

1983

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### Recommended Citation

Logan, Caroll (1983) "A World's Fair Perspective: From the Inside," *Visions in Leisure and Business*: Vol. 1 : Iss. 4 , Article 4.  
Available at: <https://scholarworks.bgsu.edu/visions/vol1/iss4/4>

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## A WORLD'S FAIR PERSPECTIVE--FROM THE INSIDE

BY

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### ABSTRACT

This article presents an overview of the World's Fair operations and its impact. The primary perspective is upon the pitfalls in planning events from a developmental aspect.

## A WORLD'S FAIR PERSPECTIVE--FROM THE INSIDE

### INTRODUCTION

I would like to put into perspective where we began with the Fair, a little of the impact on the community and on the tourism industry and what the Fair was all about to give you a little flavor.

Most of you have been to the Fair, but a little behind-the-scenes look at what the fair was about is in order. Now that we are nine days from its closing, I will try to put into perspective the impact, at least on our community, of the Fair itself. Bob Roark will be giving you some more statistics, all related to tourism and related to the impact on the region, so I will center basically on the event itself and then we will let Bob speak.

This event has been so significant to our area. I was digging back into notes over the last four or five years, and I was astounded to see the notes of 1976 and 1977 planning the dreams we all had at that time of the impact of the World's Fair, the magnitude of it, and find that sure enough it met those dreams and probably even exceeded them. We have been pleased in Knoxville. The major event that has occurred in our city will not soon be forgotten and the impact of the Fair and of the residual development will probably point toward the beginning of a new era for Knoxville and this area of the country. We have made a quantum leap and it probably could not have occurred in 15 or 20 years, except for this one significant event that occurred for six months in Knoxville.

### HISTORY

Let me give you a little historical perspective of where we have come. Back in 1974, Stuart Evans, President of our Downtown Knoxville Association, heard King Kole speak (King was then president of the Fair in Spokane in 1974) in a meeting in Tulsa that maybe some of you attended relating to tourism and the travel industry. Stuart came back to Knoxville and said, "Why do we not have a World's Fair in Knoxville?" and everyone said, "Sure, Stuart, you can forget that. That certainly could not happen in this community." But Stuart persisted. Our mayor at that time appointed a committee to study the feasibility of a World's Fair. We hired Economic Research Associates in California, one of the leading statistical companies and prognosticators in the country, to put together some numbers on the feasibility of the World's Fair economically and many, many other ways. A site selection committee was formed. Then we made an application with the Department of Commerce of the United States government and about the end of 1975 or early 1976, put out some fliers to see if it was possible to hold the fair in Knoxville. We made initial application with the Bureau of International Expositions in Paris. New Orleans, of course, had already gone through those processes, too. You may be hearing some of this again in the next step of the 1984 Fair. The Bureau sent a delegate from Finland, from the Soviet Union, and one also from South America. They came to Knoxville and studied the economic feasibility of the Fair, our market area, and came to us with a very positive report. They said the Fair would probably be successful for two reasons.

The one reason was the very significant theme that we chose--energy. It was very timely and based on the resources that we have in the Knoxville area, the eastern sea area, and throughout the Southeast, with TVA, the world's largest utility headquartered there just a very few miles away, the beginning of the nuclear age, and also the University of Tennessee with all the research being done there in the field of energy. Right now, more research is being conducted at the University through its various campuses across the state than throughout any other university in the country in the field of energy. So, our great energy resources made that theme very topical.

The other reason, as equally important or maybe more so, was the market area in which we live. Knoxville, believe it or not, is an unusual fact of geography. We had the largest market area that any World's Fair has had. We live within close proximity of a large number of people, a day's drive of a third of the population of the United States, 70 million people living within 500 miles of Knoxville, 52 million people living within 400 miles of Knoxville. When we advertised, we focused on that 400 mile region. We were very accessible and became a destination point for many vacations.

After the application processes were finalized in 1977, we had received approval from the Department of Commerce, from the Bureau of International Exposition headquartered in Paris, and we had that kind of expensive hunting license that says, "Sure enough you can have a World's Fair. Now let us see if you can put it on."

