

Consumer Morsel

Sparks fly on local spending during live events

30 January 2024

Key takeaways

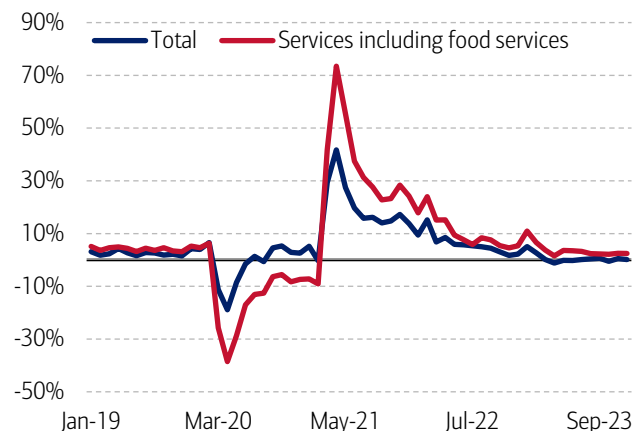
- Cities are reaping economic benefits as consumers splurge on experiences and live entertainment. To dig into this, we take a look at four major live events that occurred last year and examine how consumer spending in each city contributed to the overall economic impact.
- Using Bank of America internal data, we find "stadium events" such as Super Bowl LVII in Arizona and a Taylor Swift concert in Pittsburgh saw significant boosts in spending per active household over their respective weekends compared to the rest of the month. Phoenix-area restaurants and bars saw an average combined increase of 25.6% from visitors, whereas Pittsburgh saw a 13.2% increase from residents.
- Other major live events such as the Chicago Marathon and South by Southwest in Austin drew in a high share of visitors and our data finds these tourists increased spending on leisure activities like museums and theaters. With consumer sentiment on the rebound and no shortage of demand, we think it is likely that consumer spending on live events will continue to positively impact local economies moving forward.

Nothing better than revenge

In the past two years, spending on services has provided significant evidence of consumer resilience (Exhibit 1). As we highlighted [last summer](#), a surge in out-of-home entertainment helped boost consumer spending throughout 2023. Data from the Bureau of Economic Analysis (BEA) also shows real (inflation adjusted) spending growth on such entertainment categories has remained well above overall consumer spending gains in the past year (Exhibit 2).

Exhibit 1: Services spending in the immediate aftermath of the pandemic was quite strong and has remained above total card spending growth

Credit and debit card spending per household (monthly, %YoY)

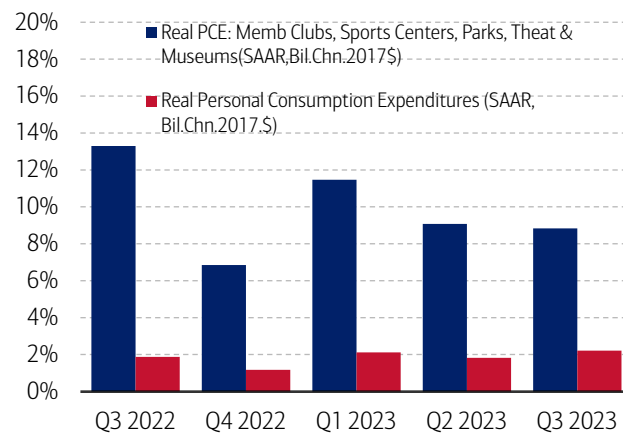


Source: Bank of America internal data

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Exhibit 2: Spending growth on out-of-home entertainment like recreational services continued to outpace that of total expenditures in 2023

Real personal consumption expenditure (PCE) by select type of product (quarterly, %, seasonally adjusted annual rate (SAAR))



Source: Bureau of Economic Analysis

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In part, this reflects “revenge spending” – consumers seeking to make up time lost during the pandemic by splurging on experiences and entertainment. Perhaps most notably, major live events appear to be reaping the benefits.

One for the money, two for the show

It's clear that star-studded concerts, sports and festivals have a material local economic impact. Not only do they bring revenues to cities through ticket sales, but they also boost spending at local restaurants and bars for pre- and post-event fun. Plus, the lasting impression of a memorable major event can ultimately drive future foot traffic to that area.

How much can events boost spending in their host cities? To dig into this, we looked at four major live events from last year and examined the change in consumer spending in each city. For our analysis, we considered those households who were spending in the city in which the event took place.

