

What Kinds of Businesses Have Benefited the Most From Taylor Swift's Eras Tour, and How?

Introduction

If you want a ticket to Taylor Swift's Eras Tour, chances are you've either hired 100 people to simultaneously help you snag tickets on their phones or honed your reflexes to the vibration frequency of a massage gun. Swifties have been known to crash Ticketmaster's servers, and resale prices have soared. But beyond the chaos of ticket sales and the deafening screams of fans, Taylor Swift's Eras Tour has done something extraordinary: singlehandedly revitalized several sectors of the post-pandemic economy. In this context, the tourism sector, ticket sales, and the advertising industry have all gained tremendous benefits by utilizing various economic principles or models.

Taylor Swift: More Than Just a Singer

In light of the countless economic income and growth created by Swift's Eras tour, she seems to constitute a kind of media juggernaut rather than just a singer. Evaluated as one of the highest-earning superstars in the world (Murray, 2024), her personal influence extends beyond music. With 12 Grammys, over 200 million records sold, and a huge army of fans known as "Swifties," she has transcended the identity of "pop star" to become a cultural phenomenon.

Swift is also an intelligent businesswoman. She is re-recording and re-releasing her past albums and turning memories into a billion-dollar income. She is an actress, a musician, and

a branding powerhouse. Her Eras Tour was a truly global event, spanning 149 shows across five continents within a year and a half. And with events of this magnitude come unparalleled economic opportunities.

Tourism: The Real Winner of the Eras Tour

One of the most noticeable beneficiaries of the Eras Tour has been the tourism industry. Swift's concerts attract fans from all over the world, and many of them are willing to travel hundreds, if not thousands, of miles to see her performance. According to a study published by Skift, a travel news outlet, cities hosting the Eras Tour have seen a significant boom in hotel bookings, restaurant reservations, and transportation (Habtemariam, 2023). For example, hotels reported a 97% occupancy rate during her three-night concerts in Chicago, while its usual maximum rate is about 60% for that time of year. Hotel prices in Minneapolis surged by 80% from May to June 2023 during the tour dates, with short-term rentals seeing a 37% increase in the same period (see fig. 1). This demonstrates a direct boost to the local tourism industry, as fans travel to these cities specifically for the concert. In addition, transportation companies have also seen a rise in bookings for flights, buses, and rideshares. According to Uber CEO Dara Khosrowshahi ("How Taylor Swift's Eras Tour Is Shaking up," 2023), there is an average of more than 3,000 Uber rides per Swift concert, which averages 70,000+ attendees.

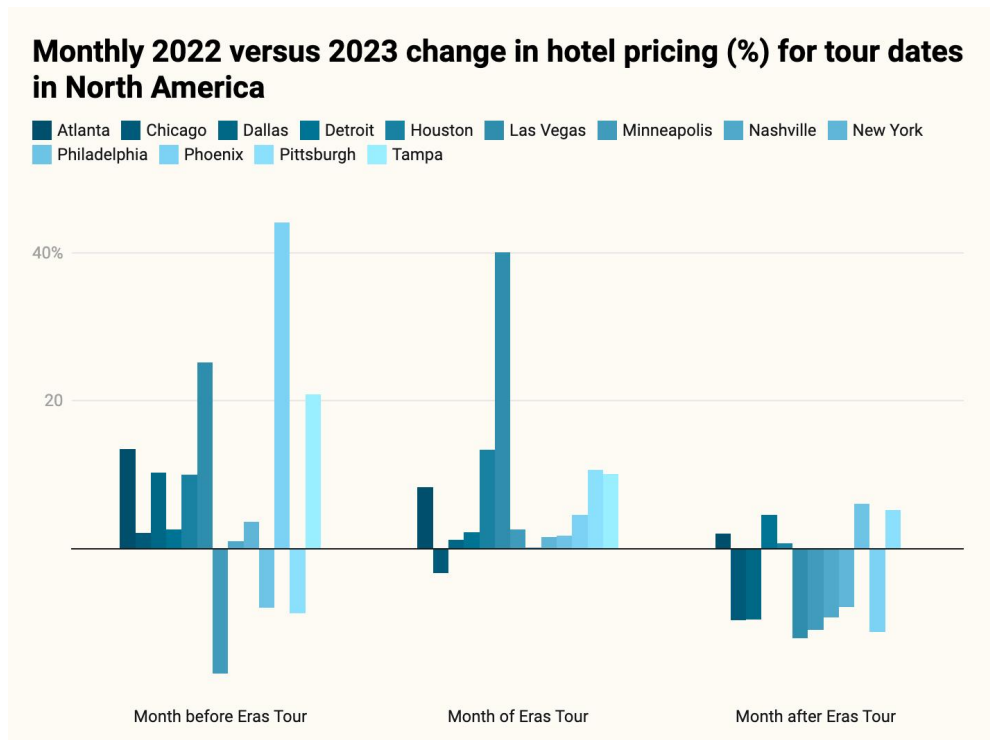


Fig. 1. Monthly 2022 versus 2023 change in hotel pricing (%) for tour dates in North America; “The Taylor Swift Economy”; *Lighthouse*; 3 Aug. 2023, www.mylighthouse.com/resources/blog/taylor-swift-impact-on-hospitality#Taylor-swift-effect.

