

MEMPHIS

Home of the Blues
Birthplace of Rock'n Roll

ECONOMIC IMPACT STUDY

Executive Summary

Updated March 2006

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memphis & shelby county tourism economic impact

table of contents

| | |
|--|----|
| Economic Impact - At a Glance | 2 |
| Memphis Area Attraction Attendance | 2 |
| Economic Impact History | 3 |
| Memphis Leisure Traveler Feeder Markets | 2 |
| European Visitors to Memphis | 3 |
| Tennessee Tourism Overview | 4 |
| U.S. Domestic Travel Expenditures | 4 |
| Memphis International Airport | 5 |
| Area Hotel Inventory | 6 |
| Area Hotel Inventory Type | 7 |
| Area Hotel Size Inventory | 8 |
| City Comparisons 2005 vs 2004 | 9 |
| Key Statistics for Memphis & Shelby County | 9 |
| Occupancy & ADR History | 9 |
| Historical Market Performance | 10 |
| Percent Change 1994 - 2005 | 10 |
| Memphis Cook Convention Center Facts | 11 |
| Sources | 12 |
| Memphis CVB Contact Information | 12 |

memphis & shelby county tourism economic impact

at a glance

- More than 9 million visitors a year
- 49.3 thousand jobs in tourism and hospitality in Memphis and Shelby County
- 2.5 billion in visitor expenditures
- \$1.8 billion payroll
- \$177.23 million in local and state taxes

visitor expenditures

- Average daily expenditures by the convention delegate: \$288
- Average daily expenditures by the corporate traveler: \$215
- Average daily expenditures by the leisure traveler (2.75 person): \$285.82
- Average daily expenditures by the day tripper: \$60

overview

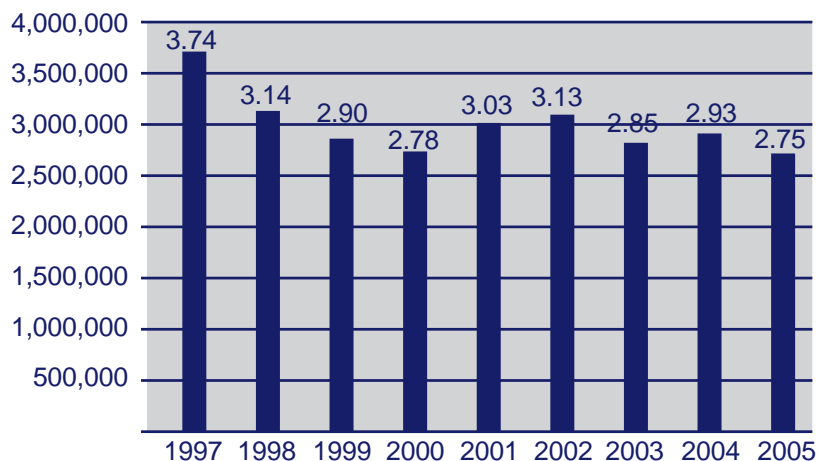
- Memphis has more than 50 tourist attractions
- Total attraction attendance figures for Memphis and Shelby County in 2005: 2,754,466
- Of guests surveyed at Graceland on a continual basis, approximately 67 percent visit downtown or downtown attractions
- More than 4.2 million visitors go to Beale Street Historic District, in downtown Memphis, making it the most visited attraction in Tennessee
- Research shows that in the past 12 months an estimated 50% of registered website users (memphistravel.com) subsequently came to Memphis and spent an estimated \$514 million during their stay:
 - Average days stayed in Memphis per party: 3.31 (from 1,461 surveyed responses)
 - Average total daily expenditure: \$285.82 (from 1,461 surveyed responses)
 - In 2005, *memphistravel.com* received 5,840,916 page views and 1,671,234 visits.

Memphis leisure traveler feeder markets - 2005

Based on Memphis-area visitor center traffic and inquiries:

- TN (Nashville), MO (St. Louis), AL (Birmingham), MS (Jackson), OH (Cincinnati), GA (Atlanta), LA (Baton Rouge), IL (Chicago), TX (Dallas-Ft. Worth, San Antonio and Houston) and AR (Little Rock).

