

# Economic Trends in the Sevier County Economy & Tourism Impacts

---

**Steve Morse, Ph.D.**

**Director & Economist,  
Tourism Institute**

**University of Tennessee**

July 17, 2007

THE UNIVERSITY *of* TENNESSEE



Tourism Institute  
Hotel, Restaurant and Tourism Management  
Knoxville, Tennessee

# Ranking of Sevier Co. Industries by Percent of Total Sevier Co. Industry Earnings, (2005)

---

1. Hospitality & Tourism	30.7%
2. Retail Trade	17.0%
3. Government (state, local, federal)	14.4%
4. Construction	13.4%
5. Real Estate & Leasing	7.1%
6. Manufacturing	5.8%
7. Finance & Insurance	3.8%
8. Wholesale Trade	2.1%

# Sevier Co. Rank of Industries by Employment Percent, 2005

---

<b>1. Hotel, Restaurant, &amp; Travel</b>	<b>45.5%</b>
2. Retail-Wholesale Trade, Transp., & Utilities	24.9%
3. Construction	5.9%
4. Professional & Bus. Services	5.7%
5. Financial Activities	5.4%
6. Education & Health Services	5.1%
7. Manufacturing	3.9%
8. Other Services	2.8%

# Growth Rates of Sevier Co. Industries by Percent Earnings 2001 - 2005

---

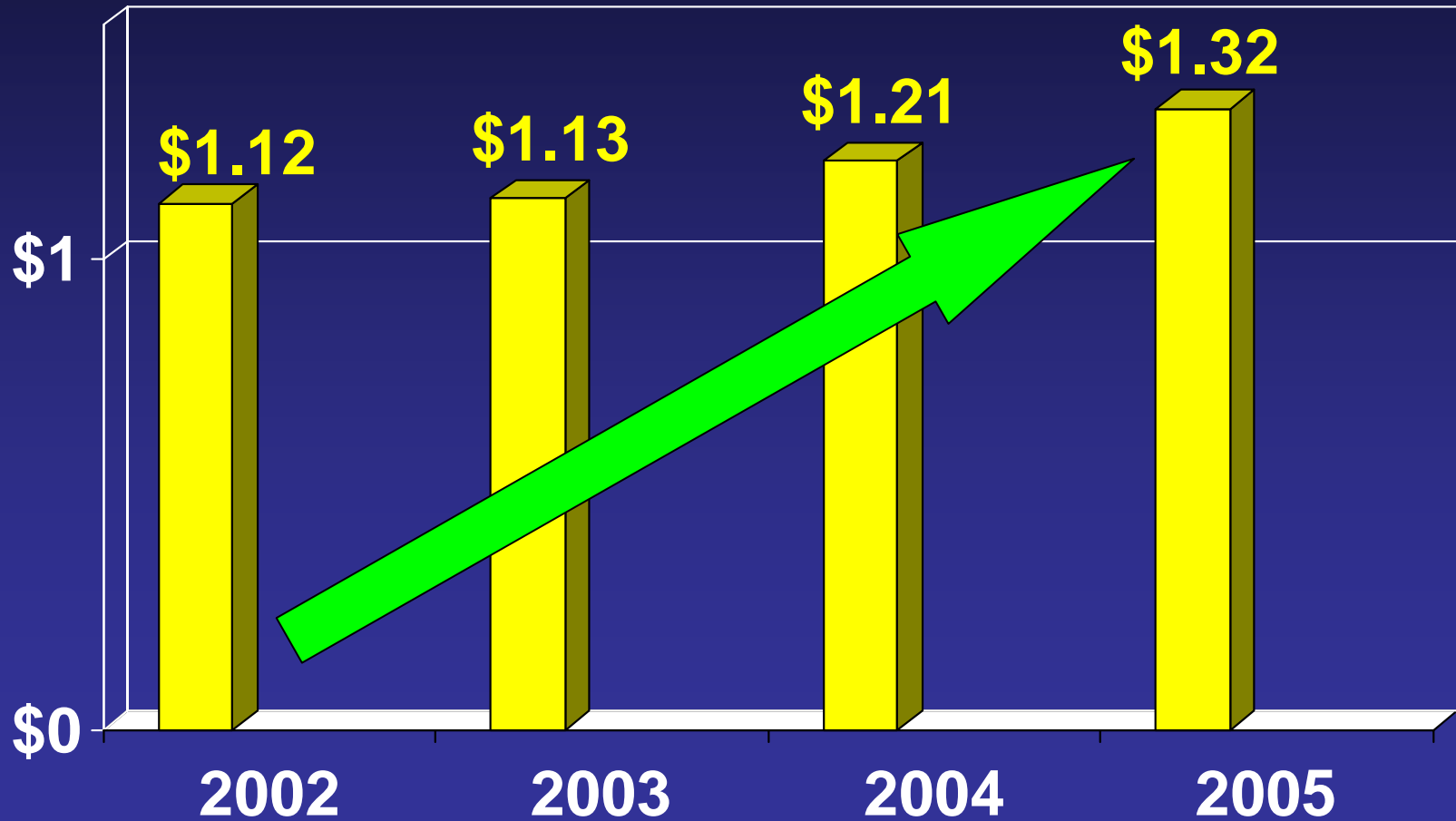
1. Construction	+103%
2. Wholesale Trade	+98%
3. Food Manufacturing	+81%
4. Real Estate, Rent & Leasing	+69%
5. Transp. & Warehousing	+60%
6. Furniture & related prod.	+55%
7. Finance & Insurance	+51%
8. Retail Trade	+29%
9. Hospitality & Tourism	+27%
10. Manufacturing	-7%

