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Evaluating the Economic Impact of the Music Industry of the Nashville, Tennessee Metropolitan Statistical Area

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Introduction

What makes a city grow? How can a city maintain growth? These questions became paramount through the growth of the high technology industry and its impact on the regional economy. Researchers found that the distribution of human capital has shifted from the central city to the surrounding edge cities (Anas, et al. 1998). They soon discovered that cities that embrace entertainment consumption maintained a strong human capital base. Feldman and Florida (1994), Saxenian (1994) and Glaeser (1999) explored the theory that local entertainment amenities attracted productive human capital to the city. They found that a rise in productive human capital created a strong knowledge spillover through the development of cities that focused on entertainment and lifestyle venues. Researchers also discovered that the entertainment industry played a key role in fostering and maintaining large levels of local economic growth in an urban area. This paper argues that the music industry in Nashville, Tennessee creates economic spillovers that help to foster and maintain large levels of business and employment growth.

Feldman and Florida (1994) were the first to discuss the factors that would assist economic growth of cities under a technological infrastructure. The authors wrote that the technological infrastructure heavily relies on the social structure of an urban area. Florida (2002) later explored the importance of talent and diversity as a strong indicator for urban economic growth. Florida found that cities that emphasize the importance of music and entertainment nightlife tend to attract large levels of highly educated talent.

Saxenian (1994) discovered that the social setting of a society helped to create economic growth and technological change within a city. Glaeser, Kolko, and Saize (2001) found that cities that have a large entertainment

industry such as live performance venues were among the largest growing metropolitan areas in the United States. Another work by Glaeser (1998) attributed the growth of cities to the younger population.

The music industry continues to attract young creative talent, which helps to contribute to the overall attractiveness of a city. This paper will estimate the economic impact of the music industry on the Nashville-Davidson-Murfreesboro Metropolitan Statistical Area (MSA). The study will provide the employment and business sales effects from direct and indirect spending both in the music industry and by patrons to music events and attractions. Specifically, the report will demonstrate the economic value that the music industry generates for the middle Tennessee economy. The authors contend that if it is found that the music industry happens to create an increase in employment and sales, then the music industry has not only created an economic impact but according to previous literature it will also have the capabilities of maintaining this growth for years to come.

The methodology for this study replicates similar economic input-output reports of the music industry on the local city economies of Atlanta, Albany, Seattle, and Memphis. In the Atlanta and State of Georgia study, Edmiston and Thomas (2004) developed an impact study examining the music industry in Georgia. They found that the music industry generated \$989.9 million and \$1.9 billion on the economy as a whole. The City of Austin, Texas (2001) conducted a similar study for Austin. The authors found that the music industry generated over 11,000 jobs in the Austin MSA. Table 1 displays the direct annual economic impact, the induced economic impact, and the total number of jobs created in the music industries for Georgia, Austin, Seattle, and Memphis. The largest estimated direct economic impact, initial spending by all firms in the industry, was for Seattle in the amount of \$1.3 billion. Georgia, Austin, and Memphis followed. Although the regional multiplier effects differ, the induced effects (gross sales) are directly related and consistent with the initial sales figure. Significant effects of tourism estimated by Memphis caused the city's level of induced spending to exceed Austin.

Each dollar spent in the music industry has an impact on employment. Regional input-output analysis was used to estimate the number of jobs created in each region. The table shows significant variation, for example in Georgia \$110,689 is required to create one job while only \$57,280 in sales will create a job in Memphis.¹ Differences in sales, profit, and income taxes make comparisons of tax revenue difficult, if not irrelevant.

Impact Studies	Direct Annual Economic Impact (\$)	Gross Sales (\$)	Total Jobs Created
State of Georgia (2004)	989.9 million	1.9 billion	8,943
Austin (city) (2001)	616 million	969 million	11,200
Seattle (2004)	1.3 billion	2.2 billion	10,700
Memphis (1991)	238 million	1.65 billion	4,155
TOTALS	3.14 billion	6.79 billion	N/A

Table 1. Comparison of Music Industry Economic Impacts.

Methodology

A unique feature of this study is that a synthesis of approaches was developed to estimate and validate the findings. In most cases surveys are developed, for firms in the defined industry, to request information on earnings, employment, wages, and taxes. Once the survey responses are collected and aggregated (assuming a statistically reliable sample size), the results are run through multiplier models to determine the induced or “ripple effects” from the firms’ initial spending. Finally, the direct and induced values are added to produce the total economic impact of an industry.

