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Connecting Ticket Sales to the Open Graph

by DAVE BROOKS

It's been a busy 12 months for TicketFly. The San Francisco-based startup created by TicketWeb founders Dan Teree and Andrew Dreskin has snagged away a number of high profile clients from Ticketmaster, including the Merriweather Post Pavilion, Columbia, Md., and 9:30 Club, Washington, D.C. The venue manager/owner Seth Hurwitz has been a vocal critic of the Live Nation/Ticketmaster merger, creating an opportunity for TicketFly to buzz in and develop an independent alternative to the corporate ticketing giant.

Now TicketFly is taking part in a new opportunity — an invitation by Facebook to participate in the social media giant's Open Graph expansion, allowing ticket buyers to broadcast recently purchased tickets and event RSVPs to their personal network. TicketFly is betting big on social ticketing, predicting that social media will soon become the primary space not only for buying tickets, but for event discovery. Venues Today recently caught up with Dreskin and TicketFly SVP of Marketing Gannon Hall to discuss ticketing in the age of social media.

What's new with TicketFly's Facebook ticketing project?

Hall: It's an application that our clients can install on their Facebook fan pages and allows consumers to purchase tickets entirely within the Facebook paradigm. We complete the viral loop by following the transaction through our custom Open Graph implementation. Consumers can like certain acts, they can highlight acts they're expecting to see and they can RSVP to the event and send all of that information to their time line. The application is completely white label and the experience is very different from what Ticketmaster is doing with their own Ticketmaster-branded single application.

Are consumers ready to start transacting and broadcasting their purchases on social media sites?

Hall: Yes. The ticketing industry saw pretty mild growth in 2011 over 2010 — about three percent, according to articles in Rolling Stone and Businessweek. Our clients, however, saw a 16-percent growth in ticket sales and a lot of that is attributable to what we're doing with Facebook. Historically, if you look at the pre-Facebook web, the Internet was mostly used for pre-commerce communication and marketing. It took some time for commerce to take hold with companies like Amazon.com. We're seeing the same on the social side and we're just at the beginning of the social commerce wave and, like the web, marketing is an important driving force.

Does that displace traditional media as the main way to learn about concerts and events?

Hall: The way people discover bands is really

changing. You're not going to go to Google and say, "I wonder when Radiohead is going to come to San Francisco." You're just going to learn about it. Do you learn about it from listening to the radio? Probably not. Do you learn about it from MTV News? Not so much anymore. Now, the likelihood of you learning about it through your social graph on Facebook is very high. That's the trend we're seeing — renewed social discovery of events.

How's the reserved-seating product launch going?

Dreskin: That application will be rolling out pretty soon and eventually social seats will be included so you'll be able to share seat locations with friends and allow them to buy seats next to you.

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With the reserved product, how big do you want to go? Will you pursue National Football League stadiums and National Basketball Association arenas?

Dreskin: The launch of our reserved seating product will open huge opportunities for us — 70 percent of all the advanced tickets sold in the world are for reserved seating events. Our plan is to continue to service larger facilities and we think the large venues and promoters all have needs similar to the segments we serve now, and we think our toolsets will be portable to those types of facilities and promoters.

Is the club business still a good segment to work in?

Dreskin: What's happening today is the democratization of music sharing and discovery and it's really driving the expansion of the middle market. These days, the way people find out about music is through following their friends on Spotify or Mog; or they see what events they're sharing on Facebook and Twitter. That has led to more acts touring and being listened to, as opposed to a time when it all depended on whether or not you could get your song on the radio. Now, bands are building fantastic touring business through social sharing.

Hall: It's also about your tastes. In the 1970s, 80s and 90s, unless you lived in a major metropolitan area, you were pretty much only exposed to mainstream music and that's what you would be aware of. The advent of social media and technology like Pandora help people discover music based on their tastes rather than what the big major labels are pushing at the moment. Access is what's driving the independent music industry, which we find is our sweet spot.

2012 has brought about the concept of the social curator, the well-connected friend who has thousands of followers online and regularly convinces his friends to purchase tickets. Is there a way to identify these individuals and bring them deeper into the sales process?