# Sevier Co. is the 3<sup>rd</sup> Largest County in TN for Tourist Spending, (2005)

---

1. Davidson Co. (Nashville) \$3.51 Billion
2. Shelby Co. (Memphis) \$2.63 Billion
- 3. Sevier Co. \$1.31 Billion**
4. Knox Co. \$684.9 Million
5. Hamilton Co. (Chatt) \$647.32 Million
6. Sullivan Co. (Kingsport) \$239.10 Million
7. Blount Co. \$229.53 Million
8. Williamson Co. \$212.97 Million
9. Rutherford Co. \$195.28 Million
10. Washington Co. \$170.14 Million

# Tourist Spending in Sevier Co., 2002 – 2005 (\$ Billions)



# Ranking of TN Counties for Percent Growth in Tourist Spending, 2002 – 2005

(from top 3 tourist counties in TN)

---

- |                             |               |
|-----------------------------|---------------|
| <b>1. Sevier Co.</b>        | <b>+18.3%</b> |
| 2. Davidson Co. (Nashville) | +16.7%        |
| 3. Shelby Co. (Memphis)     | +13.4%        |

# Sevier Co. Hospitality & Tourism Generates **15,206** Jobs Including...

---

- **6,058** employees in restaurants
- **5,287** employees in hotels & lodging
- **3,562** employees in arts,  
entertainment & recreation
- **299** employees in travel reservations,  
transp., convention-trade shows

# How much in TN State and Sevier Co. taxes did Hospitality & Tourism Generate in 2005?

---

- TN State sales taxes **\$71.46 million**
  - Sevier Co. local taxes **\$38.22 million**
- 
- Total State & Local Taxes **\$109.68 million**

# How much in Sevier Co. taxes did tourism generate per Sevier Co. household in 2005?

---

- Spread out per household in Sevier Co.
- ✓ Each household in Sevier Co. pays **\$932 less** in Sevier Co. taxes as a result of taxes generated by tourism.

# Sevier Co. Hospitality & Tourism Generated **\$109.68 million** in combined State & Local taxes

---

Spread Out Per Household in Sevier County:

- Each household in Sevier Co. pays **\$2,675 less** in State & local taxes as a result of taxes generated by hospitality & tourism in Sevier Co.

