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Dipanwita Mazumdar | Jahnvi Prabhakar  
Economist | Economist

## **A “concert”-ed push for the economy**

*India has recently witnessed a lot of buzz surrounding the flocking of international pop, rock, EDM and other popular genre artists to cater to the music enthusiast. On one hand, it's a new dimension of cultural prestige adding an edge of “experience economy”, on the other hand, the beat is also felt in terms of spending dynamics. We have tried to explore the different aspects of spending that would get a leg up because of this transient phenomenon which if assessed carefully opens new opportunities for growth. Our conservative to optimistic estimates suggests a push to spending ranging from around Rs 1600-2000 crore in the span of last two-three months, from the announcement of these concerts. However small the number is, if looked at an annualized basis, it can provide the desired impact on private consumption demand. The backward and forward linkages of the events are also widespread from manufacturing (for improved logistics) and services sector to flourishing of gig economy.*

### **India an emerging popstar in “concert economy”:**

Global economy has seen multifold impact attributable to hosting major concerts. Swiftonomics is a term coined to describe the economic impact of the Eras tour by the global pop star Taylor Swift. It has given a significant boost to spending across economies, including US, Europe, Singapore, and UK, amongst a few. The multiplier effect is reflected across industries such as food & beverages, hotels, transportation, merchandise, to name a few. Moreover, it also stimulates the gig economy, adding to the employment levels. Even the US Fed in its Beige book mentioned the impact of the same and how this provided a boost to the tourism industry.

According to some estimates, the ticket spend, travel and merchandise has generated over US\$ 4.6bn in North America alone with another estimate of US\$ 1bn for British economy. These impacts are usually short-lived and fade in the next quarters. However, the localized effect and higher demand for services-related sector through these exogenous shocks have significant bearing on the overall spending levels. In addition to this, the presence and performance of other global stars has resulted in a thriving scene for the live music industry.

Given the evolving global dynamics, India is the new kid on the block which is opening to the world of ‘experience economy’. A host of music concerts have been announced with some global artists coming for the very first time. This include, Maroon 5, Green Day, Shawn Mendes, Louis Tomlinson, to name a few. In addition to this, other artists such as Coldplay, Dua Lipa, Ed Sheeran are playing once gain in India. Moreover, this frenzy has also pushed local artists to the forefront such as Diljit Dosanjh. .

The rise in disposable income and a willingness to splurge has resulted in the significant demand surge for such concerts in India. The financial results of Hospitality sector have categorically mentioned MICE (concerts, state visits, sports, expos) as a contributory factor for improving profit margins. However, a

new phenomenon in India's context, this could possibly set a stage (quite literally) for more such events in the near term. The last biggest ticketed concert in India had an attendance of over 50,000 people. In comparison, amongst a host of shows, the Coldplay concert in Ahmedabad alone has a capacity of more than 1,32,000. The direct and indirect spending on these concerts spanning around two-three months will provide a significant boost to the overall spending and consumption.

### **Impact on spending:**

Concerts of such magnitude and scale involving multitude of global and local artists have not been witnessed in recent years. A recent report by ticketing platform has suggested that income from live events or concerts have spiked 9.5 times recently and the exponential take off was especially witnessed post pandemic where experience driven spending took a flight. As per data of Statista, in terms of revenue from live events India is comfortably placed at 7<sup>th</sup> position ahead of South Korea, France and Australia. A favorable demographic, stable currency, range bound inflation along with conducive environment for tourism has resulted in the same, making India a preferred destination. We attempt to capture in this note the boost to spending that is expected in a short span of three months when the artists announced their tour in India. Our estimates are based on both conservative as well as optimistic scenarios, based on certain assumptions and excludes scalping.

Ticket sales encompass the major share of spending. Based on the stadium capacity and charges for each ticket, we expect the total ticket sales to the tune of ~ Rs. 750-950 crores. It has been calculated by assigning different proportions of ticket sales from low, mid to high range categories. The assigning of weights is mostly based on the layout of the grounds where higher weightage is given to moderately priced tickets. The lounge tickets kept under dynamic pricing have been to an extent opted out to avoid skewness. Notably, the base calculation excludes scalping which is shown separately in the Box.

Apart from this, most of the spending caters to hospitality and transportation with cumulative amount estimated around Rs 400-500 crore. Hotel expenses have been calculated on the assumption of twin sharing rooms and approximate stay of single day, considering most of the concerts also fall on Sundays. Dynamic pricing of hotels has again been opted out for convenience of computation and calculated using normal averages of 2,3 and 4 star stays with a flexibility of 10% in pricing (upper band). Premium range stays have also been discounted as an outlier.

