

# 'Swiftonomics,' or the smart business choices Taylor Swift makes that affect the U.S. economy



Taylor Swift performs during "The Eras Tour," Friday, May 5, 2023, at Nissan Stadium in Nashville, Tenn. She leads the 2023 nominations with eight — seven for her "Anti-Hero" music video and the Artist of the Year category MTV announced on Tuesday, Aug. 8, 2023. AP Photo/George Walker IV, File

Call it "Swiftonomics" or "Taylornomics," the 33-year-old American superstar is not only smashing music industry records with her Eras tour, but also boosting the economy and getting involved in new labor compensation expectations.

"She's a very talented performer, but a smart businesswoman at the same time," says Alicia Modestino, associate professor of public policy and urban affairs and economics at Northeastern University.

On her latest tour, Taylor Swift is tapping into the spending power of women who have experienced increased wages coming out of the COVID-19 pandemic and are eager to splurge on travel and seeing their idol live. The singer-songwriter, named by Forbes the [second-richest](#) self-made woman in the U.S. music industry, will play more than 140 concerts across five continents in 2023 and 2024.

It is already obvious, however, that Swift's tour is smashing all sorts of records, Modestino says, in terms of ticket prices, crowds of fans and revenues.

On average, almost [54,000 fans](#) attended each concert on the first American leg of the tour, which concluded Aug. 9 in Inglewood, California. The average ticket price fans paid on Ticketmaster was \$254, while resale prices soared to thousands and tens thousands of dollars.

by Alena Kuzub August 11, 2023

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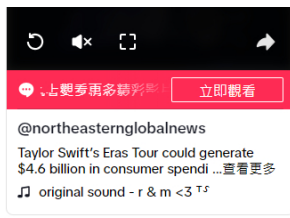
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### Each Eras show grossed around \$13M

Each Eras show grossed around \$13 million, [according to Bloomberg](#), bringing Swift more than \$300 million after playing the first 22 concerts.

"She writes songs that drive people to tears. That's incredible and people want that," says David Herlihy, teaching professor in the undergraduate music industry program and the master of science in music industry leadership program at Northeastern. "So, what are you willing to pay for something that makes you want to weep?"

Herlihy believes that Swift is making more than 100% of the face value of a ticket. Besides concerts, the tour makes money from sponsorships and merchandise sales. Many fans who adore Swift, Herlihy says, want a keepsake that would remind them of the Eras experience, so they buy every available piece of paraphernalia.

Swift's costs include things like paying for elaborate staging, costumes and venues, compensating the crew, and sharing proceeds with songwriters, and could be about 25 cents on the dollar, Herlihy says, if not more.

She is still making "huge money," he says, and, according to Forbes, is on her way to beating Elton John, who grossed [\\$939 million](#) on his farewell Yellow Brick Road tour, a world record to date. Predictions are that Swift's worldwide gross ticket sales will surpass \$1 billion.

The power of the Swift supernova is such that her own economic gains also positively affect cities and livelihoods of other people (besides ticket resellers). The inflow of visitors means that they will be spending on hotels, restaurants, taxis, Uber/Lyft rides, hotdog vendors and other businesses.

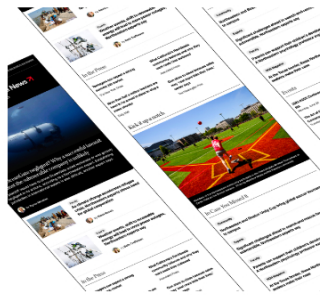
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### \$140 million in consumer spending

[One study](#) estimated that two Swift's performances in July could boost Colorado's GDP with \$140 million in consumer spending. The Federal Reserve Bank of Philadelphia stated that Swift's tour helped stimulate travel and tourism in the region, making May the strongest month for hotel revenue in the city since the onset of the pandemic.

Chicago's tourism and conventions bureau announced that the city set a record for occupied hotel rooms in June — nearly 97 percent — thanks in part to the three nights that Swift played at a multi-purpose stadium, Soldier Field. Cincinnati's economy felt a boost, too, when the singer brought Eras to town. And in Las Vegas, it was Swift's presence, not gambling, that caused the highest post-pandemic tourism spending.

Fans have been spending more than \$1,300 on average on tickets, travel and new outfits for the concert night, according to Fortune. A survey company, QuestionPro, estimated that the Eras tour could generate up to \$4.6 billion in consumer spending for the U.S. economy in total.