In order to determine the economic impact of an industry like the music industry, which consists of a myriad of independent (freelance) artists, large music industry corporations, international organizations, and local support businesses and venues, specialized sources for revenue and sales data are required. Nashville MSA financial data for this study was mined from the 2002 *County Business Patterns* and purchased from ReferenceUSA, a commercial vendor of firms’ financial data. Once the relevant information was collected, total impacts were calculated by inputting the data through the Regional Economic Models, Inc. (REMI) input-output analysis.²

Finally, financial modeling of sectors within an industry is used to determine values that aren’t included in government or proprietary data sets. This approach enhances the accuracy of forecasts for the total impact of an industry. This approach was employed in this study to capture the

impact of artist touring, due to the difficulty of extracting sales and revenues for touring businesses specific to the music industry.

To summarize, the Nashville Music Association Task Force provided the researchers with a proprietary list of its members. Additional industry “decision makers” were identified from *Music Row Magazine*, a quarterly publication that features information about Nashville music business activities. The data collected from the surveys were cross-referenced with the financial records from ReferenceUSA and Census Bureau data (*County Business Patterns*, 2002). Estimates of sales of businesses supporting artist tours were included from the touring artist model. The comparison of the data sets minimized double counting and ensured that a larger percentage of relevant businesses were included in the study.

Surveys were also taken at the Country Music Association Festival on June 6-8, 2005. Results from the surveys were compared with similar surveys conducted during the CMA festival by the Nashville Convention and Visitors Bureau. The data ascertained from these surveys were used as part of the analysis for estimating music related tourism in Nashville. Also, the surveys provided insight into the extent to which the music scene is a factor in tourists’ decision to visit the Nashville area.

Estimating Business Activity in the Nashville, Tennessee MSA

This section presents estimates for business activity related to the music industry within the Nashville Metropolitan Statistical Area (MSA). The first section presents the descriptive findings taken from the 2002 U.S. County Business Patterns and U.S. Census Non-employer Statistics database. We begin with a description of the employment found in the Nashville MSA that is music related. Second we present the sales generated from industries that are music related. The third section compares the relationship of the number of establishments, employment, and earnings of music-related industry sectors within the 2002 period of the County Business Patterns database. The fourth section presents the economic impact of the music industry on the Nashville economy through presentation of the results from the REMI multiplier model. The fifth section presents the economic impact of the tourism industry that is influenced by Nashville’s popular music industry. The final section presents the fiscal impact of the Nashville music industry by generating the music industry’s impact on sales and residential property tax collection.

Data

The researchers captured Nashville's music-related employment, revenue, establishments, and earnings through analyzing various sources of data. They developed an accurate picture of the music industry through various industry sectors within the economy. The U.S. Census County Business Patterns database and Non-employer Statistics database were the primary sources for the findings. Relevant music-related industries were defined based upon Standard Industry Classification (SIC) codes. The 2002 County Business Patterns contain the North American Industry Classification System (NAICS) while the REMI simulation model is based upon Standard Industry Classification (SIC) system. All relevant NAICS codes were converted into SIC codes using the Census bridging program. After converting NAICS codes to SIC codes, the authors derived employment, establishment, annual payroll data, and sales revenue data from 2002 County Business Patterns and Non-employer Statistics database.

In order to enhance the reliability of the data mined from the 2002 County Business Patterns and Non-employer Statistics database, the authors crosschecked their findings utilizing three different sources of data. The first source was the ReferenceUSA database. ReferenceUSA is an internet-based reference service from the library division of *infoUSA*. The ReferenceUSA database contains, in module format, detailed information on more than 12 million U.S. businesses, 102 million U.S. residents, and 683,000 U.S. health care providers. Information is compiled from the following public sources: more than 5,600 yellow page and business white page telephone directories; annual reports, 10-Ks, and other SEC information; federal, state, provincial, and municipal government data; Chamber of Commerce information; leading business magazines, trade publications, newsletters, and major newspapers. 250 employees make telephone calls to verify the information on each business and health care provider in the database. 17 million phone calls are made each year, and businesses with 100 or more employees are phone-verified at least twice per year.

The second source of data the authors utilized was from surveys distributed during the fall of 2005 to 325 music industry leaders. The list was compiled from membership and client lists from music business associations and from *Music Row* magazine's annual "In Charge" edition. The survey requested information on firm's annual sales, employment, expenses, and taxes (see Appendix 1). The response rate was consistent for mail surveys distributed in other impact study analysis (12% to 20%). The financial

data was useful for estimating data for firms in comparable industries and confirming Census data.