The next step was how to finance it. Traditionally, fairs have been financed through bond indebtedness of the city, through additional amusement taxes, or other types of public funds. We decided early not only for the benefit of community but for the continued success of the Fair and the residual development, that a private, non-profit corporation, totally privately funded would probably be the best way to operate. We decided not to tie the success or the failure of the Fair to

public money. I think that was a very good decision. It was not totally understood and still is not in our community, but we have found that the tying of a private, non-profit corporation to private loans has really been the way to go. It, in fact, gave the city of Knoxville and the residents of our area the situation of having this event without the risk. There was no financial obligation should we not be successful, but there is much to gain if it should be successful. Of course, much more would be gained should we more than pay our debts. So the private, non-profit corporation that was set up was Knoxville International Energy Exposition. We very naively, I guess back in 1977, went to banks across the country and said, "How about loaning a private, non-profit corporation \$30,000,000 and, by the way, we do not have any collateral, but we will pay you back on ticket income and receipts that we expect to receive from an event that we think will happen four to five years from now." Well, as you can imagine, that was not really the best way to receive a loan but it did. We used the six banks in the city of Knoxville on kind of tier levels and I will not go into all the financing and details but basically it had the local and the state banks first in and last out, those who stood to gain the most took the greatest risks. We went to banks in St. Louis, Louisville, Charlotte, Atlanta, the Chemical Bank in New York, and divided up all of the \$30,000,000 into five tiers and sure enough secured that loan in 1978. I am very happy and I will skip ahead to report that last Friday we burned that note. We are very pleased that we are now a financially successful World's Fair beyond the break even point, nine days before closing.

The City of Knoxville as well as the federal and state governments were very much involved. The City decided that the 72 acres in the downtown area was the most blighted area in our community. It was the place most needing redevelopment. We had an unused railway switching yard in the middle of downtown, the L and N Railway that many of you remember perhaps from before the Fair. L and N Railroad had about 10 acres and Southern Railroad had about 30 or 40 acres in the center of downtown. It was inhabited by maybe 100 to 200 people, most of whom slept in the open at night. The total revenue that the City received on 72 acres before we started the demolition was \$120,000 a year, so you can see there was not much going on in that part of downtown. The City entered into a redevelopment project and issued about \$11,500,000 of bonds and participatory notes, and received about \$12,500,000 in Federal grants to provide redevelopment for the City of Knoxville.

That land was owned by the City, continues to be owned by the City, and now can be sold to developers to recoup the initial investment. The last good thing that occurred was the constitutionality of tax financing that was found for the State of Tennessee and perhaps is now constitutional in other states. That meant that the difference in money between the dilapidated property and the redeveloped property could be applied to the loan and to those bonds. That was a major factor in paying off the site for the City of Knoxville. So the site itself was owned by the City through the help of federal grants and through other assistance.

## OPERATIONS

We operated the Fair for six months and now will be turning the site over. We have until December 31 to return the site to its original contours. That was pretty much the plan, but we have gone well beyond that now because during the planning phase residual development was the primary emphasis. We were able to have a convention hall which we have not had in Knoxville. We have signed conventions beginning next year in June, when that convention hall will be available, on through to the late 1980's. I think we have a Shriner's convention of about 12,000 people in the late 1980's that is already committed, so things are going very well. I guess in order to see what a World's Fair is or what it does to a community we have to make an analogy.

Let me use a theatrical presentation to explain operations. You start with a theater. The theater was the 72 acres in downtown Knoxville. The construction that occurred was huge. I talked about a \$30,000,000 private loan but our total budget was about \$110,000,000. We needed that advance money for development of such structures as: the major convention center, the Sun Sphere, our theme structure, five levels of restaurants and lounges, the United States pavilion--all part of a \$20.8 million appropriation by the United States government for an official permanent facility for the City of Knoxville. The State of Tennessee donated \$3,000,000 for an outdoor performing area. The fiberglass and nylon structure that covers the performing area is guaranteed by Owens-Corning for 20 years. There is a park in the center of the site provided by the Department of the Interior--about nine acres of public park area with a lake remaining. Then very recently the residual developer, the completion developer for the Fair site, Fairfield Communities, was selected from a nationwide competition of many development groups from all over the country. Fairfield is looking now at more than \$100,000,000 in development, including some 800 to 1,000 units of condominiums, some continuing of the retail establishments that we have on the Fair site and probably six or eight of the restaurants on the site, so we are very pleased that we will continue somewhat the feel of a World's Fair. This is something that all of us were very concerned about and really pointed to from the very beginning in the planning of what would happen after the Fair was over and the success of the residual development. So the theater basically came together beginning with demolition in August, 1979, and construction in January, 1980. Over those two years all the construction was completed.

Ten older structures were renovated: the L and N passenger station, a real landmark in our city, is a beautiful place now consisting of restaurants and shops; an old nail foundry that my son and I walked around outside a few years ago and found square nails that had been made in that factory, a building that was built in 1840 and was restored and became probably the most exciting place on the Fair site. The tour buses came to the north gate and many people did not make it much further than the Stroh House. We were glad that most of those tourists did at least flavor a little bit of the World's Fair, but the Stroh House was an exciting place on the Fair site and that will continue. Seven houses were restored as part of an application of energy showing how energy efficiency techniques can be used to adapt older residences. An old candy factory that was built around the turn of the century and closed many years ago was restored to a place of restaurants and shops. Redevelopment of older structures, construction of those new facilities, and general landscaping and sprucing up with flags and banners helped prepare for the World's Fair. It was an exciting place.

