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## A Longitudinal Analysis of Music Tourism Impacts

Kate Price-Howard

*Troy University, lkprice@troy.edu*

John C. Crossley

*Florida State University, jcrossley@pc.fsu.edu*

Andrew Holdnak Dr.

*University of West Florida, aholdnak@uwf.edu*

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### Cover Page Footnote

This study was done with the assistance of the Bay County Tourism Development Council in Panama City Beach, FL.

## **Title: A Longitudinal Analysis of Music Tourism Impacts**

Keywords: concerts, economic impact, music tourism, Tourist Development Tax, Gulf Coast

### **Introduction:**

Several tourism destinations have begun using music as a marketing draw, whether a concert is used as a part of the campaign or as a primary event (Gibson and Connell, 2005). The destination will become associated with the various types of music that elicits emotional responses from audiences, hoping to build a tourism draw to the area for an annual music event. Dr. Jonathan Wynn, author and associate professor of sociology at the University of Massachusetts has termed this social phenomena as “festivalization.” He describes this term to describe how cities, municipal agencies, community groups, and cultural institutions have become “entertainment machines” and use them as tools of urban vitality (Wynn, 2015). Large popular music concerts are often significant tourism events that create substantial fan interest and economic activity (Gabe and Lisac, 2013). During these events, visitor spending can significantly contribute to the local economy in many different facets. This spending is not limited to the event fee and taxes, but also includes lodging, transportation, bars and restaurants, retailers, and entertainment venues (Tamulonis, 2017).

Excellent examples of this very well executed concert effort occur in Walt Disney World and Atlantic City, NJ. Since 1983, *Disney’s Night of Joy* features two nights of a contemporary Christian music festival. This concert is held in September, known as a slow period of the year for Disney. They have also added a concert series into every large multi-week event (i.e., *EPCOT’s Food & Wine Festival, Flower & Garden Festival, Holidays around the World*). In 2015, the Casino Reinvestment Development Authority of Atlantic City, NJ, developed a strategic plan to hold six summer concerts attracting more than 20,000 people each, spending \$3 million with a contract with Live Nation. In March 2016, they extended this agreement for \$6 million for the upcoming summers. The concerts were an effort to rebrand the resort destination as more than just a gambling town (Hetrick, 2016). The live music industry has always been popular but it continues to grow throughout the United States and International markets. According to Ibis World, the leading report for industry analytics, conveyed the value of the live music industry in the United States at \$25.5 billion, not including the sponsors who invested and estimated \$1.34 billion in 2014. The Southeast was labelled as being the second-largest region for this live music industry, representing 19.5% of total industry establishments (Petrillo, 2016).

For the present study, an analysis was made of several concerts held in the Northwest Florida beach town of Panama City Beach, FL over a two-and-a-half-year period of time. This study began with an examination of two concerts during a typically “slow tourism” month, September. As the study progressed, it became a continuous analysis incorporating three different concert series occurring over a two-and-a-half-year period of time, specifically April

2015 through September 2017. The concert of 2016 was cancelled due to a threatening hurricane during that Labor Day weekend, so this study was continued through 2017. The concerts specifically analyzed in this study are as follows:

- *Seabreeze Jazz Festival*: April 2015 and 2016
- *Chasin' the Sun*: September 2015 and 2016
- *The Pepsi Gulf Coast Jam*: September 2015; 2016; and 2017

The 2010 *Deepwater Horizon* Oil spill disaster affected the tourism industry in this same destination, encompassing eight counties lining the Florida Gulf Coast. In addition to many other enticing promotions, several neighboring counties started promoting concerts to help promote tourism. Some examples of this type of promotion in the summer of 2010 included Okaloosa County, FL hosted a free concert featuring The Doobie Brothers and Kenny Loggins; Baldwin County, AL (Gulf Shores, AL) hosted their native son, Jimmy Buffet, with the organizers giving away 35,000 tickets (CBS/Associated Press, 2011). At this same time, Bay County, FL allotted \$1.3 million to develop a county music concert (Associated Press, 2011), which was the start of *The Pepsi Gulf Coast Jam*. Bay County later determined a large portion of the BP settlement monies, \$1.9 million of the \$2.6 million received in April of 2011, would go to expand the amphitheater at Aaron Bessant Park. The Bed Tax contribution to this project was an additional \$700,000 (Southerd, 2011). The Bay County Tourist Development Council (BCTDC) had been strong in concerts previously, hosting the *Seabreeze Jazz Festival* every April. This facility improvement made it possible for a multitude of events to help drive tourism and enabled them to promote the venue to top artists. In 2013, *The Pepsi Gulf Cost Jam* made its debut, heavily sponsored by the BCTDC.

