

Ticketing Insurance & Protection

The first of our #TTF16 Discussion Papers looks into the business benefits of Ticketing Insurance and Protection. Industry expert Graham Berg explores the future of this increasingly important add-on service.

BACKGROUND AND HISTORY

Ticket protection is a relatively new concept introduced in the late 1990s. It was developed in order to ensure that customers were able to protect their bookings against any sudden and unexpected inability to attend a ticketed event.

Ticket sellers, at the same time, are now able to far more easily sustain and justify a no refund/no cancellation booking policy, in the knowledge that they have offered their customers an alternative solution.

They also have a potentially lucrative additional source of revenue.

The administration process and any potential subjectivity surrounding ticket cancellation is handled by a Specialist Unit which can implement tailored and streamlined processes - in order to enable them to administer refund applications in volume, if required and to cope with specific spikes in activity as and when they occur. Bad weather and flu epidemics are good examples.

“Many customers are now uneasy about purchasing tickets – unless some form of protection is available”

BENEFITS FOR ALL

Ticket Protection has a number of immediate tangible benefits:

- Clear justification for a no-refund/no exchange cancellation policy i.e. the

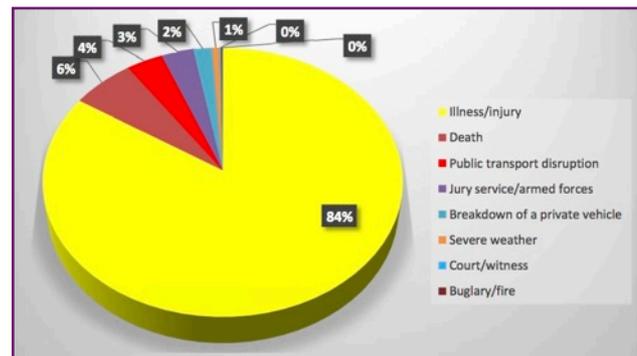


Fig 1: Common reasons for refund applications

customer has been provided with an alternative option;

- Potential (optional) additional revenue stream for the ticket seller;
- Cost savings – the Ticket Protection provider will generally deal with all refund issues;
- Customers are encouraged to book increasingly further in advance knowing that tickets are protected;
- Customers who have received a refund are more likely to book again.

Increasingly, Ticket Protection is a standard expectation and many customers are now uneasy about purchasing tickets (particularly those with a high value) unless some form of protection is available at the point of purchase.

CHALLENGES

There is a constant challenge in terms of balancing price against cover. In general, Insurers are very happy to provide cover for a broad range of fortuitous events. What they are less willing to cover is “unwillingness to attend” or indeed to protect those in the Secondary Market who might see ticket insurance as a hedging mechanism.

Figure 1 provides an indication of the types of refund applications that we are currently receiving – with illness/injury the reason for more than 80% of all claims.

Customers need to remain confident that the vast majority of refund claims are paid (and paid quickly). In addition, the price of the protection needs to remain competitive.

Streamlining the claims process and optimising the use of technology is an obvious way forward. The Ticket Protection facility should always be able to harmonise with the Vendor's existing IT platform and should not necessitate an overhaul or an expensive change to any existing systems.

REGULATIONS

In general terms, there are two distinct models:

1. Where the ticket seller offers a regulated insurance policy to each and every ticket buyer. In this case, the ticket seller would need to be regulated by the Financial Conduct Authority (either directly or as an Appointed Representative) and will be subject to all of the appropriate rules, regulations and potential penalties.
2. The second option involves a regulated insurance policy being provided to the ticket seller who can then market a non-regulated, back to back Cancellation Protection facility which is effectively a simple contractual variation (at a cost).

If this second option is chosen, the ticket seller must ensure that there is no suggestion or inference that the customer is purchasing a regulated insurance policy and any form of technical insurance language such as policy, claim, insurance or similar terms should be avoided.

“Informed Choice is an increasingly successful method of ensuring that the option has been considered”

The second non-regulated option also means that the customer does not have access to the Financial Ombudsman service or any recourse to the insurers themselves and it is imperative that

neither are mentioned in customer facing documentation.