# Sevier Co. generated **\$1.31 billion** in tourist spending in 2005

---

- How much do tourists spend per day in Sevier Co.?
- Where do they spend it?

# On an Average Day in Sevier Co., tourists spend **\$3.6 million** in these type businesses...

---

- Spend **\$902,741** daily on hotels & lodging
- Spend **\$830,521** daily in retail & outlets
- Spend **\$794,412** daily in restaurants
- Spend **\$722,192** daily on amusements & theatres
- Spend **\$361,096** daily on gas & groceries

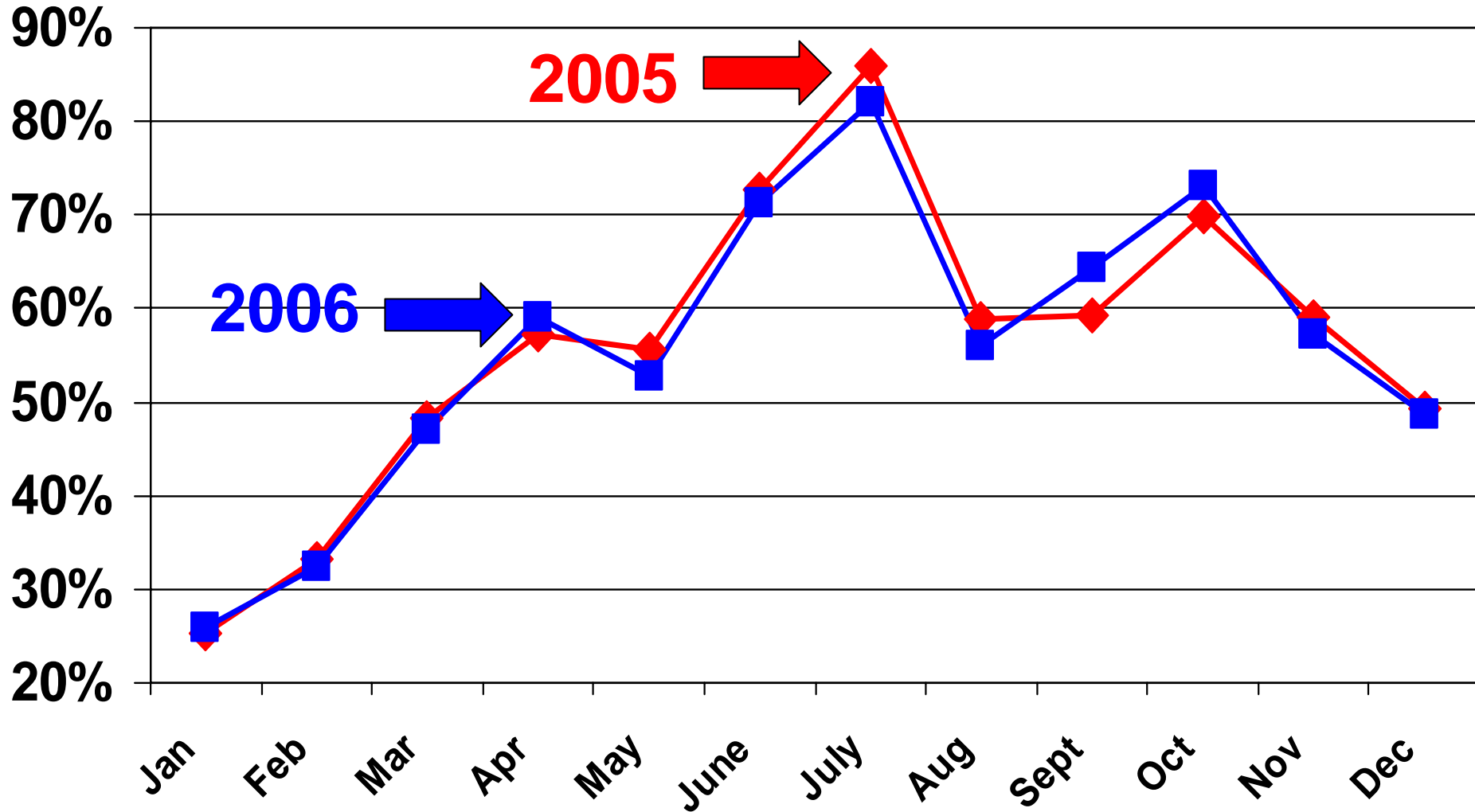
# Also, On an Average Day in Sevier Co., tourist spending...

