Quantifying Foreclosure: The Live Nation – Ticketmaster Merger

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Abstract :
In 2010, Live Nation—the largest promoter in the live music industry—merged with Ticketmaster, the leading primary ticketing agency. Following the merger, numerous complaints emerged alleging that independent venues were pressured to contract with Ticketmaster in order to access concerts promoted by Live Nation. We develop a methodology that quantifies the extent of foreclosure against non-Ticketmaster venues without requiring data on profit allocations among stakeholders. Specifically, we use a comprehensive dataset on artists, concerts, and venues to estimate a model of promoters' venue choices and an event's revenue generating process, allowing for limited consideration sets. Our analysis indicates that, post-merger, the probability that Live Nation foreclosed non-Ticketmaster venues was approximately 11% for each concert. Moreover, foreclosure accounted for roughly 65% of the merger's combined impact on Live Nation's shift toward Ticketmaster-contracted venues. If Live Nation had fully foreclosed non-Ticketmaster venues, the short-run cost would have amounted to about 15% of its realized box office revenue—providing a conservative estimate of Live Nation's potential long-term gains from such conduct. These findings reveal a novel channel for anti-competitive harm from vertical integration, whereby the affected parties—independent venues—do not compete directly with Live Nation's promotion services or Ticketmaster's ticketing operations.