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# Eventbrite, Inc. (EB)

Q1 2024 Earnings Call

## CORPORATE PARTICIPANTS

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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

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**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

**Justin Patterson**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon, ladies and gentlemen, and welcome to Eventbrite First Quarter 2024 Earnings Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for a question. [Operator Instructions] .

I would now like to turn the conference over to Katie Pickett, Investor Relations. Please go ahead.

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**Katie Pickett**

*Senior Manager-Corporate Finance, Eventbrite, Inc.*

Good afternoon and welcome to Eventbrite's first quarter 2024 earnings call. My name is Katie Pickett, Investor Relations. With us today are Julia Hartz, our Co-Founder and Chief Executive Officer; and Lanny Baker, our Chief Financial Officer. As a reminder, this conference call is being recorded and will be available for replay on Eventbrite's Investor Relations website at [investor.eventbrite.com](http://investor.eventbrite.com). Please also refer to our Investor Relations website to find our Shareholder Letter announcing our financial results, which was released prior to the call.

Before we get started, I would like to remind you that during today's call we will be making forward-looking statements regarding future events and financial performance. We caution that such statements reflect our best judgment as of today May 2, based on the 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 this 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 an unanticipated events except as required by law.

During this call, we will present adjusted EBITDA and adjusted EBITDA margin, 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 an analytical tool. You should not consider them in isolation or as a substitute for analysis of our results of operations as reported under GAAP.

A reconciliation to the most directly comparable GAAP financial measure is available in our Shareholder Letter. We encourage you to read our shareholder letter, which contains important information about GAAP and non-GAAP results.

And with that, I'll now turn the call over to Julia.

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## Julia D. Hartz

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

Thank you, Katie, and welcome everyone to our first quarter call. We've been focused this quarter on executing our strategic transformation toward becoming a consumer marketplace for live events. And I'm pleased to say that we've made great progress. We strongly believe that adopting our two-sided marketplace strategy enhances the value proposition we offer to our customers and positions us well to deliver sustainable financial returns in the long-term.

I want to hit on some of our financial headlines first, and then talk about our product roadmap progress and customer feedback. Lanny will then fill in the rest of our financial performance and talk about the outlook.

First, revenue came in for the higher end of the range at \$86.3 million. Marketplace revenue represented 13% of total revenue, up from just 3% a year ago. Revenue per paid ticket was \$4.07, which is up 21% compared to Q1 2023. Operating expenses declined from Q4 into Q1 and adjusted EBITDA margin was 12% for the quarter. Paid ticket volume was \$21.2 million, 8% below a year ago, consistent with our expectations. We have since seen improved paid ticket volume comparisons as we start Q2 compared to Q1, led by higher value creators and larger events.

Accelerating paid ticket growth is our number one operating priority. We discussed in our last call, the softness in paid ticket volume that we observed as we transition to our new two-sided marketplace model. I don't want to reiterate them here before I speak to the actions we've taken to improve the growth trajectory. The paid ticket headwinds are caused by two main factors. First, we need higher visibility events that bring more consumers into the marketplace. And second, we introduced new pricing and packaging to reflect our enhanced marketing and demand generation capabilities, which had near-term negative impact on acquisition and retention of smaller customers.

Here's where we've been focusing to successfully complete this transition cycle and drive greater growth and volume. First, we've increased the size of our sales team and improved productivity within the team using targeted consumer demand data to define our target customers. The aggregate value of new sales driven bookings in Q1 2024 was up more than 80% from Q1 2023. We added approximately 2 million annual tickets in new large event creators during Q1, most of which are already active and on sale in the Eventbrite marketplace today. These high value events, which include well-known local venues, music and comedy shows, destination events, and food and drink festivals, are great distribution drivers as they draw large audiences of consumers to the marketplace for reengagement.