memphis area attraction attendance



1997 attraction attendance peaked due to Titanic exhibit attendance of 630,000+

tourism economic impact - a history

economic impact history - memphis and shelby county

| <i>Year</i> | <i>Expenditures (millions)</i> | <i>State/Local Taxes (millions)</i> | <i>Jobs (thousands)</i> | <i>Payroll (millions)</i> |
|-------------|------------------------------------|---|-----------------------------|-------------------------------|
| 1981 | 622.22 | | 15.64 | |
| 1982 | 639.97 | | 15.05 | |
| 1983 | 700.54 | | 15.45 | |
| 1984 | 745.74 | 44.36 | 16.76 | |
| 1985 | 930.36 | 46.64 | 17.97 | |
| 1986 | 1,010.52 | 53.38 | 19.07 | |
| 1987 | 1,184.94 | 62.01 | 21.19 | |
| 1988 | 1,272.60 | 73.99 | 32.45 | 628.46 |
| 1989 | 1,349.67 | 78.55 | 35.55 | 678.98 |
| 1990 | 1,347.83 | 84.41 | 34.06 | 729.32 |
| 1991 | 1,394.37 | 86.69 | 33.83 | 734.89 |
| 1992 | 1,496.92 | 92.99 | 34.33 | 776.67 |
| 1993 | 1,595.00 | 104.34 | 36.50 | 876.49 |
| 1994 | 1,730.78 | 113.74 | 38.14 | 908.35 |
| 1995 | 1,785.11 | 120.00 | 38.73 | 952.25 |
| 1996 | 1,898.43 | 132.60 | 46.33 | 1,194.39 |
| 1997 | 2,022.64 | 138.67 | 47.84 | 1,263.60 |
| 1998 | 2,116.26 | 154.97 | 50.42 | 1,481.24 |
| 1999 | 2,202.20 | 161.18 | 51.31 | 1,564.36 |
| 2000 | 2,310.70 | 165.89 | 51.31 | 1,627.47 |
| 2001 | 2,244.51 | 146.09 | 29.35 | 656.01 |
| 2002 | 2,327.80 | 171.05 | 50.35 | 1,732.82 |
| 2003 | 2,370.26 | 174.16 | 50.65 | 1,772.25 |
| 2004 | 2,455.99 | 177.23 | 49.33 | 1,770.02 |

european visitors to memphis

overview

- An overwhelming majority of respondents cited the purpose of their travel was “holiday.” The findings may be slightly biased toward the holiday traveler due to designated points of data collection (predominantly locations of high tourist traffic).
- A majority of the respondents cited a point of entry as an airport outside Memphis. In fact, less than one third of all respondents cited Memphis airport as their arrival airport.
- Survey respondents were experienced U.S. travellers with on average more than six prior visits to the United States.
- A majority of the respondents booked their trip between one and six months of departure and chose to use the services of a travel agent for booking purposes.
- Travel agent services were the most popular source for travel bookings as well as trip re-search.
- The respondents’ daily expenditure was found to be \$174.
- Total expenditures averaged \$555 with a three (3) night length of stay.

tennessee and u.s. tourism economic impact

tennessee tourism

- Total domestic and international travel-related spending in Tennessee, including direct and indirect spending, reached \$17.7 billion in 2004, up 4.5 percent from 2003.
- Total employment in travel-related industries in Tennessee, both direct and indirect, reached 371.6 thousand jobs in 2004, down 1.1 percent from 2003.
- Total payroll income from travel-related employment was \$7.7 billion in 2004, up 1.2 percent from 2003.
- For every \$1 spent on tourism marketing, Tennessee realizes a \$17.40 return.
- Memphis is Tennessee's only international airport offering nonstop service to Canada and Europe via Amsterdam and Tennessee's only airport that has hub status (Northwest/KLM) with more than 500 flights arriving and departing daily.

u.s. domestic travel expenditures by primary purpose of trip

| | 2004 U.S. Domestic Travel Spending (\$ Billions) | 2003 U.S. Domestic Travel Spending (\$ Billions) | 2004 Percent Change Over 2003 (%) |
|---------------------------|---|---|--|
| <i>Leisure Travelers</i> | \$355.4 | \$336.8 | 5.5% |
| <i>Business Travelers</i> | \$169.0 | \$153.2 | 10.3% |
| <i>Total</i> | \$524.4 | \$490.0 | 7% |

us tourism

- Tourism is the third largest industry in the U.S., generating 599.2 billion in expenditures and employing 7.3 million people in 2004.