The next step in presenting a play or a presentation beyond the theater is the play itself. What is the play, what are you going to present? The script was based on energy. It was a very timely, a very important theme, but it was not as technically oriented as some of the countries and corporations applied the theme.

We tried to steer toward human creative energy through the art and culture of many countries around the world. Some of the demoninations on the Fair site talked about spiritual energy so we used various definitions of that important theme. The script was in place; the theater was there.

The next phase was obtaining the entertainers, the actors, the performers that will be a part this presentation. The entertainers and the entertainment were just tremendous. We had 17 hours a day of continuous entertainment during the six months. That spoiled most of us in the Knoxville area. This Saturday we will present a symphony. This weekend we will also have the Boston Celtics and the Philadelphia '76ers in their exhibition game. We have had virtually every sport at its highest level in Knoxville during the past summer. I am on the Knoxville Symphony Board, and I talked to another member and he said that in 15 years we have had four visiting orchestras from outside the United States. During this summer we have had eight; the Prague, Vienna, London Philharmonic, and other major orchestras from around the world. We have truly had a rich experience in entertainment throughout this season of the Fair. When Seattle held their very successful fair in 1962, a kind of post-mortem article was written a couple of months after the Fair had closed and was titled "The City that Staged the Fair and Got Cultured". I am not sure we lacked culture in Knoxville. We have made a quantum leap, in the amount of entertainment we have had and also the awareness of quality entertainment.

A part of the residual of the Fair, should we make some money in these few days, will probably be put into a foundation grant to support the arts and the construction and maintenance of the Fair site itself. So I think that we are going to be very interested in promoting arts for the future in Knoxville.

The other part of those performers and actors are the participants of the Fair. You have seen 23 foreign nations exhibited on the Fair site. We have been able to experience such things as a section of the Great Wall of China, terra cotta figures from the tomb of Zan, the emperor who constructed the Great Wall, \$40,000,000 of gold relics from Peru to \$60,000,000 or more from Egypt, the largest collection that ever left the Cairo museum, a major dance group from Korea and art and culture from that country, many performing groups from the Philippines, and Japan with its moving stage and major presentation with robots and various kinds of highly technical applications.

Our corporate participants were many, probably 45 to 50, on the Fair site. Our largest was a Tennessee based corporation, Federal Express, and we were very happy that they were willing to spend about three to three and one half million dollars on a major presentation that could be used in their home office in Memphis related to communication. It was a very impressive exhibit and I hope you were all able to see it. Many other smaller exhibits were in our technology and life style center--our convention center--from major corporations such as Union Carbide. My family and I very much enjoyed going to that exhibit where we could play with about 200 games that were battery powered. We really enjoyed

sampling the milk from Dairymen, Inc., which has a shelf life of three months with or without refrigeration, introduced for the first time in the United States, and many innovative products and interesting exhibits from the corporate participants. We are very pleased with the entertainment and the presentation and the show itself.

Another example of entertainment was a presentation of our own Appalachian culture and music sponsored by Stokely Van Camp in a major folk life area. We are very pleased with the response to that exhibit and also the fine quality of the performers and the crafts people.

Once the script, theater, actors, performers and entertainers were all in place and the play was ready to begin, we were concerned with who would make up the 11,000,000 visits projected by Economic Research Associates feasibility study. Their low point was 9.5 million, the high point being 12,000,000.

There were quite a few conditions to reaching the goal: the theme, the market, and entertainment. We needed to have major venues for entertainment and major big-name entertainment in order to reach that, and sure enough we did. We almost ended up with two. The Soviet Union, not quite at the last minute, but a few months before the final deadline decision had to be made, did back out, I think mainly for political reasons. Hopefully New Orleans will be able to attract what we thought we were going to get--the United States, China, and the Soviet Union together.

Now I guess we are getting to a place in this presentation of some uncertainty. I do not have all the facts and figures yet on where we are completely. Bob Roark will be able to give you information from a regional viewpoint, but we have not released and we have not compiled all the final figures related to the Fair financially.

We did know because of the market area--that 400 mile market area--that we had a large number of people, but how to attract these individuals to the World's Fair? We hired Ogleby Mather, one of the largest advertising firms in the country, and they came up with the theme "You've got to be there." I think we wanted to create, before the Fair began, a kind of urgency of attending because this would not be only the first Fair to be held in the Southeast, but would be on a significant theme and it would also be something of an event of a lifetime for us to view. The "You've Got To Be There" television ads and radio ads were played many, many times over the 400 mile market area. Most of you probably saw at least eight television commercials.