*The Pepsi Gulf Coast Jam* is one of the concert series analyzed, 2015 through 2017. This annual concert is a three-day event held over Labor Day weekend. The concert provides headliners from today's top country music artists and had a reported 60,071 people in attendance (approximately 20,000 per day) in 2017; nearly doubling their inaugural year of 2013. They are projecting to reach 75,000 attendees (approximately 25,000 per day) in 2018. This concert is funded and managed by PCB Entertainment and heavily sponsored by the BCTDC. In 2017, the *Pepsi Gulf Coast Jam* was recognized by Billboard as one of the Top Ten Musical Festivals in the U.S. (Dauphin, 2017).

The Bay County Tourist Development Council (BCTDC) created a spring concert called the *Spring Jam* in 2016, and outsourced management of this event to PCB Entertainment in 2017; this concert later became known as *SandJam* and was moved to a beach venue. This particular concert was fully funded by the BCTDC and operations were managed by PCB Entertainment as an effort to create positive economic impact during their Spring Break season, March and April 2016. Other concert series this study examined were the *Chasin' the Sun Music Festival* held late September and the *Seabreeze Jazz Festival*, held at the end of April. This latter

festival has been named a “Top 10 Jazz Festival in the USA” by Jazz magazine and attracts over 20,000 fans.

The Bay County Tourist Development Council developed an “intentional-designed” concert plan with diversified genres of their music events based upon the target market of the area’s specific season. These events provided another opportunity for visitors to make a return trip to the area and also have a very significant effect on the social presence, public relations value, and image of the destination. In the past few years, the BCTDC has increased their investment from \$740,000 for special events in 2014, to \$1.637 million in 2015, to \$3.8 million in 2016 (O’Brien, 2016). The concerts analyzed incorporate various music genres including country, jazz, and oldies. Therefore, the purpose of this study is to examine the impact music concerts are having on this particular tourism destination and to analyze the impact made by variations throughout the different seasons.

### **Materials and Methods:**

During the course of this longitudinal study, an examination was made of a summation of the primary data collected at the events, along with the secondary data points from the governmental tax revenues and visitor profile studies. The visitor data summations were developed by on-site intercepts by representatives of PCB Entertainment and BCTDC, along with an email with an online survey after the event. Additionally, the economic data analyzed were the tourist development tax, known as the “Bed Tax,” in which Bay County collects 5% of monthly gross on short term/ vacation rentals (Bay County Clerk, 2017). The other data source used for this study included performance data from STR, the primary source for global data benchmarking, analytics and marketplace insights in the hotel and lodging industry.

In order to determine the specifics of the Bed Tax revenue collected, a further definition of this tax is needed. The county collects the Bed Tax from nightly, weekly, and monthly room rates, cleaning fees, resort and reservation fees, Panama City and Panama City Beach license fees and any other fee that the guest is required to pay to stay in the accommodations. Refundable security deposits are not taxable. This tax is collected on all short term/vacation rentals including but not limited to a hotel/motel room, apartment, condominium, townhouse, timeshare, single family home, multi-unit structure, mobile home, cottage, beach house, room or water craft that is rented for six months or less (Bay County Clerk, 2017). According to the visitor report published by the BCTDC, the number of condominium/townhomes is just above 9,000 units (Young, 2017). After examining the collected 5% Bed Tax data, a conversion was applied to calculate the actual revenue for the county. This converted Bed Tax revenue was compared to the STR revenue for the same periods of time.

STR has participating hotels report performance data from over 58,000 hotels, which represents 7.9 million rooms around the world. STR reports performance data from chain headquarters, management companies, owners, and directly from the independent hotels

(STR.com). In this study, the STR data from the same zip codes represented in the county's Bed Tax were analyzed from January of 2015 through December of 2017.