Pre-ticked sales boxes are now illegal under both options and the presentation of the product/service now tends to be either:

Optional - whereby the customer must tick a box to select the protection offered;

Or,

Informed Choice - whereby the customer needs to answer positively or negatively before they can advance to the next stage of the booking process.

Informed Choice is an increasingly successful method of ensuring that the Ticket Protection option has been considered.

OPPORTUNITIES

Ticket Protection offers a number of opportunities.

There is clearly a significant potential additional income stream and working closely with the selected product provider will ensure that the highest level of attachment is achieved.

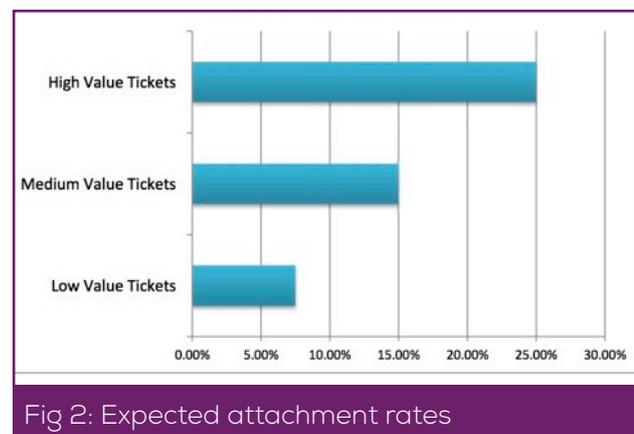


Fig 2: Expected attachment rates

Figure 2 provides an indication of the attachment rates that one might expect – although much will depend on the value of the ticket and the length of time before the event.

With careful attention this attachment rate can be grown incrementally. Pop up boxes within the sales flow, a second opportunity to buy at the basket stage of the process and indeed post sale e mailings are all invaluable tools that have been explored and successfully used in the past.

Additional benefits can be added to the Ticket Protection product in order to make it increasingly attractive and, of course, annual membership/loyalty packages could include Ticket Protection as an added value benefit.

Specialist products can also be developed along similar lines. At TicketPlan, for example, we have added ParkingPlan (Long Term/Airport Parking), BookingPlan (UK Hotel Bookings) and tailored products for the rail travel market to our mix in order to plug the obvious gaps left by the Travel Insurance market – which is more specifically aimed at the needs of overseas holidaymakers.

Pre-booked, overseas tickets of all kinds (event, concert, festival, leisure) are also an obvious area of potential. Travel insurance will quite often not extend to cover this type of additional expense commitment.

“Ticket sellers need to be absolutely clear whether they are providing a regulated or a non-regulated product”

Very high value tickets are increasingly paid in instalments and once again, some form of Ticket Protection is a very welcoming feature.

Those customers selecting Ticket Protection potentially have a higher propensity to purchase this type of protection product. Some ticket sellers are therefore considering whether there is a cross-selling opportunity ~ particularly in respect of other financial services related products.

Ticket sellers should always make sure that their own database is sacrosanct and that the Ticket Protection Provider cannot use the data.

THE FUTURE

The future for Ticket Protection is very exciting. It is now very much a standard customer expectation both in the UK and increasingly in other overseas markets.

Ticket sellers need to be absolutely clear whether they are providing a regulated or a non-regulated product and should ensure that their selected provider is giving them robust and appropriate support and advice. The downside is extremely steep.

Price sensitivity is an interesting area, but, certainly our own research suggests that the price of Protection is not particularly sensitive. Most Ticket Protection providers will allow the ticket seller to stipulate the retail cost of the product. ■

Disclaimer: The information provided should not be regarded as a substitute for legal advice and no liability can be accepted by the writer or by TicketPlan Ltd for any losses that might arise as a result of any reliance upon it. Published 08/12/2015 by Xperiology Ltd. This paper and its contents are protected by Copyright ©2015. The views expressed in the articles and papers are those of the authors and are not necessarily endorsed by the publishers. Whilst every care has been taken during production, the publisher does not accept any liability for errors that may have occurred. E&OE.

ABOUT THE AUTHOR

Graham Berg, ACII Chartered Insurance Practitioner is CEO, The TicketPlan Group – the market leader in Booking Protection, Ticket Refund Protection and Cancellation Protection for theatre, concert, festival and event tickets.



So, will we be seeing you at the Forum?