



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

ECONOMIC IMPACT OF VISITORS IN TENNESSEE 2023

July 2024

Prepared for: Tennessee Department of Tourist Development



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Tennessee economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. In 2023, direct tourism-supported jobs accounted for 4.1% of all jobs in the state.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Tennessee as it builds upon its visitor economy.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Tennessee, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of Tennessee. The model traces the flow of visitor-related expenditures through the state's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed overnight or traveled more than 50 miles to the destination.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Tennessee
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR and AirDNA: lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals, respectively
- Visa Data Insights: credit card transaction data
- TN Department of Revenue: Lodging and sales tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Tennessee based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITS & SPENDING

In 2023, more than 144 million visitors spent \$30.6 billion across the Tennessee economy. Visitor volumes and spending increased 2.4% and 6.2%, respectively, over the prior year.

 **144 MILLION**
Visitors to Tennessee in 2023

DIRECT ECONOMIC IMPACT

Visitor spending of \$30.6 billion generated \$8.1 billion in direct labor income, sustained 191,522 direct jobs and generated \$3.2 billion in direct state and local tax revenues in 2023.



\$30.6B

Visitor Spending



\$8.1B

Direct Labor Income



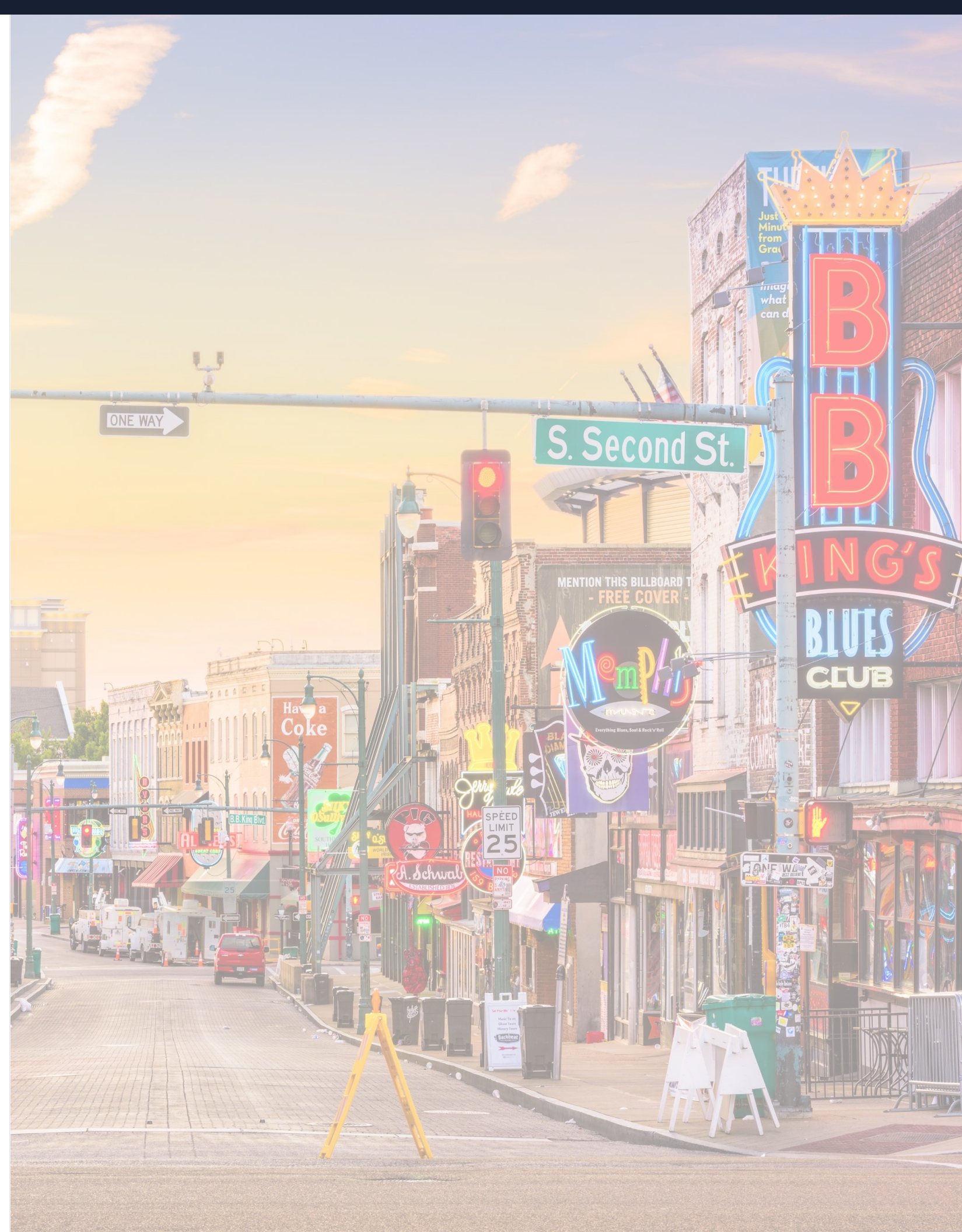
191,522

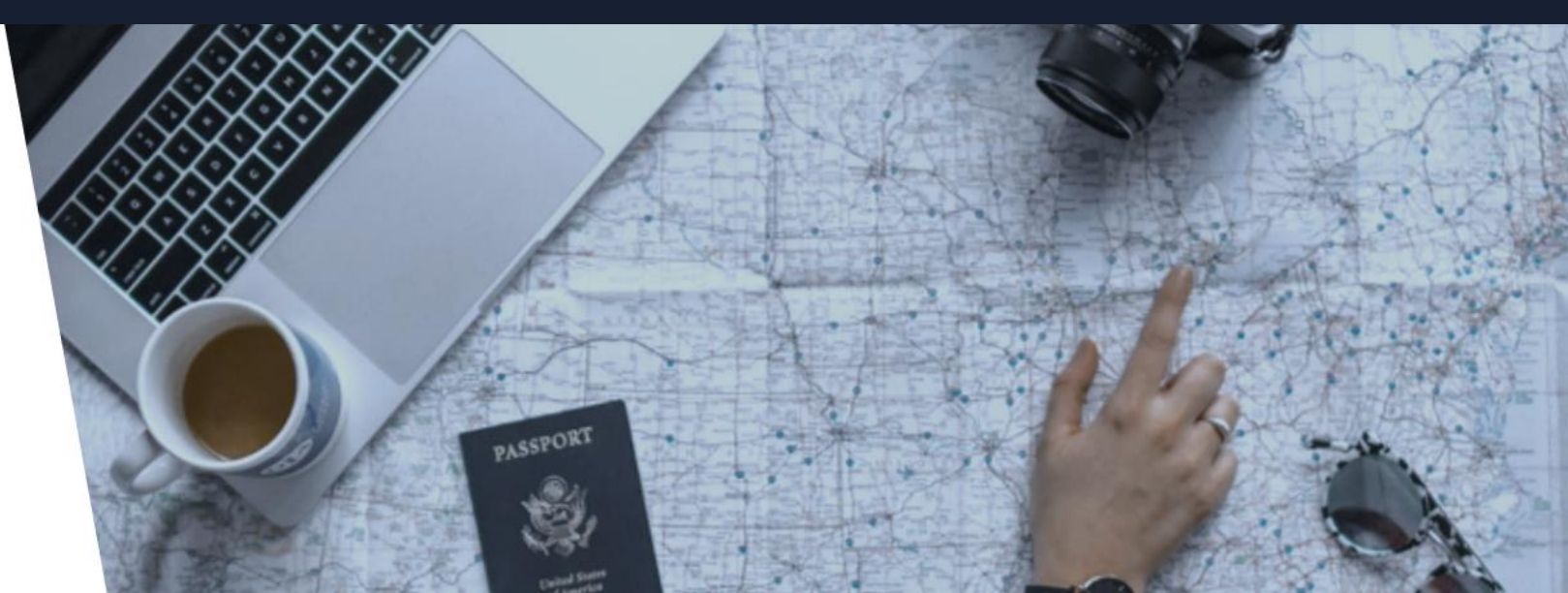
Direct Jobs



\$3.2B

Direct State & Local Taxes Generated



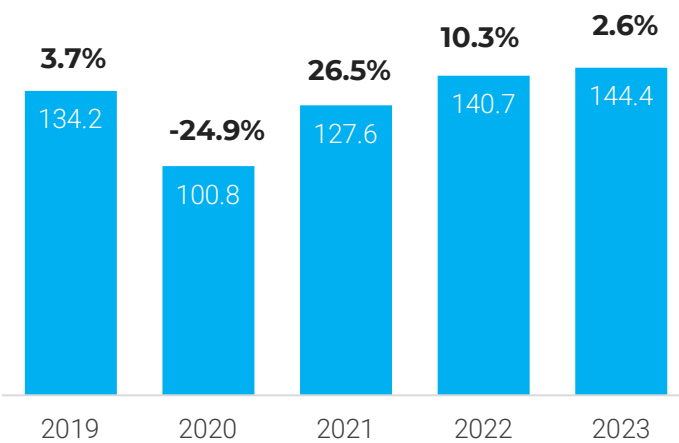


VISITS & VISITOR SPENDING

Having fully recovered above pre-pandemic levels the prior year, 2023 saw more moderate rates of visitor volume and spending growth, as each increased 2.6% and 6.2%, respectively. Led by relatively stronger growth in day visits, visitor volumes topped 144 million in 2023, increasing more than three million over 2022.

Tennessee visitor volumes

Amounts in millions



Source: Longwoods International, STR, AirDNA, Tourism Economics

VISITOR SPENDING

Visitors to Tennessee spent **\$30.6 billion** across a range of sectors in 2023.

Visitor spending expanded 6.2% in 2023, building upon an already fully recovered visitor economy.

