

INTELLI

Powerful actionable insights & data on private companies at your fingertips

**Please read the Disclaimer on the last page prior to reading the contents herein.*

StubHub™

STUBHUB

FOUNDED: 2000

LAST FUNDING: 12/23/21

LEAD INVESTOR: VIAGOGO

ROUND: VENTURE

EMPLOYEES: ~800

INTELLI OVERVIEW

- Core Services
- Market Size & Trends
- Competitor Analysis
- Hot Takes

- *Pawn your unwanted tickets: Do you have tickets to an event and you can't (or don't want to) go? Post them on StubHub, and see if they'll sell! The website will walk you through listing all of the details that potential buyers will need to know about your tickets. It can even help you price them by comparing what other tickets for the same event are selling for on StubHub!*
- *Get paid, or pay it forward: If your tickets sell, you can have your earnings deposited in your PayPal account, or send you a check in the mail instead. Or, if you're feeling generous, you can have StubHub donate the proceeds from your ticket sales to one of their partner charities!*

STUBHUB • WHAT YOU NEED TO KNOW

StubHub is an online ticket trading platform. It allows you to purchase event tickets from other users and then print them off the website or an email, or have them mailed to you. You can also use StubHub to list tickets that you don't want for sale, and see if other users want to buy them.

LEADERSHIP

Eric H. Baker | Founder & CEO

CORE SERVICES / OFFERINGS

- *One account for buying or selling: Signing up for an account is easy, and it's free! Just enter your full name, email address, and password, and you're good to go!*
- *No haggles, no hassles, just ticket buying: Looking to score tickets? Just type in the event that you're looking for, pick the area of the venue that you want to be seated in, and enter your billing details. Your tickets will often be sent to you via email or available for download right on StubHub, so you can print them off and have them almost instantly!*
- *It pays to buy tickets on StubHub: Sign up for StubHub's rewards program, and you'll earn credit every time you buy tickets on StubHub. Earn enough credit, and you'll earn a Fan Code that can be used to reduce the cost of your next purchase!*
- *Buy with confidence with the FanProtect Guarantee: StubHub guarantees that your tickets will get to you in time for the event, will get you entry into the event, and won't be significantly different from how they were listed on StubHub. If any of these guarantees is broken, or an event is canceled, you will be refunded with money or Fan Codes, or even give you replacement tickets of equal or greater value compared to the ones you bought!*

COMPETITOR ANALYSIS

EVENTBRITE

Eventbrite is an American event management and ticketing website. The service allows users to browse, create, and promote local events. The service charges a fee to event organizers in exchange for online ticketing services, unless the event is free.

Launched in 2006 and headquartered in San Francisco, Eventbrite opened its first international office in the United Kingdom in 2012. The company has local offices in Nashville, London, Cork, Amsterdam, Dublin, Berlin, Melbourne, Mendoza, Madrid, and São Paulo.

The company went public on the New York Stock Exchange on September 20 2018, under the ticker symbol EB.

TICKETMASTER

Ticketmaster Entertainment, Inc. is an American ticket sales and distribution company based in Beverly Hills, California with operations in many countries around the world. In 2010 it merged with Live Nation under the name Live Nation Entertainment.

The company's ticket sales are fulfilled digitally or at its two main fulfillment centers located in Charleston, West Virginia, and Pharr, Texas for both primary and secondary markets. Ticketmaster's clients include venues, artists, and promoters. Clients control their events and set ticket prices, and Ticketmaster sells tickets that the clients make available to them.

TICKETNETWORK

TicketNetwork is an online marketplace that provides an outlet for buyers and sellers of tickets to live entertainment events. The company was founded in 2002 by ticket broker Don Vaccaro and software developer Doug Kruse. It operates several retail sites and partners with large name-brand travel and media companies. In 2015, TicketNetwork signed an exclusive agreement with ATBS to provide Private Label Websites to their Private Label Affiliates.

TicketNetwork operates under a model similar to eBay, where tickets are listed on the company's marketplace, but transactions are handled by the individual seller. Buyers are charged a service fee for tickets purchased, plus a delivery fee, depending on the method of delivery, location, and time until the event. Once the tickets are available, the seller ships them directly to the buyer. Sellers are able to list and manage tickets on the marketplace via the TicketNetwork Point of Sale software.

MARKET SIZE & TRENDS

The Global Secondary Ticket Market was valued at 1.5 BN USD in 2020, and it is Expected to Reach 2.8 BN by 2027, with a CAGR of 9.3%.

