



## The Taylor Swift Effect on Small Businesses

small business economy

**Summary:** Taylor Swift's popularity extends well beyond her Eras Tour, with her fans providing a boost to businesses that don't even have a direct connection to the tour. The benefit to small businesses could also spill over to their community bankers.

On the surface, the city that hosts the Olympics should reap remarkable benefits, from the influx of attendees to boost revenue and the creation of temporary jobs to build the necessary infrastructure. The reality, however, is grimmer: for example, Beijing [earned \\$3.6B in revenue](#) from the 2008 Summer Olympics, but they spent over \$40B. Host cities often go into vast additional debt from the bidding process to the infrastructure building costs to the stadium maintenance costs long after the games are over.

In contrast, there are other large events that do actually benefit the local economy. Case in point: Taylor Swift's The Eras Tour. Communities where she lands have experienced an economic boost that has been dubbed "the Swift Effect," proving that Swifties clearly have disposable income and are eager to spend it on their idol. The Fed says the Eras Tour has provided an economic boost [estimated at \\$5B](#).

Swift's astronomical popularity may be a moment in time, but it is a moment that has drawn attention from Main Street to the Ivory Tower. Nobel Prize-winning economist Paul Krugman even [developed a college course program](#) that incorporates multiple Swift examples into the lessons on basic economic principles, saying that a popular icon like Swift can help capture student attention and thus improve retention.

Financial institutions are indirectly impacted by the Swift Effect through their business customers — especially those businesses that know to capitalize on her presence. Cities on her tour list undoubtedly see a revenue boost in the more obvious industries, such as hotels (Chicago's hotel [revenue increased 59% per available room](#) during her three shows there), but businesses in a wider range of industries can also take advantage of the Swift Effect. This can include restaurants, clothing stores, recreational businesses, and more.

### Small Businesses Could Capitalize on the Swift Effect

Here are a few examples of how small businesses across the country have used the Swift Effect to their advantage, even when the pop star is nowhere in sight:

1. **Swiftie Night at the Roller Rink.** An [Ohio skating rink](#) held a Swiftie Night that had participants lined up down the street. It drew over 300 Swiftie skaters who were also able to purchase Taylor-esque friendship bracelets, t-shirts, and themed drinks. It was so successful that the skating rink is planning another.
2. **Taylor Swift-Themed Brunch.** A Japanese restaurant in San Diego held a Swiftie Brunch the weekend Taylor was in town for a concert, and it sold out within a few hours. The Swiftie brunch, which also featured themed drinks and a bracelet swap, became a regular event that brought in a stream of new business.
3. **Swiftie Merch.** A [Texas online boutique](#) began offering styles geared toward Swifties and generated so much in sales that the company had to add an extra customer service rep and speed up its manufacturing. Their sales have been up by 40% YoY.
4. **The Taylor Swift Aesthetic.** Sequins have become a thing since Swift started wearing them on stage. A California women's fashion brand began highlighting its "Sparkle Shop" and has seen a 182% rise in e-

commerce searches for sequins and sparkly items.

Taylor Swift, Small Business Loans, and You

Bottom line: Small businesses that are creative can profit from Swift’s popularity. The lesson for community financial institutions is that if their small business customers come looking for loans to capitalize on Swift, loan officers might want to listen. Businesses that do well off Swift can become stronger businesses and thus better bank customers.

Taylor Swift’s unprecedented popularity provides an opportunity for small businesses to benefit. While it’s unclear how long the Swift Effect will last, it is clearly a powerful economic force at the moment that can benefit your small business customers and your bottom line.

WHITEPAPER: FOUR STRATEGIES TO MANAGE CREDIT RISK

As concerns about inflation ease and the possibility of an impending recession remains on the horizon, financial institutions are grappling with added pressures on their loan portfolios and are likely to see increased credit stress in certain lending segments. [Download our white paper](#) to learn the details.

ECONOMY & RATES

Rates As Of: 04/17/2024 05:42AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg
3M	5.45	-0.01	0.05
6M	5.39	0.01	0.13
1Y	5.18	0.17	0.42
2Y	4.96	0.34	0.71
5Y	4.68	0.47	0.83
10Y	4.65	0.45	0.77
30Y	4.76	0.42	0.73
FF Market	FF Disc	IORR	
5.33	5.50	5.40	
SOFR	Prime	OBER	
5.31	8.50	5.32	

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