### **Results:**

Both sources of data have their strengths and weaknesses. In a previous study conducted by Holdnak (2015), these two sources were analyzed for a neighboring county, Escambia County, FL, finding the Bed Tax data to be a stronger indicator based on the number of units of condominium/townhomes versus that of hotel/motel unit counts. In updated reports of Bay County unit counts, the bed tax data includes 9,336 units of condominium/townhomes added to the 4,740 hotel/motel units, whereas the STR data only includes the 4,740 hotel/motel units (Young, 2017). After examination, the Bed Tax revenue data was significantly higher than the STR revenue data in all time periods. In Holdnak's (2015) case study, research findings recommendation of the Bed Tax being the best indicator for Escambia County, FL and this study was able to support that same recommendation for Bay County, FL.

Another finding in the data comparison was the increases throughout the past three years in two of the three months analyzed, which coincide with the concerts within this study. The specific months were March (Figure 1), April (Figure 2), and September (Figure 3). As shown in Figure 2 & 3, April and September have continued to increase while March (Figure 1) has had some challenges during these years analyzed. These challenges and results will be further reviewed in the discussion section of the paper.

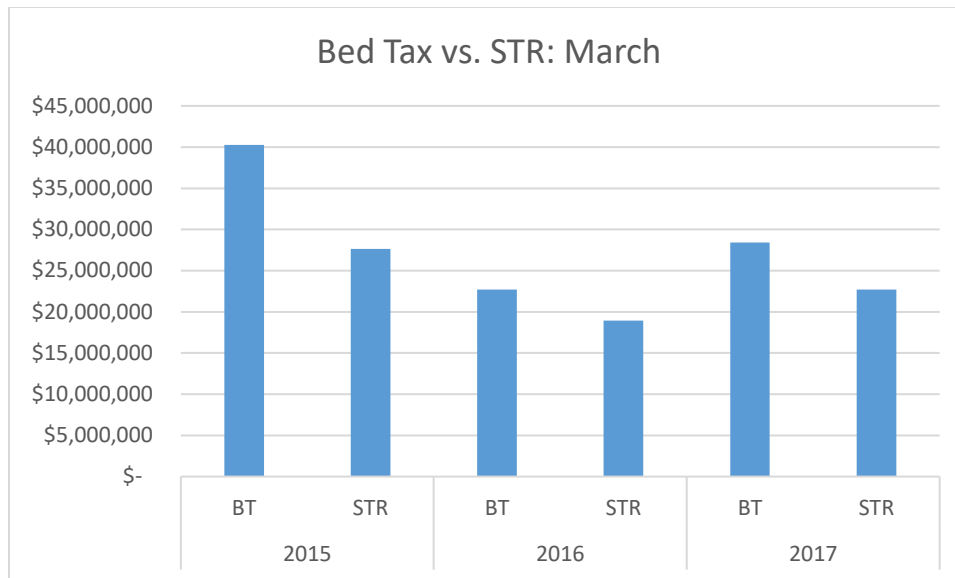


FIGURE 1: Bed Tax vs. Smith Travel Report (STR) Data (March)