To maximize our sales investment, we're closely managing sales productivity, deal economics, bookings to sales live velocity and the effectiveness of our marketplace promotional efforts through our own unique marketing

strategy and product led growth capabilities like our creator marketing tools and Eventbrite Ads. Second, on pricing and packaging, creators have adopted the monthly subscription plan at a faster rate than pay per event pricing, which, combined with their direct feedback has given us, a strong signal on how we can simplify the choice set and lean more into the subscription pathway by offering free trailing, annual discounts and promotional benefits for things like Eventbrite Ads. In response to these changes and clearer communication around the plans, subscribing creators increased by 40% across the first quarter. Further up the funnel, we're improving our self-sign on experience to make onboarding easier and friction free. This means a cleaner UX, a more effective product tour, and better experiences for logged out users and those on mobile devices.

We're reinforcing our commitment to streamlining event publishing and ticket sales, which has always been an advantage of Eventbrite. During the first quarter, we've reduced the time it takes most creators to sign up for the first time by 45%, in increased first event conversion. In addition to these transitions, we're focusing on creator satisfaction and listening carefully to their feedback. For instance, we introduced instant payouts and tap to pay in Q1 to give creators faster access to their money and greater convenience to support at-the-door ticket sales. We also delivered a new creator dashboard that provides the reporting clarity they want. Creators have also asked for greater support and expert guidance, and we responded by expanding customer support and account management. These action plans are the primary levers that position us to reaccelerate paid ticket volume as we move through 2024, but we haven't taken our eye off the longer-term strategy of how we build our marketplace at scale.

Our creators tell us their top need is to connect with their community and convert that community into a growing number of eventgoers. In the first quarter, we brought 28 million ticket buyers together with 345,000 creators issuing 66 million tickets across a wide variety of 1.4 million events worldwide. Over \$850 million in gross ticket sales was transacted in the Eventbrite marketplace in the quarter. Approximately half of the tickets sold in our marketplace were driven by Eventbrite, which was a record high for us and one that confirms the strength of our strategy. Eventbrite Ads is a great example of our unique ability to impact and help drive demand. A record number of creators promoted their events via Eventbrite Ads in the quarter as we improved ad targeting and performance to deliver a lower cost per click for advertisers. We significantly broadened availability with the launch in 43 new cities worldwide and introduced new incentives to drive creator trials of Eventbrite Ads.

On the consumer side, more eventgoers are looking to the Eventbrite website and our mobile app to search, shop, and find things to do. Average monthly active users across our site and app rose to 85 million in the first quarter, with mobile app users up 15%, and mobile purchases up 35% in the quarter. Our consumer app is the stickiest and highest conversion experience and the place most people turn to, to get their tickets. We see an opportunity to use the app to drive loyalty and repeat purchase behavior among our target consumers and we plan to invest here further in 2024. In other product surfaces, we're utilizing generative AI to remove friction and creating an event and enhance copy and imagery to drive greater sell through when using our marketing tools and demand capabilities. Through our AI event creation tools, roughly half of new creators have been able to publish their events in a third last time while generating more ticket sales. In event discovery, we've deployed AI-powered trending tags to identify trending event names in real time locally and generate unique editorial event collections, which offers a hyperlocal approach at scale across top markets and categories.

We're encouraged by our progress in executing our marketplace strategy because it effectively responds to creators' event marketing needs, diversifies our revenue streams and enhances our unit economics and profit margins. We're working through some natural friction as we execute this transition, and we're hyper-focused on reaccelerating paid ticket growth this year. Thank you for your support and I look forward to updating you as the year progresses.

I'll now turn the call over to Lanny for a deeper review of our financial results and our outlook. Lanny?

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## Charles C. Baker

*Chief Financial Officer, Eventbrite, Inc.*

Thank you, Julia. First quarter revenue of \$86.3 million was up 11% year-over-year, propelled by strong growth in marketplace revenue, including organizer fees and advertising. Revenue from organizer fees, which were rolled out broadly in Q3 of last year, totaled \$8.5 million in the first quarter of 2024, compared to \$6.6 million in the preceding quarter. An increase in pro plan subscribers drove the majority of that quarter-to-quarter revenue growth.

Revenue from Eventbrite Ads was \$2.5 million in the first quarter, up nearly 3x compared to a year ago. As creator adoption more than doubled and spend per advertiser rose 23% year-to-year. Improvements in relevance and targeting led to a lower cost per click and higher return on ad spending for creators, both on a year-to-year and sequential basis in the first quarter.