Touchdowns and Taylor Swift

With the 2024 Super Bowl between the Kansas City Chiefs and San Francisco 49ers just around the corner, it's worth looking at last year's Super Bowl LVII, which was held just outside of Phoenix, Arizona, when the Kansas City Chiefs lined up against the Philadelphia Eagles on February 12, 2023.

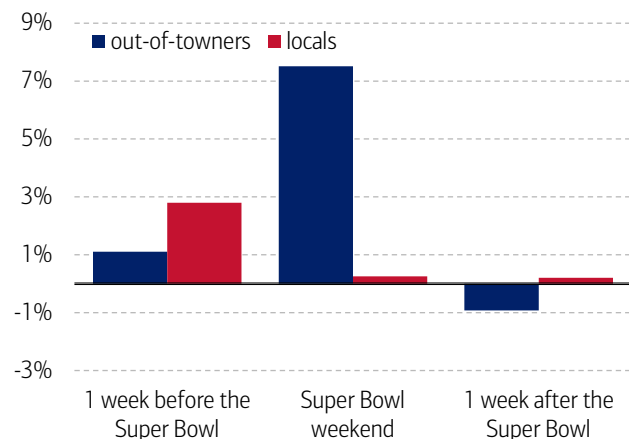
Overall, Super Bowl LVII looks to have given a solid boost to the local Phoenix-area economy. The Arizona Super Bowl Host Committee estimated that the overall event generated \$1.3 billion in total economic activity or gross output for Arizona. They also reported \$726.1 million in total contribution to Arizona's gross domestic product (GDP), or around 0.15% of overall GDP using 2022 Arizona GDP as a benchmark. The same announcement found that of the visitors, about 60% had tickets to the Kansas City Chiefs matchup against the Philadelphia Eagles at State Farm Stadium on February 12 – meaning, 40% of visitors likely planned to tailgate and shop for tickets locally.

What was the spillover spending impact to local retailers and other businesses? Using Bank of America internal data, we find that the brick-and-mortar retail (in-person) spending among both local and non-local active households in Phoenix increased over Super Bowl weekend. Out-of-towners drove average spending growth of 7.5% year-over-year (YoY) (Exhibit 3), while visitors' total average retail spend was around \$236 over that weekend, a 10% increase from the average February weekend monthly spend.

What else were out-of-towners spending on? It looks like it was visiting local eating and drinking establishments, whereas locals spent more at the liquor store during Super Bowl weekend compared to the two weeks before and after the event (Exhibit 4).

Exhibit 3: Super Bowl weekend saw a surge of out-of-towners spending at brick-and-mortar retail

Brick-and-mortar retail spending per active household by non-locals and locals (%YoY)

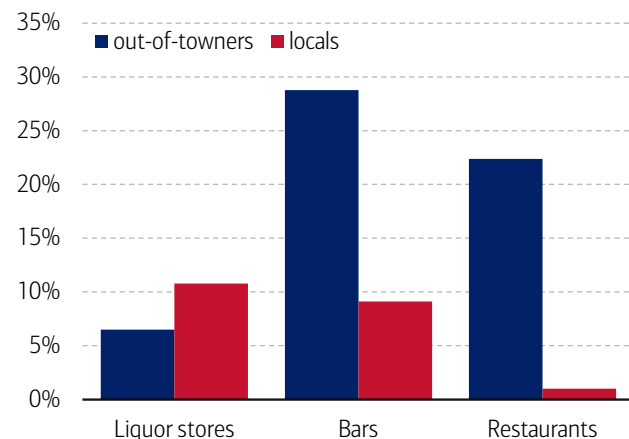


Source: Bank of America internal data

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Exhibit 4: Local bars seemingly benefitted the most from visitors' spending during Super Bowl weekend

Credit card spending per active non-local household by select brick-and-mortar retail categories (%)