The third source of data came from an accounting model that helped to capture the expenses and revenues from touring artists who launched tours, or traveled to performances, from Nashville. Estimates of tour income flowing into the Nashville MSA as well as merchandise sales were important income estimates for the study.

Once the three sources of data were cross-checked with the findings from the U.S. Census the authors were confident that the numbers presented within the following sections captured the universe of music-related industries within the Nashville MSA. The disaggregated data was then input into the REMI model based upon two digit SIC classification codes. The authors then disaggregated the output from the REMI model back into its original four digit SIC classification codes.

Estimating Employment

Table 2 displays the employment that is music related within the Nashville MSA. The authors compiled the number of employees for each music-related industry through weighted percentages and/or deriving the median between a small category ranges. For example, SIC category 5932 representing music stores had a category range of 500 to 999 employees. The authors took the median between the 500 to 999 ranges to derive 750 employees for this particular music industry.

Table 2 shows that 19,437 jobs within the Nashville MSA are music related. The largest music-related category is music-related self-employed individuals, which has 5,361 employees. The music-related self-employed category encompasses independent artists, writers, and performers who are self-employed and generating an income through the music industry. Musical groups and artists and promoters with facilities in category 7929 placed second with 2,000 employees within this industry. Agents and managers of artists and musical theaters followed third with 1,874 music-related jobs within the Nashville, MSA. Radio and television broadcasting was the next largest employer with 1,750 employees. The category "Business Trade Associations" included such industries as the American Society of Composers, Authors and Publishers; National Academy of Recording Arts & Sciences; and the artists' rights groups located in Nashville. Within this category, the authors found 927 employees were related to the music industry.

SIC	Industry Sub-Category	Estimated Employment
2732	Music books printing or printing and binding without publishing	12
2752	Music, sheet, lithographic (offset) printing without publishing	64
2754	Music, sheet, gravure printing without publishing	29
2759	Music, sheet printing without publishing	62
3651	Audio & video equipment mfg	175
3652	Music publishers and/or distribution	700
3931	Musical instrument mfg	225
4832	Radio & television broadcasting	1,750
5099	Prerecorded tape, CD & record stores	350
5736	Musical instrument & supplies stores	175
5813	Clubs, Taverns and Lodges	922
5932	Music stores (e.g., cassette, instrument, record, tape), used	750
7359	Music Instrument Rental (including retail)	343
7389	Sound recording studios	502
7699	Musical instrument repair shops without retailing new musical instruments	175
7819	Music video production	750
7922	Agents, managers for artists & other public figures	1,874
7929	Musical groups & artists	2,124
8049	Music therapists' offices (e.g., centers, clinics)	417
8221	Colleges and Universities	200
8299	Music instruction (e.g., guitar, piano)	227
8611	Business Trade Associations	927
8743	Public Relations	225
8999	Record production and or Independent artists, writers & performers	1,099
	Music-related self employed individuals	5,361
Total Number of Music Related Employees		19,437

Table 2. Estimated employment in the Nashville music industry.

Source: 2002 County Business Patterns and U.S. Census Non-employer Statistics.

Business Revenue

The total music-related business revenue for the Nashville MSA is over \$2.6 billion. Table 3 presents estimates for business revenue by sector for each music industry in the Nashville, MSA. Integrated record production and music publishing generated the largest sales revenue estimated around \$627 million. Radio and television broadcasting industries also con-

SIC	Industry Sub-Category	Estimated Revenue (millions) 2002\$
2732	Music books printing or printing and binding without publishing	\$ 1.70
2752	Music, sheet, lithographic (offset) printing without publishing	8.68
2754	Music, sheet, gravure printing without publishing	6.51
2759	Music, sheet printing without publishing	8.45
3651	Audio & video equipment mfg	98.55
3652	Record production, distribution & Music publishing	627.94
3931	Musical instrument mfg	19.50
4832	Radio & television broadcasting	341.56
5099	Prerecorded tape, CD & record stores	58.09
5736	Musical instrument & supplies stores	37.89
5813	Clubs, Taverns and Lodges	47.81
5932	Music stores (e.g., cassette, instrument, record, tape), used	52.46
7359	Music Instrument Rental	37.65
7389	Sound recording studios	27.30
	Musical instrument repair shops without retailing new musical instruments	12.21
7699	instruments	12.21
7819	Music video production	65.06
7922	Agents, managers for artists & other public figures	281.26
7929	Musical groups & artists	278.16
8049	Music therapists' offices (e.g., centers, clinics)	67.64
8221	Colleges and Universities	9.85
8299	Music instruction (e.g., guitar, piano)	4.76
8611	Business Trade Associations	52.12
8743	Public Relations	24.52
8999	Record production and or Independent artists, writers & performers	184.28
	Music-related self employed individuals	290.69
Total Number of Music Related Revenue		\$ 2,644.65

Table 3. Estimated revenue in the Nashville music industry.

