

Statement of  
**The Honorable Herb Kohl**

United States Senator  
Wisconsin  
February 24, 2009

STATEMENT OF U.S. SENATOR HERB KOHL

Chairman of the Antitrust, Competition Policy and Consumer Rights Subcommittee

"The Ticketmaster/Live Nation Merger: What Does it Mean for Consumers and the Future of the Concert Business?"

February 24, 2009

Today we examine the recently announced merger between Ticketmaster and Live Nation. This merger will combine two entertainment powerhouses - Ticketmaster, the nation's leading ticketing company and Live Nation, the world's largest concert promoter, owner or operator of hundreds of concert venues, and a recent entrant into the ticketing business. This merger will not only expand Ticketmaster's control of the ticketing market by eliminating a competitor, but it is also creating an entity that will control the entire chain of the concert business - from artist management to concert promotion and production to ticketing and ticket resale.

We are here today to focus on what this deal will mean for the millions of concert-goers across the country. Ticketmaster and Live Nation argue that this merger will create efficiencies which ultimately will serve consumers. But we have good reason to be skeptical as to whether music fans will truly realize these benefits. Critics of this merger allege the deal will combine two competitors in the evolving entertainment business by creating an enormous, vertically integrated entertainment giant that will dominate all aspects of the business. They argue that the strength of this combined company will make it impossible for new competitors in ticketing or concert promotion to emerge, and that consumers will pay higher prices as a result.

Live Nation owns or has operating agreements with 140 amphitheaters, clubs, theaters, and small music venues, 30 music festivals, and 305 large arenas. It also has exclusive deals with marquee artists, including U2, Madonna, and the Jonas Brothers, to name just a few. The company recently launched Live Nation Ticketing which makes it a viable competitor to Ticketmaster. Ticketmaster is the nation's dominant ticket seller, processing in 2007 more than 280 million tickets and \$8.3 billion dollars in sales for thousands of venues - including more than 77 of the 100 largest venues. By some accounts, Ticketmaster controls 70 to 80 percent of all concert ticket sales. Late last year, it acquired a management company that manages 200 artists, Front Line Management, and a leading ticket resale company.

The combination has the potential to create one company with a stranglehold on all segments of the concert business. It raises serious concerns for independent concert promoters who give a platform to new and less established artists. When these promoters book acts in the hundreds of

venues under the Live Nation/Ticketmaster umbrella, they will have to use the merged company's ticketing services. What this means is that the independent promoters will have to reveal a treasure trove of competitive information about their ticket sales to the combined company - the very company with whom they will have to compete for concert promotion. At the same time, independent concert venues will be under enormous pressure to use Live Nation for ticketing if they wish to book the hundreds of key acts controlled by the company.

Our concerns are heightened by the fact that Live Nation recently entered into the ticketing business to compete with Ticketmaster. This needed competition will be lost if this merger is completed. What does Live Nation's decision to merge with its competitor rather than fight it in the market tell us about any company's ability to compete with Ticketmaster? If Live Nation can't compete, who can?

All of this comes at a time when consumers are justifiably wary of Ticketmaster's recent acquisition of a company that sells tickets on the secondary ticket market, TicketsNow.com. Just three weeks ago, consumers attempting to purchase Bruce Springsteen tickets through Ticketmaster's web site were diverted to TicketsNow's web site. There, the tickets were priced two to three times higher than face value, plus a hefty service fee. Ticketmaster blames technical glitches for this unfortunate incident. But this incident raises a serious question - will the combined company be tempted to divert tickets to the resale market at inflated prices because there are no competitors to keep this behavior in check?

In sum, this deal raises many serious questions regarding the future of competition in the concert business. The burden will be on Ticketmaster and Live Nation to demonstrate that consumers will be better off. Those of us who are concerned with maintaining diversity and competition in the concert business should insist that these issues be closely examined before this deal is allowed to proceed.

###