

ECONOMIC IMPACT & EMPLOYMENT SUMMARY

The economic impact analysis provides a reliable measure of the economic importance of the music ecosystem in the local economy on three different scales: direct, indirect and induced impacts.

The direct economic impact is the economic value (economic output, GVA and employees) created directly by music ecosystem activities. The indirect impact is the changes in values of the output, GVA and workforce figures of those businesses that are not directly in the music industry but serve in its supply chain. The induced impact is created when the workers of the whole music ecosystem spend their wages on food, transportation, entertainment, etc. in their daily life.

The following variables were considered, utilizing the Classification of Economic Activities of the North American Industrial Code (NAICS) to extract music industry-specific elements.

The music ecosystem output⁵: All produced goods and services of the music ecosystem in Rowan County. For example, concert ticket sales, recording studios services, etc.

Music ecosystem employment⁶: The number of active jobs in the production of music ecosystem goods and services.

Music ecosystem compensation⁷: Remuneration (including wages and salaries, as well as benefits such as employer contributions to pension and health funds) payable to employees in return for their music ecosystem work during a given year.

Gross value added (GVA)⁸: The music ecosystem output minus music ecosystem intermediate consumption (the costs of all inputs – for example, equipment rented by a live music promoter).

Three main data sources have been used to conduct the economic impact analysis in Rowan County: Bureau for Economic Analysis, United States Census Bureau and Sound Diplomacy's primary data.



ECONOMIC IMPACT

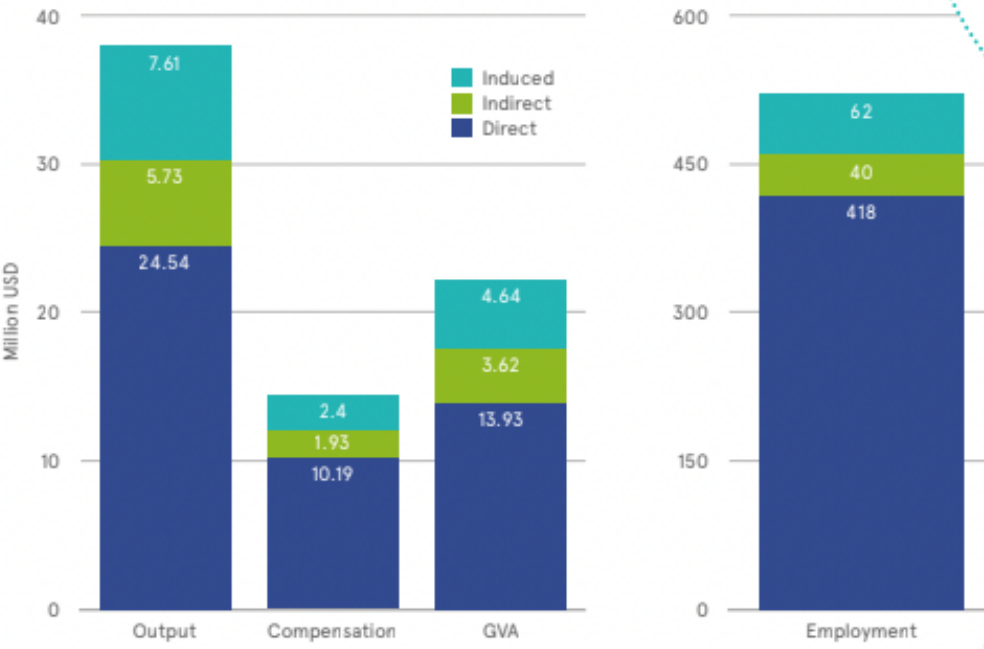
ECONOMIC IMPACT

Figure 1 summarizes the economic impact (direct, indirect, and induced) of the music ecosystem in Rowan County, which delivered a total economic impact of 520 jobs, a total output of \$38 million, a total gross value added (GVA) of \$22 million and a total workers' compensation of \$14.5 million.



The total employment created and supported by the Rowan County music ecosystem generates 5.12% of the county's employment, a figure exceeding the contribution of music employment to New York City (1.4%)⁹ and the average employment contribution of the music ecosystem registered at the national level (1.3%)¹⁰.

