

HIGH SCHOOL FED CHALLENGE 2026

THE ECONOMICS OF MUSIC

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SOLD OUT AND PRICED OUT:

**WELCOME TO THE TICKET-BUYING HUNGER GAMES
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Howard (Host): Hey, welcome to EconBeats—the podcast where we get into how music and money mix, and what that means for us music lovers. I’m Howard Stein, and today we’re talking about something that’s probably made you groan lately: concert ticket prices.

If you’ve tried to buy tickets for your favorite artist recently, you know the pain. Sometimes it feels like you’d have to sell a kidney just for last row seats, but why are ticket prices getting so high? Is it just that everyone wants to go, or is there something messed up about how tickets are sold? And who’s actually cashing in on this?

To help with this, I’ve invited six high school students here who’ve been digging into the concert ticket business: Pau, Louis, Sarim, Bryan, Isaac, and Lucas.

Let’s start with Lucas. He’s got the numbers on how concert ticket prices in the U.S. have changed over the past 20 years.

Lucas: Thanks, Howard. Concerts are awesome, but tickets have gotten a lot pricier. If you look at the top 100 tours, the average ticket was about \$52 in 1996. By 2024, it was \$136.92 (Pollstar, 2025). That’s a 136 percent increase in less than thirty years. And people are still going—Live Nation made \$25.2 billion in revenue in 2025 (Live Nation Entertainment, 2026).

Howard: Whoa, that’s a huge leap. I knew tickets were getting expensive, but seeing the numbers laid out like that is kind of shocking. How does that compare to how much prices have gone up for other stuff?

Lucas: When you adjust for inflation, ticket prices rose about 260%, which is more than double the increase for the average cost of goods over the same period (U.S. Bureau of Labor Statistics, 2026a). So, concert tickets are getting more expensive way faster than most products.

Howard: So, my old Metallica T-shirts might actually be worth more than my savings account, huh? Is this just a thing in the U.S., or is it happening everywhere?

Lucas: It’s everywhere. In Belgium, ticket prices went up over 50% between 1998 and 2005, and in Indonesia, they went up 82% even though inflation was only 17% (Decrop & Derbaix, 2014; Satrya, 2024). Fans all over the world are feeling the squeeze.

Howard: Wow. So why are prices climbing so fast? Can you explain how the ticket system works?

Lucas: Sure. Before tickets go on sale, artists plan their tours and negotiate deals with promoters such as Live Nation (Pastukhov, 2019). Promoters handle venues, marketing, and so on, and they get a cut of the profits. For fans, there are not many options—Ticketmaster controls about 70% of the main ticket market (Arun, 2024). After Ticketmaster merged with Live Nation, the Herfindahl-Hirschman Index (HHI), which measures how concentrated a market is, jumped to 6,000. The government says anything over 2,500 is “highly concentrated.” Ticketmaster’s closest competitor, AXS, only controls around 9% of the market (American Economic Liberties Project, 2023).

Howard: Wait, so it’s way more concentrated than what regulators consider competitive? That’s wild. That’s got to affect prices, right?

Pau: Yep. Monopolies tend to push prices higher. But another important factor is production costs: a theory called Baumol's Cost Disease (Baumol & Bowen, 1965) partially helps us understand what is happening here. For many goods, like computers or cars, technology makes production cheaper over time, so prices rise slowly. However, live performances can't be automated. A band still needs the same number of musicians and crew, and their wages rise over time just like everyone else’s, driving up ticket prices.

Howard: So unlike many goods, concert tickets, which are a service, naturally become relatively more expensive over time. Unfortunately, there's still no amount of tech that can replace Taylor Swift.

Lucas, once tickets are released, what happens next?

Lucas: That's where the resellers like StubHub, TicketMaster Resale, or SeatGeek come in (Ellison, in press). For regular artists, around 10% of all tickets are resold, but for bigger and even superstar artists, that number can be as high as 30% (Connolly & Krueger, 2018). These resellers often use bots to buy thousands of tickets in seconds, leaving the fans with either the option of paying absurd prices or simply not going (Beam, 2023).

Howard: Wow, that's crazy. Has the government done anything to fix this issue? Because right now, it sounds like fans are not able to buy tickets without paying a crazy markup.

Isaac: Yeah. The BOTS Act of 2016 made it illegal to use automated software to buy tickets (Better Online Ticket Sales Act, 2016). But honestly, enforcement has been weak—there’s only been one case brought to the Federal Trade Commission (FTC), even though there have been lots of complaints.

