

The Economic Impact of Concerts and Music Festivals on the Region Where They Are Performed

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Abstract: With the end of COVID-19, the music performance industry is slowly recovering, with the most prominent growth in concerts and music festivals. With the development of online sphere, concerts and music festivals have become a more popular trend. In this social environment, concerts and music festivals are more closely connected with the economy and gradually become a way to attract tourists and activate the tourism economy. The purpose of this paper is to study the economic impact of concerts and music festivals on local performance, including the questionnaire data and analysis collected by the author. The research conclusion is that the psychology of fans is an important driving force to promote concerts/music festivals in different places. The popularity and influence of the performance guests are important factors in attracting local and remote audiences. High-income individuals tend to attend concerts/music festivals, and they are the main consumer group for these events, thus driving local economic development through related consumption. Finally, based on the above conclusions, the corresponding three suggestions are given in order to further flourish the music performance industry.

Keywords: Concerts and music festivals, Regional economy, Fan psychology.

1. Introduction

After the epidemic, the concert and music festival industry experienced a significant resurgence and became a hot topic on the internet. Concerts and music festivals have become incredibly popular forms of entertainment [1]. In 2010, the income from singing and dancing music performances was 1,133.354 million yuan; In 2015, the income from singing and dancing music performances was 187.156 million yuan; In 2020, the revenue from song and dance music performances reached 351.55 million yuan. It can be seen that the income brought by singing and dancing music performances is on the rise. In 2023, the income from song and dance music performances reached 2,632.8 million yuan, although there is still a slight gap compared with the income data before the epidemic, but the overall income trend is increasing [2]. These statistics clearly highlight the immense potential for development and substantial economic benefits of the concert and music festival industry.

This article examines the economic influence of concerts and music festivals on local economies, highlighting key distinctions between the two. Concerts typically occur in established venues with robust infrastructure, catering to fixed fanbases driven by fan economy dynamics. In contrast, festivals prioritize open-air atmospheres with flexible venue requirements, attracting diverse audiences less swayed by fan psychology. As economies recover, the study explores how these events can maximize local economic benefits, addressing gaps in existing research on strategies to amplify

their impact. Key questions include the role of fan psychology in festival revenues and methods to optimize economic outcomes. By analyzing challenges and solutions, this research aims to support the music industry's growth, enhance its economic contributions, and leverage music's cultural resonance to inspire broader audiences.

2. Literature review

The performing arts encompass a wide variety of activities, including vocal and instrumental music, dance, theatre, pantomime, and sung verse, among others. They represent diverse cultural expressions that showcase human creativity [3]. This paper will discuss in depth the economic benefits that concerts and music festivals bring to the local area.

A concert tour is typically organized to showcase and support a recording artist's latest work, often aligning with the launch of a new compact disc [4]. Especially in pop music, these Tours can evolve into large-scale events lasting from months to years, such as the ongoing 'JJ20 World Tour' by singer JJ Lin, which began in Singapore on November 4, 2022, and is scheduled to end on November 3, 2024, after two years. In the process, it attracts tens of thousands to millions of fans and generates considerable revenue from ticket sales. A music festival is a music-themed festival, usually held outdoors, sometimes with a specific theme, such as a specific genre of music (including rock festivals, and electronic festivals). Unlike concerts of the stars, music festivals are usually held in parks and resorts rather than stadiums, stadiums, or Live houses [5].

As Strawberry Music Festival, the music festival belongs to rock music, and pop music genres, mainly held in Beijing Tong Zhou Canal Park. In 2013, the Beijing Strawberry Music Festival received more than 100,000 music fans in three days, which shows the huge economic benefits brought by it [6]. Both musical performances will promote cultural tourism. Cultural tourism refers to a form of travel in which individuals are driven to learn about, explore, and engage with tangible and intangible cultural attractions and products unique to their local communities [2]. These elements include art, architecture, history, cultural heritage, literature, music, creative industries, gastronomy, religious beliefs, and even the lifestyle of local residents. This paper will mainly discuss the cultural tourism of music.

