



CHEROKEE NATIONAL FOREST

TOURISM: TENNESSEE'S ECONOMIC RECOVERY ENGINE

TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT

The SOUNDTRACK of AMERICA
• MADE IN •
TENNESSEE
☆☆☆



TENNESSEE TOURISM: BRIGHTER DAYS AHEAD

Following a decade of record-breaking growth, Tennessee tourism was on track for a milestone 2020 until COVID-19 halted nearly all travel. The pandemic is the single largest crisis to hit the leisure & hospitality industry, representing **\$303 million in lost state revenue between March and December***. The challenges are most acute in our big cities who feel the loss of large events, conventions, music and business travel.

Amid significant challenges, new business models emerged, attractions welcomed visitors digitally and took measures to protect the health of visitors and communities. Tennessee experienced gains in rural areas, on waterways, mountains and in our parks where social distancing comes naturally.

As the state's 2nd largest industry, restoring tourism is vital to our state's economic health. Tourist Development stands committed to elevating our world-renowned destinations and building on the gains in our rural areas to drive job growth and economic activity.



LEISURE & HOSPITALITY

	2019	2020	CHANGE	% CHANGE
Gross Taxable Sales	\$19.8B	\$15.7B	-\$4.1B	-21%
State & Use Tax Collections*	\$1.4B	\$1.1B	-\$288M	-21%
Employment	349K	302K (p)	-47K	-13.4%

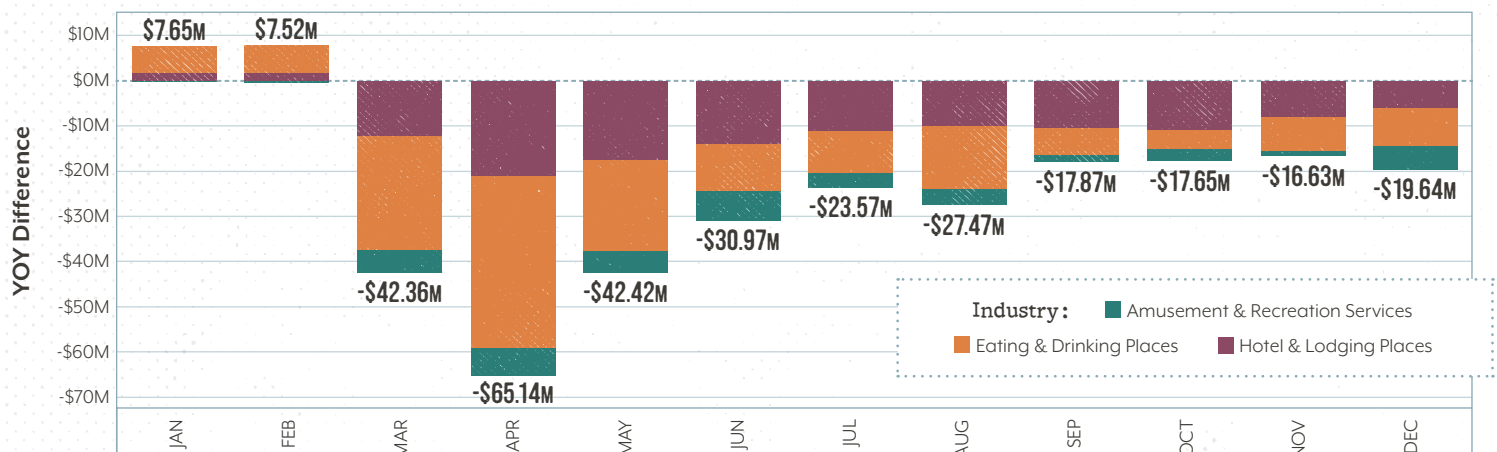
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STATE OF THE INDUSTRY