For travel estimates, our core assumption hinges on 5-10% interstate travel for shows in Tier2 and Tier 3 cities. However, for popular concerts, we have upped our assumption of travel to 20%, on a conservative basis. The google trends data also showed that corresponding with the searches for ticket during Coldplay shows for Mumbai and Ahmedabad, searches for flights for the corresponding destinations surged significantly. For calculating airfare, the peak pricing for the day has been accounted and premium business class fares have been opted out for convenience and to avoid overestimation. Even normal cab fares to and fro, on twin sharing basis, have been accounted for.

Another lump sum spending is estimated to come from sponsorship which as per our calculation amounts to ~ Rs 250-300 crore. This includes title sponsorship, co-sponsorship and associate sponsorship. However, the estimates are conservative and have the potential to be on the higher side considering the involvement of more and more local brands to cater to the masses. Here telecast rights have not been considered, due to lack of information. However, Transactional Video on demand, where consumers pay on individual content basis, might garner much higher spending.

As per our estimation, miscellaneous spending would be in the range of ~Rs 45-60 crore. This includes the expenditure on event management, gig workers (volunteers), security expense and merchandise spending. Thus, the total expenditure is expected to be in the range of ~ Rs. 1,600-2,000 crores. This amount might look meagre in unison but on an annualized basis it translates to a spending of ~Rs 6000-8000 crores if this fresh avenue of live entertainment could be explored more in the coming days. India already has the advantage of favourable demographics. Thus, with more focus from niche audiences to greater penetration it would be a significant driver of private spending.

**Table 1: Estimates of tentative expenditure**

Major Heads of Expenditure	Base case (Rs cr)	Optimistic Scenario (Rs cr)
Ticket	771	963
F&B	143	179
Hotel	197	246
Transport	208	260
Sponsorship	250	313
Miscellaneous	45	56
<b>Total</b>	<b>1,614</b>	<b>2,017</b>

Source: Bank of Baroda Research

### Scalping:

The new demand of surge in concerts in India has brought the global stars with tickets getting sold out in a short period of time. Given there is huge demand, resale of tickets has been a new frenzy. A lack of organized reselling platforms resulted in the same. This has resulted in ticket-scalping wherein tickets are purchased in bulk and resold at high margins, profiting out from new buyers. There is a big market for these scalpers as they rely on market shortages created due to usage of automated bots for buying tickets and re-selling them later. The tickets for some shows have been re-sold at more than 10 times the original cost of the ticket. Since such activity is illegal in the country and genuine fans can even be scammed during the process, some ticketing platforms have raised caution while purchasing such tickets. Such unregulated activities bring back the focus towards the need for more transparent and fairer methods from ticket booking platforms. In the US, following incidents of massive scalping, lawmakers have introduced Bills, including a Boss and Swift Act, for regulating the same and lowering deadweight loss of genuine fans. In the UK as well, Labour government promised fair selling of ticket and taking a probe into the matter, when Oasis reunion gave a new edge to dynamic pricing. In India, considering the quotes from different unorganized ticket selling platforms, rough conservative estimate for ticket selling itself amounts to ~Rs 1,000-1,200 crore in this concert season.

### **Impact on economy:**

**A big push for spending:** The spending push is likely to give a leg up to the private final consumption expenditure. Sector specific boosts especially to hospitality, transportation and retail business would be significant. The forward and backward linkages are likely to be felt in a buoyant recovery of the services sector which is yet to show an astounding revival post pandemic. It will also be positive for job creation, as such events involve extensive manpower planning albeit transient.

**Garnering higher GST flows:** Government exchequer is likely to get a push from tax collections through ticket sales, GST on hotels and restaurants etc. GST rates for the tickets are generally in the upper bound (for most cases 18%, as tickets are mostly priced above Rs 500). To digress a bit, the Eras Tour of Taylor Swift has garnered significant local revenue. Thus, with more announcements of international live acts and emerging local artists, there also remains comfortable fiscal space for the government.

**Tourism to get a boost:** Both international and interstate tourism is likely to get the desired push. The concept of “Concert tourism” for India could be explored deeply which is often a familiar concept in the West in case of major festivals such as Coachella to Tomorrowland.

**Premiumization will drive higher spending:** A lot of factors are coming into play when assessing the demand for such concerts. As per a recent report by ticketing platform, this year demand for premium live entertainment surged with 82% growth in specially curated global events over 2022. So, Bandwagon effect is coming into play when it comes for such events. Carefully evaluating that part of the demand curve can lead to welcoming more spending.

**How about inflation?** Services inflation is already benign. The share of entertainment is very low at 0.11% in the overall CPI basket. Thus, some impact might be visible as a transient bump for surge in prices of airlines tickets, hotel accommodation. But largely it will be capped as spending is not broad based and concentrated for certain segments.

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**For further details about this publication, please contact:**

Economics Research Department

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)