As the performance economy develops, new forms of performance continue to emerge. Alongside traditional formats like concerts, dramas, and operas, we also see music festivals, art festivals, musicals, and various other events designed to cater to audiences of different ages and interests [7]. These performances have brought remarkable economic development, and many scholars have studied this phenomenon, which can be divided into two categories in terms of performance forms and regions.

Among the various performance categories, concerts accounted for the largest share, accounting for more than 75% of the total box office revenue. In recent years, the music festival market has gradually developed, and concerts and music festivals have now become a key driver of the performance market recovery [8].

The concert music festival market is particularly prominent, with statistics showing that Taylor Swift's tour in the United States has generated \$5 billion in consumer spending. According to a survey, the average concertgoer spends \$1,300 on tickets, merchandise, accommodation, meals, and shopping [9].

Opera culture contributes significantly to the regional economy by providing direct economic benefits, fostering social capital, and promoting cultural heritage. For instance, the production of JINBEIDAOQING has boosted local employment and cultural tourism, directly enhancing the economy. By leveraging associated products and services, opera culture increases its market influence and supports the development of the regional industrial chain [10].

From a concert perspective, the direct, indirect, and induced effects of the orchestra, its members, and visiting guests lead to an increase in revenue and sales tax receipts. Concerts can bring a significant increase in revenue to local governments. In the 2019/2020 period, the City of Mannheim collected EUR 9000 from income and sales tax generated by the Mannheim Philharmonic Orchestra and EUR 32,000 from the Orchestra's rental of public concert halls, totaling EUR 41,000 [11].

Theatre significantly affects the local economy, contributing both through direct expenditure on goods and services and through spending by visitors [12,13]. Using the UK as a case study, the theatre sector contributes significantly to the economy, generating approximately £2.6 billion each year [14]. Using London as a case study, over 22 million individuals attended theatre performances in the city during the 2012/2013 period, and London theatre generated £618.5 million in box office revenue [14].

At present, a large number of scholars have conducted detailed studies on the economic impact of concert and music festivals on different industries. It can be summarized in the following three aspects. The direct impact of concerts and music festivals on local cultural tourism is to stimulate tourism consumption, attract foreign tourists, and promote the development of the accommodation industry, catering industry, and transportation industry.

In recent years, the performance market has been booming, which has promoted tourism consumption. Hou's study found that hotels located in the city center typically charged more than 40 percent more during major performances. This highlights the strong link between performance and tourism. During the 2023 summer vacation, the passenger flow of performances in key scenic spots increased by 60%, far exceeding the overall passenger flow. This shows that the performance market has a significant impact on tourism consumption [7]. According to statistics from the Shanxi Smart Tourism Cloud platform, Taiyuan received 2.516 million tourists during the week of the star concert, an increase of 40.31 percent over the previous week. At the same time, Taiyuan was selected for the first time in the "2023 Mid-Autumn Festival and National Day Double Festival popular tourist city list". This also proves the powerful economic driving effect of concerts [15].

In addition to the direct impact, concerts and music festivals provide opportunities for cities to improve their image. For example, "Fan City" is becoming a "new business card" of Taiyuan City [15]. Taiyuan is tapping into the attraction of cultural tourism attractions such as performances and events to explore new ways of economic growth. This shows that the concert gives the host city a chance to introduce itself [15].

In addition to the research of many scholars, many city governments have proposed to seize the opportunity brought by the concert to attract tourists and show the charm of the city. Provinces seize the traffic brought by concerts and music festivals, strive to build city business cards, and strive to attract more tourists. Changzhou government clearly proposed that holding a large-scale concert or music event with more than 5,000 people can obtain a policy incentive of up to 1 million yuan depending on the performance's business income [16]. The Cultural Tourism Integration Development Plan of Shandong Province (2020-2025) clearly takes music festivals as the main cultural product for the prosperous development of night tourism, and several music festivals such as Dezhou Meilang Music Festival, Weifang New Guochao Music Carnival, Jinan New Youth Music Festival and Zibo Xiangyang Flower Music Festival have appeared in a short time. For the first time, Beijing will "strive to build a 'performing arts city'" in the 2023 government work report, and Shijiazhuang also announced a high-profile announcement to build China's "rock city" [8].