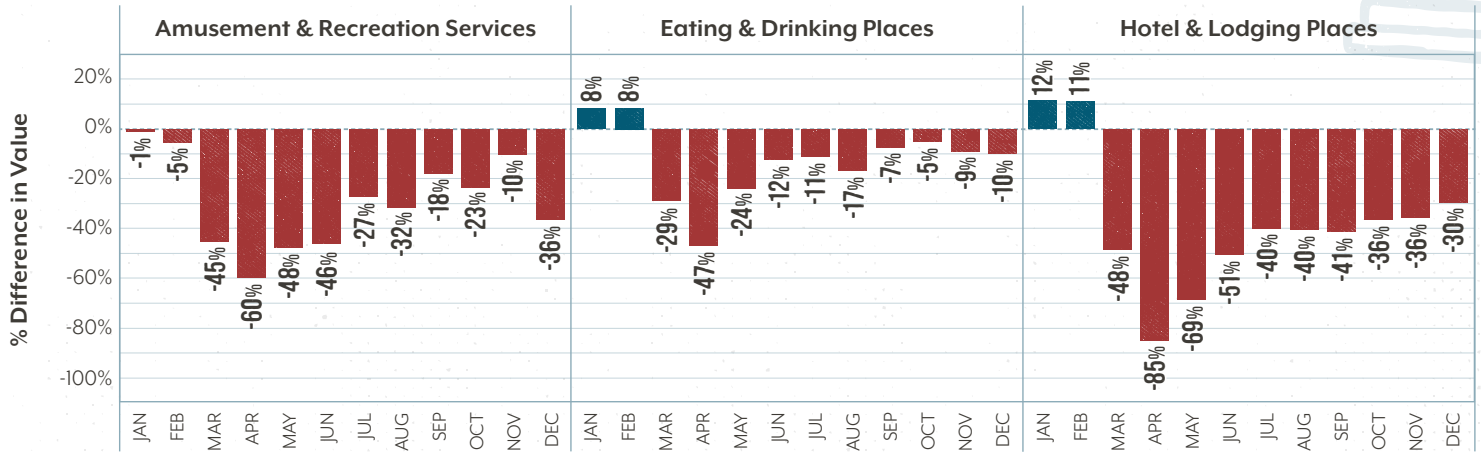
LEISURE & HOSPITALITY SALES & USE TAX COLLECTIONS

Year-over-year Loss by Month, 2020



LEISURE & HOSPITALITY SALES & USE TAX COLLECTIONS

Year-over-year % Change by Industry, 2020



Tennessee Pledge

As the COVID-19 pandemic forced business closures, Gov. Bill Lee and the Economic Recovery Group (ERG) created **Tennessee Pledge** with input from health experts, state and local partners, industry leaders and businesses representing over 2.5M Tennesseans. The Tennessee Pledge led the nation in a careful reopening plan, enabling business in 89 counties to resume safely without the burden of heavy mandates. Eating and drinking establishments

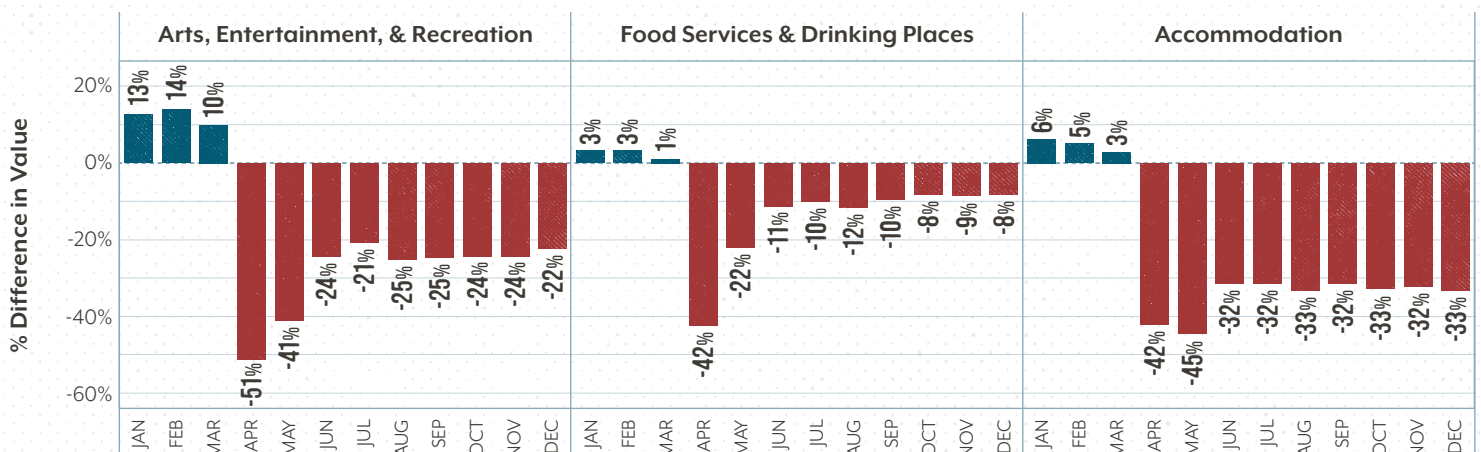
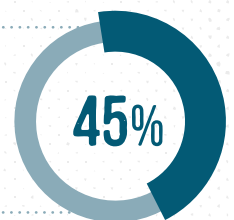
recovered first, followed by amusement and recreation. Both sectors remain down, with amusement and recreation declining again in December. The loss of business travel and shifting habits continue to challenge hotel and lodging establishments, down 30% over December 2019.

