

# Taylor Swift to South Africa's rescue?

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- Taylor Swift is a cultural phenomenon, spelling a massive cash influx in consumer spending for her concert destinations.
- Cities and provinces in South Africa can benefit hugely by exploiting the spending potential from concerts by international musicians.
- Local governments should look to take the initiative and work with the private sector to fuel the tourism industry, especially in tourist off-seasons.

Taylor Swift is a cultural phenomenon, and her influence and popularity show no signs of abating. The behemoth that is her Eras Tour is already the most profitable in history, having thus far generated more than \$1bn in ticket sales. That is in excess of R18,9m. Her Eras Tour concerts in the United States alone – where she performed at 53 shows in 20 different cities – generated more than \$4,5bn in consumer spending.

## *South Africa, are you listening?*

According to Professor Waldo Kruger, an economist at the North-West University (NWU), the country's ailing economy calls for some out-of-the-box remedies.

"Growth forecasts for the South African economy are quite muted and one wonders if Taylor Swift might not be the solution to our problem," he says, with his tongue only half in his cheek.



Prof Waldo Kruger

"Her Eras Tour will be in Singapore soon and this has raised economic growth forecasts there from 2,5% to 2,9% for the first three months of the year. The economics of the Eras Tour are massive. Spending on tickets is just the beginning. Many people travel to the concerts, stay over and eat out. They also spend money on souvenirs and costumes."

The latter items are especially important. There is normally a ratio of about 1-to-3 with regard to money spent on a concert ticket and additional spending on items such as souvenirs, hotels, food, transportation and other merchandise. With Taylor Swift fans, that ratio increases to 1-to-10 and more. Local economies in the US were boosted by hundreds of millions of dollars in a single weekend.

"The macroeconomic impact obviously depends on different things. If the spending is shifted from other concerts, holidays or celebrations, the impact is smaller. If it is people's savings, the impact on the economy is greater. Economists also talk about the leakages from the stream of spending. If more of the extra spending stays in the country, the impact is greater. And then the multiplier effect plays a role. Every hotel and Airbnb room that is full as a result of such a concert in a city is a little extra income for someone that they can spend again. If the extra spending can be multiplied several times over, the impact is so much greater," Krugell explains.

There are, however, other factors to take into consideration.

"The downside is of course that where the capacity is limited, performances by such a major artist can cause inflation. Last year, so many international fans of Beyoncé descended on Stockholm that the demand for hotel accommodation caused prices to rise sharply."

A more intimate partnership between local event organisers and the local government could see international drawcards like Swift and others frequent our shores more often. For this a joint vision is needed. Krugell has little doubt that it is a mutually beneficial and attractive proposition:

“I think concerts on the scale of a Taylor Swift one can definitely be a boost to local economies. Take Cape Town, for example. If the basis is provided for the private sector to host such events, then all stand to benefit. Arrangements can be made to help ensure safety, there is an international airport and an already-established tourism sector. If a concert of such magnitude is arranged for off-peak tourism periods, it can serve to fill up restaurants and accommodation venues. This will also have a spillover effect to other sectors of the economy. A concert in Cape Town might not move the country’s GDP needle, but it sure would be a big boon for the local economy,” says Krugell. “If anything, Taylor Swift fans will be very happy!”

This should sound like music to all the role players’ ears, and it is an opportunity not to be wasted.

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