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EVENT TICKET RESELLING PLATFORM

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Abstract

The rapid growth of online ticket reselling platforms has changed the face of the event ticketing industry, bringing about both opportunities for consumers and new challenges for equitable market access. Designed to provide a secondary marketplace for event tickets, platforms like StubHub, Ticketmaster Resale, and Vivid Seats have grown dramatically, bringing along with them complex dynamics around pricing, accessibility, and fraud. This review paper examines the present landscape of event ticket reselling, analyzing economic, technological, and regulatory factors that define this market. Important findings point out that even though reselling platforms improve the efficiency and flexibility of the market through dynamic pricing and real-time sales, such mechanisms often inflate prices and decrease accessibility for ordinary fans. Moreover, technologies like bots and automated purchasing systems increase artificial scarcity, raising ethical issues related to ticket availability and fair access. The paper also addresses the weaknesses of current anti-scalping laws and the fragmented approaches of the regions, which often fail to address cross-border resale practices.

INTRODUCTION

Event tickets have been greatly transformed over the past years primarily because of online ticket reselling platforms. It was meant as a means for consumers to have access to sold-out events or to resell unused tickets from ticket holders, but the said platforms rapidly turned out to be advanced, high-demand marketplaces. Other such platforms are Stub-hub, Ticketmaster Resale, and Vivid Seats, which act as an intermediary for buying and selling tickets from a secondary market. Even though these sites have increased accessibility and convenience, they have brought with them very complex issues about the fairness of prices, accessibility, and fraud prevention.

Ticket reselling is not new, but the digital age has amplified the scope and impact. This development of automated tools, in turn, by the rise of digital ticketing allows re-sellers to purchase huge volumes of tickets almost instantaneously. As a result, on resale platforms, this usually generates artificial scarcity and inflated prices. Such technologies as dynamic pricing algorithms have adjusted ticket prices even further with real-time demands, which, while efficient, have received substantial critique from fans and consumers, who simply believe that such a practice puts profits above reasonable access. These dynamics have placed ticket reselling at the center of debates regarding market fairness and ethical responsibility.

From an economic perspective, ticket reselling platforms create a more flexible market, where ticket prices fluctuate based on supply and demand. However, the market's unregulated nature has prompted numerous policy discussions, with some countries implementing strict regulations and others adopting a laissez-faire approach. For instance, in the United Kingdom, laws require transparency in resale practices, while some states in the United States impose caps on resale prices or ban ticket bots altogether. Despite these efforts, the regulatory landscape remains fragmented, often allowing resellers to circumvent restrictions by operating across different jurisdictions.

This review paper aims to provide a comprehensive analysis of the existing literature on event ticket reselling platforms. The research will examine the economic, technological, and regulatory factors influencing the secondary ticket market. More particularly, it will cover the methods of operation and business models for the leading resale platforms, address the ethical and social dimensions of dynamic pricing and bot usage, and analyze the adequacy of existing anti-scalping laws and fraud prevention methods. Through these areas, this review will aim to clarify the complexities of the ticket resale industry and provide insight into possible ways forward for making a more equitable and secure marketplace for event tickets.

Literature Review

The secondary ticketing market is gaining growing academic and industry attention because of its multifaceted impact on consumers, event organizers, and regulatory frameworks. This literature review synthesizes findings across economic, technological, consumer, and regulatory dimensions, highlighting key insights and providing evidentiary gaps for further research.

These economics of ticket reselling are found on supply and demand principles, and secondary markets allow for price adjustments in real-time consumer interest. According to Courty (2003), these markets are efficient as they redistribute tickets to the individuals who value them the most and, consequently maximize overall welfare. Conversely, the same research has a downside that is extreme inflation during highly demanded events, which makes it unaffordable for average consumers.

The evolution of ticket reselling platforms is closely related to the development of technology. Artificial intelligence and blockchain have played a significant role in enhancing market efficiency and security. Blockchain technology, for example, has been explored as a means to ensure ticket authenticity and combat fraud by creating a tamper-proof digital ledger (Wilson & Green, 2021). Such an approach promises to solve old problems like fake tickets and ticket scalping.

On the other hand, technological tools such as bots have been an issue. In fact, the professional re-sellers use bots for buying large volumes of tickets within seconds, hence creating artificial scarcity and inflating prices on re-sale platforms. Despite anti-bot laws and technical countermeasures, research has shown that such practices remain because bot developers are adaptable and law enforcement in some jurisdictions is weak (Smith et al., 2018). Although reselling platforms can increase the efficiency of markets by making sure tickets go to the consumers willing to pay the most, it often leads to exclusionary pricing. The maximum profit is gained by the platforms that apply dynamic pricing and auctions. The resale ecosystem at present largely favors wealthier consumers with less-than-equal access to cultural and entertainment events.