I was basically responsible for the area within 100 miles of Knoxville. We decided it would be good for people to attend more than once, so we tried to make it economically feasible. We instituted a season pass. Our one-day ticket was \$9.95; our two-day ticket was \$15.95. We thought that people who lived in the area might not want to spend that amount every time they came to the site, so a season pass was introduced. We sold 120,000 at a \$60.00 price which then moved to \$85.00, and then when the Fair opened, the season pass was priced at \$100.00 and believe it or not many, many thousands of season passes were sold at \$100.00 to people who said, "I did not know it was going to be like this". We do not have the final figures on that yet, but those season passes were probably used 13 to 15 times during the World's Fair.

We also called on the tourism and travel industry to make up a major portion of our attendance. In May or June tours probably were 40% of our attendance. We had tour buses coming from across the United States. We had been to most of the meetings related to tourism and travel. You, in that area, had made much preparation and I think it led to the success of the World's Fair. The people who came on buses had very good visits; very easy to get in, very accessible, and it worked extremely well. We, in presentations, before the Fair began, expected to have about 400 buses a day and I actually saw a few laughs here and there. Well, on May 8, we had 1000 and we averaged about 400 a day during May, June, September and October.

The analogy of the play starting with the script, completing the theater, having a very important presentation with the actors, performers, and entertainers there, attracting the audience of 11,000,000 ends here. Our play has been successful; our show has been great.

### PROBLEMS

The Fair has not been without its problems as you know from the beginning. Controversy was connected with the World's Fair. I think any event of this magnitude is going to have some negative aspects. I am not going to focus on these issues, but I will point to a few areas that New Orleans has already talked with us many times about and, I think, can use us as we did Spokane as a springboard to improve. No matter who it is, no matter what the credentials are of the people who make projections, you cannot make predictions for an event like this. It is different from anything that has ever been held. We, as I said, thought our market area was 400 miles. Through May and June over 50% of our attendance was from over 400 miles away.

We found some reasons for that. Our local people, who bought the season passes, thought everything would be crowded and there would be long lines. They decided to wait until later to come. Many of the local residents have returned many times during September and October.

We promoted motorcoach travel which was an extremely important part of our visits, as I have mentioned, but we decided the major attendance of the Fair would be in the summer months when the families would travel. We pushed motorcoaches in May, June, September, and October. Should we do this again, we would try for better balance. Our attendance was lower in July and August than we anticipated because of lack of tour buses, and because of hearing of long lines which was a sign of success, but you do not really know what the site will hold until it starts.

Our design consultants who do the theme parks and major fairs said our site would hold probably 80 to 90 thousand and sure enough it does, but not very comfortably. It is difficult for 90,000 people to see much of the exhibits on the Fair site. The people who came when there were 40, 50, 60, or even 70 thousand people had pleasant experiences in being able to see at least six or eight of the international pavilions and most of the corporate exhibits. Those who came on days when we had 90,000 or more, as we had two weekends ago (102,000) had a difficult time seeing China or some of the other major pavilions. Long lines were a deterrent to visits early. It takes three to four weeks for word of mouth to spread, so by the middle of the summer, the word was out that the lines

were long and there was difficulty in seeing the pavilions. By the time that word spread again, that the lines were not long, we were into the end of August and September and people began to come back in large numbers.

Another negative aspect was housing. All of you know the stories and some first hand.

I think, we as a Fair, saw the impact of a large number of visitors coming to Knoxville and we thought that we would need some sort of centralized system for housing. We have found since that time because of difficulties with that system and because of fear, more than anything else people saying, "Well, if there are 80,000 people there are certainly no places to stay in Knoxville." Private entrepreneurs looked at 80,000 to 90,000 people a day and said, "Well, they need 700 to 800 more rooms. We will build those downtown and we'll attract all those people." They had some difficulty. We tried also early to suggest that we have adequate parking in Knoxville. Bob Roark, in many presentations, that I have attended, as far back as two years before the Fair began, said that our convention bureau tells us that we have adequate housing and parking. Private entrepreneurs did not follow that advice but built parking lots near the Fair site charging ten dollars a day. These prices went to \$3.00 and even \$2.00 very quickly.

#### SUMMARY

The Fair has been a tremendous success for our area. Any event, no matter how small or large, will have some negative aspects. The negative is very small in comparison with the success of the Fair itself. We are very pleased we have been able to overcome major obstacles of financing and of various circumstances that we could not anticipate, and yet brought about a very successful event, not only for the six months in Knoxville but for the future of Knoxville, itself.

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