Swift exists against a contrasting backdrop, Herlihy says. Most talented aspiring artists will never make it big. The music industry, he says, consists of multiple distinctive industries and jobs like music directors, sound technicians, booking agents, broadcasters, journalists, graphic designers, songwriters, publishers, radio stations and record labels. Companies in these vertical industries make money off of artists but rank-and-file workers don't earn that much money. A crew on a tour largely consists of gig workers and private contractors like catering personnel, roadies and stagehands that might not have the next gig lined up after the tour ends.

Swift flabbergasted everyone at the end of July when she decided to share her profits with her Eras crew, spending \$55 million on bonuses for everyone from backup dancers to sound technicians to truck drivers. Such generosity serves as another testament to the singer's

man-made attacks begins with being prepared, researchers say

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disruptive force, Modestino says.

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### **Semi-trailer truck drivers received \$100,000**

It was widely reported that each of the hardworking 50-80 semi-trailer truck drivers received \$100,000 from Swift, and there might have been a number of motivations behind this gracious gesture, the Northeastern experts say.

"I think that Taylor is doing what she believes to be the right thing and also burnishes her image," Herlihy says.

Swift was able to give out large bonuses, he says, because she is the one who calls shots in her business empire. She is the CEO of multiple companies that comprise "Taylor Swift Galaxy," he says, and does not have to answer to a management company or shareholders for her decisions.

Her choices could be mirroring the trend that economists are seeing happening among other employers, Modestino says.

"Profits coming out of COVID are up about 25% for corporations right now, wages are up about 14%," she says. "So we do see employers sharing some of those profits with their workers."

The U.S. labor market, at the same time, has been incredibly tight, Modestino says, with the unemployment rate coming down to the lowest number (3.5%) since 1969. Employers are wary of losing workers or laying anyone off because turnover is very costly and they want to make sure that they maintain their labor force.

Turnover in trucking is particularly high, Modestino says, averaging around 55 to 60% and sometimes reaching 100%, largely because most truckers are away from their families for long periods of time. The crew that's touring with Swift has been away from their families for 24 weeks.

Moreover, there is a massive trucker shortage in North America and some companies have been having difficulties negotiating with the Teamster Union, Modestino says. For example, the 99-year-old trucking company Yellow Corp. shut down operations in July because it failed to reach a deal with the Teamsters union that represents about 22,000 of its workers

### **Taylor Swift brand cannot allow disruption**

The Taylor Swift brand cannot allow any disruption of the tour, says Nada Sanders, distinguished professor of supply chain management at Northeastern. Every concert is a major supply chain management feat, she says, and every piece has to arrive on time.

"You have basically what is like a small city with all these different crews and different categories from catering to various stages to lighting to guitars to microphones and LED screens," Sanders says. "The issue is that it has to be coordinated. It's not like bringing them to one event at one time, but it's also having to coordinate the movement."

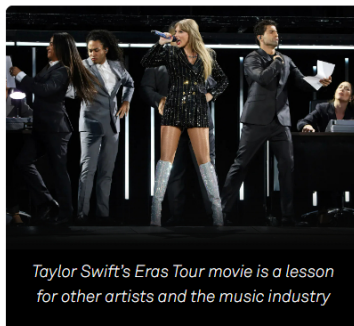
To coordinate the arrival of dozens of semi trucks to one place, such a complex operation relies on real-time metrics from radio-frequency identification and GPS, as well as predictive analytics to estimate when each truck is going to arrive.

"This is in no way, by the way, me being cynical, but she's going to ensure really great service and people as she moves on to other tours in Europe and South America," Sanders says.

Will anyone else in the industry match Swift's generosity? Herlihy sees some entertainers doing it mostly to not seem greedy by comparison.

Modestino says that employers often follow dramatic changes in compensation in the industries that are competing for workers. For example, when Walmart increased the minimum pay to \$15 an hour prior to the pandemic, Target and other big-box stores did the same to compete.

"I've always been given the advice that when you can be generous, be generous," she says. "And I think we're seeing her do that. But it's also going to make sure that she's incredibly successful and keeps the show going for as long as she needs to do."



*Taylor Swift's Eras Tour movie is a lesson for other artists and the music industry*

Alena Kuzub is a Northeastern Global News reporter. Email her at [a.kuzub@northeastern.edu](mailto:a.kuzub@northeastern.edu). Follow her on X/Twitter [@AlenaKuzub](https://twitter.com/AlenaKuzub).

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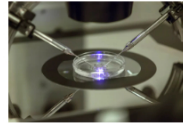


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