FIGURE 1. ROWAN COUNTY MUSIC ECOSYSTEM ECONOMIC IMPACT, OUTPUT, COMPENSATION, GVA (MILLION USD) AND EMPLOYMENT



Source: County Business Patterns, BEA RIMS II, Sound Diplomacy Research

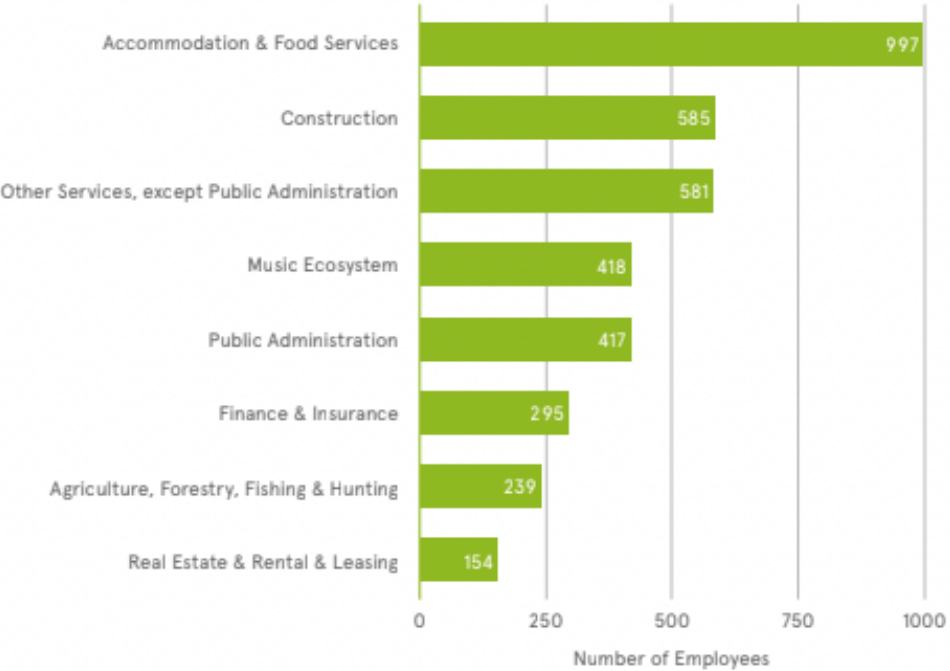
For every \$1,000 of output generated by the music ecosystem in Rowan County, there is an indirect effect of \$233 in the output of other industries locally, and an induced effect of \$310 on different industries as well. The total effect generated by \$1,000 of output reaches \$592.

DIRECT IMPACT

The direct impact reflects the economic value created directly by the activities of the music ecosystem. The Rowan County music ecosystem produced a **direct output of \$24.54 million** and an estimated **GVA of \$13.93 million**. It was responsible for **418 direct jobs**, and the **compensation** of these employees reached **\$10.19 million**.

To put the size of the music ecosystem in perspective, the direct employment generated by the music ecosystem is compared with other traditional sectors in the county. The direct employment generated by the music ecosystem (**418 jobs**) represented **4.12% of the workforce in Rowan County**, whereas traditional sectors such as Construction or Accommodation and Food Services reached 585 (5.76%) and 997 (9.82%) respectively. Meanwhile, industries like Real Estate and Finance & Insurance supported only 154 (1.52%) and 295 (2.90%) respectively (see Figure 2).

FIGURE 2. EMPLOYEES BY INDUSTRY, 2019



Source: County Business Patterns 2018, BEA RIMS II, Sound Diplomacy Research

INDIRECT IMPACT

The indirect economic impact of the music ecosystem in Rowan County reached an output of \$5.73 million and a GVA of \$3.62 million. The sum of the indirect earnings (compensation) reached \$1.93 million. At the same time, it is estimated that 40 jobs in Rowan County were indirectly supported by the music ecosystem.