In the core ticketing business, paid creators were down 1%, events per creator were stable and average tickets per event was 7% lower year-to-year. This led to the 8% decline in paid tickets in the first quarter. Meanwhile, average ticket price gained 3% year-to-year. Eventbrite's revenue per ticket increased 21% year-to-year to a record \$4.07. And our revenue take rate was 10.1% compared to 8.6% a year ago. As the marketplace strategy capitalizes on demand generation to increase unit economics and monetization, gross margins have shifted higher, reaching a new record of 71% in the first quarter. Gross margins also benefited from steps we've taken to reduce the fixed portions of cost of revenue.

Total operating expenses were \$68.8 million in the first quarter, including a small expense associated with our 2023 restructuring. We reduced total OpEx between Q4 of last year and Q1 of this year with reductions in sales and marketing and general and administrative expenses partially offset by an increase in product development as we invest in marketplace and consumer. Adjusted EBITDA was \$10.4 million in the first quarter, a 12% adjusted EBITDA margin and net income was a loss of \$4.5 million for the quarter.

Turning to the balance sheet, cash and cash equivalents rose to \$580 million at the end of the first quarter, up from \$489 million at the start of the quarter. Excluding ticket sale proceeds payable to creators, the company's available liquidity was \$378 million at the end of Q1, compared to \$391 million, three months earlier. We repurchased 2.6 million shares or \$15 million of our stock during the first quarter. That's under the \$100 million buyback program authorized by our board in March of this year. Finally, we had \$358 million in long-term debt outstanding at the end of Q1. Overall, a solid financial foundation to support our operations and strategy.

Finally, we've updated our business outlook. Based on first quarter results and current information, we now anticipate revenue for the full year of 2024 to be within a range of \$360 million to \$371 million. At the midpoint of the updated and slightly narrower range, our full year outlook equates to 12% revenue growth over 2023. For the second quarter of 2024, we anticipate that revenue will be within a range of \$84 million to \$87 million. Paid ticket volume is expected to be down year-to-year in the second quarter, although by a smaller percentage change than in the first quarter of 2024. For the full year, we expect paid ticket volume to be down slightly to up modestly from 2023. As comparisons become easier we move beyond the initial marketplace changes and we execute on our product marketing and sales priorities. We plan to continue to manage expenses tightly with a focus on improving paid tickets and executing the marketplace strategy. We anticipate adjusted EBITDA margins in the low to mid-teens for the full year 2024, which is consistent with the outlook shared earlier this year.

In summary, our first quarter financial results were consistent with our expectations and we continue to make significant progress on our two-sided marketplace strategy. We believe we are stabilizing paid ticket trends and we are listening to creators in order to drive ticket volume improvement as the year progresses. We believe the gains we have made in marketplace revenue, revenue per ticket, and the higher [ph] take rate (00:16:33) have fundamentally strengthened our business model and our balance sheet remains strong. We believe we are well-positioned to execute the marketplace transition and unlock Eventbrite's full potential in the live experiences economy.

With that, I'll turn the call back to the operator.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Your first question is from Youssef Squali from Truist Securities. Please ask your question.

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Thank you very much. Hi, Julia. Hi, Lanny. Couple of questions. Obviously, thanks for the – for all the color on the paid ticket sold. But can you maybe just talk about the competitive intensity today versus a year ago? What kind of gives you the confidence that what you're seeing with paid ticket growth is entirely kind of internal due to internal changes in them, maybe not necessarily to other market dynamics? And then can you maybe quantify what you've seen so far in April in terms of paid tickets sold?

**Julia D. Hartz**

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

A

Yeah. Thanks, Youssef. Great to hear from you. So, we're competing in a very dynamic and fragmented market, and that hasn't changed as we've moved into this year. We're really choosing to shift the point of competition from a commoditized ticketing platform to a driver of demand generation, because that is what our creators tell us is their number one priority and because at scale we think we have an advantage here. We have far greater scale than our niche competitors. We bring 20 million ticket buyers with together with 345,000 creators in the quarter alone. And sold 66 million tickets to 1.4 million events. That is something that we're proud of and building on, but not any reason for us to remain complacent.