As seen nationwide, the decline in travel also resulted in significant job loss for Tennesseans. In April, leisure & hospitality employment declined from 346.5 thousand to 197.1 thousand, a 43% year-over-year loss. As of December, leisure & hospitality employment was still down 45,400, a 13% year-over-year decline. Total nonfarm employment only experienced a 3% decline over December 2019.

LEISURE & HOSPITALITY LABOR MARKET REPORT

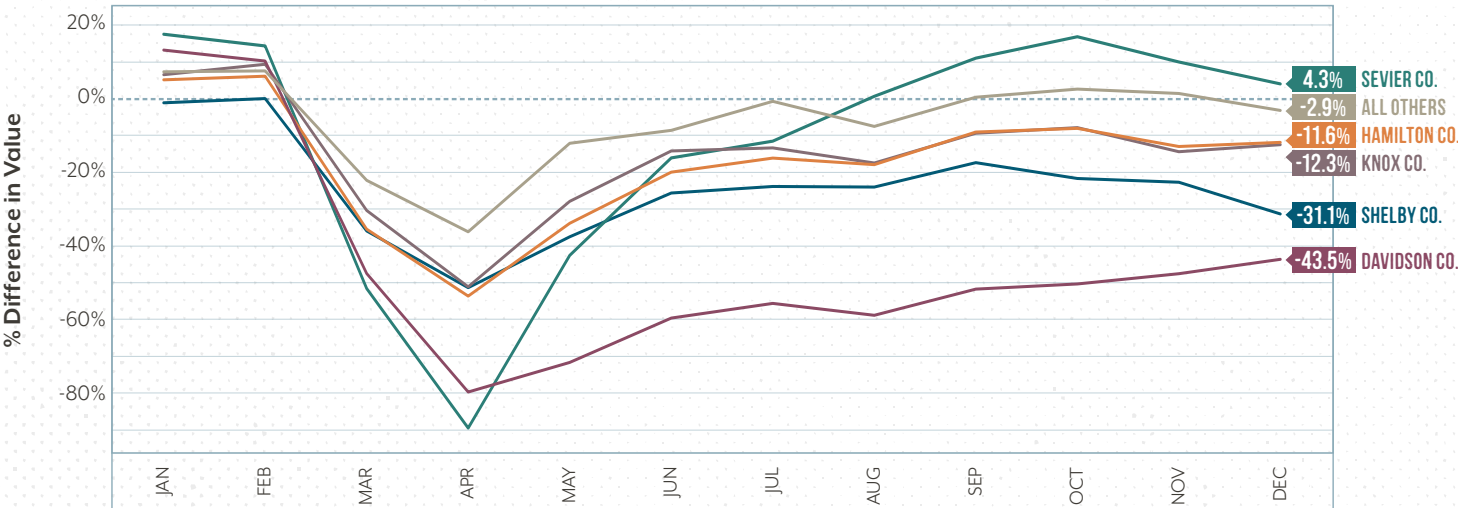
Employment Year-over-year % Change, 2020

Leisure & hospitality industry employment represents
45% OF NET JOBS LOST IN 2020.



