

Economics (Taylor's Version)

By Srivasa Pradhan

Article #26 of the NSW WEN blog series in partnership with the NSW Economics Society of Australia and the National WEN. Highly commended in the 2023 Credible Economist Writing Competition.



Vectorjuice on Freepik

Taylor Swift's Eras is uplifting local economies all over the U.S. On average, people are [spending \\$1,300\(USD\)](#) on transportation, accommodation, food, costumes, and other merchandise. This is four times the normal concert spending pattern and on par with vacation-level spending. The U.S. Travel Association suggests [a total economic impact of more than \\$10 billion\(USD\)](#) with [hotel price hikes of 50-80%](#), increased transaction in local restaurants and soaring sales of certain clothing merchandise.

A huge demand and limited supply creates inflationary pressure in the economy which is why hotel prices in Sydney and Melbourne will double and triple during the month of the tour. Since the inventory of hotels is already low compared to cities like Paris, [price surges will be more evident](#). However, this temporary inflation of some goods and services will not have adverse effects on the economy; rather it will give muchneeded boost to local businesses which have been and will face financial restrictions due to [current and future contractionary policies](#).

The projected success of the Eras tour has many economic implications. This isn't just a story about Taylor Swift's remarkable body of work and her ability to capitalize on it. It's also a lesson on the economy progressing from being service-based to experience-based. It's about how attention not

information is becoming a scarce resource and how dominance in soft power can be crucial for economies.

A. The Value of Music

Economist Alan Kruger came up with the concept of [Rockonomics](#) when technology was causing major disruptions in the music industry's business model. As audiences were able to acquire music content with little to no cost, record sales dropped, and musicians started relying on live performances, subscriptionbased streaming platforms, and merchandise for profits. [When the product itself is free, customer engagement becomes crucial for monetary success.](#) Taylor Swift has been able to create massive amount of engagement by leveraging multiple social media platforms. She has numerous cinematic storytelling music videos on YouTube with billions of views. Her songs are not only relatable but her message on [female empowerment](#) reverberates across lyrics, interviews, speeches, documentaries, and her bold decision to re-record six albums to gain full ownership of her work.

B. The Scarcity of Attention

Taylor Swift has built such a massive fan engagement that people are also paying attention to anything remotely associated with her. This attention is enough to increase the value of a product like the spike observed in [Travis Kelce's jersey](#). As noted by Behavioral economist Herbert Simon, with there is an abundance of information readily available to us, [attention \(which we only have a limited amount of\) becomes the scarce resource.](#) Nowadays, people are trying to garner personal attention through social media content and even putting out free courses. Spotify has two revenue streams, we can either monetarily pay for ads to disappear or pay with our attention to listen to these ads. Since money follows attention, the ability of Taylor Swift to redirect it on a massive scale makes her an economic phenomenon.

C. Experience Economy

We are also living in the world of "experience economy" where like goods and services, [experience is a distinct economic offering.](#) According to the theory of "[progression of economic value](#)", businesses will now have to compete by staging their service and using their products as props. Likewise, the Eras tour is not just Taylor Swift singing her songs but it's also an immersive experience where audiences are connected through sounds and visual effects. The stage design changes to encapsulate each of the

album's themes, captivating the audiences who are also actively participating by wearing costumes, singing, making social media content, and exchanging friendship bracelets. The merchandise sold outside the concert sells above the market price not because of its inherent value but because of the experience attached to it.

D. Economic Power of Music

The soft power of art and entertainment industry in driving spending, export and tourism is evident from artists like Taylor Swift and [BTS from South Korea](#). It's also an important lesson for Australia on the scale at which women-led music and movies can thrive. Currently, [gender inequality exists in all measures for this industry like income, level of seniority and proportion of workforce](#). Women are also affected more by parenting, informal recruitment structure, [workplace harassment](#) and lack of confidence. A 2020 study shows that there is an [adjusted gender pay gap of 27-32%](#) for artists in Australia. Furthermore, the pay gap in the live [music sector is 18% as per 2023 government data](#). The fact Taylor Swift is the biggest "one-man show" of our generation establishes that [contrary to what investors and producers think](#), entertainment catering predominantly to women, by women, does sell – in fact it sells to the point where no one can shake it off.