So, while we believe our ubiquity across the event categories and geographies in our markets is unmatched in this mid-market segment, we remain healthily paranoid about, which new technologies are coming into the market, which consumer experiences are better than Eventbrite. And we use those as points of aspiration and inspiration for us to build a better experience and disrupt ourselves. One of the reasons why we're focused so heavily on consumer engagement is not because it's easy, but because we've built scale in driving demand at over a half – roughly half the tickets flowing through our Eventbrite driven channels. And we think that with that scale and that command of how to drive tickets to consumers, we can actually build a much stickier experience for consumers and drive repeat consumer behavior.

So, I would say that competition will always be a factor in our market, particularly because it's so fragmented. But we aren't seeing one player come up and disrupt our market position, and we will continue to be looking around, particularly in places where we believe, companies could be driving demand for live events in our market.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

I'll talk about your question about second quarter. We just started the quarter really. But we are seeing improved paid ticket trends relative to the first quarter. That's been led by higher value creators and larger events. As we said, bookings of new events through our sales channel, which typically goes after larger events, larger creators, and things that are consumers are telling us they really want to see in our marketplace. We're up 80% year-to-year in the first quarter, and that builds on strong sales driven booking momentum that we established at the tail end of 2023. Those events were starting to populate the calendar now and there are more on the upcoming months as well. So that's one thing we're starting to see. At the very top of the self-sign on funnel, we are seeing some early signs of improvement, too early to impact paid ticket volume in any consequential way. However, the plan that we have that we're focused on to drive growth even later into the year, which is adjusting pricing and packaging, focusing on those high value creators and large events that are so important to the flywheel and the value of our marketplace.

And then enhancing the value proposition of the Eventbrite marketplace, whether that's Eventbrite Ads or marketing tools or the distribution that we have to consumers ask for product features, more service and support, all those things we are putting into the marketplace right now, we are seeing some impact on greater satisfaction already. And that's – that gives us confidence about where we'll be later on this year.

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Okay. Thank you both.

**Operator:** Thank you. Your next question is from Justin Patterson from KeyBanc. Please ask your question.

**Justin Patterson**

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Great. Thanks. Good afternoon. Can you extend some more just on how you're attracting these larger creators and how the cost of service that might be different from the smaller creators? So, that's the first question. And then second, you focus quite a bit on the mobile app, both in the Letter and the prepared remarks. Could you talk about just some of the steps you're taking this year to really improve that and just get even more consumers transacting through that piece of the platform? Thank you.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure. I'll talk first about the larger accounts, and then I'll let Julia talk about our plans on the mobile app. The – our business is one in which there are – there's this head inventory of what we call strategic inventory. It's very large, high value events and creators who put on some of the most popular events in the local marketplaces. And that's a very clear focus area of us – of ours. We're using the consumer data from our app and from our web product to determine what people are most interested in seeing in the Eventbrite marketplace, and then [ph] we're turning our sales force loose (00:23:21) on acquiring those customers.

Our value proposition to them centers around the great performance of the Eventbrite platform, the full featured nature, our reputation in the marketplace. We're able to offer pretty competitive financial terms because we also have this long tail of smaller creators where the customer acquisition cost is very, very low. And that gives us a lot of margin to play with as we go after some of those larger creators who are often more demanding. The value



proposition for them is really about the product and increasingly about demand generation. These creators are some of the earliest and largest up takers of Eventbrite Ads and users of our marketing tools. And so, our value proposition for them, I think, is differentiated in the marketplace. And we're really excited about the progress we've made. We are seeing customers in that cohort who left us a couple of years ago are starting to come back to the Eventbrite platform that they know and trust and feel like we've got some strong momentum in that part of the marketplace.

