

27-Feb-2020

# Eventbrite, Inc. (EB)

Q4 2019 Earnings Call

## CORPORATE PARTICIPANTS

**Ronald Clark**

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

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## OTHER PARTICIPANTS

**Shweta Khajuria**

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**Ryan Sundby**

*Analyst, William Blair & Co. LLC*

**Heath P. Terry**

*Analyst, Goldman Sachs & Co. LLC*

**Nathan Mitchell**

*Analyst, SunTrust Robinson Humphrey, Inc.*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon. My name is Kristina, and I will be your conference operator today. At this time, I would like to welcome everyone to the Eventbrite Fourth Quarter and Full Year 2019 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you. I'd now like to turn the call over to Ron Clark, Head of Investor Relations. Please go ahead.

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**Ronald Clark**

*Vice President-Investor Relations & Capital Markets, Eventbrite, Inc.*

Good afternoon and welcome to Eventbrite's fourth quarter and full year 2019 earnings call. Prior to this call, we released our Shareholder Letter announcing our financial results. It can be found on our website at [investor.eventbrite.com](http://investor.eventbrite.com). Before we begin, I would like to remind you that during today's call, we will be making forward-looking statements regarding future events and financial performance, including providing our net revenue and non-GAAP adjusted EBITDA outlook for the first quarter and full year 2020. We caution that such statements reflect our best judgment as of today, February 27, based on factors that are currently known to us, and that actual future events or results could differ materially due to several factors, many of which are beyond our control.

For a more detailed discussion of the risks and uncertainties affecting our future results, we refer you to the section titled Forward-Looking Statements in our Shareholder Letter and our filings with the SEC. We undertake no obligation to update any forward-looking statements made during the call to reflect events or circumstances after today, or to reflect new information or the occurrence of unanticipated events, except as required by law.

During this call, we will present adjusted EBITDA and free cash flow, both of which are non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and have limitations as analytical tools. You should not consider them in isolation or as

substitutes for analysis of our results of operations as reported under GAAP. Reconciliations to the most directly comparable GAAP financial measures are available in our Shareholder Letter. We encourage you to read our Shareholder Letter as it contains important information about GAAP and non-GAAP results.

And with that, I'll now turn the call over to Julia Hartz, Co-Founder and Chief Executive Officer.

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## Julia D. Hartz

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

Thank you. I'd like to welcome Ron to the team, and welcome everyone on the call to our fourth quarter and year-end 2019 earnings report. Since inception, Eventbrite has been at the epicenter of the experience economy, transforming the way people organize and attend events. We founded the company with a vision to build a self-service platform that would make it possible for anyone to create and sell tickets to live experiences.

Today, Eventbrite is the most powerful and dynamic platform for bringing people together. I'm proud of the progress we made in 2019 to better serve our global event creators. In the past year, we served a community of nearly 1 million creators, who organized approximately 4.7 million live events across 180 countries. Going into 2020 and beyond, we are well-positioned to serve an expanding universe of creators and enable even more live experiences.

And looking at our financial highlights, total company revenue for the year grew 12% over the prior year, reaching \$327 million. We are pleased with the continued strong performance of our Self Sign-On channel, which generates half of our ticket fees and continues to be our fastest-growing channel. Our sales channel achieved mid-single-digit year-over-year paid ticket growth, with accelerating growth in ticket fees in the second half of the year. We also targeted operating expenses and realigned our resources to improve profitability and generate sustainable free cash flow.

As we enter 2020, we prioritized four key themes that will serve as pillars of growth for the year ahead: better serving frequent event creators through our product and service, increasing and strengthening our global music presence, steadily building our consumer demand tools, and investing in platform infrastructure for long-term growth.