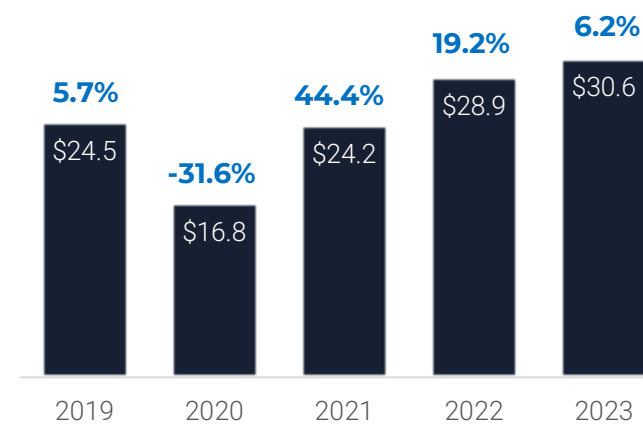
Of the \$30.6 billion spent in Tennessee in 2023 by visitors, food and beverage accounted for \$8.4 billion, 27% of total visitor spending. Spending on lodging, including the value of second homes and short-term rentals, neared \$7.5 billion.

Transportation, including both air and transportation within the destination, captured 21%, a total of \$6.5 billion.

Recreation spending comprised 16%, with retail spending registering 11% of spending.

Tennessee visitor spending

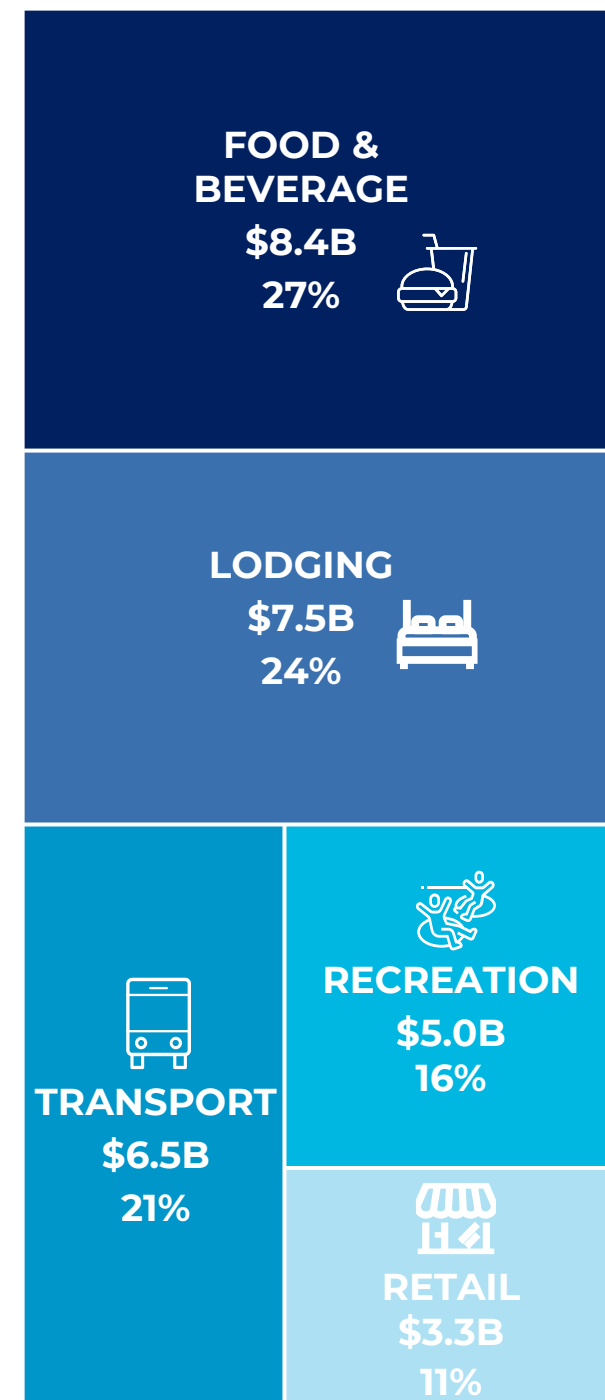
Amounts in \$ billions



Source: Longwoods International, STR, AirDNA, TN DOR, Tourism Economics

\$30.6 BILLION

Visitor Spending in 2023



Source: Longwoods International, STR, AirDNA, TN DOR, Tourism Economics

Note: Lodging spending is calculated as an industry and includes dollars spent on short-term rentals and second homes. Transport includes both air and local transportation.

VISITOR VOLUME & SPENDING TRENDS

Visitor spending increased 6.2% in 2023, following two consecutive years of double-digit growth. Spending grew across all sectors, driven by both demand and increases in prices of key commodities.

By spending category, recreation spending led growth in 2023, increasing 10.0% year-over-year, as visitors shifted preferences to experiential spending. Food and beverage spending topped \$8 billion for the first time.

Lodging spending, including short-term rentals, increased 5.9% as average daily rates moderated.