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**Julia D. Hartz**

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

A

And then on the mobile app side, Justin, we have seen mobile app users up 15% in the quarter and mobile purchases up 35% in the quarter, which underpins the theme of the mobile app being a more highly engaged and "sticky" surface area for our consumers. We're taking currently concerted action into driving more consumers and ticket buyers to the app in order to access their tickets, as well as be able to be served to personalize content and browse for new events to attend. Our future plans this year include redesigning that experience to more closely align with our vision around where we want consumers to start considering Eventbrite as a place to go, to seek relevance and to be able to connect with more experiences around them. We have a core customer that we're building for who is more likely the person that is inviting others to events. So, we want to make sure that their social graph is something that we can help them connect to, as well as create friction-free ways for them to discover experiences and be able to bring other people along with them. So, you'll see more of that as we continue on this year. But right now, we're really focused on getting the basics right and making sure that more of the consumers we had \$85 million monthly actives in total on Eventbrite. More and more of them are coming through the app, downloading that app, and using it as their wallet for access into an event.

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**Justin Patterson**

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Thank you.

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**Operator:** Thank you. Your next question is from Matthew Farrell from Piper Sandler. Please ask your question.

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**Matthew F. Farrell**

*Analyst, Piper Sandler & Co.*

Q

Thanks for letting me ask a question. My first one is on take rate trends from here. Take rate was flat sequentially quarter-over-quarter after several quarters of big moves higher. Are there any – how should we be thinking about the expansion, I guess, throughout the rest of 2024? And are there any potential headwinds to take rate moving forward? Just as you look to regain some of the creators that have left the platform and maybe a larger focus on the larger creators here?

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Thanks Matt. The take rate over the last couple of years has moved up. It was in the high 7s, a couple of years ago, it was in the 8%. Now we're broken through the 10% barrier. And I'd say the first stage of that improvement has really come from deep work that we did a couple of years ago on just the basic performance of the platform, the product market fit for frequent creators who really are the highest value creators in the marketplace. And that allowed us to improve better product to market that means better pricing and better take rate. The second stage has been really reflecting just the earliest opening of our marketplace strategy. And the marketplace strategy revolves around not just being a ticketing platform, but really being a marketing distribution, demand generation partner for creators. When we look at creators' budgets, they spend more money on marketing their events and



on driving customers and building their communities and bringing in new customers, bringing back loyal event attendees. And we believe with our consumer scale, with our technological capabilities, with our brand recognition on the consumer side, that's a space that Eventbrite can move into and really play a very differentiated and very, very big role.

So, the growth that you've seen over the last, let's say 12 months, 18 months has come from the earliest stages of that demand generation marketplace strategy. And from here, I think things like the growth of Eventbrite ads, the strength of our distribution, our ability to drive audience are the pathway to moving the take rate higher in the long-term. There aren't any major headwinds, as you asked about for the rest of this year, I think we'll stay in this range. And, the growth of our demand generation and modernization of Eventbrite Ads will determine where the take rate goes in the long-term.

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**Matthew F. Farrell**

*Analyst, Piper Sandler & Co.*

Q

And then maybe just touching on the free creators. It seems like based on some of the metrics you put in the press release, that the free creators have left at a greater pace than the paid creators. And so, what are some of the things you're looking to do to bring these creators back to the platform? And as we think about the ability to drive consumers to the platform and the dynamics around the advertising business. If these free creators don't come back, is there a risk that we see a slowdown in the ads business over the next call it, a couple of quarters or mid-term from a growth perspective? Thanks.

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure. But you're right. The free creators have had a greater reaction to the introduction of pricing and packaging. And let's be clear. For a free creator of an event smaller than 25 attendees, Eventbrite remains free for free. For those creators of larger events on the free side, there is a modest per event fee, between 25 and 100 tickets, it's a \$10 fee to list that event in the Eventbrite marketplace. Most free creators have some economic activity going on at that event, whether it's merchandise sales or its memberships or its sponsorship, and that listings fee has been accepted by the majority of free creators. There are other free creators who are sensitive to it and it has had a greater impact. You can imagine a free creator has never paid Eventbrite before, and we're now asking them to. A paid event creator sees money flowing through Eventbrite all the time and it's been easier for us to introduce that just charging for something on the already commercial paid customers. The disruption that we've seen, we're taking steps to do things like offer discounted rates for non-profit organizations, seasonal promotions for where we can provide discounts to bring people on to the marketplace. You have a good question though, about the role of that free traffic and those free tickets. It's an important part of our franchise. And we continue to do almost twice as many free tickets as we do paid tickets. I think when we look at overall MAUs up a couple of million year-over-year, we look at the mobile app users growing by a mid-teens percentage. We continue to feel like and certainly as we add those high value creators, that's they bring so much attractive draw and gravity to our marketplace.

