



SWIFTONOMICS

Who's really to blame?







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Taylor Swift Fiasco

- Tickets went on sale November 15 through TicketMaster.
 - What Happened?
-

Key Economic Terms to consider

Shortage: The situation that arises when the quantity demanded of a product exceeds the quantity supplied. Shortages generally occur when a price is set below the equilibrium price.

Supply: The quantity of a good or service that producers are willing and able to sell at given prices during a period of time.

Demand: The quantity of a good or service that consumers are willing and able to buy at given prices during a period of time.

Monopoly: A market structure in which there is a single supplier of a good or service. Also, a firm that is the single supplier of a good or service for which there are no close substitutes; also known as a monopolist.

What Happened?

- Had not toured since 2018
- Live entertainment experienced a 600% — growth in 2022 due to pent-up demand from COVID (source: Live Nation)
- November 15, 2022: over 14 million users logged in and 2.4 million tickets were sold during the Verified Fan Presale
- Multiple glitches and errors happened and were widely documented on social media



What Happened?

- November 17, Ticketmaster announced the general ticket sales were cancelled — due to a lack of supply.
- At the same time, resale ticket websites were selling tickets for as high as \$60,000.
- Public outcry called out Ticketmaster and Live nation as a “monopoly” and initiated communication to lawmakers to work on a resolution.



Sen Amy Klobuchar

- @SenAmyKlobuchar:
“Competition policy is very important to me...to have a strong capitalist system you have to have competition, you can’t have too much consolidation, something that unfortunately for this country, as an ode to Taylor Swift, I will say, we know “All Too Well.”
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More Economic Concepts to consider:

- Skyrocketing Demand
 - Why did Taylor Swift's ticket prices experience this skyrocketing demand during this time period?



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More Economic Concepts to consider:

- Limited Supply: How elastic is the supply of tickets?
 - “Ultimately, the singer is the mastermind behind the supply. She has chosen to play at high-capacity stadiums and has added more concerts. Still, there’s frenzy around her tours. Very often you have the sense that scarcity increases demand,” said Pascal Courty, an economist at the University of Victoria in Canada who researches resale markets for tickets. (LA Times Article)



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More Economic Concepts to consider:

- Price Gouging:
 - What happened in the resale market to Taylor Swift tickets?



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More Economic Concepts to consider:

- Monopoly Accusations:
 - What has happened with Ticketmaster and Live Nation regarding the anti-trust investigation?
 - Is this really a monopoly and was this really the problem?



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More Economic Concepts to consider:

- Demand Elasticity
 - The percentage change in quantity demanded as a result of the percentage change in price.
 - How would you describe demand for tickets using elasticity?



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More Economic Concepts to consider:

- Demand Elasticity
 - “I hesitate to read too much into people’s willingness to pay exorbitant amounts for Taylor Swift tickets in terms of what that says about the health of the U.S. economy,” said Kearney, the Swiftie-parent economist. “I’m more inclined to read into it that for the die-hard Taylor Swift fans—of which there are many—the demand for tickets is nearly inelastic.” (Bloomberg Article)



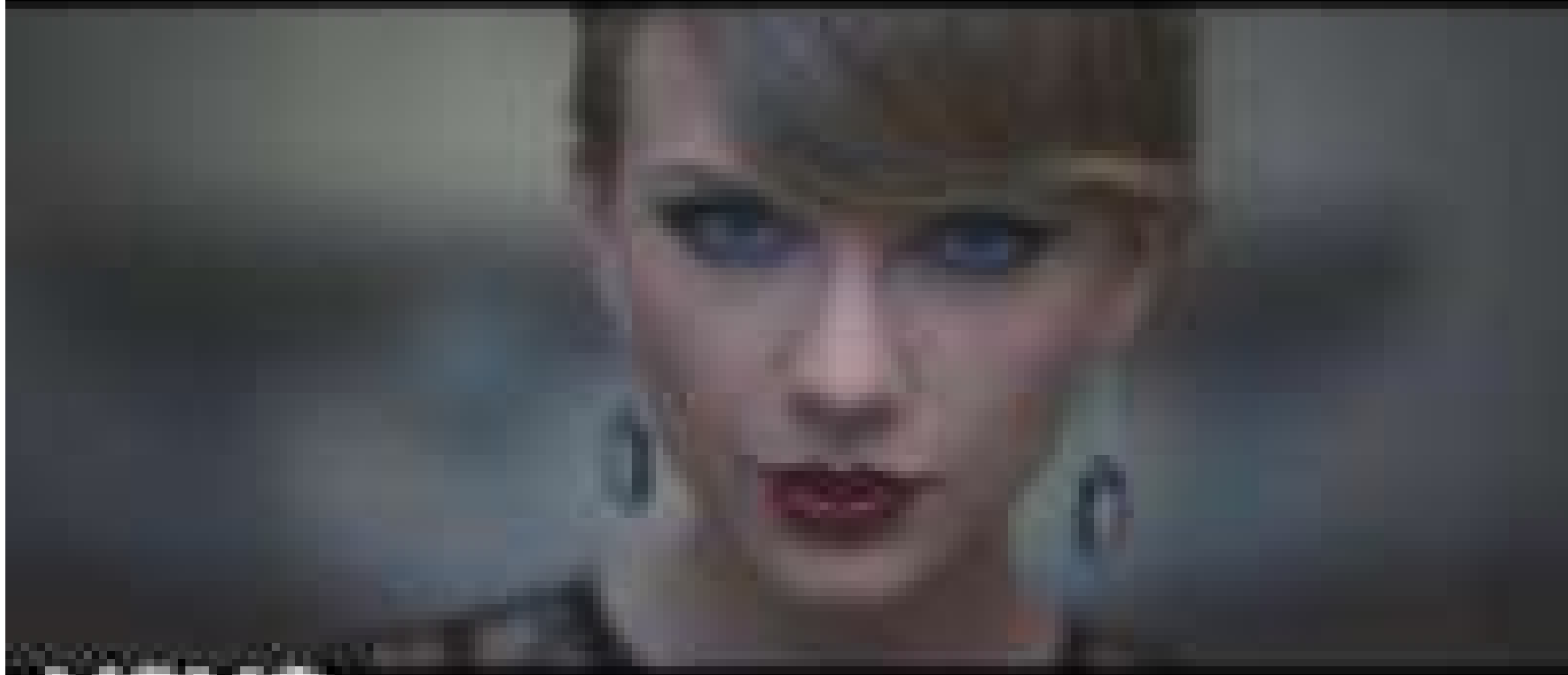
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More Economic Concepts to consider:

- Dynamic Pricing
 - Prices adjust in real time to reflect the markets.
 - Ticket Master uses dynamic pricing to try to balance supply and demand by using algorithms to adjust price based on demand.
- Other examples:
 - Uber pricing during extreme weather events or during peak demand
- Is this predatory pricing or is it helping with inventory management?



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