Howard: Is there any way to keep people from jacking up resale prices?

Lucas: Some artists have done that. In 2025, Olivia Dean got Ticketmaster to use its Face Value Exchange program, which caps resale prices at the original price (Archie, 2026). AXS does something similar, limiting resales to just 10% above the original price, and they do it automatically (AXS, n.d.). But these programs aren't everywhere.

Isaac: Additionally, the TICKET Act (2025) makes ticket sellers show itemized bills, and the White House issued Executive Order No. 14254 (2025) directing the FTC, Treasury, and Attorney General to crack down on scalpers. Progress has been slow to say the least.

Howard: But why does the resale market exist at all? Isn't it just making tickets more expensive for fans without benefiting bands?

Lucas: It's partly because venues underprice tickets to make sure that there is full attendance (Dedhia, 2025). Venues don't know how much demand there will be, so they underprice tickets. Scalpers then buy tickets and resell them at higher prices. In theory, fans could benefit if scalpers overestimate demand, but that doesn't happen often (Halberg, 2010). Most tickets end up in the hands of resellers who flip them for thousands, without any money going to artists.

Howard: Louis, you studied how the structure of the market affects pricing. Can you tell us what you've found?

Louis: Sure. Most ticket platforms operate as "posted-offer" markets. In these types of markets, sellers post a price, and buyers either accept it or don't. There's no bargaining. On top of that, resellers adjust prices based on demand and how fast tickets sell, which drives up prices. This is known as dynamic pricing, which fans really hate.

Howard: Right, dynamic pricing. That magical moment when you refresh the page and the ticket suddenly costs \$200 more than it did five seconds ago.

To see how these "take-it-or-leave-it" transactions actually affect behavior, you and Pau conducted an experiment to study the mechanics of this market, right?

Louis: Yep. We had about 40 students at Queens College, CUNY, take part. Some were buyers, some were sellers—more buyers than sellers, like a real ticket market. Sellers knew what the ticket cost them, buyers knew how much they wanted one, and over eight rounds, sellers set prices, and buyers decided how many to buy.

Howard: So, just like a real ticket market?

Louis: Exactly. Buyers couldn't negotiate—just accept the price, or don't buy.

Pau: What's interesting is our results weren't what you'd expect from most economic experiments. Usually, average prices end up above where supply meets demand (Smith, 1962; Davis & Holt, 1993). But in our experiment, prices ended up lower than that point.

Howard: Why?

Pau: It comes down to something called Induced Value Theory (Smith, 1976). It's a way to make sure people in an experiment act like they would in real life. We accidentally broke three rules:

Monotonicity—basically, more reward should always be better. Extra credit was used as the reward, but if students already had good grades, they didn't care as much. Saliency—your actions should directly affect what you get. But in our experiment, everyone got the same extra credit just for showing up. Dominance—the reward should be the goal. But with people on their phones, many weren't really focused on “winning.”

We would've used money as a reward, but, well, we are broke high school students, so we couldn't afford to.

Howard: That makes total sense to me. You have to work with the resources you have. So, if the prize at the end doesn't change based on how hard you try, the whole experiment just falls apart.

Pau: Exactly. And we ran a survey afterward to check if we were right about this intuition. We found that up to 75% of students said they would have tried harder if money had been at stake instead of extra credit, confirming monotonicity was violated. About 70% said that they would have taken different actions had the reward been proportional to performance, confirming that saliency was violated. Finally, 25% said their decisions weren't mainly motivated by maximizing performance, confirming dominance was violated (Chou-Esteban & Gui, 2026).

Howard: That's really thorough! So, you not only ran the experiment, but you also understood why it didn't work and used a survey to confirm it. Nice.

Pau: Yup. We also surveyed students at the school about themselves and their concert experiences. Out of 114 respondents, around half hadn't attended a concert in 2025, and about a third hadn't been to one ever. Additionally, 80% of them said that they didn't

attend due to the price, and 70% said they would attend if prices were lower. Most felt the ticket market was unfair (Chou-Esteban & Gui, 2026).

Howard: I'm guessing that last one was a no-brainer for most of them.

So, using both the experiment and the survey, you guys were able to see how people would act in these markets and how they feel about it. And as you guys all mentioned before, price continues to be a major problem for many.

But wait, y'all gave us all of this data proving that prices are too high, but most of the time we hear about completely sold-out stadiums and record-breaking tours, which makes it seem like there is no problem. Looking through the economics lens, we often find a more complicated story, and this certainly is the case here, especially when the stadium is full, but thousands of fans outside are staring at resale prices in shock.