Let's begin with our first growth pillar, serving our frequent creators. In 2019, more than two-thirds of the paid tickets sold on our platform were associated with events organized by professionals who host frequent, paid events. These [ph] sophisticated (00:04:50) creators rely on Eventbrite to make their operations more efficient. Our 2020 product roadmap focuses on solving their biggest problems and will make our platform and service more effective for them. Given the attractive lifetime value of our frequent creators, we view their acquisition and retention as one of the most important financial levers we can pull to drive revenue growth.

A great example of our frequent creator on the platform today is Sierra Nevada Brewing Company. As one of America's premier craft breweries known for its creativity and independent spirit, they are using our platform to engage with their consumers in meaningful ways through compelling experiential marketing events. They particularly value our robust App Marketplace which has given them the ability to easily promote their events through owned channels and meet their consumers where they are through the seamless integrations we provide.

Our second growth pillar is solidifying our music presence. In 2019, we completed the Ticketfly customer migration, and we retained 70% of the original Ticketfly book of business through that process. Our music business goes beyond North American ticket sales. We are excited about the opportunity we see in the global live music market, which is also the fastest-growing category in our Self Sign-On channel. Given the importance of the

music category globally, we will continue to build the best platform to address the complex needs of independent live music venues and promoters. Many creators rely on our platform to market and promote their events.

Our third growth pillar is focused on growing demand for the events on our platform. In 2019, we grew the number of paid tickets driven by the Eventbrite platform by 47%. Our existing marketing tools enable creators to communicate efficiently with attendees and market their events broadly through distribution partnership. Our web and native mobile destinations are becoming increasingly impactful marketing channels in their own right. In 2020, we plan to steadily develop our demand-driving capacity by improving the consumer event search and discovery experience, expanding our network of distribution partners, and giving creators tools to reach consumers more effectively.

Our fourth growth pillar is about strategic investment in our platform infrastructure. We are committed to providing creators with the easy-to-use and reliable technology they need to plan and execute their live events. In 2020, we are making significant investments in the Eventbrite platform to accelerate product development, boost reliability, and more easily integrate with value-adding partners. We believe these steps will bolster Eventbrite's market position, growth, and profitability.

Now turning to more recent events, we've been monitoring the impact of the coronavirus since it made news headlines earlier this year. As the conditions evolve, our top priority remains ensuring the health and safety of our community. Gathering at events is a societal staple across the world, and we believe that any impact on industry growth will rebound as conditions improve. We appreciate the commitment of the people and organizations that have come together to address this global health emergency, and our thoughts are with all those impacted.

In summary, we are energized by the progress we made in 2019, and we appreciate the hard work and dedication of the over 1,000 Britelings around the globe, who have the passion and drive that make Eventbrite the great company it is today. We thank our shareholders for their support and confidence as we head into a very exciting year and future.

Now I'm going to hand it over to Lanny to talk more about our results.

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## Charles C. Baker

*Chief Financial Officer, Eventbrite, Inc.*

Thanks, Julia. The Shareholder Letter published today provides the details of our fourth quarter results, which were highlighted by greater than expected net revenue of \$83 million, another quarter of healthy growth in Self Sign-On, and the completion of music customer migration. Fourth quarter revenue grew 9% year-to-year, and we saw upside relative to our expectations, particularly within the domestic music business, where customer retention was stronger than expected as we finalized the music migration.

Ticketfly customers that had remained with us since the start of 2018 have grown their business on Eventbrite, and revenue from that group of customers as a whole grew by 14% in 2019 versus 2018. Music is one of the largest categories within our global Self Sign-On business, and in 2019, music was the fastest-growing category within that channel. Music is also a rapidly growing category within our sales-driven channel overseas, and our entire music business is roughly 1.5x larger than what we presented in the North America numbers we regularly disclose. With the Ticketfly migration complete, we are now thinking about our music business on a global multi-channel basis.