memphis international airport

major / national passenger airlines

- AirTran
- American
- Continental
- Delta
- KLM
- Northwest (hub)

regional / commuter passenger airlines

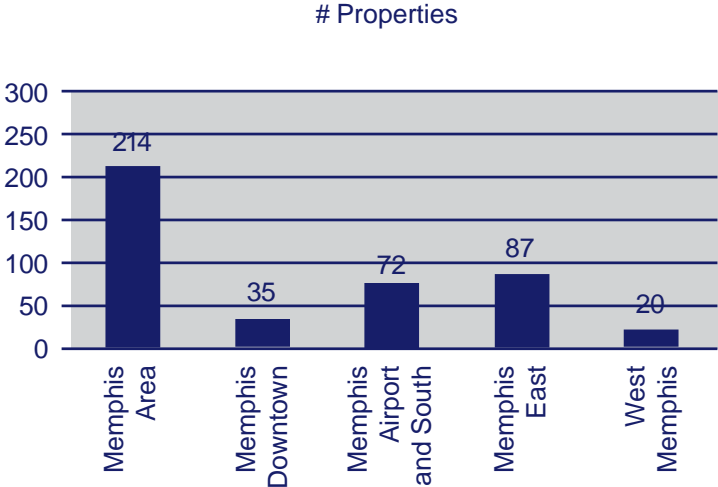
- American West Airlines dba America West Express
- American Eagle
- ComAir dba Delta Connection
- Continental Express
- Mesa Airlines dba US Airways Express
- Mesa dba United Express
- Mesaba Airlines dba Northwest Airlink/Northwest
- Pinnacle Airlines dba Northwest Airlink
- Shuttle America dba Delta Connection
- Skywest Airlines dba United Express
- Trans State Airlines dba American Connection
- PSA dba US Airways Express

highlights

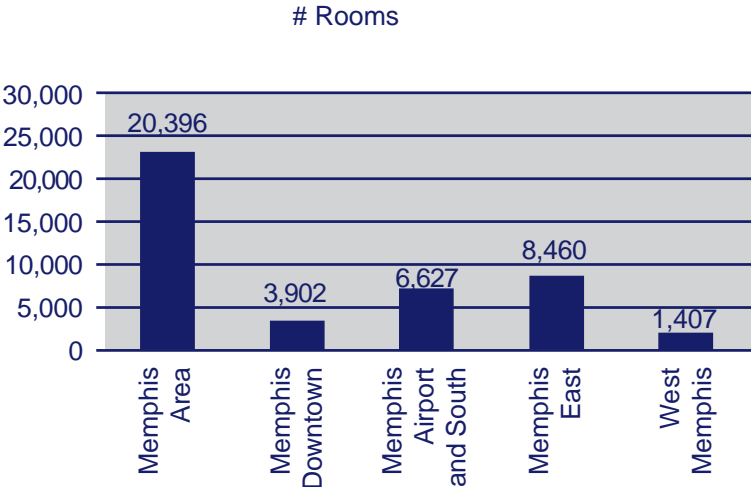
- Memphis International is the largest air carrier airport in the Mid-South region, servicing more passengers than Nashville, Jackson, MS or Little Rock, AR. Memphis International is also one of three hubs in the U.S. for Northwest Airlines.
- Memphis International Airport is one of the 10 fastest-growing airports in the United States and offers nonstop service to over 80 U.S. cities and daily nonstop international service to Amsterdam, Caribbean and Toronto, Canada.
- More than 5.2 million passengers embarked (enplaned) on trips from Memphis International Airport in 2005.
- 157,279 international passengers were boarded in 2005.
- Federal Express operates its worldwide headquarters and Superhub in Memphis. Emery WorldWide and UPS also have hub/sort facilities in Memphis.
- The Memphis International Airport is the largest cargo airport in the world, where 7.9 million metric tons were handled in 2005.