StubHub's audience reaches mainly across the following:

- Young
- Sports fans
- Music fans
- Movie fans

The Secondary Ticket Market also referred to as the resale market, is a platform where tickets are resold in the market through legal or illegal means. These tickets are bought in bulk at the face value and resold at a much higher rate in the market before the event approaches. The events usually include concerts, theaters, and sporting games. This marketplace usually offers dynamic pricing for the tickets, i.e., when the demand for an event is high, the tickets are offered at a much higher rate than their original value whereas when the demand is low, the tickets are even sold at a lower price than its original price.

Over the last few years, the global secondary ticket market has gone through some unprecedented changes. Earlier, the resale used to be local, but the introduction of online ticket resale market platforms has changed the way tickets are resold globally. The rising usage of the internet has significantly contributed to the growth of the secondary ticket market. The use of laptops, tablets, and smartphones has made it flexible and user-friendly for customers to book tickets. Also, the additional benefits offered by online booking trigger the growth of the secondary ticket market.

Increasing consumer disposable income, changing lifestyles and rising spending on entertainment are the major drivers for the secondary ticket market. According to the United States Bureau of Labor Statistics, the average annual expenditure of an American on entertainment was 2.8 K USD or 5.6% of the total expenditure. In addition, the promotion of sports tournaments, stand-up comedy shows, movies, and music concerts have also contributed to fueling the market growth. Moreover, the high-profit returns have created major competitiveness in the secondary ticket market. This has increased the need among various service providers to form long-term contracts with production houses, sports authorities, theaters, and local event planners.

SWOT ANALYSIS

STRENGTHS

- Strong brand equity
- The largest player in the segment despite regulatory issues
- Clear perspective after solving acquisition regulatory objections and adjusting its structure.

WEAKNESSES

- The company was hit after pandemic movement restrictions
- The CMA verdict reduced the synergies obtained from the Viagogo merger

OPPORTUNITIES

- The market is primarily driven by the rising popularity of sports events. The number of sports events is increasing across the world followed by the popularity of various sports.
- North America to dominate the secondary tickets market with a 44% share and the market will record the highest growth. The US will be the key market for secondary tickets in North America.
- The presence of a well-established media and entertainment industry in the US is driving the growth of the secondary ticket market in North America.

THREATS

- The rise in fraudulent activities, increasing initiatives among artists against sales of secondary tickets, and enforcement actions on secondary ticket vendors will challenge the growth of the market participants.
- Ticket fraud is one of the major illegal activities in the global secondary ticket market. Automated bots are widely used by touts to bypass the security systems of ticketing companies for buying tickets. This makes them shift to the secondary market, where they pay a higher amount than the face value.

STUBHUB: INTELLI ANALYSIS

Why StubHub matters right now:

The company has grown from the largest secondary-market ticket marketplace in the United States into the world's largest ticket marketplace. While the company does not currently disclose its financials, in 2015 it had over 16 million unique visitors and nearly 10 million live events per month.

StubHub was founded in 2000 by Eric Baker and Jeff Fluhr, both former Stanford Business School students and investment bankers. In 2007, StubHub was acquired by eBay for 310 MM USD. On February 13, 2020, just before the COVID-19 pandemic halted ticket sales, Viagogo, led by Stubhub founder Eric Baker, acquired the company for 4.1 BN USD.

INTELLI 'hot takes' on Stubhub:

StubHub is still very well known by the public at large; people just want to get their tickets. StubHub has been around so long that its name recognition is still good, which gives them a tremendous market advantage.

StubHub is facing a very delicate situation, however, it seems that the worst has passed. The company's senior management needs to focus on future trends and technologies and how to maximize their existing capacities to profit from opportunities.

Problems with StubHub:

For those in the ticket resale industry, there has been a pause while the formerly dominant StubHub has been digesting a merger undertaken just prior to a calamitous pause in live events, followed by a painful regulatory fight in the UK (get merge approval from the CMA). This created a growth opportunity for competitors in the resale space such as the newly public Vivid Seats along with SeatGeek, TickPick, GameTime, and others who filled the void along with industry stalwart Ticketmaster.

StubHub has been accused of failing to disclose when customers are buying tickets from professional touts, in breach of a legal undertaking given to the consumer watchdog. The Competition and Markets Authority (CMA) of the United Kingdom requires sites such as Viagogo and StubHub to let customers know when tickets are being sold by professional ticket traders, who dominate resale listings for gigs and other events, leading to fans paying massively inflated prices.

STUBHUB: INTELLI ANALYSIS

Potential solutions that StubHub could take:

The company needs to sustain a well-thought legal and regulatory strategy, especially in a changing world. In addition to that, the company may think of expanding to new markets. Emerging market regulation tends to be less severe than in developed economies and some of these markets may have StubHub's technology to be relatively newer than in mature developed markets.

