

# The Role Of Music in the Austin Economy: EXECUTIVE SUMMARY

## Overview

As the self-proclaimed “Live Music Capital of the World,” there is no question that music is a defining element of Austin’s culture. Music is everywhere in Austin - on almost any given weekday or weekend night, music lovers in Austin can select from literally dozens of live shows that they could attend covering the full spectrum of musical genres. City government recognizes the role of music in Austin in a variety of ways, including providing music by local artists at the airport, funding a cable access channel devoted entirely to local music, and administering a loan program specifically for the music industry. Music and the arts have become a major element in tourism, a fact clearly recognized by the Austin Convention and Visitors Bureau. This is true not only for destination travel (such as participants who come specifically for South by Southwest), but for the hundreds of thousands of leisure travelers the world over who consider music a key aspect of their vacation entertainment plans. Moreover, quality of life considerations are assuming an increasing role in corporate expansion and relocation decisions – since many firms can be located virtually anywhere, quality of life and its impact on the company’s ability to attract and maintain the best possible labor force is a vital consideration. As a result, the arts have become a critical element in overall economic development planning, and are increasingly touted by those seeking to recruit and retain firms in Austin.

The measurable economic and fiscal impact of music in Austin is significant, as more than \$616 million in economic activity, almost 11,200 jobs, and over \$11 million in City tax revenues can be attributed to influence of music on the local economy. Perhaps even more important are impacts that are not as easily measured, especially the connection between technology and the arts. In the technology world, value initially is created through knowledge, either directly or imbedded in products. Among other things, this means that there are few geographic constraints on where many companies are located – since a software company can more or less be anywhere, it follows that the company will tend to be based where its management wants to be. This in turn implies that quality-of-life factors that make a community attractive to a company’s labor force assume a heightened importance, since the fundamental asset of any technology firm will always be the people who work there.

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This last point about quality of life may be one of the most important. All the usual factors related to economic development continue to be important, but research is beginning to show that an additional consideration that makes a big difference is cultural vitality. In particular, several studies suggest there is a significant relationship between the breadth and scope of cultural offerings (music, the arts, etc) and the growth of a technology-based economy. To some degree, this interconnection makes sense, since technical innovation, entrepreneurship, and the arts all involve a creative impulse, albeit in different forms. In recognizing this relationship, it follows that if we lose one we may damage the others. What appears to set Austin apart from most other communities is this concentration of creativity. As such, it may well be the community's most important strategic asset, and should be kept in mind in the development of public policy.

### **The Status of the Local Music Scene**

To assist Austin in developing strategies to promote its musicians, artists, and live music venues, a series of interviews were conducted with local stakeholders, including musicians themselves, concert promoters, club owners, technology companies, not-for-profit social service providers, staff at the Chamber of Commerce and the Convention and Visitors Bureau, and members of the Austin Music Commission. The primary themes that emerged were:

*The "supply" of music in Austin exceeds the local demand.*

Austin enjoys an unusually high concentration of musicians and music-related activity. Ironically, this actually can work to the detriment of those in the local industry. Specifically, Austin is and long has been a "buyer's market" for live music. As a result, the "sellers" – musicians in particular – must contend with a much tighter and potentially less remunerative market than their colleagues elsewhere.

The abundance of local musical talent means that clubs will have a wide variety of acts to choose from, and that the shows that are available typically pay poorly. Indeed, it is not at all unusual for a performer to actually lose money by playing a gig, in that their costs (for equipment, rehearsal space, band members, etc.) exceed what they are paid, either from the cover at the door or directly by the