Source: Bank of America internal data

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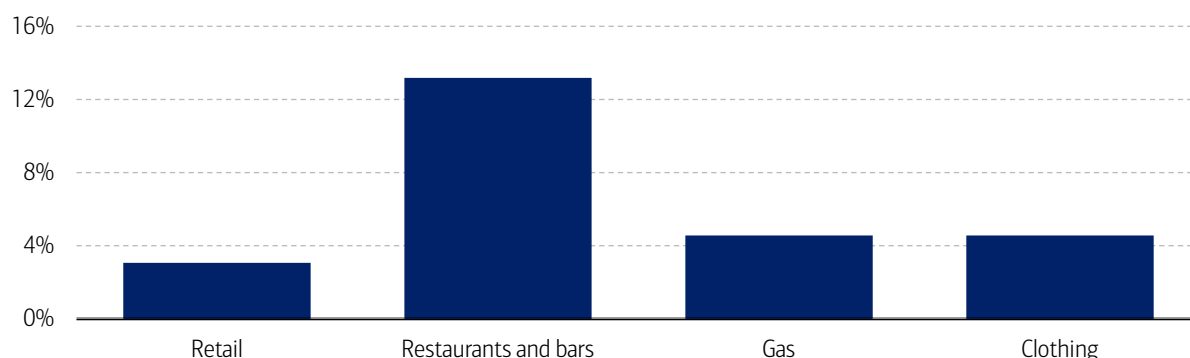
And then there is Taylor Swift's groundbreaking The Eras Tour. On her latest tour, Taylor Swift had on average almost 54,000 fans attending each concert on the first American leg of the tour, and it has been estimated that it could generate up to \$4.6 billion in consumer spending for the US economy in total (source: Northeastern University). More locally, the Federal Reserve Bank of Philadelphia said 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.

To illustrate the impact on local spending from these concerts, we selected her Pittsburgh concerts on June 16 and June 17, 2023 as a case study. Since concerts are primarily local events, we found that that average daily retail spending was nearly twice as strong among locals compared to visitors, according to Bank of America internal data.

Brick-and-mortar retail spending among local residents increased around 3% YoY over the weekend of the Swift concerts (Exhibit 5). Restaurants and bars saw the most spending action, with spending jumping 13.2% YoY.

Exhibit 5: Restaurants and bars in Pittsburgh had the greatest increase in spending from residents during the weekend that Taylor Swift performed there

Credit card spending per active local household by select brick-and-mortar retail categories (%YoY)



Source: Bank of America internal data

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Overall, the Pittsburgh Eras concerts spurred an average of \$77 in restaurant spending and \$56 in bars per household over the weekend Swift performed. By contrast, the Super Bowl weekend drove an average of \$96 in restaurant spending and \$74 in bars per household in the same measure of time from their respective weekends. Of course, every event is unique and draws in different audiences, but it is clear from this that stadium events can provide a useful boost to local spending.

Marathon weekends and festival fun

Unlike most concerts or sporting contests, some major live events expand across several consecutive days and draw in a significant diversity of visitors. One such event is the Chicago Marathon held on October 8, 2023. [The 2022 Bank of America Chicago Marathon's economic impact study](#) estimated the overall economic impact generated by the event was approximately \$386 million, with more than \$163 million considered to be a boost to the tourism industry.

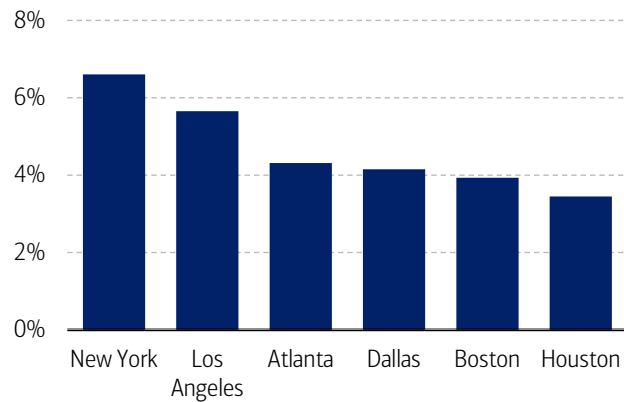
Looking at Bank of America internal spending data we find that, of US-based tourists, the greatest share of visitors within our active household population came from New York, Los Angeles, Atlanta, Dallas, Boston, and Houston (Exhibit 6). Interestingly, this group spent less on brick-and-mortar retail and more on services related to other leisure activities in the Chicago area like museums and theaters, with spending growth up 17.3% per Bank of America internal data.

The 2023 South by Southwest (SXSW) Festival in Austin is another interesting example. After a scaled-back 2022 in-person event, last year's festivities, which took place March 10th - March 19th 2023, generated \$380.9 million in economic activity, a jump of \$100 million from the year before and nearly \$25 million more than the impact registered in 2019 (source: SXSW Executive Summary).

In our data, it appears that SXSW brought in a higher ratio of non-locals than the Chicago Marathon, but most were intra-state visitors (Exhibit 7) rather than cross country. In total, there were more than 11,400 hotel reservations made (source: SXSW Executive Summary). These visitors certainly appear to have opened their wallets, with an average total retail spending amount per household of nearly \$168, per Bank of America internal data.