Source: 2002 County Business Patterns and U.S. Census Non-employer Statistics.

tributed to Nashville's music-related sales revenue by collecting \$341.6 million in revenue. Music-related self-employed individuals (\$290.7 million in revenue), agents and managers (\$281.3 million in revenue) and musical groups and artist (\$278.2 million in sales) followed having a significant impact on what makes Nashville known as "Music City".

Earnings Per Worker and Total Earnings

Table 4 contains the number of establishments within the music industry by sector, along with estimated earnings. The Nashville music industry has over 2,000 business establishments. The largest number of music-related business establishments is SIC category 7929, musical groups and artist with 593 establishments in the Nashville MSA. Industry category 8999, record production and/or artist writer and performers, came in second with 211 establishments.

Estimated employment from table 2 is included in table 4 because the earnings per worker are calculated by dividing estimated earnings into estimated employment. The estimated earning for Nashville music-related industry is the annual payroll data from the U.S. Census, which is based on music-related industry sectors. The authors found that the Nashville music industry generated \$722 million in wages and salary. The music-related self-employed category generated the largest earnings among music-related sectors with an estimated \$40,000 per worker. The music groups and artist category also estimated total earnings of \$99.4 million.

Economic Impact Estimates: Employment

The economic impact of Nashville music industry employment from table 2 was calculated using the REMI multiplier model. The authors input the employment data into the REMI multiplier input-output program to determine the economic impact of music-related employment on the Nashville economy. Table 5 shows that the 19,437 jobs from music-related industries generated a total of 39,263 jobs to Nashville and the surrounding area in all sectors of the economy including agriculture, manufacturing, and transportation. The Nashville music industry employment had a multiplier of 2.02, which implies that for every one employee employed by the music industry, this employee's economic activity such as consumption of other industry goods and services, will create an additional two jobs for the Nashville Middle Tennessee area. The music-related self-employed individuals who generated the largest number of additional jobs through indirect and induced expenditure were those in the music stores industry creating 944 additional jobs. Clubs, taverns, and lodges (SIC category 5813) also generated twice the jobs within this category to the Nashville economy.

SIC	Industry Sub-Category	Total Establishments	Estimated Employment	Earning per worker	Estimated Earning (millions)
2732	Music books printing or printing and binding without publishing	D	12	\$ 39,700	\$0.47
2752	Music, sheet, lithographic (offset) printing without publishing	94	64	39,350.2	2.52
2754	Music, sheet, gravure printing without publishing	D	29	39,350.1	1.14
2759	Music, sheet printing without publishing	53	62	39,991.0	2.48
3651	Audio & video equipment mfg	D	175	39,575.1	6.92
3652	Music publishers and/or distribution	120	700	42,490.5	29.74
3931	Musical instrument mfg	11	225	39,560.0	8.90
4832	Radio & television broadcasting	60	1,750	42,539.1	74.44
5099	Prerecorded tape, CD & record stores	49	350	14,831.8	5.19
5736	Musical instrument & supplies stores	33	175	14,810.6	2.59
5813	Clubs, Taverns and Lodges	86	922	12,175.7	11.23
5932	Music stores (e.g., cassette, instrument, record, tape), used	114	750	19,111.6	14.33
7359	Music Instrument Rental	38	343	21,034.3	7.21
7389	Sound recording studios	188	502	42,370.0	21.27
7699	Musical instrument repair shops without retailing new musical instruments	42	175	21,918.8	3.84
7819	Music video production	73	750	42,551.2	31.89
7922	Agents, managers for artists & other public figures	170	1,874	46,797.2	87.67
7929	Musical groups & artists	593	2,124	46,784.5	99.37
8049	Music therapists' offices (e.g., centers, clinics)	82	417	8,756.5	3.65
8221	Colleges and Universities	24	200	49,250.0	9.85
8299	Music instruction (e.g., guitar, piano)	40	227	-	-
8611	Business Trade Associations	14	927	21,981.6	20.38
8743	Public Relations	30	225	39,773.3	8.95
8999	Record production and or Independent artists, writers & performers	211	1,099	45,446.9	49.95
	Music-related self employed individuals		5,361	\$ 40,668	218.02
Total Number		2,140	19,437		\$722.02

Table 4. Earnings and work-related income in the Nashville music industry 2002.