There is not only ticket revenue but also the economic impact of merchandise sales. Live venues generate revenue not only from ticket sales but also from food and beverage sales, programs, cloakroom fees, and parking fees. Not to mention the merchandise -- an increasingly diverse range of T-shirts, sweatshirts, clothing, posters, bags, and souvenirs. Concerts provide a great opportunity - a gathering of fans in one place, so a singer or band can promote products that fans could otherwise buy elsewhere [17].

Music festivals and concerts have a positive impact on the development of the sound industry.

According to the "Panorama Report on the Development of China's Professional Audio and Lighting Industry in 2024", China's professional audio market and professional stage lighting market account for the majority of the world market in 2023. This proves that the development of concerts and music festivals can drive the development of sound, lighting, and other related industries [9].

According to an analysis by Oxford Economics, the economic effects of live music events extend beyond just ticket sales. Expenses related to concert marketing, legal services, and other professional services contribute significantly to the economy. Additionally, attendees from outside the area help local businesses such as restaurants, hotels, bars, and retailers thrive. For instance, during Taylor Swift's concert, Han Teng Chua, an economist from DBS Bank, noted that Singapore's hotel, restaurant, and retail sectors experienced a boost due to increased spending by international tourists, which raised the GDP by 0.2 percentage points in the first quarter, translating to approximately \$300-400 million [18].

This research will use questionnaires to survey participants. Then, we will study the impact of concerts a music festival on other industries as well as the impact on tourism. The hypotheses include: H1. Concerts/music festivals will drive fans from other places to watch them through fan psychology, thus improving local economic development; H2. Concerts/music festivals will drive local/remote audiences to watch them through the influence of the performers, thus improving the local economic development; H3. Higher income groups are more likely to attend concerts/ music festivals and then stimulate local economic growth through related spending.

3. Data Collection and Analysis

In order to further study the impact of concert/music festivals on the local economy and verify the hypothesis, a questionnaire survey was used to collect data. When designing questionnaires, most of us choose closed questions, such as questions 1-18. A small number of open questions, such as question 19. Quantitative data can be obtained by using closed questions, which means that data can be classified and counted for easier analysis. While a small number of open questions yield qualitative data, it is rich and detailed, giving us deeper insight [19].

The questionnaire consists of five parts. The first part is "basic information", which contains five questions, mainly aiming to investigate and collect the basic identity information of the participants, including their gender, residence, occupation, educational background, and monthly income.

The second section, "Concert/Festival Experience," contains two questions. "How many concerts/festivals have you been to in the past year?" "And" How do you usually get to a concert/music festival?" These two questions can judge the degree of participants' love for concerts/music festivals and help to study the influence of fans' psychology on the economic impact of concerts and music festivals.

The third section, "Fan Psychology and Performance Behavior," contains three questions designed to investigate the link between fan psychology and performance behavior to find ways to increase economic impact, such as "How important do you think social media plays in influencing your decision to attend a concert/festival?" The question was designed to examine whether the economic impact of a concert festival could be increased by increasing the amount of publicity on social media.

The fourth section is "The influence of the performers" which contains three questions aiming to study the influence of the guests participating in the performance on the attraction of the concert and music festival to the audience. By collecting the audience's views on the influence of the performers, we can measure whether the economic impact of the concert and music festival can be improved by changing the lineup of the performers.

The fifth section, "The impact on personal economic spending", contains six questions, specifically about what individuals will spend; The total cost of attending an concerts in other cities; and the total

cost of attending a local concert collects data from these three aspects to study the impact of concert and music festivals on personal financial expenditure. Also by "What positive impact do you think the concert/music festival has on the economic development of the host place", "What negative impact do you think the concert/music festival has on the economic development of the host place" and "Please comment on the impact of the concert/music festival on you personally and the local economy," These three questions examine the specific ways in which concerts and music festivals can have an economic impact on host cities. As for the sample, this study does not set any restrictions, and the questionnaire is released publicly through WeChat, Weibo, and other social media platforms, allowing participants of different ages, genders, job types, and educational backgrounds to answer. We try to cover as many groups as possible and get a wider range of data. A total of 104 valid questionnaires were collected, of which 37 were males (35.58%) and 67 were females (64.42%). Fifty-five (52.8%) of the participants in this survey live in second-tier and lower-tier cities, and 49 (47.2%) live in first-tier and new first-tier cities. Overall, the regional distribution is relatively uniform.