---

- Generates daily employee paychecks worth **\$924,438**
- Generates daily State taxes worth **\$195,780**
- Generates daily local Sevier Co. taxes worth **\$104,721**

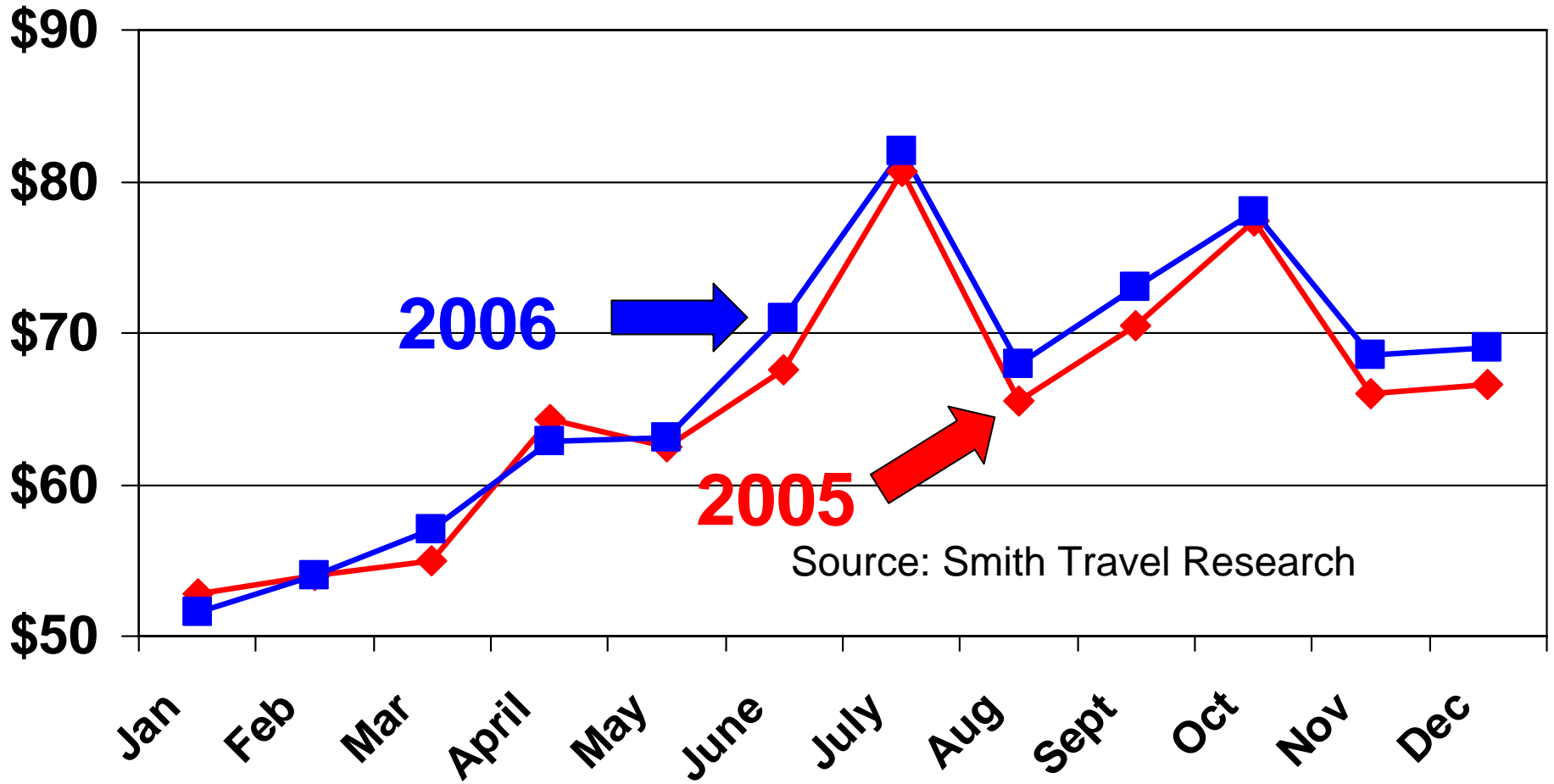
# Occupancy Rates for Sevier Co. Hotels, 2005 – 2006 (Soft Summer)