Transportation, including both air and transportation within the destination, reached \$6.5 billion in 2023, a result of strong air spending yet restrained by declining gas prices.

Tennessee visitor spending

Amounts in \$ billions, 2023 % change

	2019	2020	2021	2022	2023	2023 Growth
Total visitor spending	\$24.52	\$16.77	\$24.21	\$28.85	\$30.65	6.2%
Food & beverage	\$6.69	\$4.94	\$6.90	\$7.81	\$8.38	7.3%
Lodging*	\$5.31	\$3.04	\$5.31	\$6.83	\$7.24	5.9%
Transportation**	\$5.60	\$3.95	\$5.35	\$6.31	\$6.50	3.0%
Recreation	\$3.77	\$2.31	\$3.47	\$4.51	\$4.96	10.0%
Retail	\$2.94	\$2.34	\$2.98	\$3.18	\$3.35	5.4%
Second homes	\$0.20	\$0.19	\$0.20	\$0.21	\$0.22	5.6%

Source: Longwoods International, STR, AirDNA, TN DOR, Tourism Economics

* Lodging includes short-term rentals

** Transportation includes both ground and air transportation

Tennessee visitor volume and spending, by market

Amounts in millions of visitors, and \$ billions

	2019	2020	2021	2022	2023
Total visitors	134.18	100.81	127.55	140.93	144.35
Domestic	133.33	100.63	127.41	140.31	143.71
International	0.85	0.18	0.14	0.62	0.64
Total visitor spending	\$24.52	\$16.77	\$24.21	\$28.85	\$30.65
Domestic	\$23.59	\$16.61	\$24.03	\$28.39	\$29.90
International	\$0.92	\$0.16	\$0.18	\$0.46	\$0.75
Per visitor spending	\$183	\$166	\$190	\$205	\$212
Domestic	\$177	\$165	\$189	\$202	\$208
International	\$1,089	\$873	\$1,237	\$746	\$1,176

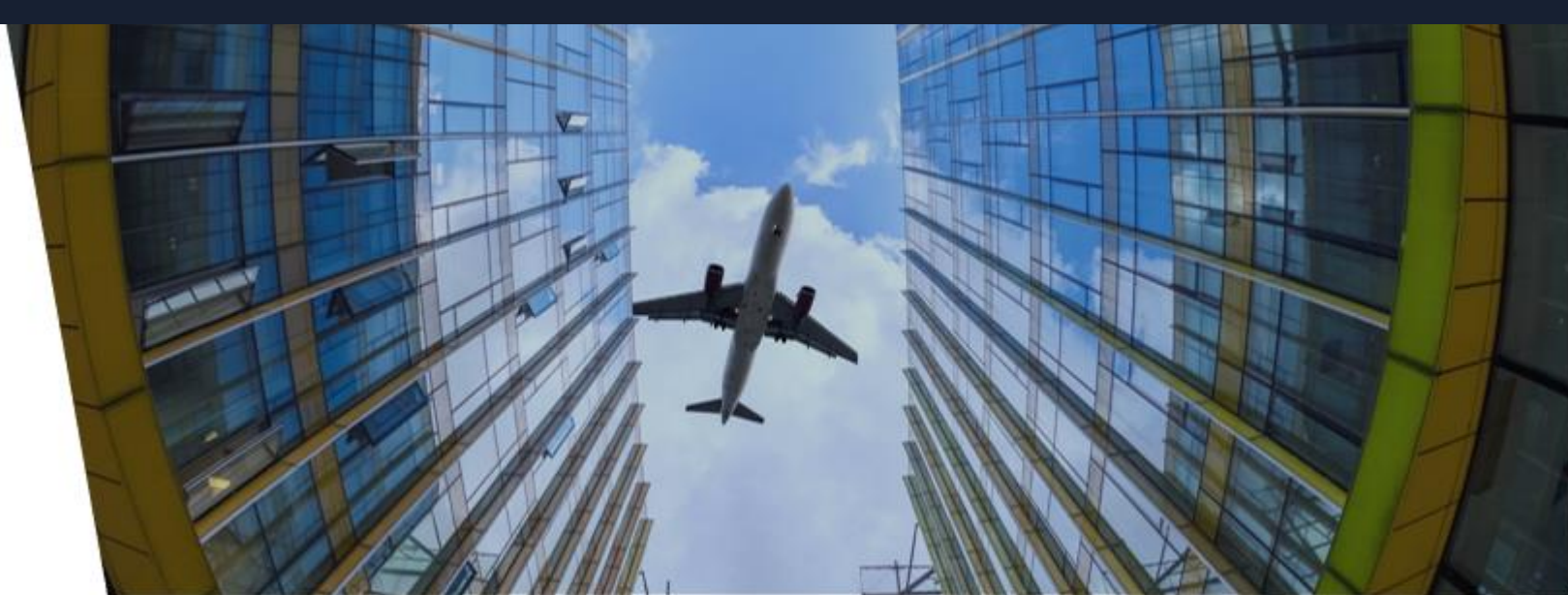
Source: Longwoods International, STR, AirDNA, Tourism Economics

