Regional Planning for the Knoxville Fair

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ABSTRACT

This article examines the role of the World's Fair from a regional impact perspective. It analyzes the role of each institution from a developmental aspect. The emphasis is upon the importance of integration to achieve better outcomes.

REGIONAL PLANNING FOR THE KNOXVILLE FAIR

INTRODUCTION

There is a comment I would like to make about World's Fairs. In the last six months anyway, there has become a growing familiarity with the term "world's fair." It has gotten to the point where if you mention "world's fair"--you know in '82 the Fair is in Knoxville, in '84 in New Orleans, and in '86 in Vancouver--it is as if world's fairs are a structured event, and if you went to this one here it would be the same as going to the next one. I hope that is not the case. Every world's fair is a unique event and they cannot be compared with one another. So, please in your associations with the travel industry, please do not say, "If you do not make Knoxville, maybe you can make New Orleans." That is not the case. Every one is unique. If you do not see it when it's there, you are not going to see it. You may see a different event when you go to New Orleans, which is great. But do not get caught up with the idea that we should not have several world's fairs going on in our neighborhood, and make the mistake of trying to regard them as something that can be substituted one for another.

THE ROLE OF THE RESEARCH PROFESSIONAL

I was also reminded of an area that I think is applicable especially to this organization (TTRA) and has to do with a controversy that arose in the City of Knoxville, in essence in the geographical area around Knoxville--and this is the area we had the most contact with--that had to do with effects of the World's Fair. Carroll (Logan) told you about many people in the Knoxville area putting in facilities on the expectations of
there being a need for either that facility or for the service that they wanted to provide and then finding out that there was a superabundance of that particular service or facility. As a result, many people have lost a significant amount of investment in the area. I do not really know how to address this problem directly because these are all private decisions being made, but I think if the travel industry and the people who are responsible for research could have given better indications of capacity in the area versus needs, it may have prevented some of these investment problems. Research can produce that kind of information.

There is a role for travel research to play that is not necessarily just on the World's Fair itself, but in the effects of the support that goes into a world's fair operation or a large event operation. It seems to me that we are not playing our proper role either because we are not asked to play it or because--I think maybe in my case--it is not in our job description. Yet, I feel because of the value that travel research has, that somebody needed to do some work in this area of trying to identify, now in particular, what goes on as a result of the Fair being here.

THE ROLE OF TVA

TVA is the world's largest public utility. There is another part of TVA that is just as important and that is the development role that TVA plays in a number of areas, including now, fortunately, the area of tourism. We have been involved with this for a long time. Of course you know we are dealing in the hundred million dollar area, and the power programs deal in four and five million dollars, so you see we are very small even within our own agency.

Yet, the role we have played here has been just as significant for the Valley as the power role, but in this development posture that we took, it was our position to try to encourage those communities who are within a reasonable driving distance of Knoxville to position themselves with respect to the market so that they could gain some of this overabundance. This is the important point and I think that the people of Knoxville recognize this now.

WORLD FAIR'S ROLE IN COMMUNITY DEVELOPMENT

The World's Fair in itself is not the major consideration. It is the fact that you have identified an audience who probably would not have considered this area as a destination in their lives unless there had been an event like the World's Fair. Athens is here, Sweetwater is in this area, as are Lenoir City, Cookville and Crossville. All of these communities that are part of the geographical area would never have had access to these millions of people had it not been for the World's Fair. This was the story we were trying to get out into these communities; that the World's Fair is providing them with an audience that they would never be able to buy. They can not get to it; they could not even buy that audience or that relationship with that audience in any other way. So the World's Fair was important to them from that standpoint, both for the possibility of participating directly in the economic benefits of the
World's Fair, but also for that long-term so that they would not go into a development program and initiative of any type with the expectation this was going to be a six-month job. If you are planning such an event, the long range perspective will cause fewer problems. Otherwise you can forget it, because it will not matter that much to you over a period of only six months. This was our approach to the communities.

Unfortunately, many of these communities in the area really are too small and have inadequate functional structure right now to support a great deal of tourism. If they market and if the area became large enough, the incentive for adding to the structure is there. This is the basis on which we were working. Do not try to invest large amounts of money in motels that may not be used afterwards; begin to position yourselves with respect to a market that is being generated for the first time because of this World's Fair event in Knoxville.

Some communities— I would cite Asheville as being one of the prominent ones, as well as Chattanooga and Nashville—made significant use of their proximity to the World's Fair. They happen to be within a reasonable driving distance. Nashville is just about three hours; that is getting out of the reach of most bus tours. Chattanooga is two hours away and Asheville is two. Another community which had a chance to do much more than it did is Kingsport, in the Russell County, but which did not participate. We were trying to get these communities to become participants in the World's Fair in order to create a travel destination and identity for themselves that they have not had before.

**IMPACT OF THE WORLD'S FAIR**

There are several ways of assessing the impact of the Fair. Obviously the easiest, and the method we will probably be using most significantly, is going to be in terms of the economic gains that you can determine through sales tax receipts. You ought to appreciate the fact that with sales taxes there is at least a 60-day delay and usually the departments that collect, analyze and report this information take about 120 days minimum giving you the accurate sales tax revenues generated in a given area for a given period of time, which means that right now we are only looking at preliminary numbers for the month of June. They will be revised again as the next report comes out. That is the reason we can not give you any definite information on strictly the economic impact of the World's Fair at this particular time.