We feel like we're in really good position to continue to drive the users that we need to support our demand generation strategy. There are big opportunities to drive repeat purchase activity amongst the tens of millions of people on our site who we know are ticket buyers, and there is a frequency opportunity there. So as we turn in, you ask about how that connects to Eventbrite Ads. While we're still a relatively early stage of the Eventbrite Ads. The penetration of the advertiser base is strong and growing, but still emergent. The coverage of Eventbrite across all of our markets is still being built and being expanded out. The surfaces on which you can advertise, the different pricing options. So, there are a lot of levers on Eventbrite Ads. I think we remain in a good position on overall traffic and we do regard that free franchise of ours is a very valuable part of the business and we're taking

steps to move that, move through the transition of having introduced a relatively small logistics fee. But that fee stands on top of the value we're delivering for all those creators.

**Operator:** Thank you. Your next question is from Naved Khan calling from B. Riley Securities. Please ask your question.

Q

Hi, this is [ph] Ryan (00:32:52) on for Naved. So, we are wondering on the build out of the new sales team. When this should begin having an impact on creator growth. And then also on the pace of future share buybacks and where the stacks and priority of cash usage. Thanks.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure. I think that the build out of the sales force is more likely to have an influence on paid ticket volume. The average across our entire market, the average is 50 attendees at an event. But the sales force is going after creators who are doing 500 person events, 5,000 person events and even larger. So, the play with the sales force is really about high value creators rather than sheer volume of creators. The volume play we have is the fact that 98% plus of our creators self-sign on and the majority of that is brought in organically by the sort of distribution and the ubiquity of the Eventbrite platform. So, I wouldn't look for the investment in the sales and customer – account management, customer success to drive volume of customers as much as high value customers who bring in the ticket volume.

On your second question about the share repurchase, we repurchased about 2.5 million shares during the quarter. That program was announced and sort of put in place in March. Since the end of the quarter, we've repurchased another 2.5 million shares, bringing us to a little bit more than 5 million shares and about \$30 million deployed cumulatively since the start of the program. It's a \$100 million program, and our purpose is to manage our balance sheet, to maintain flexibility and stability, to support our strategy and our operations, while also taking advantage of the liquidity that we have to return some capital to shareholders to accrete ownership in the company at this sort of moment of transition in the business where we think the company is becoming more valuable and we'll update you in the future on future plans there.

**Operator:** Thank you. Your next question is from Dae Lee from JPMorgan. Please ask your question.

**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks for taking my questions. I have two. So, the first one, I mean, it sounds like you guys have enough engagement on your platform for now. But I assume becoming a market facing consumer engagement needs to continue to grow. So, can you remind us what your strategy is today, and does that [indiscernible] (00:35:44) going forward? And I have a follow-on.

**Julia D. Hartz**

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

A

Absolutely. So, Dae, it was kind of hard to hear you, but I think you're asking about our consumer engagement strategy.

**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

Q

Yeah.

**Julia D. Hartz**

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

A

Okay.

**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

Q

What is it today and does that need to evolve going forward?

**Julia D. Hartz**

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

A

Sure. Absolutely. So, as we think about the intelligence we've gathered and data we have in terms of what consumers want to go to. We're taking a category by category and market by market approach. So, I would describe our current strategy as being more granular today than it has been in the past, with an increasing velocity of feedback loops and also ingesting and being able to process through things like generative AI, important information that can allow us to engage more consumers programmatically. What I mean by that, just to put it more simply in Q1 terms is that, we rolled out an ability to ingest the data of searches and inquiries on the consumer side and be able to auto tag events and create collections that then get spun back out for consumer engagement in curated discovery. We find that consumers are coming to Eventbrite, searching for something to do that's most likely aligned with our interests. So, we've also rolled out a new feature in our consumer app that allows you to search for events based on mood or vibe. And we're using those contextual tags to be able to build out new collections that then we can promote through our [ph] SEO (00:37:24) channels.