Returning to our fourth quarter results, gross profit grew 9% year-to-year to \$49 million, or 59% of revenue, the same gross margin as in Q4 2018. Operating expenses for the fourth quarter were \$69 million, a 27% increase

year-over-year on a reported basis. However, there are a number of unusual expense items within that comparison, and excluding those items, operating expenses were up 11% year-to-year in the fourth quarter.

Specifically, we incurred \$1.8 million realignment costs in Q4 2019, offset partially by a \$1 million sales tax reversal. In the year-ago fourth quarter, we benefited from a combined \$7 million in sales tax reversals and insurance proceeds that reduced operating expenses. Excluding these items, G&A expenses were down about 7% year-to-year in the fourth quarter, reflecting our commitment to improving operating efficiency and aligning resources toward revenue-producing functions.

Now turning to the year ahead, the business outlook provided today anticipates first quarter revenue of \$84 million to \$88 million, and full-year revenue of \$342 million to \$359 million. The business outlook contemplates a 3% to 8% revenue growth rate for the first quarter of the year, and 5% to 10% for the full year of 2020.

We expect revenue growth to be stronger in the second half of the year than in the first half of the year for a number of reasons. First, our 2019 results reflects greater impact from Ticketfly churn later in the year, making first half revenue comparisons in 2020 slightly more challenging than second half revenue comparisons. Second, we anticipate that our resource realignment program and increased investments in product and sales will contribute to revenue growth to a larger degree later in 2020 than they will in the earlier months. Accordingly, we expect to exit 2020 with faster revenue growth and double-digit year-to-year momentum going into the following year.

The business outlook anticipates material investments in 2020 into Eventbrite's platform, product development, and sales organization. We intend to take advantage of our lower-cost locations to add talent and resources in a cost-efficient manner. The adjusted EBITDA outlook for the first quarter is in a range of negative \$3 million to positive \$1 million, and the full-year business outlook contemplates adjusted EBITDA of negative \$4 million to breakeven.

One important note regarding our accounting, in the fourth quarter of 2019, we became a large accelerated filer subject to the new lease accounting guidance effective January 2019. The adoption of that standard requires the reclassification of our San Francisco lease payments from interest and depreciation to operating expense. This change results in a reduction of our previously reported adjusted EBITDA of \$900,000 for each of the first, second, and third quarters of 2019, and has a full year 2019 impact on adjusted EBITDA of \$3.7 million. That \$3.7 million increase in operating expenses and the impact to adjusted EBITDA is also reflected in our 2020 outlook. Net income and free cash flow are not impacted by this change.

With respect to the potential impact of the coronavirus, it is of course very difficult to quantify the potential financial impact given the uncertainty around the scale and scope of the virus. However, we could provide two data points that will provide some context. The first is that approximately 10% of the events on our platform draw more than half of their attendance from over 100 miles away, where travel restrictions would impact attendance. Second, roughly 10% of paid tickets come from events with more than 5,000 attendees, where large-scale cancellations might occur due to the risk of gathering that many people. We have seen recent announcements of event cancellations that appear to be associated with the virus, and we expect that the outbreak will impact live events and attendance in the near term. These data points and expectations have been considered in our business outlook.

Stepping back from the fourth quarter and the outlook figures just described, I want to remind investors of our longer-term objectives. Eventbrite is a well-capitalized leader in what we believe is a multibillion-dollar market for

ticketing and enabling live events around the world. We believe that our creator-first approach and differentiated technology platform position Eventbrite to drive sustainable double-digit growth in the long term.

Our Self Sign-On business, which continues to grow around 20% year-over-year, provides clear evidence that our growth opportunity is sizable, and that the products and services we deliver have strong appeal to live event creators broadly. From a profitability perspective, Eventbrite has strong gross margins around the 60% level, and the incremental costs associated with paid ticket volume growth are modest, providing operating leverage as we continue to scale. We have confidence that the investments we are making in 2020 will provide a stronger foundation for long-term growth and profitability by enhancing the performance and the appeal of our platform, enabling greater success for the creators on our platform and increasing retention and lifetime values associated with those creators.

