

# TICKET RESALE IN GERMAN PROFESSIONAL FOOTBALL – A PROPERTY RIGHTS THEORY BASED ANALYSIS

Stefan Chatrath  
Business and Information Technology School, Berlin

## Abstract keywords

ticketing, ticket resale, secondary ticket market, property rights theory

## Aim of abstract/paper - research question

The first German professional football league Fußballbundesliga booms (UEFA, 2011): With an average capacity utilization of over 90% the stadia are almost always sold out. Consequently, all clubs are faced with a flourishing black market on which tickets bought are resold by the holders for a price that lies far above the ticket's face value (Chatrath, 2012).

The paper's purpose is to find out how Fußballbundesliga clubs deal with that situation. In specific two questions should be answered:

1. How have the Fußballbundesliga clubs regulated the ticket resale? What is allowed, what not?
2. What are the sanctions that a ticket reseller faces if she does not obey to the rules set by the clubs for ticket resale?

## Conceptual background

Property Rights Theory (PRT) is the base for the analysis. According to PRT owners can transfer – individually or as a bundle – four property rights to buyers (Furubotn & Pejovich, 1972):

- right of usage,
- right of earning income from usage,
- right of alteration,
- right of resale.

The property rights transferred define what buyers are allowed to do and what not with the product. Therefore, according to Demsetz (1964), property rights can be also referred to as “rights of action”. Correspondingly, the value of any product exchanged depends on the property rights bundle that is conveyed in the transaction (Furubotn & Pejovich, 1972).

According to PRT, the offering on the black market consists of all ticket holders that offer tickets for resale in a way that has been forbidden by the original ticket seller, the club.

Further issues of illegal behaviour, although of interest, have not been considered as the analysis has been undertaken from a club's point of view: The reseller of a ticket, e.g., has also to pay taxes. But if he acts on the black market, we expect that he is not. For the tax authorities this (potential) tax fraud is, of course, a problem, whereas for the club it does not matter.

## Research design and data base

To answer the two questions the general ticket terms and conditions (GTTC) of the Fußballbundesliga clubs have been analyzed. In them the clubs have specified what a ticket buyer is allowed to do with the ticket and what not, including the question in what way, if any, he is allowed to re-sell the ticket (Chatrath, 2013). After the individual analysis the 18 GTTC were compared with each other.

## Results

The Fußballbundesliga clubs have all a similar regulation. They allow the resale under specific conditions: Ticket holders are allowed to sell the ticket, firstly, only to persons that do not have been given a stadium ban. They should not, secondly, sell the ticket for an overcharged price. Eight clubs have defined the upper limit of the permitted price increase (+10-15%), three leave it open, seven do not allow any increase. The ticket resale is, thirdly, only allowed via determined distribution channels and should not, fourthly, be commercially motivated. As a consequence, 15 clubs ban ticket holders from reselling their tickets through an online auction – the place (internet) and way (auction) of sales in combination through which ticket resellers probably could get the highest price possible: Here she can address, with little effort, a large group of prospective buyers.

The sanctions are as follows: All clubs reserve the right to disable the illegal sold ticket. Furthermore, they threaten ticket resellers with a contract penalty (max.: 2,500 Euro). In case of repeated violation of GTTC ticket resellers face potentially the following two sanctions: a ban from future ticket purchases and/or a ban from the stadium.

### **Discussion and implications/conclusions**

The clubs have strongly restricted the legal ticket resale: Profit-making is obviously undesired. Therefore, it is understandable that lots of ticket resellers offer their tickets illegally, i.e., on the black market. In that way they can, due to the high demand, get a higher price as is allowed according to GTTC. The sanctions are quite remarkable, but obviously many ticket resellers perceive the probability of being caught as relatively low. Otherwise the black market would not flourish as it does.

Fußballbundesliga clubs could create an alternative to the black market by opening official secondary marketplaces: So they could legalize the actual illegal ticket resale, e.g., via a club owned online ticket resale platform.

The paper offers a conceptual basis for the future analysis of ticket resale as well as an empirical study about how the German professional football clubs have regulated their ticket resale.

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