INDUCED IMPACT

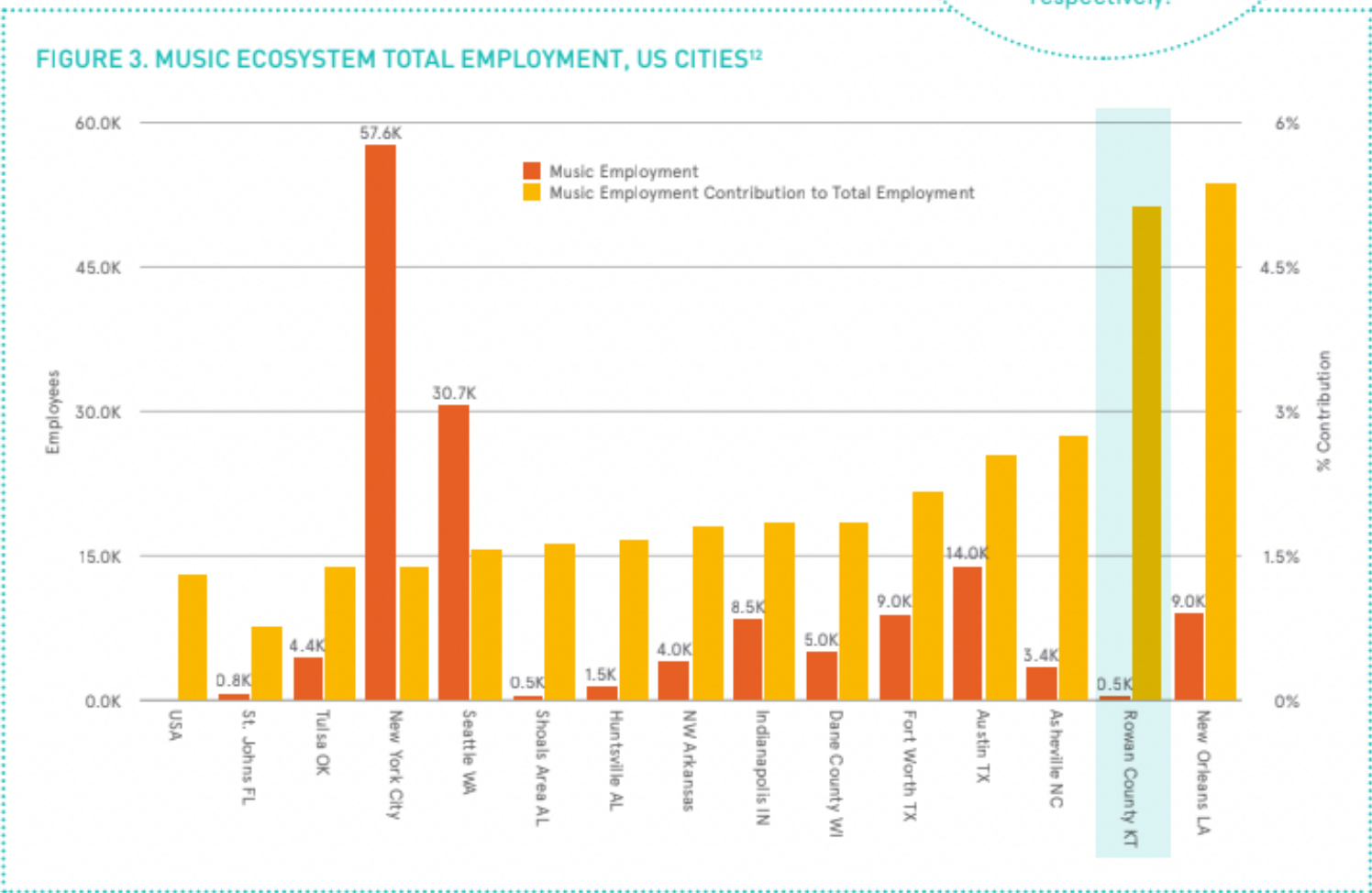
The induced output of the music ecosystem in the region reached \$7.61 million, a GVA of \$4.64, and supported 62 jobs, with a compensation of \$2.40 million.

ROWAN COUNTY IN COMPARISON

CONTRIBUTION
TO LOCAL
EMPLOYMENT

A variable that allows for comparing the development of the music ecosystem in different cities is the contribution of music employment to the local economy. This variable is represented in Figure 3 for cities that also have music economic impact reports.¹¹

In the case of Rowan County, the music sector supports 5.12% of the county's employment, more than the national average contribution of music to national employment (1.3%). Rowan County ranks above other places with a strong music industry tradition, such as Austin or Asheville, where the music sector supports 2.55% and 2.74% of the local employment, respectively.



MUSIC OUTPUT
PER CAPITA

Another variable that allows for comparing the level of industrial development of local music ecosystems is the music output per capita since it represents the economic resources generated in relation to the size of the population of a city, county or region. This variable is calculated by dividing the output of the music sector by the total number of residents in each of the locations that also have music economic impact reports.



The music output per capita of the United States is \$444, while in Rowan County this figure reaches approximately \$1,001. In cities such as Austin, New Orleans and New York City, which have high flows of music tourism and strongly consolidated industries, this figure is \$1,899, \$1,721 and \$1,604, respectively (see figure 4).



Although the research shows that Rowan County's music ecosystem produces a high number of jobs, the output per capita, or income for each job, is not as significant as other comparable cities and places. This can be because Rowan County's music economy is primarily based in live music performance, whereas the county is underdeveloped in segments of the music sector with higher income such as the recording industry, music agencies, and artistic development, among others. Further development of these segments could increase income potential for workers in the music sector.