So, to help us understand the broader consequences, I want to bring in Bryan and Sarim.

Bryan, let's start with the fans.

Bryan: The group that is most affected is younger fans, in particular teenagers and people in their early 20s. In the mid-1990s, the average concertgoer was in their early 20s, mostly because tickets were affordable (Pollstar, 2025; Sandow, 2006). Today, the average age has climbed to 35 (Gitnux, 2026).

And the problem isn't just that they can't attend. They often attend and go into debt. A \$235 stadium ticket takes up to 37% of the weekly income for some Gen Z fans (U.S. Bureau of Labor Statistics, 2026b; Pollstar, 2025). To make matters worse, many resort to "Buy Now, Pay Later" services or credit cards, spending over \$2,100 annually on shows despite lower wages (Lending Tree, 2025).

But beyond the financial stress mentioned before, there's a bigger issue: the loss of the shared social experience of concerts.

Howard: So, it's not just about the money, but also about how the nature of the live music experience is changing.

Going to a concert used to be just a quick and easy way to have fun with friends. Now, however, they seem more like a big financial decision that you have to take.

Bryan: You are totally right. The energy of the crowd, the sing-alongs, the excitement, and the mosh pits are all moments that are less likely to happen when only a fraction of the fans can attend.

Howard: So, Sarim. You looked at things from the artist's point of view. Are musicians benefiting from the increase in prices?

Sarim: Well, on the surface, it might look that way, especially with the cases of superstars, but in reality, this is much more complicated.

Somewhere between 75–80% of an artist's income comes from live concerts (Exploding Topics, 2025), making tours essential for their success, and as we know, superstars can do massive global tours, but smaller bands cannot. We saw this with artists like Taylor Swift, who had 149 shows on the Eras Tour (Pollstar, 2024). But for mid-tier and independent artists, the rising cost of touring—from 30% to 50% of expenses—has made it difficult to tour beyond local regions. As a result, 89% of independent artists cannot afford national or international tours (Chartmetric, 2026).

And this creates social and cultural issues as well. Just as some fans are excluded due to high prices, smaller artists are prevented from reaching a global live audience with their shows. The live music ecosystem is increasingly dominated by a few superstars, limiting diversity and discovery. If things continue this way and small bands cannot grow, there will be no new superstars.

Howard: That's food for thought. It sounds like the very soul of the industry is being emptied if only current superstars can survive on the road. You're basically describing a scenario where the excitement of discovering new music together is becoming a thing of the past.

Sarim: Yeah, that's why all this talk about ticket market structure, resale policies, and how unaffordable concerts have become isn't just about economics; they're also about maintaining music as something that everybody can enjoy.

Howard: So, both fans and small artists are being hurt by rising ticket prices and the structure of the market of today. Pau, based on what you have all found in your research, what solutions are there to fix these problems?

Pau: There are a few promising directions that we can go in. One solution we could try is changing the market structure. So, instead of a posted-offer market, we could use a double-auction market system, where buyers can negotiate with sellers. This will

encourage competition on both sides and help move prices closer to the market equilibrium, ensuring tickets are more fairly priced and that everybody is happy (Smith, 1962).

Another solution would be creating a fan-club lottery system similar to the one used in Japan (Zuo, 2019). Instead of releasing tickets all at once on a first-come, first-served basis, artists could distribute tickets to fans through lotteries at uniform prices. This way, every fan will have an equal chance regardless of income, so scalpers lose their advantage of bulk-buying desirable seats to resell at absurd prices. This will reduce secondary market inflation and strengthen fan loyalty.

Another big step we could take is removing all of the bots from the buying process. This is because when tickets are bought by the fans instead of through resellers, the endowment effect comes into play (Knetsch, 1989). The endowment effect states that people tend to value what they own more and will thus be less likely to immediately resell tickets for profit, which reduces artificial inflation of prices.

Together, these solutions will not just lower ticket costs, but also make music a fun experience for everyone again. Fans will be able to attend concerts without going into debt, smaller artists will have a chance to tour more and grow, and live music will remain a place for different people to come together and enjoy something they all love.

Howard: Thanks, Pau. And thanks to everyone here. I learned a ton about why concert tickets are so expensive, how it hurts fans and artists, and what we might do to make live music more open to everyone.

Next time you're buying tickets—or trying to outsmart the bots—I hope you'll remember how much is going on behind the scenes.

Catch the beat next week!

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