Exhibit 6: New York, Los Angeles and Atlanta comprised the greatest share of visitors at the 2023 Chicago Marathon

Share of non-local active households (%)

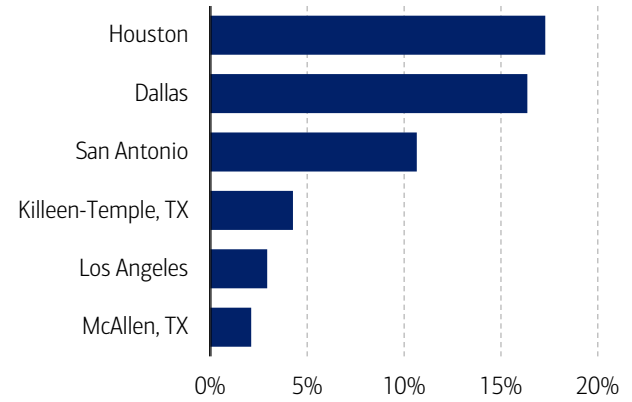


Source: Bank of America internal data

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Exhibit 7: Most visitors came from neighboring towns in Texas for SXSW 2023

Share of non-local households (%)



Source: Bank of America internal data

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An era of never-ending fun?

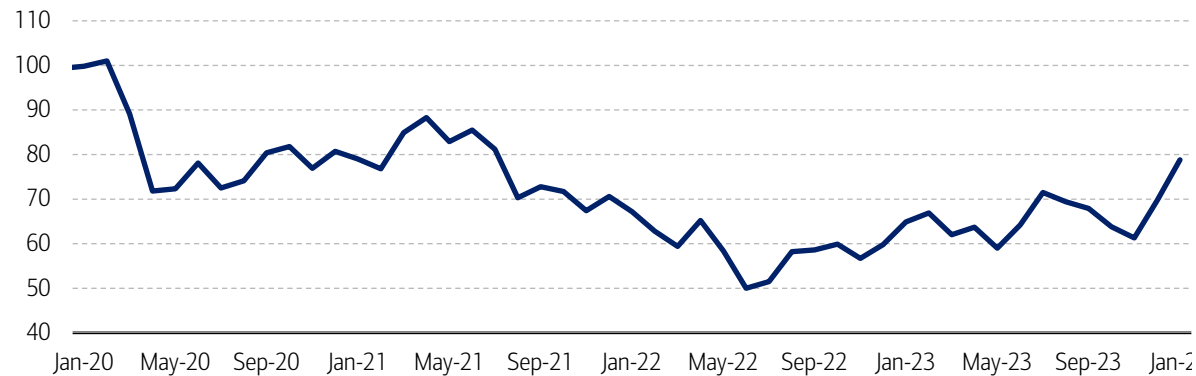
It's clear that the spending shift to live events certainly seems to have made a solid contribution to the local economies in which they are held. But will this story continue into 2024? Well, the [Bank of America Winter Spending Survey](#) suggested that consumers plan to pull back across a range of 'experiences' this year and if that happens, we may see some slackening in the impact of events.

However, on the flipside, many one-off events are over-subscribed – there are no shortage of potential marathon runners, concert goers or sports fans. So, in our view, a modest pullback in overall spending on services is likely still consistent with live events continuing to provide a strong boost to local economies.

And, according to BofA Global Research, the overall economic effect of “funflation” is substantial, with major events contributing significantly to consumption growth. In their view, there are several sustainable and longer-term key drivers that will likely fuel solid growth for a number of years. These include enduring consumer spending on services and the continued rise of the “experience” economy alongside rising consumer sentiment (Exhibit 8).

Exhibit 8: In January 2024, consumer sentiment reached its highest level since July 2021

University of Michigan Consumer Sentiment Index



Source: Haver analytics

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may

provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We measure the brick-and-mortar aggregated credit/debit card spending per household (defined as card present at purchase) made by BofA customers on their BofA cards at merchants that are physically located in the city for the event. We separate the customer population into locals versus non-locals, with locals being defined as living in the city of the event.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

The Bank of America 2023 Winter Spending survey was conducted online between October 19, 2023 and November 2, 2023. The survey consisted of 2,004 respondents throughout the U.S. Respondents in the study were aged 18+ and were representative of the composition of the US Census for age, gender, household income and Census region.

Additional information about the methodology used to aggregate the data is available upon request.

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Disclosures

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