



Internationalisation of innovation in SMEs

Case Studies, Exemplary Support Practices and Policy Implications

<http://www.ri-policy-analysis.eu>

Case Study No. 11:

Ticketbis, Spain:

Fast and widespread international growth in the secondary market for event tickets

May 2016

Authors: Jza Abbas Rizvi

Stefan Lilischkis

About the InterSME Study

The study on "internationalisation of innovation in SMEs" was based on a contract between the European Commission, Directorate General Research and Innovation, and empirica Gesellschaft für Kommunikations- und Technologieforschung mbH (coordinator, Bonn, Germany) as well as Dialogic (Utrecht, the Netherlands).

The study focuses on two subjects – innovation and internationalisation – which are deemed to be crucial for the European economy. It has two main parts: (1) Twelve case studies of small and medium-sized enterprises (SMEs) with insightful international innovation practice and (2) an analysis of strengths, weaknesses, opportunities and threats (SWOT) of European policy measures seeking to enhance such internationalisation. This publication presents one of the twelve cases selected.



empirica

dialogic

Ticketbis, based in Spain, internationalised fast and widespread by introducing an online secondary market for event tickets in Asia and Latin America – without having prior contacts there. A principal challenge for the company’s expansion is different legislation across countries.

Abstract



Ticketbis is an online fan-to-fan exchange for buying and selling tickets to music, sports, theatre and other events. It was founded in Spain in 2009 and to date has grown its network of offices and country-specific websites to 46 countries, employing around 350 staff. The company serves both individual clients as well as companies who seek tickets to sold-out events. Its biggest competitors are located in the US, where secondary markets for tickets are well-established. Ticketbis’ main objective has been fast growth through expanding to countries outside the EU, where it faces little or no competition. It internationalised its activities by adapting the innovative business model of an online customer-to-customer ticket market in Asia and Latin America, where it was hardly known. This gave the company the advantage of being the first such exchange there. Notably, Ticketbis had no prior contacts to its target markets. Its main barriers to internationalisation are, beside a need for recurrent rounds of private investment funding, legislative differences in secondary ticketing markets across Europe and other countries. A constantly changing digital landscape requires the company to innovate. A current challenge is to channel its services effectively to a growing number of mobile users. Ticketbis received some public funds from a regional programme and market research assistance from a national public agency. This helped the company expand internationally.

Fact sheet

Full name of company:	Ticketbis S.L., Bilbao, Spain (http://www.ticketbis.com)
Year of foundation:	2009
Number of employees (year):	350 (2015)
Industry sector:	Internet and media
Business activity:	Online fan-to-fan exchange for buying and selling tickets to music, sports, theatre and other events.
Activities focused in this case study:	Quick and widespread internationalisation of its activities by adopting a proven innovative business model.
Case gatekeeper:	Ander Michelena, CEO and co-founder, Ticketbis

Background

Business activity and competitive situation

Profile: Ticketbis is an online exchange used to buy and sell tickets to sporting and cultural events. Hence it operates as an intermediary in the secondary marketplace for tickets by matching buyers and sellers of tickets, facilitating these transactions. Sellers set the price at which they wish to sell tickets and Ticketbis charges a commission from both parties involved in the exchange. The company was founded in 2009 by former investment bankers and entrepreneurs Ander Michelena and Jon Uriarte and has its head office in Madrid, Spain. It currently operates in 46 countries, which includes specific websites for different countries as well as local offices.

Ticketbis serves two types of **clients**, individuals and companies. Companies may require multiple tickets to sold-out events as well as special services such as VIP boxes. The company’s main **objective** so far has been fast growth through internationalisation in markets outside the EU

where it faces little or no competition. It became the first such online exchange in Asia and Latin America. To date, it has around 350 employees who are well-versed in different languages and belong to diverse educational backgrounds.

Ticketbis' largest **competitors** are based in the US, where online secondary marketing for tickets is an established phenomenon. In fact, Ticketbis deliberately adopted a business model that was apparently working well in the US. Knowing where it would potentially face tough competition and where not was an important factor in Ticketbis' internationalisation strategy.

Innovation plays an important role in the online secondary market for tickets. Services offered in this market depend heavily on the internet and on devices used to access the internet. The internet has already disrupted the way traditional secondary markets for tickets behaved. A current challenge is reaching mobile users better. Customers would hardly download and install a mobile application for a ticket he or she buys perhaps once or twice in a year. The company aims to address this problem by developing a disruptive innovation to channel its service to mobile users. Innovation is also necessary when it comes to marketing. To engage more users, Ticketbis builds special websites for important sporting events.

How and why Ticketbis internationalised its business activities

Since its inception, Ticketbis has spread its business to 46 countries around the world. After the first year of its operations in Spain, Ticketbis inaugurated website for six countries in 2011: Italy, Portugal, UK, Brazil, Mexico, and Argentina. In 2012 and 2013 it expanded to further eight countries in South America as well as Germany and Russia. In 2014, Ticketbis began operations in Asia. Exhibit 1-1 shows where Ticketbis has offices (green) and websites (red).