Hall: A huge part of our platform is data analytics and metrics that show which channels produce the most ticket sales, as well as referrals. Was it a particular tweet or share on Facebook

that really drove sales? That gives us the opportunity to identify major influencers — the cool kids, so to speak, who drive tickets sales. We're working on developing some new product around that. And that goes beyond identifying them to rewarding them as well.

Last year, AEG announced the launch of the AXS ticketing platform, announcing they want to move away from the on-sale system to more of a reservation-based platform? What do you think about this approach?

Dreskin: It makes sense in some situations and it's something we've been talking about for a couple years — it's not really a new concept. The issue historically has been that the agents, managers and artists have not been overly excited about a lottery-based system. They still like to foment the mad dash to buy tickets on Saturday mornings, which is incredibly consumer non-friendly. I like the lottery system and it has many interesting elements. If a lottery is 30-percent over-subscribed, you'll have those email addresses in case you decide to put up a second show on sale and you can market to those folks in the future.

With your reserved seating product, do you plan to go after the same large arena market soon to be dominated by AXS?

Dreskin: Yes. I think over time, you'll see Ticketmaster become the in-house ticketing system for Live Nation, and Outbox and AXS will become the in-house ticketing system for AEG. All of the conflicts inherent in the Live Nation/Ticketmaster merger that produces disincentives for non-Live Nation clients to use Ticketmaster will be the same for the Outbox/AEG relationship. I think the world is going to clamor for a truly independent third-party ticketing provider that doesn't have conflicts in its ownership structure. We're pretty much dominating the middle market. We've taken an ungodly number of clients away from Ticketmaster and we think larger venue and event promoters have the same needs as those in the middle market; they just happen to have more seats in their market and a larger capacity. If you look at most of the big arenas out there, the way their world works from a technology per-

spective is like their still trapped in the 1970s.

How so?

Dreskin: Basically they have an antiquated ticketing system that's DOS-based and uses legacy technology with mainframe computers. It often takes three-to-five days to have an event created on the system and the events can't be changed once they're on sale either. When we show promoters on our system that they can change a price by simply clicking a box and writing \$45 instead of \$35, many think it's simply not possible. People have been conditioned to accept deficient technology. If you take a nightclub today, the challenge from a time and money perspective is that every time I confirm a show, I've got to push it out across all of my channels — Twitter, Facebook, website and mobile devices. If you have hundreds of events per year, it's extremely time consuming. With our system, you enter the data once and it gets pushed out to all the channels. It takes about one minute.

There are a lot of ticketing companies that pop up and base their entire strategy on not being Ticketmaster. How do you avoid becoming the anti-Ticketmaster company?

Dreskin: I was the co-founder of TicketWeb and we were the first guys ever to sell tickets on the Internet. When we created TicketFly, we didn't just want to be another ticketing company. We're a technology provider for venues and event promoters and we underpin their entire infrastructure. We joke around here that we're not the best at what we do, we're the only ones who do it. That's a line we stole from Bill Graham — it's how he used to explain the Grateful Dead.

How important are analytics going to be to how events are promoted in the future?

Hall: It's now possible to connect the dots and see how all tickets are selling. We provide rich analytics to our clients — it's never been possible before. Because we control the website, the email newsletter, the Facebook page and other channels, it allows us to really understand how tickets are selling.

One of your biggest beefs from competi-

tors is that you guys give upfront rebates to your clients; essentially cash payments for guaranteed future revenues. For a company that claims to be different than Ticketmaster, this seems like an antiquated practice.

Dreskin: Anyone who is not naïve in this industry knows that it's not uncommon for venues and promoters to share in the service fees with ticketing providers. There was once a dominant company called Ticketron, which charged venues and promoters to use its service.

Essentially, it was a cost center. They were steamrolled when Ticketmaster turned ticketing into a profit center by sharing a portion of the fees and services with them. This is one of the more salacious elements of the industry and not one of the elements we're excited about, but we're forced to play within the construct that Ticketmaster created.

It's interesting because the smaller ticketing companies complain about it, namely because they don't do it.

I don't know how other people decide to run their business, but I can tell you that we only enter into deals that we find attractive and can make a healthy profit. If there's a deal where we don't like the terms, we'll walk away.

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