From the perspective of the participants' occupations, the education industry has the highest number of participants, with 26 people (25%) working in the industry and 19 people (18.27%) being students. From the perspective of education level, the survey shows that most of the participants have a college degree or less. Specifically, the proportion of participants with a college degree is the highest, reaching 45.19%, followed by those with a graduate degree or higher at 26.92%, while the proportion of those with a high school degree or lower is 22.12%. From the perspective of monthly income, 39.42% of the participants have a monthly income of less than 5,000, while another 39.42% have an income of 5,000-10,000.

3.1. Analysis data

This survey collected five basic information about the participants. The first is the gender of the participants. 67 of the participants were female, accounting for 64.42%. There were 37 males, accounting for 35.58%. Gender can analyze the different perceptions of male and female concert and festival participants and compare this data with the number of concert and festival attendance to determine whether men/women are more likely to attend concerts/festivals. It is beneficial for us to study how to increase the attendance rate of concert and music festival.

The second issue is the city where the participants live, as shown in Figure 1, from the perspective of city classification (First Financial & New First-tier City Research Institute, 2024), among whom 22 live in first-tier cities (Beijing 19, Shanghai 1, Shenzhen 1, Guangzhou 1), and 27 live in new first-tier cities (Chengdu 17, Chongqing 4, Nanjing 1, Tianjin 3, Zhengzhou 1, Qingdao 1). By investigating the city where the participants live, we can classify them by city level and study whether residents in first tier and new first-tier cities are more willing to attend concerts or music festivals.

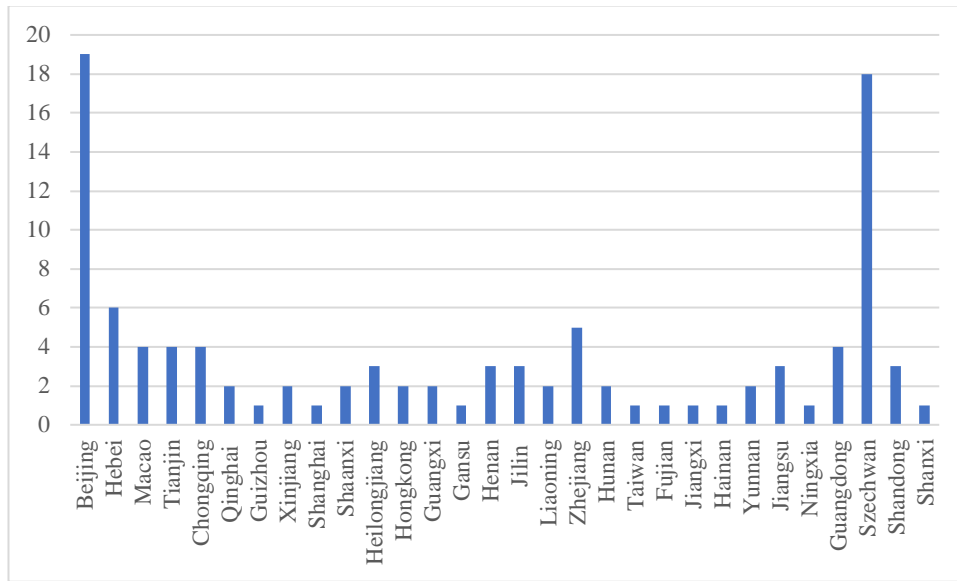


Figure 1: Distribution of Cities Where Participants Live.

The third question is about the occupation of the participants. According to the data provided, 17 industries are covered, which indicates that the occupation distribution of the respondents included in this survey shows that the education industry and the student group occupy a relatively large proportion, 26 people (25%) and 19 people (18.27%) respectively. It can be seen that these two groups may have a stronger willingness to watch concerts than other industries.

