Fraud In The Live-Event Industry

4 MIN READ

As ticketing professionals, we spend so much time thinking about how we can *grow* revenue by increasing attendance, expanding to new audiences, and raising ticket prices over time. We often forget that profit is not a one-way street. There's overhead, staffing, production and operational costs – all of which can be optimized and reduced. But two *rapidly* growing, but often ignored, cost-centers are fraud and cyber-security attacks.

Fraud is like having holes in your boat – no matter how fast you paddle or how big your boat is, those holes keep taking on water and weighing you down. And with the recent growth in fraud attempts across all online industries, those holes just keep growing larger.

[Juniper Research, a leading market research firm, predicts that the cost of global online payment fraud will reach $38 billion dollars in 2023 and grow to $91 billion dollars by 2028.](#) [Organizations in North America are at critical risk of fraud, as the continent is expected to represent 42% of online payment fraud globally.](#)

Unfortunately, the live-event industry is not immune to this growing threat. In fact, live-event organizations are uniquely vulnerable to specific types of fraud like chargebacks, business impersonation, and duplicate ticket reselling.

However, knowledge is power and knowing the threats we face as an industry is the first step in preventing them, together. Below, we will explore some of the most prevalent types of fraud in the live-event industry, and how organizations can defend themselves and their attendees.

Fraud can take many forms, but is defined in the Oxford dictionary as wrongful or criminal deception intended to result in financial or personal gain. When we talk about fraud, we're typically talking about the element of *criminal deception*, rather than an outright *attack*.

In the live-event industry, fraud is most commonly experienced in three forms:

1. **Chargeback fraud** happens when consumers purchase on their credit card and subsequently dispute the charge *on false grounds*
2. **Business impersonation fraud** appears when bad actors falsely pose as *your* business, pretending to be an official ticket seller and take payment but do not provide real tickets to attendees
3. **Ticket reselling fraud** can be any type of fake or fraudulent tickets being *resold* by bad actors. Examples include photoshopped tickets with fake barcodes, selling the same ticket multiple times, or simply "selling" a ticket that never gets delivered

Whether fraud has already cost you millions or has yet to impact your organization – now is the time to learn, prepare, and defend your organization.

Chances are your organization has experienced chargebacks, however *not all chargebacks were created equal*. In fact, many chargebacks are legitimate disputes. These are typically either when the *seller* has made some form of an error or the purchaser was using a stolen credit card. A chargeback becomes fraud when the purchaser is *falsely claiming the reason* for the chargeback. This is called commonly referred to as *friendly fraud* because the purchaser is *actually* a customer. Friendly fraud may be accidental or intentional, below are some typical *friendly fraud* situations where customers initiate a chargeback:

- The ticket purchaser cannot attend the event anymore due to unforeseen circumstances and their ticket is non-refundable, they initiate a chargeback
- The ticket purchaser forgot they made the purchase and doesn't recognize the charge on their statement, they initiate a chargeback
- The ticket purchaser wants to get new seats or dates, but can't exchange their tickets so they buy new tickets and initiate a chargeback on the original tickets

Friendly fraud is a problem in the live-event industry for many reasons, but namely because it results in lost ticket revenue *in addition* to a typical chargeback fee of $15-$50 charge to *the ticket seller*. So how can live-event organizations defend against chargeback fraud and *friendly fraud*, while still recognizing and supporting legitimate chargeback claims?

1. *Provide alternatives to attendees*: let your patrons facilitate online self-serve exchanges easily, include ticket-protection options like Cover Genius, and/or offer higher-priced *refundable* ticket types
2. *Create barriers to low-effort fraud attempts:* enable Address Verification and CVV verification with your payment gateway provider, and set ticket purchase limits per transaction to ensure bad actors can't place large, fraudulent orders
3. *Leverage a fraud prevention product:* like AudienceView Payments. These tools empower organizations to proactively prevent, and reactively fighting, fraudulent transactions and chargeback claims

AudienceView Unlimited enables clients to defend against chargeback claims with all three of these tactics, both within the core platform and through our Integration Ecosystem.

Business impersonation fraud is a truly malicious form of fraud. Unfortunately, it is not a small problem either. According to the FTC, business impersonation fraud cost US consumers over $2.7 *Billion* in 2022… and yes, that's *Billion* with a B. That cost roughly doubled from the previous year, and is showing no signs of slowing it's growth.

Business impersonation fraud can be especially difficult to protect your attendees against, as consumers believe they're dealing with *your organization*. The best way to protect against business impersonation fraud is to clearly communicate with all of your attendees *the official methods to purchasing legitimate tickets*. Ideally, this information should be communicated multiple times, through multiple channels, such as **direct emails** to your patron-base outlining the *legitimate means* to purchasing authentic tickets (your website, any legitimate third-party distribution or resellers, etc.), and **website notices** on your homepage.

If your organization and attendees do fall victim to business impersonation fraud, you should immediately report the crime with all of the details to the appropriate authorities. We've provided those resources below, by locale:

- Report Fraud in the United States
- Report Fraud in Canada
- Report Fraud in Europe

Ticket reselling fraud is the final form of fraud that commonly affects the live-event industry. Ticket reselling fraud is also likely the most impactful form of fraud *on your attendees*. It's easy to execute by scammers, difficult to identify by ticket purchasers, and often results in devastated patrons come event-day. If you've

spent any time in a box office over the past few years, you've almost certainly witnessed first-hand the disappointment that comes with attendees learning their tickets are fake, and they've been defrauded.

Ticket reselling fraud is, unsurprisingly, also on the rise. [Santander, a UK-based bank, reported that fake ticket scams in the UK more than doubled from 2022 to 2023.](#) The leading method for promoting fake ticket scams is through social media, so using your organizations social media presence to reaffirm the *legitimate ways* to purchase tickets is a great first step to reducing the impact of this type of fraud.

While technology has enabled much of the growth in fraud the live-event industry is facing, it also provides the greatest opportunities to fight back. Innovative solutions like our [AudienceView Spotlight mobile-app deliver strong fraud prevention tools](#) alongside an improved attendee experience. With features like delayed-barcode delivery and secure ticket transfer, Spotlight is already arming many organizations with the tools to defend themselves, and their loyal attendees.

Fraud is pervasive and it's evolving, and that means we be must as well. AudienceView is your partner in more than just ticketing. We're on your team from offence to defence, powering your success from opening night to closing the books.