

ICN Unilateral Conduct Regional Workshop

Exclusive Dealing Hypothetical

Tuesday, July 24, 2012

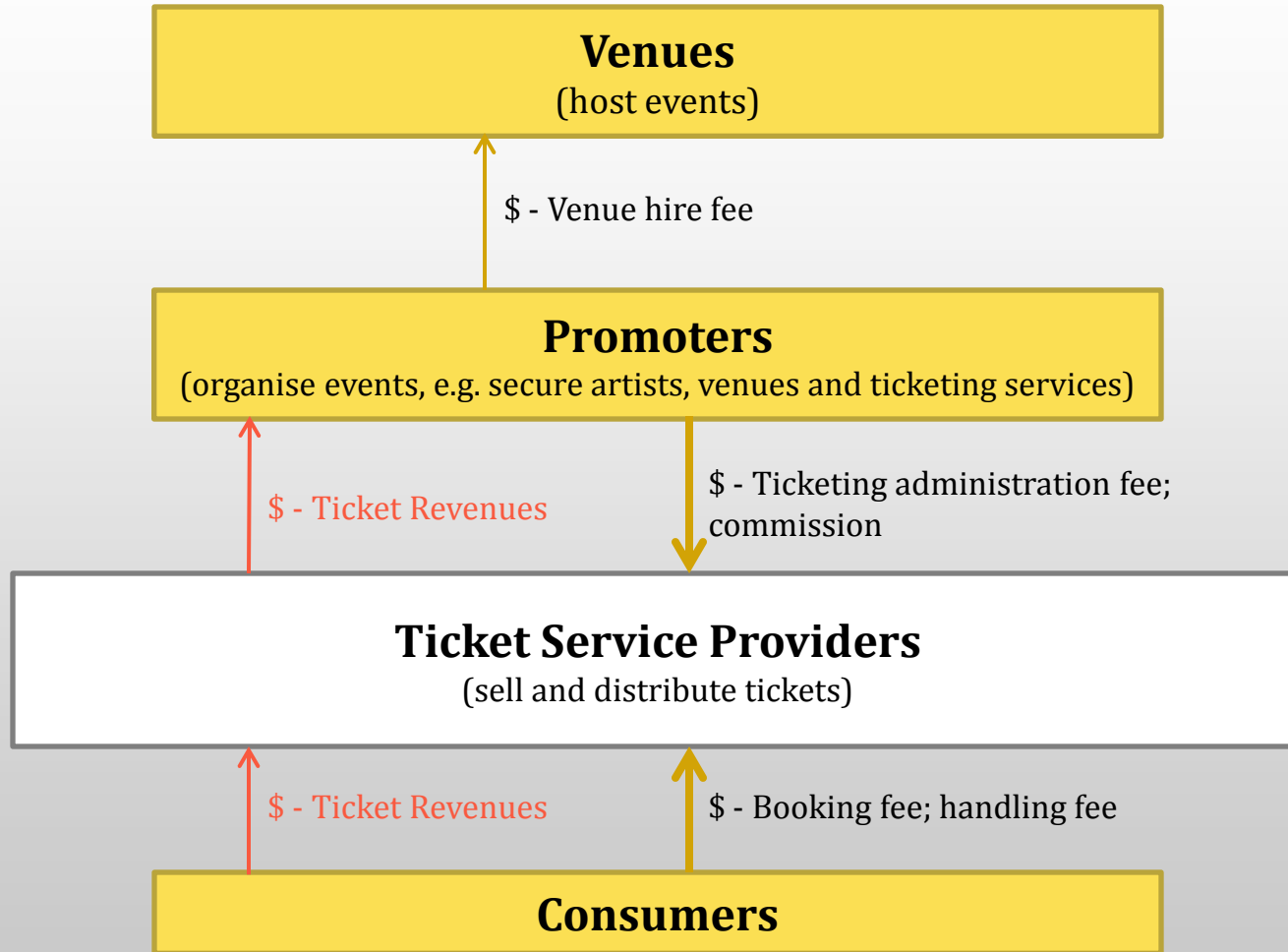
Background

- Hypothetical designed to explore the competitive effects of exclusivity arrangements
- Based on *SISTIC* – a recent abuse of dominance finding against Sistic.com (a ticketing service provider, “TSP”) by the Competition Commission of Singapore – but moderated to introduce:
 - greater pro-competitive motives for exclusivity
 - alternative anti-competitive theories of harm
 - further debate on market definition and dominance issues
- Hypo concerned with exclusivity arrangements between TSPs and the venues and promoters to which they provide these services
 - Set in fictional Commonwealth of Peranaka
 - Relates to arrangements involving TicketSling, the leading TSP in Peranaka

Ticketing Services

- Ticketing service providers such as TicketSling act as middlemen between two groups of customers – event promoters and ticket buyers – by providing them a platform to buy and sell tickets for events held at various venues in Peranaka
- “Open” ticketing services
 - can be customised to meet the ticketing needs of different types of event promoters and venue operators concurrently
- “Dedicated” ticketing services or “self-ticketing”
 - systems that are built for a dedicated purpose (i.e., for use by a specific event, venue or activity) and provide specific ticketing needs on an ongoing basis