Tennessee visitor volume, by segment

Amounts in millions of visitors, and \$ billions

	2019	2020	2021	2022	2023
Total visitors	134.18	100.81	127.55	140.72	144.35
Day	75.62	60.20	71.37	76.86	78.85
Overnight	58.56	40.61	56.18	63.86	65.50
Total visitors	\$24.52	\$16.77	\$24.21	\$28.85	\$30.65
Day	\$7.44	\$5.41	\$7.37	\$8.53	\$9.08
Overnight	\$17.07	\$11.35	\$16.84	\$20.32	\$21.57
Per visitor spending	\$183	\$166	\$190	\$205	\$212
Day	\$98	\$90	\$103	\$111	\$115
Overnight	\$292	\$280	\$300	\$318	\$329

Source: Longwoods International, STR, AirDNA, Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Tennessee visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Tennessee economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

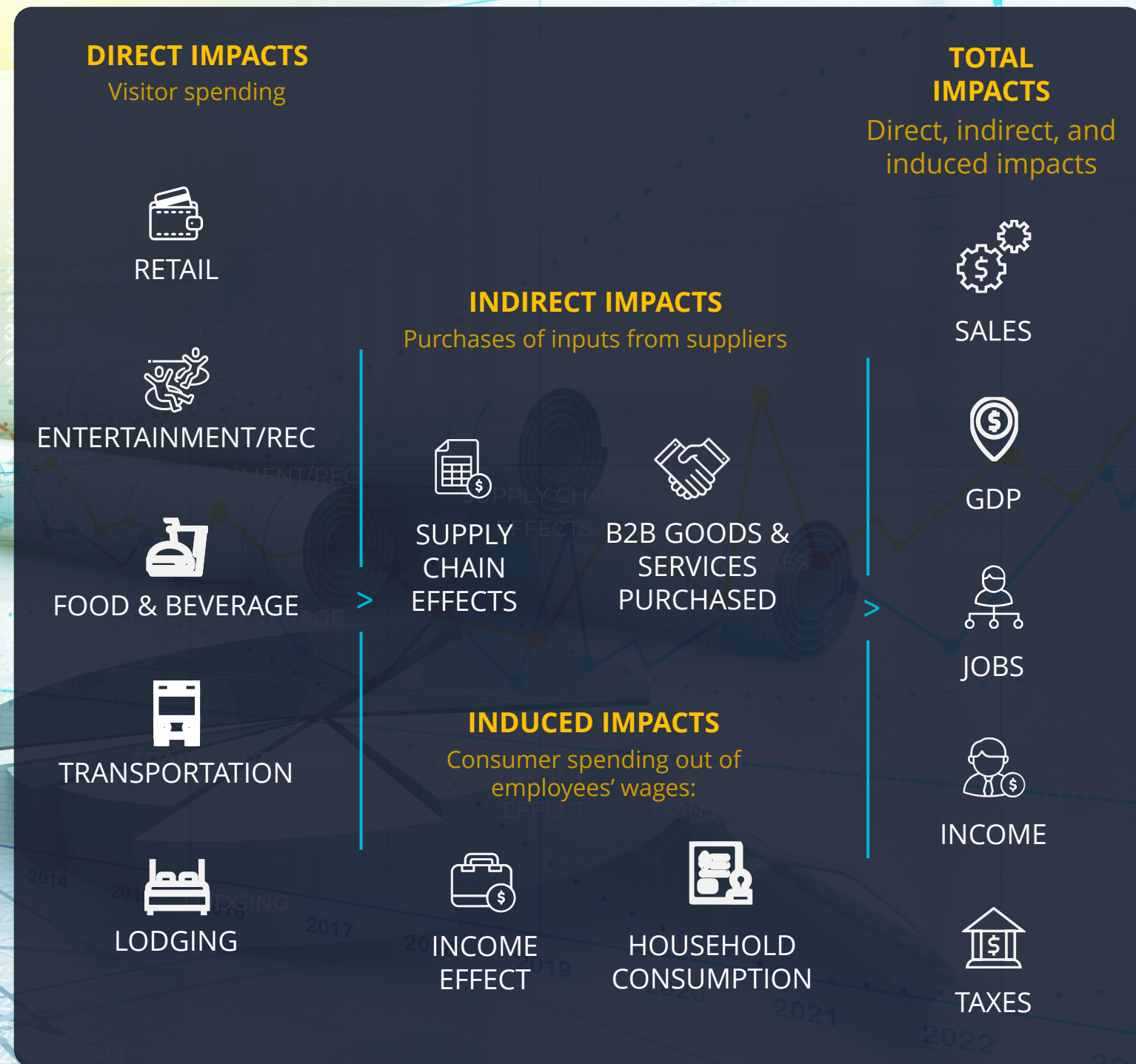
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK



ECONOMIC IMPACT FINDINGS

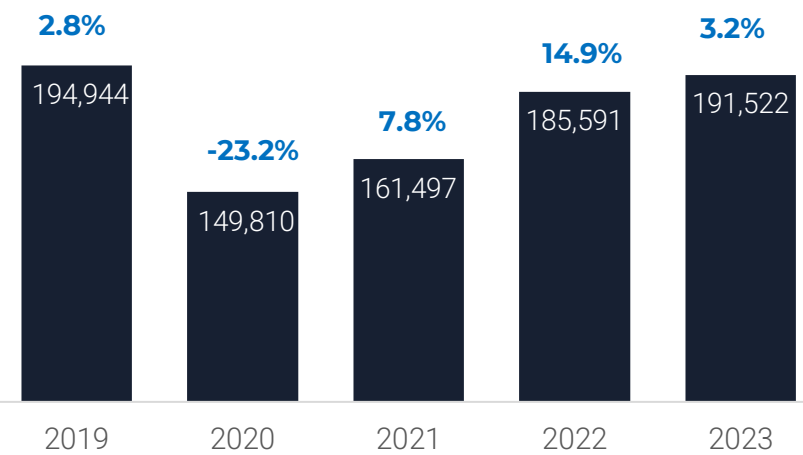
DIRECT IMPACTS

Employment supported by visitor activity increased 3% in 2023, rebounding to 98% of pre-pandemic levels.

Recovery in visitor-supported jobs has remained slower than spending, with visitor-supported employment levels at 98% of pre-pandemic levels while spending has fully recovered.

Visitor supported employment in Tennessee

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$30.6 billion in 2023, 6% higher than a year earlier.

Outside of direct impacts, significant benefits accrued in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2023)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2023)

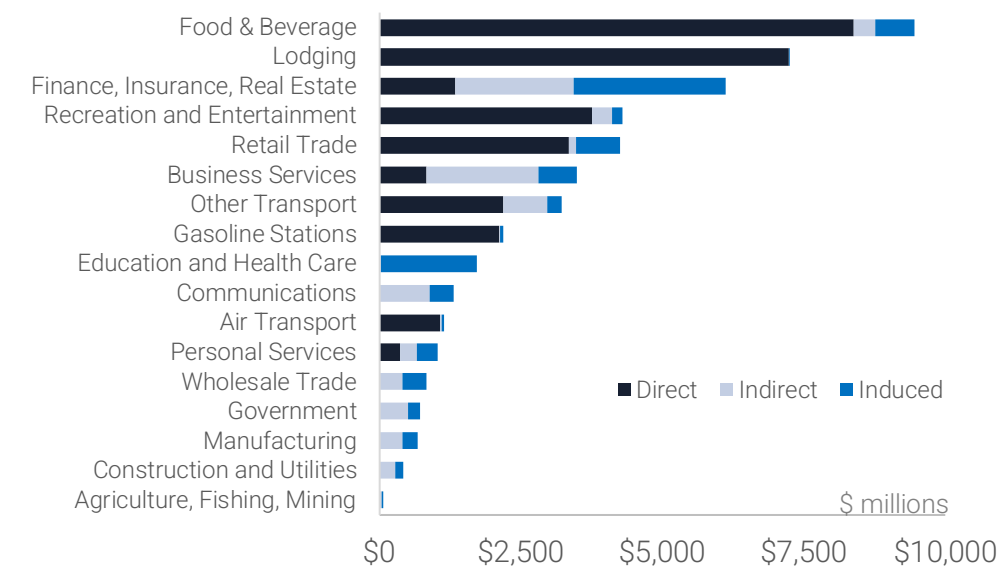
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$30,647	\$8,623	\$8,948	\$48,218
Food & Beverage	\$8,382	\$380	\$700	\$9,462
Lodging	\$7,235	\$2	\$4	\$7,242
Finance, Insurance, Real Estate	\$1,339	\$2,097	\$2,693	\$6,129
Recreation and Entertainment	\$3,764	\$353	\$180	\$4,297
Retail Trade	\$3,348	\$124	\$785	\$4,257
Business Services	\$826	\$1,988	\$679	\$3,494
Other Transport	\$2,184	\$788	\$250	\$3,222
Gasoline Stations	\$2,123	\$13	\$58	\$2,194
Education and Health Care		\$29	\$1,692	\$1,721
Communications		\$885	\$425	\$1,310
Air Transport	\$1,077	\$30	\$31	\$1,139
Personal Services	\$368	\$292	\$367	\$1,027
Wholesale Trade		\$410	\$419	\$829
Government		\$505	\$217	\$722
Manufacturing		\$403	\$281	\$684
Construction and Utilities		\$281	\$138	\$419
Agriculture, Fishing, Mining		\$42	\$29	\$71

Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-associated goods and services produced in Tennessee in 2023 as a result of direct visitor spending increased to \$15.5 billion, an increase of 6% over the prior year, and 3.0% of Tennessee's economy.