In addition to high prices, fans face risks of fraud since not all platforms prioritize transparency or ticket authenticity. Also, organizers, resale platforms can impact brand reputation, as fans may associate their events with the high costs and frustrations of secondary ticketing. Partnerships between primary sellers and resale platforms, such as Ticketmaster's resale arm, suggest an opportunity to capture secondary market revenue, but this must be balanced against concerns about accessibility.

Economic Dynamics of Ticket Reselling

The literature extensively deals with the efficiency of secondary ticket markets. Courty [1] emphasized that these markets improve the reallocation of tickets to those who value them the most; thereby, it enhances consumer surplus. However, Watanabe [2] condemned this system by arguing that prices will shoot high in situations when there is high demand; therefore average consumers will be priced out.

A new approach proposed in paper [3] shows that resale prices may be predicted with machine learning models to potentially align market efficiency with consumer fairness. Lee and Kim [4] study dynamic pricing practice; they discover that it results in seller revenue maximization but is considered unfair by the majority of consumers who, consequently experience a lack of trust toward resale platforms.

Technological Advancements and Challenges

Technological innovations have transformed the face of ticket reselling platforms. A major area of research is the use of blockchain technology, as it addresses the very problems of fraud and lack of transparency. A blockchain-based ticketing system by Wilson and Green [5] guarantees ticket authenticity and eliminates duplication. Such a measure would eliminate fraudulent losses that, according to Smith et al. [6], run into the billions annually.

On the other hand, the misuse of technology has aggravated problems in the industry. Automated bots, as discussed by Brown [7], enable bulk ticket purchases within seconds, creating artificial scarcity and driving up resale prices. Despite anti-bot legislation, the effectiveness of these measures is limited, as bot developers continue to bypass existing security systems.

Consumer Behavior and Market Perceptions

Consumer trust and satisfaction are the prime determinants of ticket reselling sites' success. Brown [8] reports hidden fees and obscurity in pricing as two major sources of consumer dissatisfaction. Paper [9] introduces a new consumer-centric methodology that advocates more transparent pricing with no hidden fees to foster trust among the users.

Studies also indicate the increasing need for ethical ticketing. Wang [10] indicates that fans are increasingly demanding capped resale prices and loyalty-based ticket allocations to ensure fair access.

Prospective Research Areas

There have been various enlisted research areas that offer valuable insights which could shape the future of the event ticketing and reselling industry. In addition, with the constantly evolving ticketing industry, especially in terms of technology, findings on specific technological tools become outdated very fast. Longitudinal studies are needed to understand the enduring effects of these innovations.

Regulatory Framework Standardization: Further research is needed to explore the potential for international regulations on ticket reselling, examining whether coordinated policies could curb price gouging, enhance accessibility, and preserve market fluidity.

Consumer Behavior Studies: Further research on consumer perceptions of fairness transparency, and platform trustworthiness would offer a deeper understanding of the social dynamics in ticket reselling and inform platform practices to meet consumer expectations better.

Blockchain and Decentralized Platforms: Researching the long-term effects of blockchain technology on the resale market could provide valuable insights into how decentralized, secure ticketing systems could enhance consumer trust and reduce fraud.

Discussion

1. Interpretation of Key Findings

- **Economic Impacts and Market Efficiency:** While reselling platforms can improve market efficiency by allowing tickets to reach consumers willing to pay the most, this often results in exclusionary pricing. Platforms that utilize dynamic pricing and auctions maximize profit but reduce accessibility, especially for average fans. This raises a critical question: Are resale platforms benefiting the broader market, or primarily those with higher purchasing power?
- **Technological Innovations and Their Double-Edged Effects:** Technologies like blockchain and AI have been valuable in combating fraud and enabling more accurate market-driven pricing. However, the data-driven approach to dynamic pricing can lead to perceived unfairness and alienate fans. Anti-bot measures have improved security but remain insufficient to entirely deter bot purchases, which continue to inflate secondary market prices artificially.
- **Role of Regulation and Legal Complexity:** The variability in legislation across regions complicates the resale landscape. In some areas, anti-scalping laws and price caps help mitigate price gouging, but international platforms often bypass these restrictions. This regulatory patchwork underscores a need for more unified, perhaps international, policy approaches to ticket reselling.

2. Implications for Stakeholders

- **Consumers and Fans:** The current resale ecosystem largely favors wealthier consumers, limiting equitable access to cultural and entertainment events. Fans face not only high prices but also risks of fraud, as not all platforms prioritize transparency or ticket authenticity.
- **Event Organizers and Primary Sellers:** For organizers, resale platforms can impact brand reputation, as fans may associate their events with the high costs and frustrations of secondary ticketing. Partnerships between primary sellers and resale platforms (such as Ticketmaster's resale arm) indicate an opportunity to capture secondary market revenue, though they must balance this with concerns about accessibility.
- **Policymakers:** As demand for fairer practices grows, policymakers face increasing pressure to standardize resale regulations. There is a delicate balance to achieve between protecting consumers and allowing a free market, as over-regulation might push the resale market underground.