Source: 2002 County Business Patterns and U.S. Census.
D = Withheld to avoid disclosing data of individual companies

SIC Industry Sub-Category	Direct	Induced / Indirect	Total
Music books printing or printing and binding without publishing	12	18	30
2732 publishing			
2752 Music, sheet, lithographic (offset) printing without publishing	64	97	161
2754 Music, sheet, gravure printing without publishing	29	44	73
Music, sheet, screen and flexographic printing without publishing	62	94	156
2759 publishing			
3651 Audio & video equipment mfg	175	97	1,847
3652 Integrated record production, distribution / Music Publishers	700	39	739
3931 Musical instrument mfg	225	69	819
4832 Radio & television broadcasting	1,750	214	1,964
5099 Prerecorded tape, CD & record stores	350	738	1,088
5736 Musical instrument & supplies stores	175	16	191
5813 Clubs, Tavern and Lodges	922	940	1,862
5932 Music stores (e.g., cassette, instrument, record, tape), used	750	765	1,515
7359 Sound recording studios	343	350	693
7389 Other sound recording industries	502	512	1,014
Musical instrument repair shops without retailing new musical instruments	175	179	354
7699 instruments			
7819 Music video production	750	388	1,138
7922 Theater companies & dinner theaters	1,874	271	2,144
7929 Musical groups & artists	2,124	307	2,431
8049 Music therapists' offices (e.g., centers, clinics)	417	325	742
8221 Colleges and Universities Music-related faculty	200	33	233
8299 Music instruction (e.g., guitar, piano)	227	37	264
8611 Business Associations	927	155	1,082
8743 Public Relations	225	39	264
8999 Record production	1,099	194	1,293
Music-related self employed individuals	5,361	944	6,305
Economic Impact on Nashville Economy			
Estimated Employment from the Music Industry		Multiplier³	
19,437	39,263	2.02	

Table 5. Economic impact of the Nashville music industry (employment).

Economic Impact Estimates: Sales Revenue

In order to determine the economic impact of music-related sales revenue on the Nashville Middle Tennessee area, the sales revenue data from table 3, were input through the REMI multiplier input-output program. The results in table 6 indicate that the \$2.6 billion in sales revenue directly related to the music industry generated a total of \$3.97 billion in revenue for the entire Nashville Middle Tennessee area. This implies that the Nashville music industry generated \$1.3 billion in sales revenue either from

SIC Industry Sub-Category	Direct (millions)	Indirect / Induced (millions)	Total (millions)
Music books printing or printing and binding			
2732 without publishing	\$ 1.70	\$ 2.89	\$ 4.60
Music, sheet, lithographic (offset) printing			
2752 without publishing	8.68	14.71	23.39
Music, sheet, gravure printing without			
2754 publishing	6.51	11.05	17.56
2759 Music, sheet printing without publishing	8.44	14.32	22.77
3651 Audio & video equipment mfg	98.54	36.99	135.54
3652 Music publishers and/or distribution	627.93	36.15	664.09
3931 Musical instrument mfg	19.50	11.67	31.17
4832 Radio & television broadcasting	341.56	61.56	403.12
5099 Prerecorded tape, CD & record stores	58.09	59.25	117.35
5736 Musical instrument & supplies stores	37.89	3.17	41.07
5813 Clubs, Taverns and Lodges	47.81	66.75	114.56
Music stores (e.g., cassette, instrument, record,			
5932 tape), used	52.46	53.51	105.97
7359 Music Instrument Rental	37.65	38.40	76.05
7389 Sound recording studios	27.30	27.84	55.14
Musical instrument repair shops without			
7699 retailing new musical instruments	12.21	12.46	24.67
7819 Music video production	65.05	46.77	147.83
Agents, managers for artists & other public			
7922 figures	281.26	30.70	311.96
7929 Musical groups & artists	278.15	30.36	308.52
8049 Music therapists' offices (e.g., centers, clinics)	67.64	28.12	95.76
8221 Colleges and Universities	9.85	10.25	20.11
8299 Music instruction (e.g., guitar, piano)	4.76	4.96	9.71
8611 Business Trade Associations	52.12	24.07	76.19
8743 Public Relations	24.52	9.76	34.28
Record production and or Independent artists,			
8999 writers & performers	184.28	86.19	270.47
Music-related self employed individuals	290.69	135.95	426.64
Estimated Revenue from the Music Industry	Economic Impact on Nashville Economy	Multiplier ⁴	
\$ 2,644.65	\$ 3,966.98	1.50	

Table 6. Economic impact of the Nashville industry estimated revenue 2002.