We're excited about the opportunity ahead, and we're now ready to take your questions.

## QUESTION AND ANSWER SECTION

**Operator:** [Operator Instructions] Your first question comes from Mark Mahaney from RBC. Your line is open.

**Shweta Khajuria**

*Analyst, RBC Capital Markets LLC*

Q

Great. Thank you. Two questions, please. This is Shweta for Mark. First, Lanny, could you please provide a little bit more context for the full-year guidance? It's 5% to 10%, and excluding the Ticketfly churn, it was – it is 7% to 13%, still a little bit below where we and the Street were. What are some of the key drivers there? What's driving growth and some of the inputs there, puts and takes? And then second is, can you please remind us of among your frequent creators what is the retention rate, how that has trended, and what's the average life? Thank you.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure, Shweta. Thanks for your questions. As we look at the outlook for this year, we are making some material investments in our product, and we are increasing our sales hiring. Productivity on those additional reps will gain traction throughout the year, and we'd expect contribute to an improvement in the sales revenue growth throughout the year. We expect this year that SSO will continue to lead the overall growth rate. And as I said just a moment ago, the sales side of the business growth rate should improve throughout the course of the year. As we mentioned a moment ago, we've considered the potential impact of coronavirus, although that exposure is very difficult to quantify at this time. And that has also been included into our outlook.

Your second question was about retention, the average life and value of super creators. As we said a moment ago, in Julia's remarks, the super creators represented roughly 60% of the paid tickets sold on our platform. They are a much smaller group of creators. They are professional businesses, and their lifetime values are quite high relative to those who are not creating frequent repeating events.

**Shweta Khajuria**

*Analyst, RBC Capital Markets LLC*

Q

Thanks, Lanny.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Thank you.

**Operator:** Your next question comes from Heath Terry from Goldman Sachs. Your line is open.

**Heath P. Terry**

*Analyst, Goldman Sachs & Co. LLC*

Q

Great. Thanks. Looking at the deceleration in SSO, just curious what's behind that and if there's sort of a strategy around Self Sign-On as you think about it for the year ahead. And as we look at the music category specifically, as you think about the sales channel there, what are your expectations for that pipeline and the level of investment that you see necessary in signing up venues for this year that's implied in your guidance?

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Yeah. So thinking about – I'll start talking about Self Sign-On, and I'll let Julia follow up, and then we'll come back on the sales side of the house. For the full year, paid tickets in the Self Sign-On channel grew 21%. Outside the United States, the growth rate was several points higher than that, really led by countries like the UK, Australia, Brazil, have been very strong on Self Sign-On side, and we will continue to invest in the product in those marketplaces.

Domestically, growth across the whole channel for the fourth quarter, Self Sign-On ticket volume was in the high teens, so we have seen a little bit of a deceleration, largely reflecting a bigger base from the prior year, and we expect with the product investments that we have coming forward, which target our most productive creators, both the acquisition, the retention, and their success in hosting successful well-attended events on Eventbrite, we feel very good about the growth outlook for Self Sign-On going forward.

**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

I would just add that much of our 2020 product roadmap is focused on building for those frequent creators that cut across channel. They cut across categories and geos. And so when you look at the increased product development resources, you can imagine that it's going towards things that are really making a difference for Self Sign-On creators, like how easy it is to use the Eventbrite platform, how quickly can they get up and running, how efficient are they in using the platform, are we creating tools that are saving them time and giving them a better boost in selling more tickets. So we talked about the follow feature for instance in our consumer engagement work, and that stickiness between consumer and creator gives all Self Sign-On creators a boost.