3. Ethical and Social Considerations

- **Equity and Accessibility:** The ongoing "ticketing class divide" creates ethical concerns about the inclusivity of cultural and sporting events. The preference of platforms for profit-maximizing practices over equitable access challenges the idea of these events as shared cultural experiences.
- **Transparency and Trust:** The lack of clear pricing policies and inconsistent consumer protections leads to a distrust of resale platforms. Increasing transparency regarding fees, availability, and price structures could help build consumer trust, making ticket reselling more consumer-friendly.

4. Future Research Directions

- **Standardized Regulatory Frameworks:** More research is needed into the potential for international regulations on ticket reselling, exploring whether coordinated policies could reduce price gouging and improve access while maintaining market fluidity.
- **Blockchain and Decentralized Platforms:** Investigating the long-term impact of blockchain on the resale market could yield insights into how decentralized, secure ticketing systems might improve consumer trust and limit fraud.
- **Consumer Behavior Studies:** Further research on consumer perceptions of fairness, transparency, and platform trustworthiness would offer a deeper understanding of the social dynamics in ticket reselling and inform platform practices to meet consumer expectations better.

- **Impact on Event Accessibility and Diversity:** Future studies could explore the broader social implications of reselling platforms on diverse audiences' access to events and examine how these practices affect community inclusion in cultural events.

5. Limitations of the Current Study

- **Limited Geographic Scope:** Many findings are context-specific, as regulations and platform operations vary widely across countries. Future studies should strive for a more international perspective.
- **Rapid Technological Evolution:** With the ticketing industry constantly evolving, especially in terms of technology, findings on specific technological tools may become quickly outdated. Longitudinal studies are needed to understand the enduring effects of these innovations.

Conclusion

1. Summary of Key Findings

- **Economic Dynamics and Accessibility:** Ticket reselling platforms have transformed the live events market, offering avenues for maximizing revenue and reaching price-sensitive consumers. However, these platforms tend to benefit those with higher purchasing power, often pricing out average fans and contributing to a "ticketing class divide."
- **Technological Innovations:** The integration of advanced technologies, including dynamic pricing algorithms, anti-bot measures, and blockchain for fraud prevention, has both streamlined and complicated ticket reselling. While these tools enhance market efficiency and security, they also amplify concerns about fairness and equitable access.
- **Regulatory Challenges:** The complex, fragmented landscape of ticket resale regulations presents ongoing challenges. Current laws are often inconsistent, with differing approaches to pricing caps, bot restrictions, and consumer protections across regions. This patchwork regulation leaves gaps that can be exploited, underscoring the need for a more coordinated policy framework.

2. Implications for Stakeholders

- **For Consumers:** The current resale market structure generally favors profitability over accessibility, often creating frustration and limiting access for average fans. Enhancing platform transparency and developing fairer pricing mechanisms would improve the consumer experience.
- **For Event Organizers and Platforms:** Balancing profit generation with fair access is crucial. Strategies that allow for flexible yet fair pricing structures, coupled with fraud prevention, would be beneficial in building consumer trust and improving the reputation of ticketing platforms.
- **For Policymakers:** Policymakers should consider adopting more uniform regulations or international guidelines to address the challenges of cross-border resale practices. Legislative frameworks that require platform transparency, limit bot activities, and protect consumers from price gouging would help create a fairer market.

3. Recommendations for the Future

- **Adoption of Fair Pricing Models:** Resale platforms could explore alternative pricing models, such as capped resale pricing or tiered pricing based on fan loyalty, to ensure wider accessibility while maintaining revenue.
- **Emphasis on Transparency:** Implementing transparent fee structures, clear terms of sale, and visible consumer protections would help rebuild trust in resale platforms, addressing consumer concerns about hidden costs and exploitative practices.
- **Encouragement of Technological Innovation:** Further exploration of blockchain and decentralized ticketing could provide new models for secure and transparent reselling, reducing the risks of counterfeiting and fraudulent sales while enhancing consumer trust.

4. Conclusion and Final Thoughts

- The growth of event ticket reselling platforms reflects a broader shift toward a digitized, demand-driven marketplace. While these platforms have introduced opportunities for market efficiency, they also raise important questions around equity, access, and ethics. As technology and market dynamics evolve, stakeholders across the board—platforms, consumers, organizers, and regulators—must collaborate to address these challenges, aiming for a balanced approach that supports both industry innovation and fair consumer access.

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