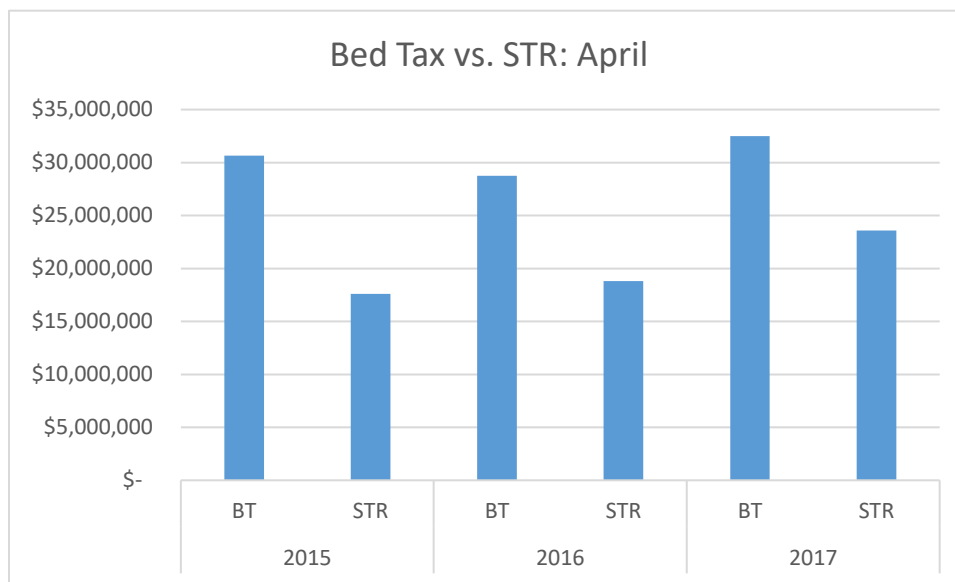


FIGURE 2: Bed Tax vs. Smith Travel Report (STR) Data (April)

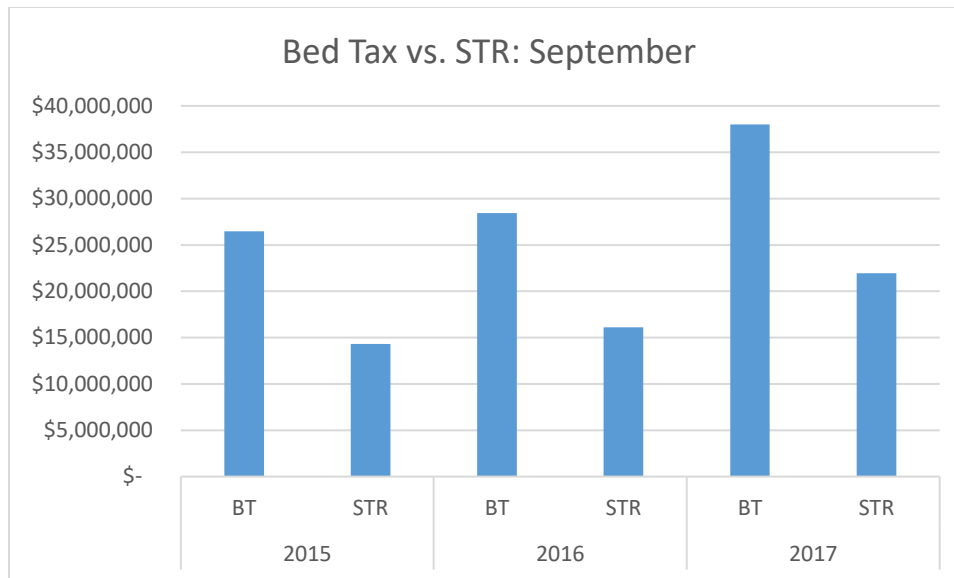


FIGURE 3: Bed Tax vs. Smith Travel Report (STR) Data (September)

### Discussion:

The spring months of March and April in this vacation destination area are typically strong due to Spring Break. The length of this season is very dependent upon when Easter falls, either late March or April. Some years may report four solid weeks of healthy occupancies, while early Easters could shorten that by a couple of weeks. This fluctuation is significant when comparing revenues from year to year.

Due to the increase in arrests and violent crimes in March of 2015, Panama City Beach immediately implemented several emergency ordinances including an alcohol ban on beaches and commercial parking lots, and limitations were placed on hours of alcohol sales. These ordinances were later voted on by the city council to reinstate this ordinance for the entire month of March every year (Pillion, 2015). This meant that no alcohol could be consumed by anyone visiting the beaches or commercial parking lots in Panama City Beach, FL, no matter the age of the patron. These ordinances had a devastating impact on the tourism industry during March 2016, but the industry was able to recoup during the following months of 2016. Dan Rowe, executive director of the Bay County Tourism Development Council, reported a drastic reduction in the Bed Tax collections [in March] and an overall loss of \$40 million to the tourism industry in the area (Associated Press, 2016). The city council felt that this drastic step had to be put into effect to keep citizens and tourists safe and try to clean up the reputation of the community. Since this occurrence, the city along with the BCTDC has begun to invest and design some family friendly events and concerts that will appeal to a different crowd. Specifically, the BCTDC “toned down” the events or activities offered in the month of March, eliminated the