And then finally, when you think about our infrastructure investment, it's really focused on both making our own product development faster, but also opening up new capability for these frequent creators who have slightly more sophisticated needs when it comes to how they organize their teams around the Eventbrite platform and the reporting and analytics they need to make better decisions. And so the target for 2020, if you were to, like, draw a bull's eye around our roadmap, is really about boosting the frequent creators, which we think will have a great impact on growing our Self Sign-On business.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A



Turning to the music side of the business, Heath, I think it's really important to point out that as we just did, that our music business is quite a bit larger than just the North America and just the Ticketfly business. We're seeing 20% to 30% growth in the music category within Self Sign-On and in our sales channels overseas.

Domestically, as we talked about, the accounts that we've retained over the last 24 months are seeing double-digit growth, and the big impact that we've been experiencing over prior quarters has been the churn and the retention as we migrate customers from the Ticketfly platform onto the Eventbrite platform. That's now behind us. So as we look ahead at the pipeline, the pipeline is to continue to serve music creators through the Self Sign-On channel, continue to serve and find new creators and bring them on to our platform internationally, and to improve the product with investments that we're talking about for the domestic customers, so that we retain and begin to attract a growing share of the US independent mid-market music category.

So, this is a category we're committed to. It's one of our biggest categories, one of our strongest categories around the world. And we're really at kind of an inflection point and turning point vis-à-vis the integration of Ticketfly.

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**Heath P. Terry**

*Analyst, Goldman Sachs & Co. LLC*

Great. Thank you both.

Q

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**Operator:** Your next question comes from Ryan Sundby from William Blair. Your line is open.

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**Ryan Sundby**

*Analyst, William Blair & Co. LLC*

Yeah. Hi, Julia. Hi, Lanny. Thanks for taking my questions. I appreciate and totally understand there's a lot of moving parts here with coronavirus. Just hoping you can maybe help us understand some of the assumptions that you're using there in the forward-looking guidance. I know you called out the two data points, the 10% that are over 100 miles away and the 10% of 5,000 or more attendees. Are those the buckets you're haircutting so far? Just want a little more color there. And then – or maybe could you help us understand what guidance would have been without [ph] coronavirus (00:23:53) baked in there? Just a little color would be great. Thanks.

Q

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

Sure, Ryan. It's extremely difficult to quantify. I'd say that sort of at the top level, we have real passion and empathy for live event creators all over the world, and the safety of attendees is on our mind as we talk about this subject. So far, as we look at our business, we've seen very modest effects of the outbreak on the platform, with a limited number of event cancellations and attendee refunds at this stage.

A

I think it's important to recognize, we have a very highly diversified business by geography, by event category, by type, by size, and the majority of our events are smaller local gatherings that are not as likely to be exposed at least to travel restrictions. All that being said, we do anticipate some impact on our business in the near term. It would likely come in the form of a reduced number of live events being hosted on our platform, as well as potentially lower event attendance. Beyond that, it's pretty hard to quantify specifically, and we will watch and monitor the situation and keep people updated as we move forward.

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**Ryan Sundby**

*Analyst, William Blair & Co. LLC*

Q



Yeah. No, I understand. And then just a couple follow-ups on Ticketfly, and I really appreciate the additional color you gave there in the Shareholder Letter. I guess in terms of the 30% of the Ticketfly customers that didn't migrate over, can you talk about, well, I guess, one, if there are certain characteristics that stood out or geographies that stood out as a reason why they didn't come over; and then two, just kind of stepping back to pre-transaction, is that 30% churn about what you expected heading in, or were there some kind of surprises as you went through the deal?

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**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

Thanks, Ryan. I think that when we look at the 30% that we fully intend to win back and where they've gone, it's incredibly fragmented. It can match to the fragmentation of our entire business and the competitive set that we see across every category and geography. Now, we are talking just of North America, so it's a more targeted geography in terms of this particular subset of music clients on our platform. But when we look at the future and how we intend to continue to grow and ultimately win the independent music ticketing market, we're focused on product and delivering the best platform that we can to those music customers, as well as enveloping them in the high service expectations that they have for Eventbrite and that we deliver to all of our creators.