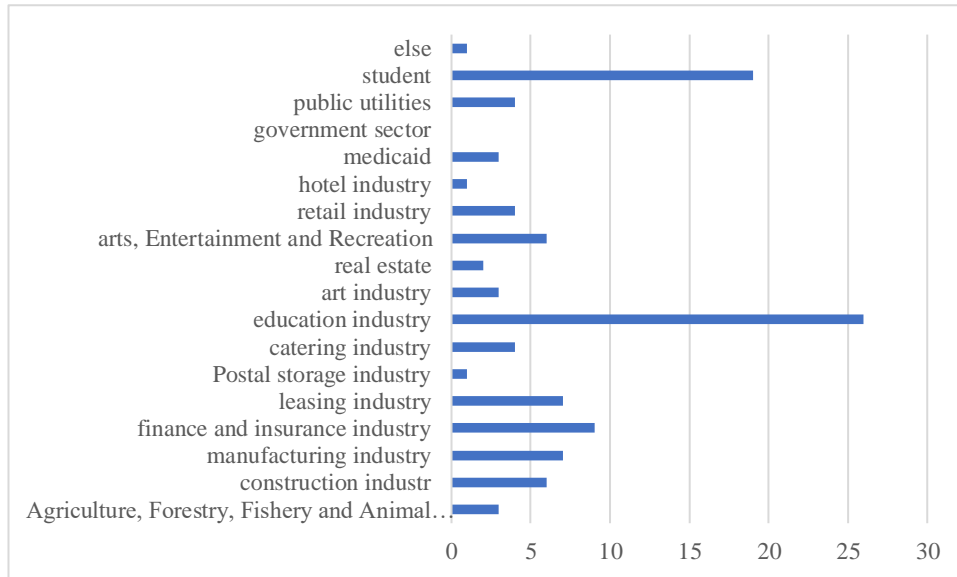


Figure 2: Occupational Distribution of Participants.

The fourth question is the educational background of the participants. As shown in Figure 3, the proportion of university graduates is the highest, reaching 45.19%, followed by 26.92% of graduate students and above and 22.12% of high school students and below. From the perspective of education distribution, nearly half of the interviewees have university degrees, which indicates that the coverage of education in this sample is relatively uniform, and the subjective impact on follow-up questions is minimized.

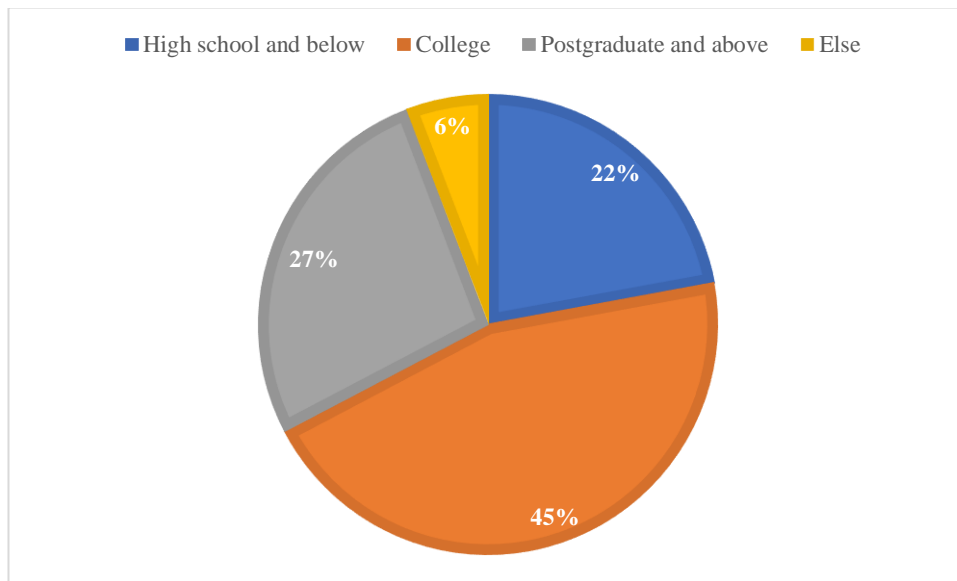


Figure 3: Educational Distribution of Participants.