words “Spring Break” in any marketing campaigns, and heavily marketed to families with children in the K-12 age demographic and KIS (kids in strollers) families (BCTDC, 2017). In 2017, a gradual increase in lodging revenues was seen compared to the devastating previous year, but still down significantly from 2015. Therefore, as the target market continues to gain the family travelers back in place of the college age revelers, the month of March will continue to get stronger in revenue. The BCTDC revamped all concerts and events for the month of March in 2016 and 2017 to include events like a Scottish festival, a classic car show, and the Boat and Lifestyle show.

The *Seabreeze Jazz Festival* is typically held one of the two final weekends of April and after the Easter holiday. It has also been held for several years and has a following of loyal repeat attendees. Therefore, April’s revenue is fairly steady over the past three years, with a slight decline in the year of 2016. That year had Easter fall in late March and received backlash as well from the alcohol ban ordinance put into effect for the previous month. April’s revenue saw an improvement in 2017, due to a late Easter and marketing efforts targeting more families. There were also some damage control done with aggressive marketing by the BCTDC to address the alcohol ban and make sure that everyone was aware that ban was only in effect for the month of March, not April. Two concerts were held during the month of April in both 2016 and 2017, including the *SpringJam* and the *Seabreeze Jazz Festival*.

The month of September has seen a healthy increase over the course of the last five years. There were two different weekends of concerts held in September during this study. In the reporting from the Operations Manager of PCB Entertainment, the *Pepsi Gulf Coast Jam* concert weekend had a total economic impact to the county for an overall \$18,914,770 in 2015 and that increased to \$21,254,643 in 2017; thus an 11% increase in just 2 years (Gomez, 2017). The *Chasin’ the Sun* concert was much smaller, and had more of a local attendee base. That concert series went through major changes during this study, including the switch from a hefty ticket price to a free concert as well as a genre change from country to oldies. This concert series has since been replaced by Octoberfest. In looking at the monthly bed tax for September over the course of these three years, a 26.5% increase was seen from 2014 to 2015, another 7.5% increase in 2016, the year the concert was cancelled and a hurricane threatened on Labor Day weekend. This past year, September witnessed another 13.9% increase in revenue collection, with a successful *Pepsi Gulf Coast Jam* and the influx of evacuees from Hurricane Irma in South Florida.

This study focused on two key points. One point was to analyze the best indicator regarding the data measurement comparing the tourist development tax versus the STR data. The other point was to examine the impact music concerts are having throughout the different seasons in Panama City Beach, Florida. In the course of the past ten years, this particular tourist destination went through some very drastic challenges. These include the great recession, Deepwater Horizon oil spill, hurricanes, and a spring break debacle, which caused major

rebranding. The quote in the BCTDC's 2018 Program of Work may explain their tenacity the best, "Though its resiliency was tested, Panama City Beach demonstrated its strength as a tourist destination by posting record breaking numbers in each subsequent year" (BCTDC, 2017, pg. 6).

The bed tax was a far better indicator of measurement for this tourism destination. In all three figures presented, it was clear that the STR revenues was far less than the Bed Tax converted revenues. Based upon the vast number of condominiums and townhomes in this area in addition to the hotel and motels, the revenues reported are sometime double than that of the STR data (hotel and motel revenues only).

While it is clear that the success of the growth in tourists to this destination is on the rise, the reason is not all contributed to that of the concert series, but this study shows that they added to the growth along with the other events. The Bay County Tourist Development Council created the overall vision by intentional design of concerts and events to specifically drive tourism to their destination. The special events division of the BCTDC has taken note of this history and made sure to keep tracking the success of these music festivals and add popular (and diverse) artists to several of their events throughout the year. Their vision plan is developed for a period of time that encompasses several years, not just as they go along. Music tourism is not a stand-alone answer to help boost tourism, but it definitely has the ability to be packaged together with other events to make an impact and gather repeat enthusiasts.

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