The ticket prices themselves seem to have also played a role in boosting tourism revenue. With concert tickets ranging from \$49 to \$449 and resale prices exceeding \$1,000, fans are willing to splurge on more than just watching the concert. Many of them spend a weekend exploring the host city’s attractions, dining at its restaurants, and shopping on its streets. It’s no exaggeration to say that Swift’s tour has become a mini economic stimulus program for every city it touches. According to some estimates, every 100 dollars spent on live performances by Taylor Swift is estimated to generate 300 dollars in spending like hotels and transportation (Cai, 2024).

Interestingly, the sunk cost fallacy seems to apply in this scenario. The sunk cost fallacy is a concept that refers to the tendency to continue with an investment because a significant

amount of resources have already been committed to it, even when it would be more rational to abandon it. This behavior is particularly evident in the context of attending Taylor Swift's Eras Tour. Fans have invested a considerable amount of money in purchasing tickets for Taylor Swift's Eras Tour. These tickets might be hard to come by, requiring quick action during the initial sale or purchasing at a premium from the secondary market. Once fans have made a significant financial commitment to the tickets, they may feel compelled to spend more on other aspects of the trip (such as transportation, accommodation, dining, and merchandise) to justify the cost of the tickets retroactively. This behavior is a way to psychologically balance their investment, even if these additional expenses exceed their initial budget. This would explain the compounding effect that the concerts have on the local economy.

The Black Market: An Unusual Business Model

Of course, not all businesses benefiting from the Eras Tour are entirely legal. The black market for Taylor Swift tickets has exploded, with scalpers and resellers collecting most of the dividends. According to a report by Business Insider, some tickets have been resold for as much as \$10,000 (Noyen, 2023). While this has sparked outrage among fans and even led to lawsuits against Ticketmaster, it's undeniable that the secondary ticket market has become a lucrative industry in its own right. Ticketmaster even introduced a Verified Fan program to curb scalping, but it did little to stop the flood of resales. In fact, the more difficult it became to secure tickets, the more determined fans were to get them—at any cost. This phenomenon has turned ticket scalping into a highly profitable if ethically questionable business model.

Meanwhile, Taylor Swift Eras Tour's tickets can be considered as Veblen goods, a term coined by economist Thorstein Veblen, which refers to goods that gain value through their exclusivity and the status they confer to their owners. For this reason, Veblen goods, unlike normal goods and somewhat counterintuitively, see an increase in demand with an increase in price. In the context of the Eras Tour, the tickets are desirable not just for the opportunity to attend the concert, but also for the social prestige associated with being able to attend a highly sought-after and prohibitively expensive event. This exclusivity can lead to an increase in demand, as fans are willing to pay a premium to be part of this exclusive experience, which then further drives up the price that then in turn drives up the price again in a frenzied cycle.

Advertising: The Power of Connection

Finally, we can't ignore the impact of advertising. For instance, Swift's outfits during the tour are meticulously designed, with each era represented by a distinct style. From glittering bodysuits to flowy ballgowns, her outfit choices have not only delighted fans but also boosted sales for the brands she wears.

The sale of merchandise, too, also generates a significant profit. From \$75 hoodies to \$50 vinyl records, Swifties are more than willing to spend big on merch as a kind of remembrance and recollection. In fact, The singer reportedly made \$200 million from the sale of t-shirts, sweatshirts, and other items emblazoned with her name and logo from the concerts alone (McIntyre, 2023). Thus, the downstream effect of the merchandise associated with the Eras Tour has created a substantial market, leading to substantial orders and expanded markets for

the producers of these products.

Moreover, Taylor Swift's partnerships with brands like Diet Coke, Capital One, and AT&T have added another layer of profitability to the Eras Tour. These companies have used the tour to launch targeted marketing campaigns, often featuring exclusive perks for Swifties. For example, Capital One cardholders were given early access to tickets, further cementing the bank's popularity among younger consumers ("Taylor Swift: The Eras Tour, Presented by Capital One").

In fact, the merchants and producers have essentially grasped the fundamental logic of the fan economy: Swift isn't just selling tickets or merchandise—she's selling a lifestyle. The vast majority of fans have few opportunities to get close to Taylor Swift, and she has become a spiritual leader in their lives. In order to feel closer to Taylor's life, fans are willing to spend a lot of money to purchase products that are collaborated with or co-branded by Taylor. This fan effect psychology is well understood by the businesses, which is why they can easily generate substantial revenue.

But the real genius lies in Swift's ability to connect with her audience. Whether she is sharing personal anecdotes during her shows or dropping Easter eggs in her lyrics, she creates a sense of intimacy that makes fans feel like they are part of her world. This emotional connection translates into brand loyalty—not just to Taylor Swift, but to the companies she endorses.

A Global Economic Phenomenon

In the end, Taylor Swift's Eras Tour is more than just a series of concerts—it's an

economic machine. From tourism to ticket sales and advertising, the businesses that have benefited the most are those that understand the power of fandom. Swift's ability to create a cultural moment has turned her tour into a multi-billion-dollar enterprise, with effects felt across industries.

The real magic of Taylor Swift is the experiences and memories that will last a lifetime she created for fans rather than her music. With her enduring popularity and influence, she has driven consumption and created the economic impact of more and more dedicated fans. It's not just her who benefits; countless related industries and businesses, and even cities, have improved their performance and maintained a positive and upward operational status through the Eras Tour.

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