LEISURE & HOSPITALITY SALES & USE TAX COLLECTIONS

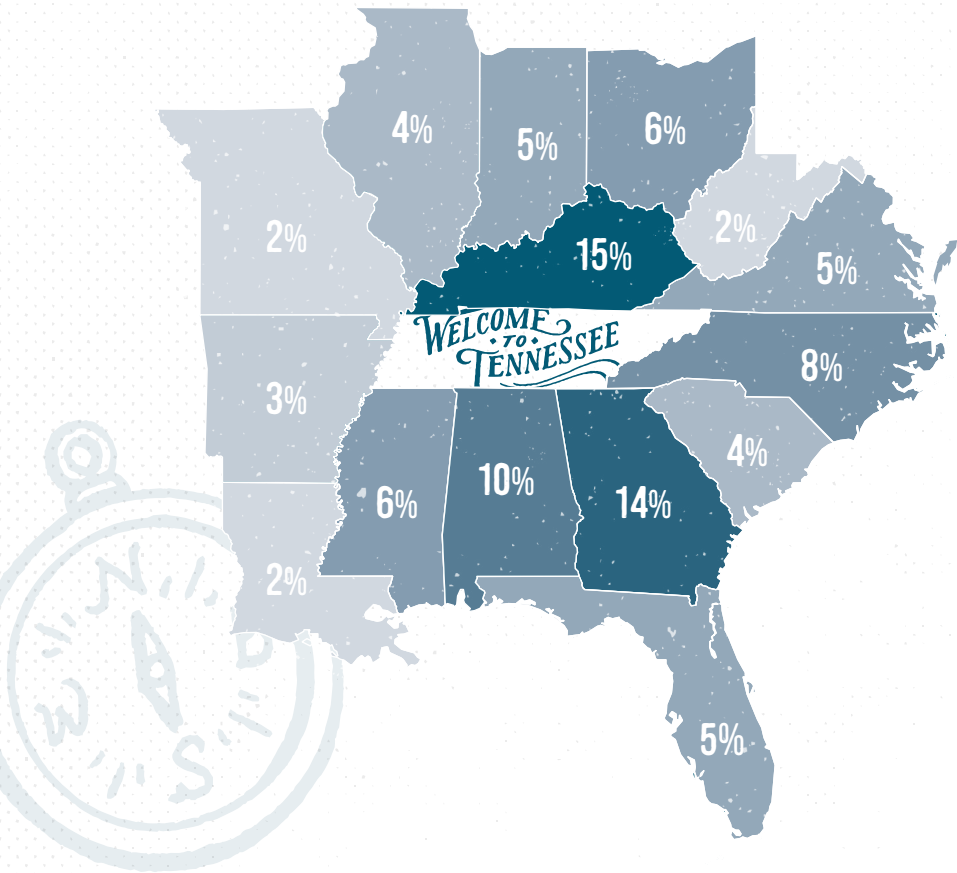
Year-over-year % Difference by County, 2020



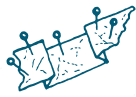
The COVID-19 pandemic affected Tennessee regions differently. Tennessee’s urban tourism destinations continue to observe losses, while rural destinations experienced growth since businesses reopened last year. Despite the pandemic, visitors from neighboring states sought refuge in our outdoor destinations and attractions with enhanced safety measures in place to protect their health.

ARRIVALS TO TENNESSEE, 6/10/2020 - 12/31/2020

States by percentage of total U.S. Arrivals



Credit: Tennessee Tourism/Katie Kouss



THE OFFICE OF RURAL TOURISM & OUTREACH

The events of 2020 emphasized the incredible impact and importance of tourism for the Tennessee economy.