So, we're thinking about how we filter to the top, the most relevant events for consumers based on their search parameters. But we're also taking advantage of the data that we have in terms of what they're looking for to drive targeted acquisition, meaning we're feeding that data into our sales team or having them go after the most important consumer popular events in the categories that, matter in the markets that we care about. We're refeeding that into our performance marketing strategy, in our [ph] SEO (00:37:58) strategy and really driving that self-sign on growth through a more targeted approach.

In the future as we build out more capability and engagement in things like our consumer app surface area, we're going to be looking at how we can lean more heavily on social and network effects to drive more of that increased engagement. And that will be measured by, frequency of consumer visit and tickets purchased through consumer. So, if I step all the way back and think about our strategy over the next three years, it's really to amass the amount of intelligence on consumers that we have on the creators that are serving them and be able to drive better demand generation and relevance in that consumer population to really build out the second, the two-sided marketplace.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Dae, I would just add to that that one of the I think occasionally sort of under recognized attributes of our business is that, 50% of the ticket sales in the marketplace are brought in by the creators marketing, by the shows that they are putting on, by the events that they're putting on, by the franchises that they have. 50% of ticket buyers are coming in. And I guess you could look at that as almost from a consumer side, half of our consumer acquisition is

– has a negative customer acquisition cost because we're generating revenue on each one of those customer introduction opportunities. That's particularly true with large, high value creators I was talking about a moment ago.

And then our job to be done then is, well, we've been introduced to these event going consumers and to build a franchise that is the place they come back to or that we can bring them back to for their next experience and to recirculate and re-engage that demand. So, there's an interesting dynamic in our marketplace, and that is that it's the presence of consumers that can draw in the creators. And when the creators come in, they bring more consumers in. And those incremental consumers become potentially ticket buyers for everybody else. And you get the – a flywheel effect. And so, I think that's really central to our – where we are today and where we will be in the future in terms of our consumer strategy.

**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

Q

It's very helpful. And then I got a follow up for you Lanny. Your gross margins it's kind of in at or above your long-term target for two quarters now. So just curious if there is any updated thoughts on like how gross margins should be trending going forward?

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

We have an updated long-term target. But as we said, as we've now surpassed 10% of revenue, 13% in this quarter coming from marketplace. And we've taken some steps to manage the more fixed elements within cost of revenue. We – I think we have shifted the gross margins of the business structurally higher. And it's exciting to see because just a few years ago, we were in the low 60s. We've made a tremendous amount of progress. I think, as we look across the course of this year, the level that we've been at is probably the right place to expect for coming quarters. That's what we're planning for. But I think looping back to one of the earlier questions about the take rate, the opportunity to drive the take rate higher, the gross margins higher, the long-term really is about capitalizing on the marketplace and the demand generation proposition.

**Dae K. Lee**

*Analyst, JPMorgan Securities LLC*

Q

Okay. Thank you.

**Operator:** Thank you. Your next question is from Hamed Khorsand from BWS Financial. Please ask your question.

**Hamed Khorsand**

*Analyst, BWS Financial, Inc.*

Q

Hi. So first off, could you just talk about the a little bit more the stats about the new paid creators you're adding or you added in Q1? Are they, doing more than one event? What's the traction you're getting with them?

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Well, so we added about 92,000 new creators during the first quarter. And the – when you look at a number that that's big, it is that big, it's going to match pretty well the overall nature is by [ph] the law of (00:42:20) large numbers of our creator base. So I don't think there's been any big change in terms of the size or scale. I think that

one place, from where we've picked up momentum over the last quarters is amongst the larger high value creators who do the larger events we've been talking about. And those are we have many of those on our platform. The slight majority of them come through sales. A surprisingly large number of them come as self-sign on customers, even in that large cohort but it's an area where we've really made some progress.

