tickets for her 2023 – 2024 Eras Tour. Taylor Swifts sixth concert tour
 - Demand for the Eras Tour is astronomical with 3.5 million people registering for the Ticketmaster's Verified Fan pre-sale program.

- Presale begins on November 15th, and Ticketmaster's website crashed within a hour with users completely logged out or in a frozen queue.
 - Despite the outrage 2.4 million tickets sold that day, breaking the record for the most concert tickets ever sold by an artist in one single day.
 - Ticketmaster credits the website crash to high demand, over 14 million people tried to purchase tickets. Customers cite the opposite, poor customer service.
 - Within hours, tickets to the Eras Tour appear for resale through scalpers with exorbitant prices, sometimes more than 10 times the face value of the ticket.
 - Outrage over this goes viral and leads to several members of the US Congress voicing their support to revert/change the 2010 merger of Ticketmaster and Live Nation which they dubbed a monopoly, lacking competitive pressure, leading to a substandard service and extortionate prices.
- **Department of Justice Opens Investigation into Live Nation Entertainment**
 - Swift's tour promoter, AEG Presents (Please note: AEG is NOT a part of Live Nation Entertainment) said Ticketmaster had exclusive deals with the majority of U.S. live venues, coercing AEG into working with Ticketmaster. In December 2022, several fans sued Ticketmaster–Live Nation for intentional deception, fraud, price fixing, antitrust violations, and various other laws.
- **2023 US Senate Judiciary Committee**
 - Hearing where the Senate reprimanded Live Nation Entertainment for its practices using cute Taylor Swift puns and lyrics. It dominated our social media feeds for a few days.
- **Current Situation**
 - The legislative assemblies of states such as New York, Texas, Massachusetts, and California enacted laws banning scalper bots and regulating pricing models. Following pressure from Joe Biden, the U.S. president, Ticketmaster and various other ticket platforms agreed to abolish junk fees and show consumers all the fees upfront. The Federal Trade Commission is set to impose a federal ban on junk fees and other deceptive, surprise fees. Ticketmaster again faced criticism in mid-2023 when the French and U.K. sales of the Eras Tour experienced similar issues.

Questions to Consider:

- Should the 2010 merger between Ticketmaster and Live Nation to form Live Nation Entertainment been allowed?
- Is Live Nation Entertainment a monopoly?
- Monopolies are not illegal in the United States? Should they be?
- Did Live Nation Entertainment violate the consent decree? If so, what should be done about their illegal practices?
- Does Live nation Entertainment have an unfair advantage in the marketplace?
- Does Live Nation Entertainment present unfair barriers to entry in the marketplace?
- What should be done about hidden fees, secondary markets/scalping, use of bots/AI to fix the current ticket climate?
- If Live Nation Entertainment is forced to disband, what does the future of ticketing look like, better or worse?
- What is the government's role in the marketplace to protect customers from unfair practices?
- What other businesses should be investigated? If so, why?

Roles/Positions:

US Senate Judiciary Committee

- Role is to oversee the Department of Justice (DOJ), consider executive and judicial nominations, and review pending legislation.

Democrats

- Dick Durbin – Illinois
- Dianne Feinstein – California
- Alex Padilla - California
- Sheldon Whitehouse – Rhode Island
- Amy Klobuchar – Minnesota
- Chris Coons– Delaware
- Richard Blumenthal – Connecticut
- Mazie Hirono – Hawaii
- Corey Booker – New Jersey
- Jon Ossoff – Georgia
- Peter Welch – Vermont

Republicans

- Lindsey Graham – South Carolina
- Chuck Grassley – Iowa
- John Cornyn – Texas
- Ted Cruz - Texas
- Mike Lee – Utah
- Josh Hawley – Missouri
- Tom Cotton – Arizona
- John Kennedy – Louisiana
- Tom Tillis – North Carolina
- Marsha Blackburn – Tennessee

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- <https://people.com/music/taylor-swift-eras-tour-ticketmaster-timeline/>