Summary value-added impacts (2023)

Amounts in \$ billions

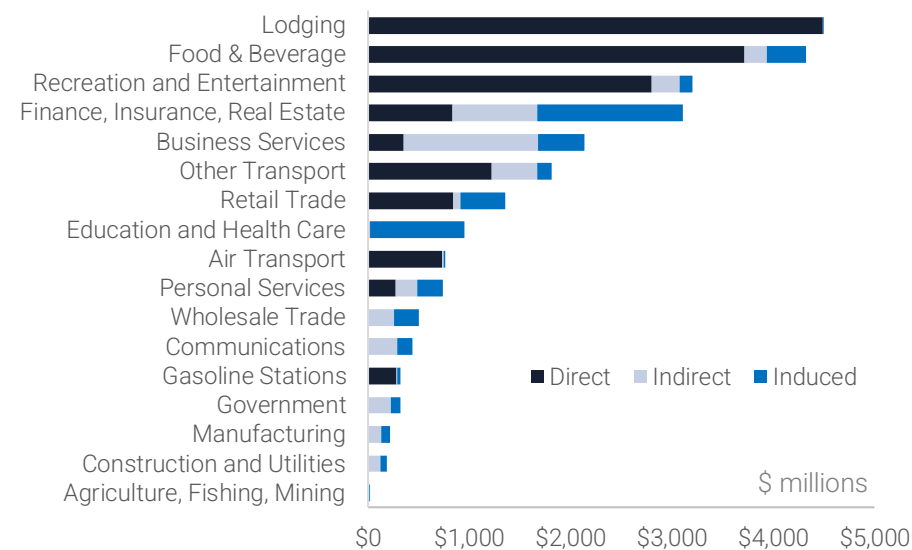


Source: Tourism Economics

The locally produced portion of visitor-associated sales in the lodging industry added \$4.5 billion to state GDP in 2023.

Value-added impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Value-added impacts by industry (2023)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$15,507	\$4,447	\$4,905	\$24,859
Lodging	\$4,484	\$1	\$3	\$4,488
Food & Beverage	\$3,713	\$219	\$390	\$4,323
Recreation and Entertainment	\$2,801	\$270	\$129	\$3,200
Finance, Insurance, Real Estate	\$828	\$840	\$1,441	\$3,109
Business Services	\$349	\$1,327	\$461	\$2,136
Other Transport	\$1,219	\$445	\$147	\$1,810
Retail Trade	\$835	\$77	\$443	\$1,355
Education and Health Care		\$14	\$936	\$950
Air Transport	\$725	\$17	\$19	\$761
Personal Services	\$274	\$210	\$252	\$735
Wholesale Trade		\$253	\$249	\$502
Communications		\$284	\$154	\$438
Gasoline Stations	\$281	\$7	\$31	\$320
Government		\$222	\$95	\$317
Manufacturing		\$127	\$85	\$213
Construction and Utilities		\$122	\$62	\$184
Agriculture, Fishing, Mining		\$11	\$7	\$18

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$8.1 billion in direct labor income in Tennessee in 2023, 5% higher than 2022.

Summary labor income impacts (2023)

Amounts in \$ billions

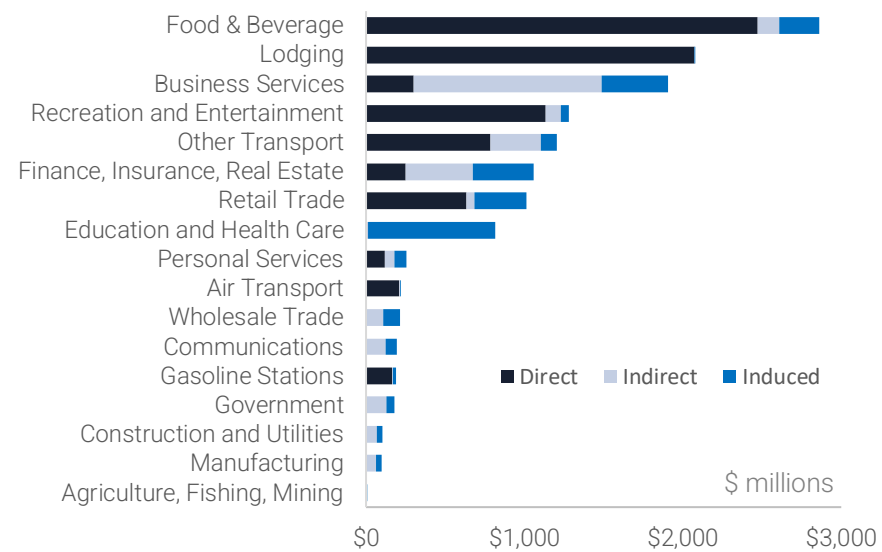


Source: Tourism Economics

There are five industries in which visitor activity supports more than \$600 million in direct personal income.