Source: 2002 County Business Patterns and U.S. Census Non-employer Statistics.

indirect or induced economic expenditure. The output multiplier is approximately 1.50, which means that every \$1.00 of output sales revenue by the music industry has a \$1.50 impact on the Nashville economy. Music-related self-employed individuals had one of the largest multiplier effects, generating an additional \$139.9 million on sales either from indirect or induced expenditure to the Nashville economy. Clubs, taverns, and lounges also played a large role in generating sales revenue to the Nashville economy causing a total increase in sales revenue to exceed \$114.6 million.

Music-Related Tourism: Sales

To further understand Nashville's role as "Music City USA" the authors also input the \$1.12 billion in sales revenue from tourism that is music related into the REMI model. Table 7 shows that music-related tourism impacts the total Nashville economy by \$2.4 billion in output. Music-related tourism created an even larger sales revenue multiplier of 2.16, which implies that for every \$1.00 in music-related tourism sales an additional \$2.16 to the entire Nashville Economy is generated. Table 7 also shows that the largest impact from music-related tourism comes from the retail industry with induced and indirect expenditures over \$265 million. By combining the sales revenue generated from table 6 with the sales revenue generated from music-related tourism, we conclude that the music industry created a total of \$6.4 billion of sales output to the Nashville economy.

	Direct (millions)	Indirect/Induced (millions)	Total (millions)
Transportation/Utilities	\$ 145.60	\$ 26.90	\$ 172.50
Retail	633.22	265.39	898.61
Hotel and lodging	184.33	34.17	218.50
Amusement and Recreation	157.02	53.66	210.68
	Revenue from Nashville Music Related Tourism	Economic Impact on Nashville Economy	Multiplier
	\$ 1,120	\$ 2,421.90	2.16

Table 7. Nashville music-related tourism sales 2002.

Music-Related Tourism: Employment

Table 8 presents the economic impact of music-related tourism employment on the Nashville economy. The Nashville music tourism industry created over 4,995 jobs either through indirect or induced expenditure. This created a total of 14,995 jobs attributed to the Nashville music tourism industry. The results from music-related industry's impact on the Nashville economy in table 5, combined with the music tourism employment results, conclude that the total Nashville music industry, including tourism, generated over 54,000 jobs to the Nashville economy.

Conclusion

The findings of the local city music industry studies provided a path for the authors of this paper to question whether Nashville's music industry could create a significant economic impact on its Metropolitan Statistical

	Direct	Indirect / Induced	Total
Transportation Services	1,300	18	1,318
Eating and Drinking	5,654	451	6,105
Hotel and lodging	1,646	14	1,660
Amusement and Recreation	1,402	238	1,640
	Employment from Nashville Music-Related Tourism	Economic Impact on Nashville Economy	Multiplier
	10,000	14,995	1.5

Table 8. Nashville music-related tourism employment.

Area. The authors contended, based upon previous literature, that the music industry in Nashville is a growing industry capable of maintaining and fostering strong economic growth. This paper confirms this contention, and the authors have concluded that Nashville's decision to market itself as "Music City USA" has helped create and sustain a viable economic base to its Metropolitan Statistical Area.

Visitor Survey for Music Event Participants
(Please Circle the Response that is Most Accurate for YOU)

1. Do you live in *Middle Tennessee*?

YesNo
2. How far did you travel to attend the musical event you are attending?

Less than 100 milesMore than 100 milesOutside the U.S.
3. If you live in the U.S., what is your *Zip Code* _____?
4. Have you or anyone in your household attended concerts, music attractions, night clubs or other music activities or events in *Middle Tennessee* in the last 12 months?

YesNo
5. Approximately, how many times in the last 12 months did you or your household attend the music events mentioned in the previous question in *Middle Tennessee*?