What I have here are sales tax numbers which indicate total retail sales in Knox, Davidson, Hamilton and Shelby counties (which are Nashville, Chattanooga, and Memphis), and then for the state of Tennessee. These numbers show significant changes. In January—for the state of Tennessee—a gross of $1.8 billion was received, and in February it was $1.9 billion, and that is a slight increase over both the previous year and previous month. In March it was $2.1 billion, which was an increase again for the state over the previous month and over the previous year. In April it was $2.1, about the same. In May it was $2.3 billion, or a 14 percent increase. Now this is the first month of the Fair being open, with a 14 percent increase over the previous year and a nine percent increase over the previous month. June was $2.26 billion, which is down slightly, but still an increase over the previous year, and July saw $2.25 billion. This reflects what Carroll was saying, that May
was a good month; June and July began to taper off a bit. For Knox County, the increase began in March--15 percent over the previous year--followed by 16 percent in April, 38 percent in May, 33 percent in June and almost 20 percent in July. These are increases over the previous year. That is in Knox County, which is the place of most immediate impact. It is fortunate that the state of Tennessee does SIC (Standard Industrial Classification) codes in its daily collection system. Therefore we can look at breakdowns of various kinds of retail sales by classification and select those which are relevant to the travel industry, the obvious one being lodging.

Receipts from motel and lodging for January of this year were down six percent from the previous month, but up four percent from the previous year. In February that number went up 19 percent (over the previous year). In April, we saw a 26 percent increase over the previous month and 13 percent over the previous year. In May the increase was 58 percent over the previous year and 45 percent over the previous month. In June it was almost 15 over the previous month; 46 percent over 1981. July was down slightly from June, but still a 31 percent increase over the previous year. These are indications of direct impact of the World's Fair on Knox County.

If we get into specialty areas, such as candies, nuts and confections, the increase is 103 percent. These are areas of retailing which you do not normally consider as being too valuable in the local economy, but they have really taken on a significant increase during this period of the Fair. Eating places are up 15 percent to 21 percent. Each month there were those kinds of increases during the period of the Fair. Novelties were up 140 percent in May, 153 percent in June, and 104 percent in July. There is no other reason to expect these kinds of increases except for the World's Fair site itself; this is revenue throughout Knox County. There will be no way of breaking that situation down until we get some numbers from the World's Fair which tell us how much their concessionaires sold.

Another financial device, or another way of repaying the World's Fair, is that the concessionaires on the property pay to the Fair organization a percentage of their gross profits so that when the Fair is over, there will be a way of pulling out of this information how much of it was on the Fair site itself and how much of it took place in the rest of Knox County. Hopefully, we will be able to produce a detailed report like this not only for Knox County, but for the SMSA and then for the east Tennessee region and these specialty areas so that by the first quarter of next year, we might have something Bob LeBlanc would be delighted to show his people in New Orleans.

THE FUTURE

We are not really running out of World's Fair business. One of the great outcomes about the scheduling of these two events--Knoxville in 1982 and New Orleans in 1984--is that they are going to be drawing from much the same market area. Those people who have been introduced to the Southeast through the 1982 World's Fair are going to be much more available to the market in 1984 than they may have been otherwise.
Those of us who are involved in travel throughout this southeast area have a tremendous advantage working for us toward 1984 that we did not have coming into 1982, and that is the expectation and the realization of an event of this magnitude being available to this same group of people who, by virtue of advertising campaigns, and their experience, are now readily available to the promotion from the 1984 World's Fair. If there is something to be gained from this for the rest of us, it is that we have not lost an opportunity; we have really gained another one, and our plan is that we can do an even better job of preparing for 1984 because at least now the event has been recent enough that it cannot lapse from our memories before 1984. Let me encourage you to use your good offices as travel researchers and influencers of people who are involved in travel to begin making plans for 1984 based on the receptivity of the market that I think has been created from the 1982 World's Fair. I think we have a great deal to gain in utilizing this in the two years we have available to us before New Orleans. I encourage you to encourage TVA to get out a report. I hope we are going to be able to do it.

What I am trying to do is to drum up enough interest from the outside that there will very definitely be a report on the economic impact of the 1982 World's Fair on Knoxville and on the surrounding area. This will be good information for you whether you ever plan to have a world's fair or not. The point is that events of this magnitude, or events of a special magnitude, do have tremendous economic impact on the areas in which they occur. Even if you cannot make a direct correlation, you can make an association between the World's Fair and something of a lesser magnitude that may go on in your community. Take advantage of all the information that comes to you from the experience of the World's Fair and utilize it in whatever role you play in travel--make use of it. Make people aware of the benefits that are derived from travel.

I want to reemphasize the point that Carroll made so well. There are advantages from a world's fair or from an event like that which you cannot measure in dollar terms. The cultural awareness of the average citizen in the city of Knoxville has had to have increased three or four times over. Who would not have even known that there was a Prague Symphony except for there having been a world's fair there. These kinds of special events can be a tremendous benefit in a local community in creating a local society which has an appreciation for the quality of life that now seems to be the role of most of the federal agencies. I think that the travel industry has the greatest opportunity of promoting this quality of life of any other of the sectors of our economy.