hotel inventory - memphis and shelby county

area hotel inventory by properties - 12/2005



area hotel inventory by number of rooms - 12/2005



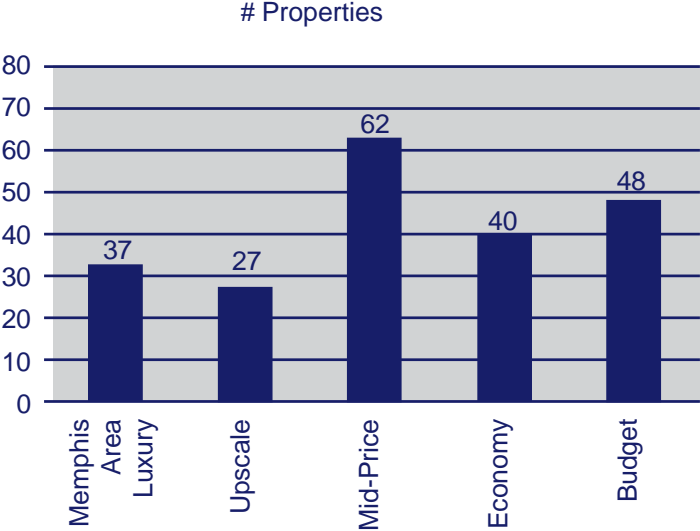
area hotel inventory - 12/2005

| By Area | # of Properties | # of Rooms |
|-------------------------|-----------------|------------|
| Memphis area | 214 | 20,396 |
| Memphis Downtown | 35 | 3,902 |
| Memphis Airport & South | 72 | 6,627 |
| Memphis East | 87 | 8,460 |
| West Memphis | 20 | 1,407 |

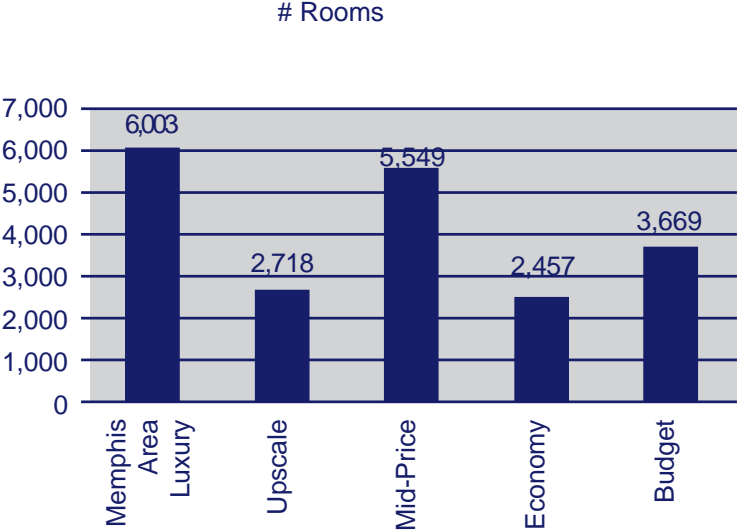
Information in table is identical to the charts shown above.

Courtesy: Smith Travel

hotel inventory type by number of properties - 2005



hotel inventory type by number of rooms - 2005



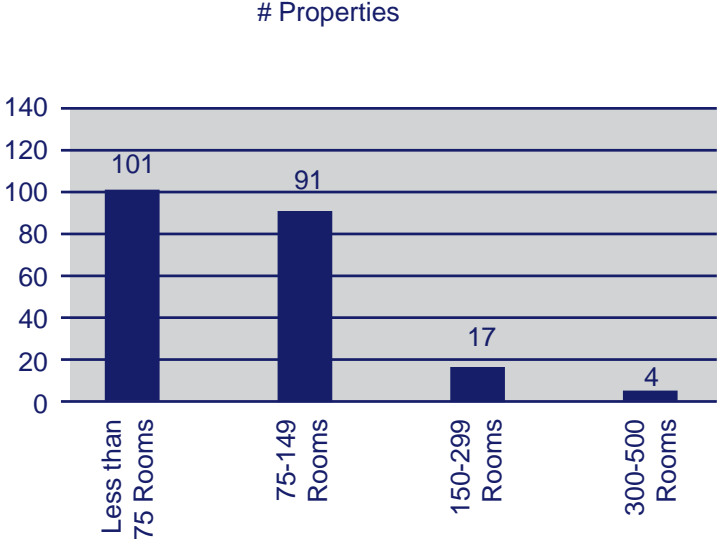
hotel inventory type - 2005

| <i>By Type</i> | <i># of Properties</i> | <i># of Rooms</i> |
|---------------------|------------------------|-------------------|
| Memphis area-luxury | 37 | 6,003 |
| Upscale | 27 | 2,718 |
| Mid Price | 62 | 5,549 |
| Economy | 40 | 2,457 |
| Budget | 48 | 3,669 |