Source: Smith Travel Research

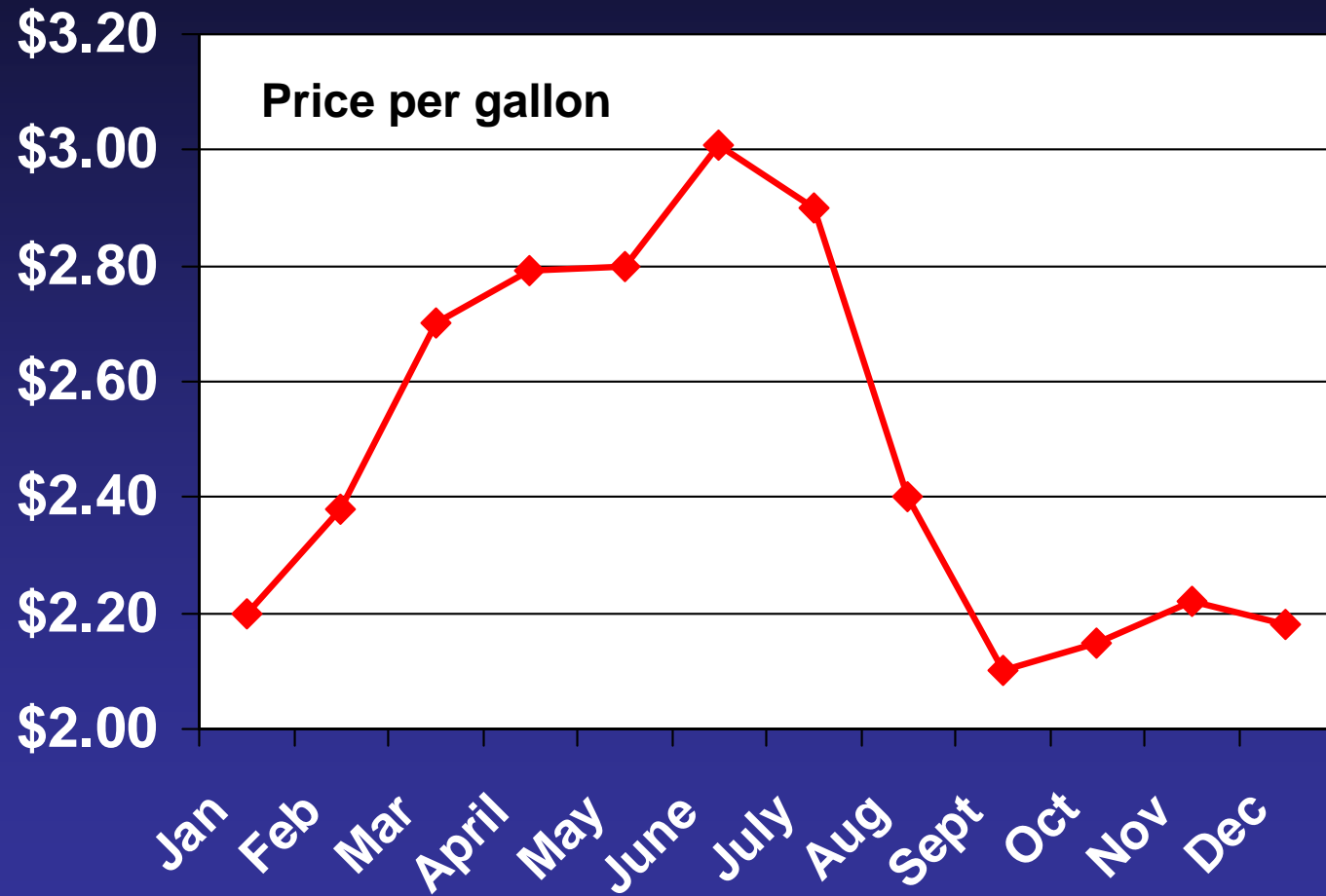


# Average Daily Rates (ADR) for Sevier Co. Hotels, 2005 – 2006

(strong summer hotel rates)



# Tennessee Gas Prices, by Month, 2006 (avg. statewide price per gallon)



# Summary of Trends about Summer (June-July-August) 2006 Sevier Co. Tourism

---



**Increase in summer gas prices in major markets**



**Increase in summer attractions and restaurant sales**



**Increase in hotel avg. daily rates**



**Small decrease in summer hotel occupancy rates**

# **In Summer 2007, tourists will still travel to Tennessee, but...**

---

- **Tourists may chose more day trips and shorter overnight trips (to off-set higher gas prices)**
- **Tourists will still spent money in restaurants & visited attractions (higher summer sales)**

# Challenge - Get tourists to stay continue to stay longer in Sevier Co.

---

## Rank of TN Cities by Avg. Nights Stayed TN Avg. = 2.9 nights

1. Pigeon Forge	3.4 nights
2. Gatlinburg	3.1 nights
3. Memphis	3.0 nights
4. Nashville	2.9 nights
5. Chattanooga	2.6 nights
6. Knoxville	2.4 nights

So high gas prices will induce more day-trip tourists than overnight tourists.  
What's the big deal?

---

- Overnight tourists **spend 3 times more money** in an area than day-trip tourists

\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