And so, I would say that we have strong expectations going forward. I won't comment on pre-transaction expectations, but I will say that we intend to win in this category and in this geo, as well as continue expanding our growth in the music category internationally in both sales and Self Sign-On.

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**Ryan Sundby**

*Analyst, William Blair & Co. LLC*

Q

Okay, great. Thanks for taking my questions.

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**Operator:** [Operator Instructions] Your next question comes from Doug Anmuth from JPMorgan. Your line is open.

Q

Hi, this is [ph] Davy (00:27:24) on for Doug. Thanks for taking our questions. I have two. First, could you elaborate on your plan to expand your go-to-market sales and marketing strategy, and then if you can talk about your long-term vision for the mix between Self Sign-On and the sales channel? And secondly, could you talk about how you are balancing growth and profit going forward, and then if you could give us your latest thoughts on the long-term margin goal and the path to get there?

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure. Thanks. In thinking about our go-to-market strategy, we talked last quarter about a move that we made to centralize our selling teams that are in Europe into one location where we think we're going to be able to gain some real operating efficiencies and also managerial and selling and support efficiencies. That is taking place throughout the first quarter. It should be in place very, very early in the second quarter. And so one of the probably most notable evolutions in our go-to-market is that centralization to a more efficient operating center in Europe.

At the same time, we're going to continue to expand the number of sales reps that we have selling the Eventbrite product, both in the music category and in all other categories, both domestically and overseas. We're going to be able to – because of the efficiencies we gain from that centralization in Europe, we're going to be able to expand our selling resources without increasing the operating expense base of the company in the near term. And so what we anticipate as we add those reps and get the engine working for us in that central location is over the course of the year, an improvement in both the selling capacity, as well as the productivity of the reps, and that's part of the reason that we're talking about an improvement in the year-to-year revenue growth rate as we go into the second half of the year.

As we think about – I'll talk about the margins and then let Julia talk about the long-term mix. I'd sort of step back and say this, given the size of our market opportunity, where there is a \$5 billion-plus revenue opportunity in live event categories and countries that we serve today, given the growth of live events globally and our current revenue scale at less than 10% of the opportunity, our financial strategy is very clearly oriented around growth today, especially revenue growth. So with that said, given the momentum and the scale that we already have and the competitive landscape in the mid-market that we serve, we'll be prudent and deliberate regarding profitability. Our outlook for this year includes an improvement in adjusted EBITDA year-over-year that does reflect purposeful constraints that we applied when we were doing our planning to improve the bottom line.

And so as we look at the next three to five years, our objective is to deliver sustained double-digit revenue growth with steady year-to-year improvements in margin and adjusted EBITDA. And from where we are today, it's very clear to us that the big opportunity is in scaling Eventbrite's presence across categories, creator types, and countries, introducing new products and services with an emphasis on revenue growth.

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**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

And I would say the vision for our sales and Self Sign-On mix really maps to the vision of those channels being symbiotic in nature. I think a good example of that is in our music category, where we've had a targeted focus both through sales and product over the course of the last three-plus years, and we see the strength of Self Sign-On in the music category being a major growth lever, as well as our international presence where we really haven't yet been focused on go-to-market efforts as we have with our North American music push. And so that illustrative example of how a sales channel with our focused sales growth in North America, married with our Self Sign-On growth through positioning, is – seems to be a pretty well-executed playbook for us. And I'd be looking at that as an opportunity for us in the future.

Certainly our Self Sign-On channel is attractive for a number of different reasons. And we want to continue to lean into that growth. We also see sales as being a great way for us to strategically open up new market capability in new geos and new categories, as well as be able to create more recurring business on the platform. When you look at how we're approaching this from a product perspective, we're feeding both channels through our focus on frequent creators. And I think that is what's most exciting for us is that our effort is helping to drive both channels in terms of acquisition and retention growth in 2020 and beyond.