Regardless of the size of community, all felt the effects of the pandemic. As the COVID-19 crisis unfolded, TDTD worked alongside the Office of the Governor and the Financial Stimulus Accountability Group to provide CARES Act relief funds to rebuild consumer confidence and communicate safe travel practices. The funding marked the largest allocation received by a state tourism office, and a significant commitment to our hard-hit industry.

TN Tourism CARES Marketing Program funding provided much-needed support for 113 Destination Marketing Organizations in all 95 counties. The 100% reimbursable grants covered expenses related to health and safety precautions, and marketing the safe resumption of tourism and hospitality activities.

BUILDING ON THE MOMENTUM

To build on the momentum from CARES Act Funding, TDTD will:

Continue to offer department resources, grants and partnerships

Extend the reach of existing programs to drive more visitors to communities

Continue matching marketing grants and co-op programs

Conduct informational webinars to share TDTD resources and travel trends

OFFICE OF RURAL TOURISM

Rural communities have seen an increase in visitation as travelers seek safe experiences in less-populated areas. Additional investments in these communities will generate revenue and sustainable return on investment. TDTD created the Office of Rural Tourism in 2019 to focus on Tennessee's distressed counties. Goals include:

- Create programs tailored to meet needs in distressed communities
- Develop grant programs specific to marketing rural destinations
- Offer education and technical assistance
- Identify, enhance and expand tourism assets in distressed and at-risk communities
- Collaborate with other agencies such as Ag, ECD, THEC, TDEC and TWRA to provide more services efficiently



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I just want to say a huge THANK YOU for the CARES tourism funding. One of our marketing successes has been partnering with the new Discover West TN magazine. We purchased a full-page ad in December's magazine and received two additional pages to fill with information of our choice. 'Let it Glow' total revenue was \$146,984 in 2020 compared to \$54,966 in 2019, a 167% increase.

LINDSAY FRILLING, CEO
Obion County Joint Economic Development Corporation

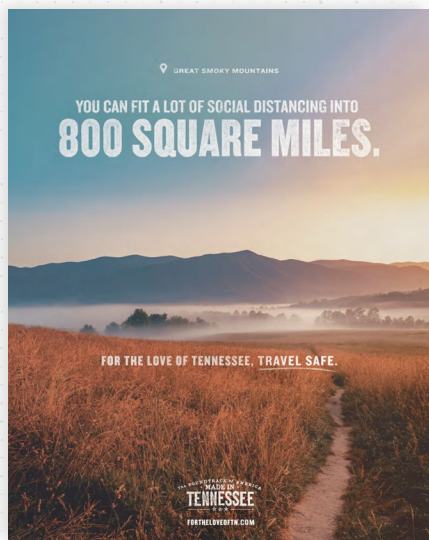
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\$ INVESTING IN SUSTAINABLE GROWTH

The Soundtrack of America. Made in Tennessee. brand campaign continues inspire travelers effectively and efficiently utilizing high-quality creative and innovative marketing tactics to showcase the multitude of experiences available in our diverse state.

Programs including Kid Reviewed, Colorblind Viewfinders, Tennessee Music Pathways, Ken Burns Country Music Pathway, TN Trails & Byways, National Civil Rights Trail, Fish TN and most recently, For the Love of Tennessee, Travel Safe, connect visitors to destinations from the great outdoors to globally acclaimed attractions like Graceland, Jack Daniel Distillery, The Grand Ole Opry and Dollywood.



Governor Lee's proposed budget will provide TDTD with the resources to increase broadcast TV advertising in existing markets, expand into new markets and sustain Tennessee's momentum as a fast-growing international destination.

TOP 10 INTERNATIONAL GROWTH FOR LAST 3 YEARS

TENNESSEE WELCOME CENTERS



All 16 Welcome Centers remained open during the pandemic to serve as an essential rest break for travelers. Safety, communication and customer service enhancements include:

- Installation of 63 digital monitors to improve communications with 15M annual travelers
- Plexiglass barriers around information counters
- Digital comment cards for customer feedback
- Distribution of 150,000 free "travel safe" kits including branded masks, hand sanitizer, postcards & travel information



Tennessee Department of Tourist Development. March 2021.
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