# Sevier County's Tourism Advantage

---

## The Four-Times Rule:

- On average, tourists are more likely to travel to an area that has enough activities that keep them busy **four times** longer than it took them to drive there.
- **Sevier Co.** has all the **top 5 activities** tourists enjoy and more variety of appealing tourist activities to keep tourists in the area longer

# Sevier County's Tourism Advantage ✓

---

## Top 5 Tourist Trip Activities in TN

1. Shopping 28% ✓
2. Family Event/Amusement 18% ✓
3. Rural Sightseeing 10% ✓
4. Historical Places/Museums 9% ✓
5. National & State Parks 9% ✓

# Once again, tourism is Sevier County's top industry in terms of employment and earnings

---

1.	<b>Hotel, Restaurant, &amp; Travel</b>	<b>45.5%</b>
2.	Retail-Wholesale Trade, Transp., & Utilities	24.9%
3.	Construction	5.9%
4.	Professional & Bus. Services	5.7%
5.	Financial Activities	5.4%
6.	Education & Health Services	5.1%
7.	Manufacturing	3.9%
8.	Other Services	2.8%

# Before you leave today...

---

- 2 handouts
  - 1) Copies of this presentation, and
  - 2) Copies of Sevier County hotel, restaurant, and travel economic profile and business trends

# Thank You for inviting me

---

## Questions?

## Comments?

THE UNIVERSITY *of* TENNESSEE



Tourism Institute  
Hotel, Restaurant and Tourism Management  
Knoxville, Tennessee