Q

Great. Thank you both.

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Thank you.

**Operator:** Your next question comes from Youssef Squali from SunTrust. Your line is open.

**Nathan Mitchell**

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Thanks for taking my question. This is Nate Mitchell on for Youssef. Maybe first just starting with go-to-market, maybe specifically honing in on frequent creators, just because I would think that with frequent creators that the sales motion would just be more difficult given the nature of their business, so it would be great if you could help us understand the go-to-market strategy specifically for frequent creators just given how much you're investing on the product side.

**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

Sure. So it's important to note that today we have a sizable number of frequent creators on our platform while it's a smaller percentage generating a bigger – much bigger percentage of paid tickets. We have lots and lots of data to understand what their needs are, and we've zeroed in on our number one job being efficiency for these frequent creators, because they are having to – like you said, they're hosting many events, and that's a certain amount of stress.

Because they're professional creators though, they're coming to the platform with a certain set of needs that we feel that we can best meet on the platform, and those are around reporting and analytics, marketing tools, as well as the ability for the Eventbrite destination to help propel the growing awareness of their events to the audience that interacts with Eventbrite both through distribution and destination.

The sales motion for us in terms of how we go to market for frequent creators is not that much different than how we think about building the awareness of Eventbrite for paid professional creators. So again, I think this is more of focusing versus opening up an entirely new set of creators who we haven't spoken to before.

**Nathan Mitchell**

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Got it. Appreciate the color. And then on product and development, maybe you could just help investors understand how you measure the efficacy of this spend, that would be great.

**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

So when we look at the investment in both our infrastructure as well as our product that we are improving and new features that we're shipping to our customers, I think that there are a few key ways in which we can look at that – that we do look at the efficacy of that. One is retention of our creators, and are we able to positively impact the lifetime value of particularly frequent creators on the platform. And the other is efficiency and productivity of our development efforts, and that for us is key to the sustainable growth path that we're on, and we understand that the better that we can – the faster that we can move and the better that we can be, we can deliver value to these creators, which in turn allows them to be more successful, and we should see the impact in retention.

**Nathan Mitchell**

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Got it. Thank you. And maybe just one last one, in the demand discussion of the Shareholder Letter, you made mention of Eventbrite itself actually becoming an increasingly effective marketing channel for creators. Should we understand this as Eventbrite potentially offering a promoted listings-type product to creators within its own search results? Any color there would be helpful. Thanks again.

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**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

A

For the time being for 2020, we're really focused on making that search and discovery experience more impactful and relevant for our consumers. So, I wouldn't expect that we would ship a promoted listings-type approach. That remains for us to be seen in terms of the strategy we want to take for consumer engagement and the value that we're delivering back to creators.

I think the most important thing to note about our consumer work is that while we're very encouraged by the growth there, we mentioned that our Eventbrite-driven tickets grew 47% in the year, it also is directly impacting the success of our creators, and we think about it through that lens. So not only are we approaching that through distribution, where we have over 50 distribution partners and we are focused on putting the right event in front of the right consumer at the right time in order to drive back value to creators, we're also thinking about how we can connect creators with consumers through things like the follow feature in our web and native mobile destination.

And the third part is we're looking at how we can make creators more efficient in marketing their own events on the platform. So what kind of tools can we give them or data can we give them to help make better marketing decisions and spend their dollars wisely to be able to engage consumers and convert them into attendees.

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**Nathan Mitchell**

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Got it. Thanks again.

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Thank you.

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**Operator:** I would now like to turn the call back to Julia Hartz for closing remarks.

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**Julia D. Hartz**

*Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.*

I just want to thank everyone for their participation in the call today and your interest in Eventbrite, and I also want to thank our employees for their hard work and commitment. For 2020 and beyond, we are well-positioned to serve our creators and enable even more live experiences, which furthers our mission to bring the world together through live experiences. Thank you and have a great day.

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**Operator:** Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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