The company may be wise to expand to new channels that are not considered by the current regulation, for example, the Metaverse. In addition to that, new sorts of virtual shows will change how ticket resellers operate and will become a large market opportunity to be untapped.

Key things "coming up"/things that might be in the near future for StubHub:

The Competition and Markets Authority (CMA) of the United Kingdom approved in September of 2021 the merger between StubHub and Vlagogo. StubHub had to sell its international operations. The CMA approved a plan that will see StubHub's international operations sold to an American investment group called Digital Fuel Capital for an undisclosed fee. Despite the loss of market share, the merge between StubHub and Viagogo is finished and the company is looking forward to the next challenges.

StubHub has reversed its no-refunds policy and will pay back some customers in cash for events canceled due to the COVID-19 pandemic. StubHub instituted a no-refunds policy in March 2020. The company originally intended to give customers a StubHub credit for a future event rather than a cash refund. Clients brought a lawsuit against the company, demanding that they get cash refunds for events that were canceled because of the pandemic. Fourteen states have local laws allowing cash refunds to people who call customer service.

INTELLI's predictions on StubHub's next moves or steps:

The company will focus on sporting events, particularly in the United States of America. Sporting events have proven to be the fastest-growing segment of online ticket sales. StubHub has recently achieved a positive revenue in American Football ticket sales, as the 49ers-Rams NFC Championship Game could break StubHub's playoff ticket record. StubHub is still the dominant market player and the company will use its brand value to recover from a difficult couple of years. The company will not likely pursue another acquisition due to its recent regulatory feuds, however, the company may be in shape to receive another funding round.

STUBHUB: INTELLI ANALYSIS

Opportunities that StubHub has:

The ending of pandemic restrictions will drastically increase ticket sales as people will be able to go back to public shows. The increasing growth of online secondary ticketing platforms, the rising popularity of sports events, and the use of blockchain for ticketing are the significant factors that are driving the growth of the Global Secondary Ticket Market.

The rising popularity of sports events will be driving the growth of the market. There has been a significant rise in the popularity of various sports such as NFL, Fédération Internationale de Football Association (FIFA) World Cup, MLB, National Hockey League (NHL), National Collegiate Athletic Association (NCCA) league, and the UEFA Champions League. Also, the rising number of viewers for such events is increasing the sales of tickets for sports events. The rising popularity of various events is driving many organizations of sports events to have direct tie-ups with secondary ticket providers.

Things that could pose a risk to StubHub:

This year's challenge is that regulatory oversight is likely coming for everyone. New York just passed a new ticketing law that mandated all-in pricing and disclosure of the original sale price of the ticket being resold. The Federal Trade Commission and the Department of Justice are looking into ticketing practices.

The existing economic outlook characterized by increasing interest rates and high inflation poses a risk to StubHub. Reductions in output, consumption, disposable income and investment will impose a risk on the company's comeback. Reduced disposable income will imply that people will be less inclined to acquire tickets. In addition to that, increased interest rates will make funding for the company to be scarce and expensive.

What the 'haters' would say about StubHub:

The company was a victim of a tragedy being sold right before the pandemic outbreak, the 4.1 BN USD price will be almost impossible to match. There is no capital patient enough to withstand such a loss for much more time, the company is probably under a lot of pressure to deliver results. In this context, it is difficult for the decisions made to be the correct ones. The ticket industry will never recover to its former glory as people are less prone to go to massive events. In addition to that, the creation of the metaverse and other novelty channels will make companies like StubHub become redundant. The company faces severe challenges that threaten its survival.

DISCLAIMER | PLEASE READ

The information presented on, and/or through, this export of an INTELLI report, and the PreIPO website are made available solely for general information purposes. We do not warrant the accuracy, completeness, or usefulness of this information.

Any reliance you place on such information is strictly at your own risk. We disclaim all liability and responsibility arising from any reliance placed on such materials by you or any other person viewing this information, or by anyone who may be informed of any of its contents. This INTELLI report and the PreIPO website may include content provided by third parties, including materials provided by other users, and third-party licensors, syndicators, partners, aggregators, and/or reporting services.

All statements and/or opinions expressed in these materials, and all articles and responses to questions and other content, other than the content provided by PreIPO, are solely the opinions and the responsibility of the person or entity providing those materials. These materials do not necessarily reflect the opinion of PreIPO.

We are not responsible, or liable to you or any third party, for the content or accuracy of any materials provided by any third parties.

PreIPO™, PreIPO.com™, Intelli™, and related logos are licensed trademarks of PreIPO Corp.

If you have any questions, please reach out to Mark Leonardo at MLeonardo@nutter.com.