Exhibit 10-Fehler! Kein Text mit angegebener Formatvorlage im Dokument.-1: Ticketbis' service coverage over the world



Source: Ticketbis

Internationalisation of innovation in Ticketbis

Practice

Ticketbis pursued a strategy of quick and widespread internationalisation. After initially operating for one and a half years in Spain, it opened offices in Latin America, followed by offices in Asia. It internationalised its services incrementally. In the first step, it aimed for presence in big regional markets, such as Argentina and Brazil in Latin America and Japan and South Korea in Asia. Initially, it vied for cost-efficient localisation by adapting only to different language requirements, currencies and hiring local couriers for delivering tickets to buyers. There was no strategy yet to localise the product itself and to adapt the business model in any significant way to local conditions. As CEO Ander Michelena explained, "At the moment Ticketbis prioritises only global changes." But its plans for the future innovation of its business activities include a greater level of

adaptation to foreign market needs. This could be considered as the second step in its internationalisation process.

Drivers and barriers

Ticketbis had two main **motivations** for selecting the markets it chose to expand to. First, it chose countries which did not have any pre-existing platform for online secondary markets. Second, it chose countries based on the simple premise of having the biggest regional markets, e.g. Japan, Korea, Brazil, and Argentina.

In many countries having no prior online secondary markets for tickets meant that Ticketbis' foremost challenge was to locate buyers and sellers and consequently convince them of the idea of selling tickets online. It was due to this that local presence became absolutely necessary for the company. It internationalised with **no prior contacts** in the target markets and expanded simply by meeting people on the ground, using informal networks to find buyers and sellers (sometimes directly at event venues), and opening offices and hiring employees locally.

The company faced two main barriers to internationalisation. First, in order to make formal partnerships with large event companies it required additional private capital investment. In France for example, formal legislation requires that such contracts be made in order to have the legal right to sell tickets in secondary markets. The second **barrier is legislation** itself. Even in the EU, legislation concerning secondary ticketing markets varies from country to country making it cumbersome to expand. Hence, one of the most significant barriers is that a European Single Market for secondary ticketing does not exist.

Implementing its **marketing strategy** more effectively in different international environments is an additional challenge that Ticketbis needs to address. One particular example is South Korea. Ticketbis' marketing strategy for establishing its presence over the internet relies on search engines. However, in South Korea the dominating search engine is not the same as the one Ticketbis usually applies, and it operates very differently. Hence, adapting better to international markets that differ significantly from one another is one of the main drivers of innovation for Ticketbis.

Support to internationalisation

Ticketbis received some help from public support measures. Initially it received funding from Basque country public policy programmes for SMEs. One of the support systems it deems very useful for its internationalisation was ICEX Conecta, which functions under the Spanish Office for Export and Investment¹. ICEX Conecta uses its offices abroad to help local Spanish companies internationalise by offering advice and analysis on market conditions and regulations, and provides access to trade fairs and business networks – services that Ticketbis made use of during its internationalisation process.

Impact and lessons learned of internationalising innovation on Ticketbis

Impact

Internationalisation is very important for Ticketbis. 50% of its sales are done in markets outside the EU. It has also helped positively in terms of reputation, especially when attracting investors. Michelena believes that it has been the right strategy to internationalise.

When asked if Ticketbis has faced any particular failures since its inception, Michelena mentions "Eventbis", an event-searching platform they started alongside Ticketbis. Eventbis was consequently shut down after two years of operations because of unsuccessful results and slow growth. Michelena resumes that "it was diverting resources from a more successful business model to an uncertain one".

¹ See <http://www.icex.es/conecta>.

Lessons learned

- **Early internationalisation can be a successful strategy**

Ticketbis presents an insightful case of internationalisation of innovation activities used by a start-up in the e-commerce industry. First, Ticketbis has proven that internationalisation in the early stages of a start-up can be a successful strategy.

- **Adopting an innovative business model can be a successful approach**

Ticketbis has successfully adopted and implemented an innovative business model in international markets. Ticketbis may serve as an example for other SMEs operating in similar service-oriented markets in the field of e-commerce and Consumer-To-Consumer (C2C) sales.

- **Regulations in other countries may be a barrier even in the EU**

Given the barriers to internationalisation Ticketbis has faced so far, there appears to be a need for a Single Market for secondary tickets in the EU. This may be one example of many specific service markets which have not yet been fully harmonised.

References

Research for this case study was conducted by Jza Abbas Rizvi and Stefan Lilischkis, empirica GmbH, Bonn, on behalf of the study about internationalisation of innovation in SMEs. Sources and references used include desk research plus the following:

Interviews

- Ander Michelena, CEO and founder, Ticketbis, (Skype, 17th November 2015).

Websites

Ticketbis, homepage: <http://www.ticketbis.com/>. Last accessed: 23/11/2015.

ICEX Conecta: <http://www.icex.es/conecta/>. Last accessed: 20/11/2015.

Oban Digital, Why Google can't dominate Search in South Korea: <http://www.obandigital.com/gb/blog/2015/01/30/why-google-cant-dominate-search-in-south-korea/>. Last accessed: 17/11/2015.

Movile, The Growth of the Online Ticket Market: <https://movile.com/wethinkmobile/en/growth-online-ticket-market/>. Last accessed: 17/11/2015.

Background literature

Europe Economics (2009): Analysis of the Secondary Sales Market for Tickets for Sporting, Cultural and other Events. Final Report. (Available at http://www.europe-economics.com/publications/secondary_sales_market.pdf. Last accessed: 17/11/2015.)