Ticketing Service Value Chain



The Agreements

The agreements at issue (the “**Exclusive Agreements**”) are as follows:

The **PASTA**, between TicketSling and the **Pandan**

- The Pandan a “world-class” performing arts venue complex (2 venues)
- All events at the Pandan to use TicketSling as sole TSP (i.e. full exclusivity)
- Signed 7 years ago, 3 years left to run

The **CHIPSSA**, between TicketSling and the **Chi Peranaka Stadium (the CHIPS)**

- The CHIPS a “world-class” indoor sports and events stadium and venue
- All events at the CHIPS to use TicketSling as sole TSP for first 7 days of sales
- Renewed 3 years ago, 2 years left to run

The **SUPA**, between TicketSling and **Shiok Entertainment**

- Shiok the leading promoter in Peranaka
- SUPA requires Shiok to use TicketSling as sole TSP for all events
- 3 year term, 1 year left to run
- SUPA entitles Shiok to discount of 20% off TicketSling standard prices, and caps booking and handling fees that TicketSling charges to ticket buyers

Ticketing Services

TSP's shares of open ticket volumes by event genre, 2011

TSP	Events	Sports	Other	All Genres
TicketSling	80%	88%	75%	82%
TicketLibertas	10%	4%	12%	8%
ChingayTickets	7%	0%	11%	5%
ATN	3%	8%	2%	4%

If "self-ticketing" included, TicketSling's share in "Other" would be below 25% and overall share of tickets sold would be around 50%

In 2011, approximately 75% of TicketSling tickets sold under Exclusive Agreements (i.e. approximately 60% of all tickets sold, excluding self-ticketing).

TSP's shares of open ticket volumes, 2009-2011

TSP	2009	2010	2011	Total (2009-2011)
TicketSling	88%	74%	82%	81%
TicketLibertas	7%	7%	8%	8%
ChingayTickets	5%	5%	5%	5%
ATN	0%	14%	4%	6%

Promoters

Top 5 Promoters, 2011

Shiok	30%
Global Promotions	18%
ArenaPromo	15%
CHIPS	12%
Pandan	5%
Others	20%

- Shiok share of 30% comprises:
 - 15pp from events held at the CHIPS,
 - 10pp from events held at Pandan,
 - 5pp from events at other venues
- The CHIPS and Pandan only promote events held at their own venues
- A further 13% of overall tickets are promoted at either the CHIPS or Pandan by promoters other than Shiok, CHIPS or Pandan

- Event promoters use “open” ticketing service providers
- Apart from the fee structure, promoters consider the following when selecting a TSP:
 - attractive and accessible sales outlets for ticket buyers
 - strong call centre support and ability to cope with high call volumes
 - security against ticket forgery

Venues

Top 5 venues by event genre, 2011

Events		Sports		Other	
CHIPS**	37%	CHIPS**	55%	Pandan**	70%
Pandan**	17%	New Moon Circuit**	35%	Peranakan Grand Forum*	7%
Peranakan Grand Arena*	13%	The Grove	4%	Peranakan Grand Arena*	6%
Peranakan Grand Forum*	11%	The Lane	3%	The Amphitheatre	4%
The Amphitheatre	5%	Kampong Polo Club	2%	CHIPS**	2%
Others	16%	Others	1%	Others	11%

- *Note: Table does not include venues that self-ticket, such as SilverScreen, a cinema chain*
- Promoters and ticket buyers distinguish between “world-class” (**), “premium” (*) and “non-premium” venues
- Categorisation depends on, among other things, seating capacity, prestige/reputation, accessibility of location, standard of technical equipment and support, and venue facilities (e.g. parking, food and beverage service, etc.)

The Complaint

- Ticket service provider ATN has complained that TicketSling:
 - is dominant in the market for the provision of ticketing services, and
 - that the Exclusive Agreements have foreclosed ATN from the market to the detriment of promoters and consumers

- Promoter Global Promotions has complained that:
 - it pays higher prices (i.e. higher commission and ticketing administration fees) in Peranakan than in nearby countries, and
 - has no real choice but to deal with TicketSling

- *Note: Under Peranakan competition law, efficiencies can be argued as “objective justification” for any alleged infringement*

Supporting Materials

- Supporting materials and evidence include:
 - background information on TSPs, ticketing system suppliers, venue operators and event promoters, and the historical development of the industry in Peranaka (A.1);
 - information on TicketSling’s pricing structure and pricing developments (A.2);
 - discussion of network effects in ticketing services provision (A.3);
 - CHIPS ticket sales data (A.4);
 - internal TicketSling emails and memoranda on exclusive dealing arrangements (A.5 and A.6);
 - results of surveys of ticket buyers and event promoters (A.7);
 - extract from Peranaka Competition Authority investigation of self-ticketing and supply-side substitution (A.8);
 - extract from ATN entry analysis presentation (A.9)