1-22-45-910 or more
6. What is the approximate amount your household spent in the last 12 months to attend musical events in *Middle Tennessee* such as concerts, dances, music festivals, opera, musical theater, multi-discipline events, jazz performances, music attractions or other events that featured musical presentations?

\$ _____
7. Please rank (1 being most frequent-5 being least attended) the types of musical events or attractions that you attended in the last 12 months.

Music Festivals
Concerts
Museums
Nightclubs
Benefits

8. *When attending a musical performance or attraction, how many nights during the last year did you or someone in your household spend the night at a hotel in order to attend of the event or attraction?*
- 0 1 2 3 4 5 6 7 8 9 10
9. *How much on average does your household spend per night for accommodations during the trip?*
- \$50-100 \$100-150 \$150-200 \$200-250 \$250-300
10. *When attending a musical performance or attraction, how often do you or someone in your household eat a meal and/or have drinks near the site of the performance?*
- 0 1 2 3 4 5 6 7 8 9 10
11. *How much on average does your household spend for meals and drinks during the trip?*
- \$10-25 \$25-50 \$50-100 \$100-150 \$200-250 \$250-300
12. *How much did you or your household spend on souvenirs during your trip to attend a musical event or attraction?*
- \$ 0 \$10-25 \$25-50 \$50-100 \$100-200 More than \$200

Appendix 1. Survey Questionnaires. (cont.)

Nashville, Tennessee Music Industry Economic Impact Project

The Nashville Chamber of Commerce, in conjunction with the Music City Partnership and Belmont University, is conducting an economic impact study of the music industry in Nashville, Tennessee. This survey questionnaire is part of that study. The information received on this questionnaire will be held in strict confidence and no specific firm information will be released or published. In addition, all questionnaires and firm-specific information will be destroyed once the study is completed. If you have any questions, please contact Dr. Patrick Raines of Belmont University at 615-460-6175. Please return this survey by October 24, 2005. A stamped envelope is enclosed for your convenience.

Company Name _____

Contact Person _____

Telephone # _____ Fax # _____

Please specify primary nature of business _____

	Past Fiscal Yr.	Estimated Current Fiscal Yr.
Labor		
Total Number of Full-time Employees (Nashville, MSA ^a)	_____	_____
Total Number of Part-time Employees (Nashville, MSA)	_____	_____
Annual Employee Wages and Salaries	_____	_____
Professional/ Business Services, contract and additional labor	_____	_____
Operations		
Total Operating Expenditures ^b	_____	_____
Capital Improvements		
Total Capital Expenditures	_____	_____
Projected 3-Year Capital Expenditures	_____	_____
Taxes		
State Taxes	_____	_____
Local Taxes	_____	_____
Total Nashville Sales Revenues^c	_____	_____

Appendix 1. Survey Questionnaires. (cont.)

^a Metropolitan Statistical Area: Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, and Wilson counties.

^b Examples: rent, mortgage, office/maintenance supplies and materials, entertainment, events and catering, marketing and advertising, travel expenses.

^c Total revenue is gross receipts from the sales of goods and services produced by firms/divisions located in the Nashville MSA.

Definitions

Audio & Video Equipment Mfg. – This industry comprises establishments primarily engaged in manufacturing electronic audio and video equipment for home entertainment, motor vehicle, public address, and musical instrument amplification. (U.S. Census Bureau)

Direct Economic Effect – The initial changes and flows of employment and business sales that are related specifically to the music industry. Data for this category comes from the 2002 County Business Patterns.

Human Capital – 1. The stock of knowledge and skill, embodied in an individual as a result of education, training, and experience, that makes him or her more productive. 2. The stock of knowledge and skill embodied in the population of an economy. (www-personal.umich.edu/~alandear/glossary/h.html)

Indirect/Induced Economics Effects – this data includes the aggregated two SIC results from the REMI model, which was later disaggregated by the authors back into four digit disaggregated results. It includes the investment spending by suppliers and its impact on household consumption through changes in wages and employment.