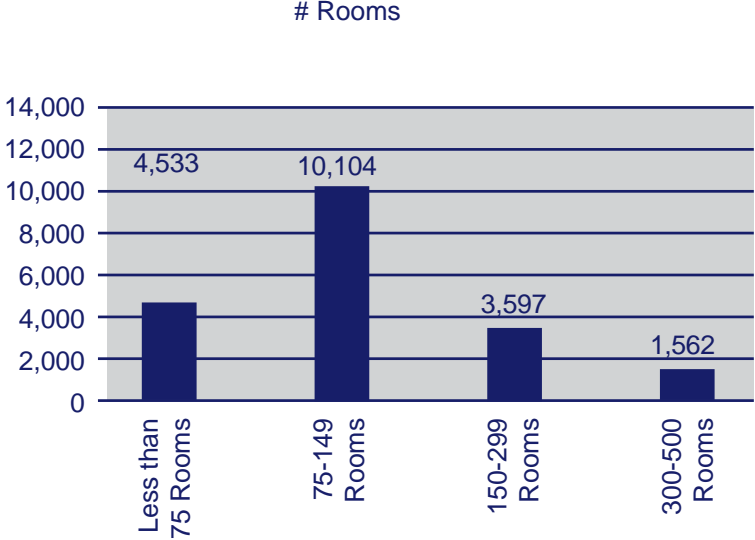
Information in table is identical to the charts shown above.

Courtesy: Smith Travel

hotel size inventory by number of properties - 2005



hotel size inventory by number of rooms - 2005



hotel size inventory - 2005

| By Size | # of Properties | # of Rooms |
|--------------------|-----------------|------------|
| Less than 75 Rooms | 101 | 4,533 |
| 75-149 Rooms | 91 | 10,104 |
| 150-299 Rooms | 17 | 3,597 |
| 300-500 Rooms | 4 | 1,562 |

Information in table is identical to the charts shown above.

Courtesy: Smith Travel

state of the industry

city comparisons 2005 vs 2004

| <i>City</i> | <i>OCC</i> | <i>% Change</i> | <i>ADR</i> | <i>% Change</i> |
|-------------|------------|-----------------|------------|-----------------|
| Memphis | 63.8 | 9.1 | 69.18 | 2.4 |
| Atlanta | 64.7 | 8.7 | 78.54 | 4.7 |
| Charlotte | 60.3 | 10.0 | 67.02 | 3.7 |
| Nashville | 62.3 | 2.8 | 78.24 | 4.6 |
| Knoxville | 57.9 | 1.4 | 65.57 | 2.5 |
| Louisville | 56.2 | 1.1 | 75.93 | 6.2 |
| Tampa | 66.5 | 1.2 | 89.28 | 8.9 |

key statistics - memphis and shelby county

| | <i>1996</i> | <i>2005</i> | <i>% Increase</i> |
|----------------------|-------------|-------------|-------------------|
| Room Supply (Daily) | 14,398 | 19,604 | 36.1 |
| Room Demand (Daily) | 9,803 | 12,531 | 27.8 |
| Room Revenue (Daily) | 619,688 | 872,909 | 40.8 |
| Occupancy | 68.1% | 63.9 | -6.1 |
| ADR (\$) | 63.21 | 69.66 | 10.2 |
| Revpar (\$) | 43.04 | 44.51 | 3.4 |

occupancy & ADR history - memphis and shelby county

| <i>Year</i> | <i>Occupancy</i> | <i>ADR</i> | <i>Annual Room Night Inventory</i> |
|-------------|------------------|------------|------------------------------------|
| 1991 | 63.0% | \$46.20 | 5,182,904 |
| 1992 | 64.1% | \$47.67 | 5,141,281 |
| 1993 | 67.5% | \$48.63 | 5,094,050 |
| 1994 | 71.3% | \$51.99 | 5,145,536 |
| 1995 | 69.7% | \$55.74 | 5,264,574 |
| 1996 | 67.4% | \$58.93 | 5,371,643 |
| 1997 | 66.4% | \$63.78 | 5,764,080 |
| 1998 | 64.9% | \$64.84 | 6,113,750 |
| 1999 | 61.6% | \$64.72 | 6,675,485 |
| 2000 | 59.7% | \$65.48 | 6,849,955 |
| 2001 | 58.0% | \$65.15 | 7,026,980 |
| 2002 | 57.0% | \$65.99 | 7,282,115 |
| 2003 | 57.1% | \$65.46 | 7,537,250 |
| 2004 | 58.3% | \$67.97 | 7,417,165 |
| 2005 | 63.9% | \$69.66 | 7,155,460 |