The final question was about the respondents' monthly income, it is found that 39.42% of respondents have an income of less than 5,000, while another 39.42% have an income of 5,000-10,000. These two intervals combined account for 78.84% of the total, indicating that most respondents have a relatively low income level.

By cross-analyzing questions 8 and 6 in the survey, we can identify the following trend: frequent concert/music festival attendees are more influenced by fan psychology. Specifically, participants who are defined as highly influenced by fan psychology are those who are willing to travel to another city to attend a concert or music festival, while those who are not willing to travel to another city to attend a concert or music festival are defined as having less influence from fan psychology. Among participants who attended one to two concerts or music festivals in the past year, 50% were defined as having a high level of influence from fan psychology. Among participants who attended three to five concerts or music festivals in the past year, 66.67% were defined as having a high level of influence from fan psychology, while among participants who attended six or more concerts or music festivals in the past year, 81.25% were defined as having a high level of influence from fan psychology.

Fan psychology has a significant impact on concert attendance frequency. Fans who are willing to travel to different locations specifically to attend concerts to follow their idols usually have a stronger passion for music and therefore attend concerts more frequently.

Stardom drives frequent performances. In order to be closer to their idols, fans are more willing to invest more effort and time to attend concerts, even if it involves traveling long distances.

In Question 12 of the survey, we asked participants about their views on the impact of the lineup of performers on the overall success of music events. The results showed that 54% of respondents believed that the choice of artists and performers had a significant impact on the success of these events. This indicates that the lineup is not just a minor detail, but a critical factor that can determine the success or failure of an event. Building on this, Question 13 focused on the impact of the lineup on participants' personal decisions to attend a concert or music festival. What was particularly impressive was that 70% of respondents said that the lineup had a significant impact on their decision to attend a concert or music festival. This statistic clearly demonstrates the importance of the star effect in music event marketing.

The study found that there is a positive correlation between audience income level and frequency of concert participation. By cross-analyzing the data from questions 5 and 6, we can conclude that the general trend is that the higher the income, the higher the frequency of attending concerts. Specifically, among low-income people (less than 5,000 yuan), 48.78% attend concerts once or twice a year, followed by those who attend three to five times a year, accounting for 29.27%. Among middle-income groups (5,000-10,000 yuan, 10,000-30,000 yuan), the proportion of people who attend concerts three to five times a year gradually increases as their income increases. Due to the small sample size of high-income groups (more than 30,000 yuan), the conclusion is not significant enough, but the overall trend is similar to that of middle-income groups. This suggests that economic factors are an important factor in audience engagement. High-income groups have stronger consumption power and can afford higher entertainment consumption.

4. Conclusion

The psychology of fans is an important driving force behind concerts and music festivals in various locations. Concerts and music festivals can attract fans from other places through psychological attraction, thereby promoting the local economy through accommodation, catering, and tourist attractions. Most audience members will purchase merchandise, which indicates that the sales of merchandise at concerts and music festivals are good, reflecting the fans' enthusiasm for their idols. Most fans are willing to travel to different places to pursue their idols, and these fans also watch performances more frequently.

The popularity and influence of performance guests play a significant role in drawing both local and remote audiences to concerts and festivals. The findings indicate that attendees prioritize their favorite artists when deciding whether to participate in these events. This highlights the importance of well-known performers in shaping audience engagement and attendance, as fans are more likely to travel distances or rearrange their schedules to see artists they admire. Thus, the selection of headliners and featured acts can greatly impact the success and appeal of a concert or festival, making it essential for organizers to consider audience preferences in their lineup decisions. High-income groups are more inclined to attend concerts/music festivals and are the main consumer groups of concerts/music festivals. Their disposable income allows them to not only afford ticket prices, which can be substantial, but also to indulge in additional expenses such as VIP packages, merchandise, and hospitality services. This financial capability enables them to attend multiple events throughout the year, fostering a cultural environment where they are seen as key consumers.

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