



THINKING BIG

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VINCE TALOTTA/TORONTO STAR

Eric Lange, of eTorontoTickets.com, with a handful of Toronto Maple Leaf tickets he hopes to sell from his website. Leaf tickets are his biggest seller.

Eric Lange's goal is to find last-minute buyers for unneeded tickets. But just don't call him a scalper

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Eric Lange wants you to know that he's no sidewalk scalper.

The Mississauga businessman says his burgeoning ticket exchange service at eTorontoTickets.com is a "safe way" for people and companies to get rid of their unneeded event tickets at no cost to them, while providing a marketplace for new buyers.

Many people purchase sporting-event and concert tickets months in advance only to discover they cannot attend because of a last-minute family obligation or business trip. Lange's job is to find those tickets a new home, but does not consider himself a ticket broker.

"Ticket brokers, for the most part, are honest, hard-working, taxpaying citizens, but (they) work on a business model that is totally different – that is to maximize the profits on each and every sale," said Lange. "Whereas eTorontoTickets.com has a flat \$30 charge per ticket and works on sheer volume."

It's the "Wal-Mart approach" of controlling costs and turning a profit by selling on volume, Lange said.

Here's how it works: Lange negotiates a price with a seller – which can be above or below the ticket's face value depending on demand – but charges nothing to that person to post the ticket on his site. An interested buyer then pays a \$30 per ticket "convenience fee" and GST on top of Lange's "cost price," which includes what he paid for the ticket plus any courier fees.

That convenience fee is the source of his profit and Maple Leafs tickets make up the bulk of his sales. The original seller may pocket some extra dough but will not make a fat profit, Lange said. "When the buyer pays the extra \$30, we're not going to make a fortune either. Where we are making our money is the volume."

The ticket exchange service was formally established in 2004 as an offshoot of Lange's trucking business. The idea, however, arose after a friend sold him four Leafs season tickets for \$10 above face value. He kept one for himself and resold the others to three friends.

The ticket business, formerly known as Lange Ticket Exchange, operates out of the same north Mississauga office as his transportation business. However, it has its own three-member staff and is on track to handle 13,500 tickets this year – up from about 10,000 tickets in 2006.

And while Lange calls that growth "mind-boggling," he concedes that some clients have expressed doubts about whether the business is legitimate. That's why he takes great pains to ensure transparency by providing detailed financial information on his website. He also flatly refuses to conduct any under-the-table transactions and makes sure that Ottawa gets its cut.

"We realize that to some people's eyes, this is a little fringy business," Lange said. "We still have a problem with some people saying, 'Eric, I don't know if that is legal what you are doing'. We're not going to do anything that is going to have me handcuffed."

There are two laws that prohibit ticket scalping. One is a City of Toronto bylaw that prohibits it on public property, including sidewalks. It carries a fine of \$500 but "persistent offenders" face penalties of up to \$5,000.

The other piece of legislation is Ontario's Ticket Speculation Act, which makes it illegal to sell a ticket above its face value and carries a maximum fine of \$5,000. Brendan Crawley, a spokesperson for the Ministry of the Attorney General, declined to comment on whether eTorontoTickets.com was exempt from that law.

"We've had people look at the law and say, 'Eric as long as you are charging a reasonable \$30 over your cost price, you won't have any problems,'" said Lange, adding his clients include police officers, a local television personality and at least one Ontario court judge.

"We do have an Ontario judge who buys tickets from us, sells tickets to us and he's no different than anybody else," Lange said. "I'll give you the perfect example. He bought tickets to go to The Wiggles at the SkyDome with his grandkids. He fully intended to go ... only to find out that his daughter was taking the kids to Florida. So what does he do with his Wiggles tickets? He sold his tickets to us."

Current laws are out of step with today's reality, Lange said, suggesting a better approach would be for the city to license sidewalk scalpers. "I don't know why they don't give them licences to operate like a hot dog vendor."

But unlike sidewalk scalpers, Lange provides a 100-per-cent money-back guarantee that his tickets are not stolen or fake. New sellers are required to provide a photocopy of their driver's licence and Lange visits them in person the first time to pick up the tickets.

That face-to-face screening tends to scare off crooks, Lange said, noting the business has had just one incident. A few years back, a Mississauga man stole three World Cup of Hockey tickets from his neighbour's house and resold them to Lange. The platinum tickets were for the Canada versus Russia game and were resold to a local brokerage house for about \$800.

When it was discovered the tickets were stolen, the original seller was charged with possession of stolen property. The brokerage house got a full refund plus about \$600 worth of sports memorabilia and continues to use Lange's service.

"Of the thousands and thousands of tickets that we've handled, that was the only time it has happened," he said.

Lange donates his unsold tickets to Big Brothers Big Sisters and Mississauga Community Living. Last year, he donated about \$36,000 worth of tickets to those two organizations, rather than let them go to waste.

"I'm no different than a Ticketmaster," said Lange. "I am finding a home for a pair of tickets that somebody can't use."

Q&A with Eric Lange

Q. What were your total sales and profits in the last complete year?

A. Total sales for 2006 were \$1.8 million and profits were about \$180,000 after expenses. Our 2007 targets are for sales of \$2.4 million and profits of \$240,000. The business's financial year ends Nov. 30.

Q. How much seed capital did you have when you launched your business and where did you obtain it?

A. To get started, we used about \$150,000 from the cash flow of our main business, Lange Transportation and Storage, to buy Toronto Maple Leaf season tickets. As we grow the ticket exchange business, we take the cash flow it generates to continue to build our inventory. Our policy is to take all profits it generates to build more inventories, the ticket exchange business does not have any debt.

Q. What's been your biggest success so far?

A. Listening to my youngest daughter on a number of occasions. When a client asked me for tickets to Disney's High School Musical, I had no idea what he was talking about, but my 11-year-old quickly set me straight.

After doing some more research I was convinced we had a winner event coming to Toronto and we managed to secure large number of tickets for High School Musical on Tour.

Q. Biggest failure?

A. Thinking that just because I like a certain artist or sport so will every one else. Our "biggest blunder" was purchasing 120 tickets for a George Strait concert last year, "thinking this was a slam drunk as he sells out two or three concerts every year in Calgary and Edmonton and hasn't appear in the GTA in years. On the day of the event, we tried to donate the unsold tickets to two charities but could not even get those organizations to take the tickets for free.

I went to the concert and just smiled and pretended George Strait was doing a private concert for me. With \$110 per ticket, and we sold only 4 tickets, that was a \$12,700 private concert in my mind.

Q. What are the biggest challenges facing your business?

A. Getting people to realize that by offering a ticket exchange service like this, we can help them sell their unwanted, unneeded tickets for upcoming events. We can get their money back for them, and by charging a reasonable \$30 per ticket to the buyer, we can help buyers find tickets for events without having to place a second mortgage on their home.