historical market performance - memphis and shelby county

| Year | # Rooms Avail. | OCC | Rooms OCC | ADR (\$) | Revpar (\$) |
|------|----------------|-------|-----------|----------|-------------|
| 1995 | 14,002 | 70.5% | 9,781 | 60.37 | 42.55 |
| 1996 | 14,398 | 68.1% | 9,803 | 63.21 | 43.04 |
| 1997 | 15,261 | 67.2% | 10,259 | 66.20 | 44.50 |
| 1998 | 15,856 | 64.6% | 10,250 | 68.33 | 44.17 |
| 1999 | 17,191 | 61.9% | 10,639 | 68.63 | 42.47 |
| 2000 | 18,019 | 60.0% | 10,811 | 68.55 | 41.13 |
| 2001 | 18,659 | 58.2% | 10,857 | 65.15 | 40.04 |
| 2002 | 19,951 | 57.0% | 11,372 | 65.99 | 37.61 |
| 2003 | 20,650 | 57.1% | 11,791 | 65.46 | 37.49 |
| 2004 | 20,321 | 58.3% | 11,847 | 67.97 | 39.63 |
| 2005 | 19,604 | 63.9% | 12,531 | 69.66 | 44.51 |

percent change 1994 - 2005 - memphis and shelby county

| | ADR | OCC | Revpar |
|------|-------|-------|--------|
| 1994 | 5.9% | 6.7% | 12.8% |
| 1995 | 6.3% | -1.9% | 4.2% |
| 1996 | 4.7% | -3.4% | 1.2% |
| 1997 | 4.7% | -1.3% | 3.4% |
| 1998 | 3.2% | -3.9% | -0.7% |
| 1999 | 0.4% | -4.2% | -3.8% |
| 2000 | 0.0% | -3.1% | -3.2% |
| 2001 | 0.4% | -3.0% | -2.7% |
| 2002 | 1.2% | -1.4% | -0.2% |
| 2003 | -0.9% | 1.1% | 1.6% |
| 2004 | 4.0% | 3.4% | 6.1% |
| 2005 | 2.5% | 8.9% | 12.3% |

memphis cook convention center facts

at a glance

- The Memphis Cook Convention Center is one of the nation's most flexible multi-use convention centers. It offers 300,000 square feet of space designed especially for conventions, tradeshows, and performing arts. The center is located in the downtown convention district adjacent to the Pyramid, on the Trolley Line, convenient to hotels, attractions, shopping, and entertainment, and only 12 miles from the Memphis International Airport.
- Ballroom - A 28,000 square foot elegantly appointed ballroom, divisible into five sections, provides superior food service and ambiance for meeting and convention delegates
- Special Exhibition Hall - Highly functional and versatile, this 35,000 square foot hall is designed to house exhibitions, small public shows and trade shows
- 31 meeting rooms offering over 70,000 square feet of meeting and breakout space (including the Cannon Center for the Performing Arts)
- Performing Arts Center - A 2,100 seat state-of-the-art, acoustically superior center designed as the permanent home of the Memphis Symphony Orchestra and an ideal location for theatrical productions, concerts, the ballet, convention general sessions and large-scale audio/visual presentations
- 190,000 total square feet of exhibition and pre-function show space
- 31 breakout rooms ranging in seating capacity from 10 to 1,000
- Within one block, 850 first class hotel rooms. 1,800 committable for conventions within walking distance
- Three parking levels for 1,000 cars, with 5,000 spaces nearby
- Executive Conference Center
- \$92 million renovation and expansion completed January 2003
- The building accommodates up to 80% of the U.S. meetings and conventions held annually; up from its former capability of 60%
- Hotel room night impact of the expansion will increase from an average of 50,000 room nights per year to 90,000 room nights beginning in 2007

[about the u.s. travel data center](#)

- This study was conducted by the Research Department of the Travel Industry Association of America (TIA) for the Tennessee Department of Tourist Development. The study provides 2003 and preliminary 2004 estimates of domestic and international travel-related expenditures in Tennessee, as well as the employment, payroll income, and federal, state and local tax revenue directly generated by these expenditures. <http://www.tia.org>
- Contributions by Smith Travel Research (STR) who combines fresh, monthly data with STR's annual HOST study on revenues and expenses, STR maintains the largest, most comprehensive databases on current trends and the financial performance of the lodging industry. <http://www.smithtravelresearch.com>
- Pinkowski & Company is an independent consulting firm in the hospitality industry providing objective, candid and experienced advice for investment / development opportunities, operational assistance, and franchise and brand issues. Chuck Pinkowski, David Pear and Gloria McCollum have 60 years of combined experience in the hospitality industry. <http://www.pinkowskicompany.com>

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