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**Hamed Khorsand**

*Analyst, BWS Financial, Inc.*

Q

And what are you seeing as far as the actual consumer is on the marketplace? Are they repeating purchases this year? And how are they reacting to the higher ticket fees?

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**Julia D. Hartz**

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

A

Sure. So, the ticket piece that we changed on the consumer side were at the beginning of last year where we made a modest price increase to the overall Eventbrite ticket fee. They get averaged about \$0.50 per ticket. So, it was fairly modest and it was absorbed well by consumers. About 80% of the ticket fees are paid for by consumers. The other 20% of the time, it's absorbed by the creator. And so, it really is a consumer facing price, whereas the marketplace fee that we've introduced in late 2023 is solely on the creator side. In terms of consumer behavior, not much has shifted over the past quarter. So, we're seeing about the same volume of tickets per consumer. It's remained quite steady and we're seeing the categories that they're wanting to attend also remain quite steady. We have strong growth in music, performing arts, food and drink and also business events as people are getting together more and more to network and to skill build and to, come together for company events. And we see sort of new trending events all of the time. We're seeing certainly a sort of [ph] 10th (00:44:27) coming in terms of dating events and people wanting to meet their significant another through events. But nothing structurally has shifted from the consumer side and their buying behavior has remained quite consistent.

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**Hamed Khorsand**

*Analyst, BWS Financial, Inc.*

Q

Great. Thank you.

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**Operator:** Thank you. Your next question is from Youssef Squali from Truist Securities. Please ask your question.

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**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Oh, hey. Thanks for taking the follow-on. Actually what is really just clarification and then the follow up is real question. So, Lanny, can you just go over what you said in terms of your expectation for peak ticket volume growth later in the year? I think you made some commentary about big year. And then on the marketplace revenues, obviously, I think the traction you guys have shown has been pretty impressive. Is there an upper limit to how high we can get to as a percentage of revenues and [indiscernible] (00:45:37) asking this to also see if there is any required investments that you guys need to do to scale that business beyond, say, the mid-teens that it's running already at? Thank you.

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**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Sure. When we said about paid ticket volume is that, for the year, we expect paid ticket volume to be down slightly to up modestly for the full year versus the full year 2023. In the second quarter, we expect paid ticket volume to be down year-to-year though at a lower rate than it was in the first quarter. The first quarter being down 8% year-over-year. Hopefully, that gives you the clarification.

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Yeah, yeah. It does. Thank you.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Yeah. On the marketplace revenue, we are – one of the things that we look at is the percentage of ticket volume that was advertised in our marketplace and we're 2x where we were a year ago in terms of that penetration or coverage or engagement with the advertising product. It's a low double-digit – high single-digit, low double-digit penetration right now. But we think ultimately there's opportunity for a vast majority, the majority of creators in the marketplace to participate in Eventbrite Ads. And right now, amongst the creators who are participating in Eventbrite Ads, it represents a 20% plus increase in the per-creator economics or per-event economics. So, there really are, those are sort of two main vectors there, which are coverage of the addressable events with relevant advertising opportunities and then the performance of that advertising drawing more spending into our marketplace and giving a relatively greater lift to the economics we would otherwise see.

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Okay. Yeah. That's helpful.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

You asked about the investment [indiscernible] (00:47:56).

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Yeah. Yeah.

**Charles C. Baker**

*Chief Financial Officer, Eventbrite, Inc.*

A

Yes, there's a required investment. There is required investment in everything that we do. But we are being purposeful about when we open up big new opportunities like consumer, like ads. Also turning back to the base of the business and say, what can we do more efficiently and you saw us take steps there last year to do that, really pry up some investment money that's been reallocated and reapplied in other directions. So, yes, we'll continue to fund that investment. I think it'll – we'll manage that within a reasonable overall envelope that fits with our long-term profit margin targets.

**Youssef Squali**

*Analyst, Truist Securities, Inc.*

Q

Okay. Thank you.



**Operator:** Thank you. There are no more questions at this time. Ladies and gentlemen, that includes the question-and-answer session for today. The conference has now ended. Thank you all for joining. You may all disconnect.

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