Knowledge Spillovers – an exchange of ideas which promotes creativity and innovation. (Carlino, 2001)

Metropolitan Statistical Area (MSA) – A geographic entity, defined by OMB for statistical purposes, containing a large population nucleus and adjacent communities having a high degree of social and economic integration with that nucleus. Under the 1990 metropolitan area standards, qualification of an MSA required a city with 50,000 population or more, or an urbanized area of 50,000 population or more and a total population of at least 100,000 (75,000 in New England). MSAs are composed of entire counties, except in New England where the components are cities and towns. (Office of Management and Budget)

- Music Books Printing or Printing and Binding Without Publishing – Establishments primarily engaged in printing or printing and binding books and pamphlets without publishing. (U.S. Census Bureau)
- Music Publishers and/or Distribution – This industry comprises establishments primarily engaged in releasing, promoting, and distributing sound recordings. These establishments manufacture, or arrange for the manufacture, of recordings, such as audio tapes/cassettes and compact discs, and promote and distribute these products to wholesalers, retailers, or directly to the public. (U.S. Census Bureau)
- Music, Sheet, Gravure Printing Without Publishing – Industry comprises establishments primarily engaged in gravure printing without publishing (except books, grey goods, and manifold business forms). This industry includes establishments engaged in gravure printing on purchased stock materials, such as stationery, letterhead, invitations, labels, and similar items, on a job order basis. (U.S. Census Bureau)
- Music, Sheet, Lithographic (Offset) Printing Without Publishing – Establishments primarily engaged in lithographic (i.e., offset) printing without publishing (except books, grey goods, and manifold business forms). This industry includes establishments engaged in lithographic printing on purchased stock materials, such as stationery, letterhead, invitations, labels, and similar items, on a job order basis. (U.S. Census Bureau)
- Music, Sheet Printing Without Publishing – Comprises establishments primarily engaged in flexographic printing without publishing (except books, grey goods, and manifold business forms). This industry includes establishments engaged in flexographic printing on purchased stock materials, such as stationery, invitations, labels, and similar items, on a job order basis. (U.S. Census Bureau)
- Music Therapists' Offices (e.g., Centers, Clinics) – This industry comprises establishments of independent health practitioners primarily engaged in one of the following: planning and administering educational, recreational, and social activities designed to help patients or individuals with disabilities regain physical or mental functioning or

to adapt to their disabilities; and diagnosing and treating speech, language, or hearing problems with an emphasis on music. (U.S. Census Bureau)

Musical Instrument Mfg. – This U.S. industry comprises establishments primarily engaged in manufacturing musical instruments (except toys). (U.S. Census Bureau)

Musical Instrument & Supplies Stores – Establishments primarily engaged in selling musical instruments such as organs, pianos, horns, stringed instruments, and percussion instruments; sheet music; and similar supplies. (U.S. Census Bureau)

Prerecorded Tape, CD & Record Stores – Establishments primarily engaged in the wholesale distribution of durable goods, not elsewhere classified, such as compact disks, prerecorded audio tapes, and phonograph records. (U.S. Census Bureau)

Radio & Television Broadcasting – Establishments primarily engaged in broadcasting aural programs by radio to the public. (U.S. Census Bureau)

Regional Multiplier Process – Is best explained through employment. Each additional job from the music industry in our case generates income that is spent on local goods and therefore increases employment in the regional economy.

Endnotes

- ¹ State of Georgia equation: \$989.9 million / 8,943 jobs = \$110,689.
Memphis study equation: \$239 million / 4,155 = \$57,280.
- ² The REMI (Regional Economic Models, Inc.) is a dynamic simulation model that is utilized by the authors to examine the economic effects of the Nashville, Tennessee Metropolitan Statistical Area (MSA). The model divides the regional economy into 70 to 169 NAICS (North American Industry Classification Codes) and 808 population, age, and ethnicity cohorts. The REMI simulation model controls for key exogenous variables such as migration propensities, fertility, mortality, labor force participation, productivity, income, government revenues, and expenditures. Further information regarding the REMI model can be found in Treyz, G. I., D. Rickman, and G. Shao. "The REMI Economic-Demographic Forecasting and Simulation Model." *International Regional Science Review* 14, no. 3 (1992): 221–253.
- ³ The REMI model has previously controlled for migration propensities, fertility, mortality, labor force participation, growth rates, and structural changes in the economy. Therefore the authors calculate the multiplier as: Multiplier = Total Employment derived from the Nashville music industry economy (direct, indirect, and induced economic effect) / Employment directly from the Nashville music industry (direct economic effect). For further clarity see Appendix 2 for definitions.
- ⁴ The REMI model has previously controlled for migration propensities, fertility, mortality, labor force participation, growth rates, and structural changes in the economy. Therefore the authors calculate the multiplier as: Multiplier = Total Business Sales derived from the Nashville music industry economy (direct, indirect, and induced economic effect) / Business Sales directly from the Nashville music industry (direct economic effect). For further clarity see Appendix 2 for definitions.

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