Labor income impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2023)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$8,131	\$2,786	\$2,739	\$13,657
Food & Beverage	\$2,473	\$137	\$251	\$2,861
Lodging	\$2,071	\$1	\$1	\$2,073
Business Services	\$297	\$1,191	\$417	\$1,905
Recreation and Entertainment	\$1,131	\$97	\$51	\$1,280
Other Transport	\$786	\$318	\$99	\$1,204
Finance, Insurance, Real Estate	\$251	\$424	\$382	\$1,056
Retail Trade	\$632	\$53	\$327	\$1,012
Education and Health Care		\$11	\$803	\$814
Personal Services	\$116	\$62	\$78	\$256
Air Transport	\$210	\$5	\$6	\$221
Wholesale Trade		\$107	\$107	\$214
Communications		\$121	\$74	\$194
Gasoline Stations	\$163	\$4	\$19	\$187
Government		\$127	\$50	\$177
Construction and Utilities		\$66	\$37	\$103
Manufacturing		\$60	\$37	\$97
Agriculture, Fishing, Mining		\$2	\$1	\$3

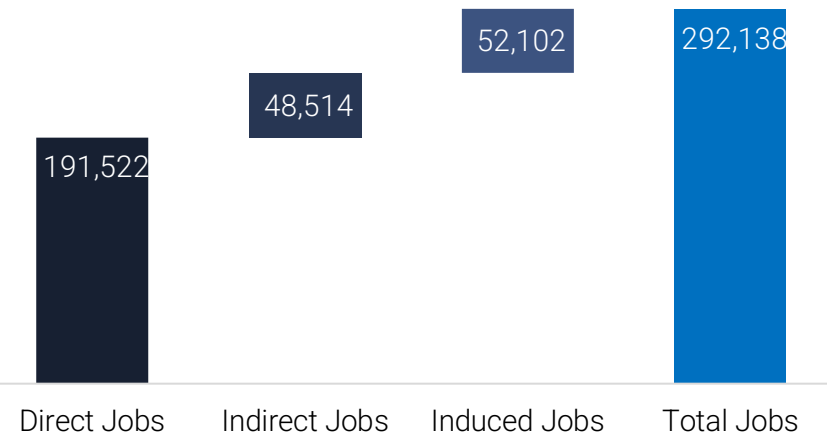
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 191,522 direct jobs in 2023, one of every 24 jobs in the state.

Summary employment impacts (2023)

Amounts in number of jobs

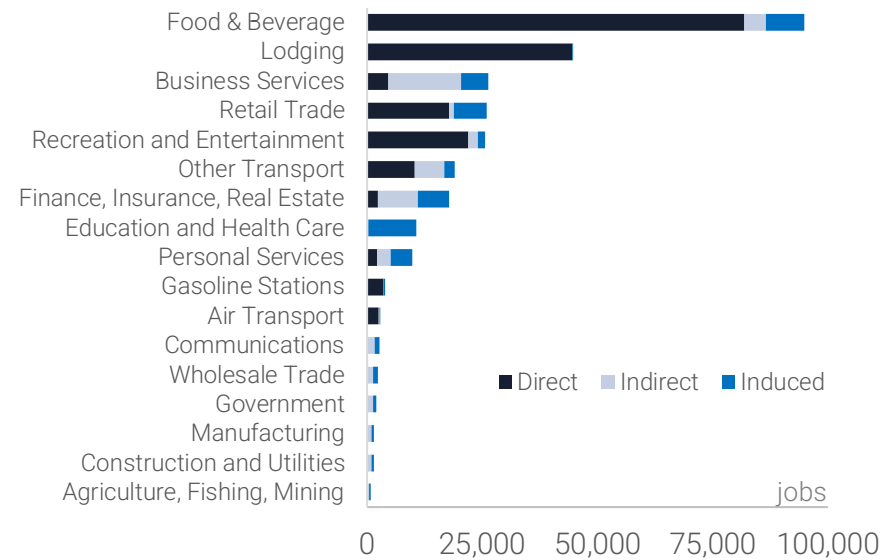


Source: Tourism Economics

Visitor spending supported the largest number of direct jobs in the food & beverage industry (81,914), followed by lodging (44,530).

Employment impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	191,522	48,514	52,102	292,138
Food & Beverage	81,914	4,627	8,313	94,854
Lodging	44,530	15	29	44,573
Business Services	4,648	15,759	5,980	26,386
Retail Trade	17,715	1,091	7,174	25,980
Recreation and Entertainment	21,900	2,114	1,622	25,636
Other Transport	10,252	6,504	2,227	18,983
Finance, Insurance, Real Estate	2,279	8,724	6,736	17,739
Education and Health Care	0	286	10,467	10,753
Personal Services	2,254	2,807	4,750	9,812
Gasoline Stations	3,474	89	400	3,962
Air Transport	2,557	66	89	2,712
Communications	0	1,669	1,016	2,685
Wholesale Trade	0	1,215	1,203	2,418
Government	0	1,362	555	1,917
Manufacturing	0	937	549	1,486
Construction and Utilities	0	899	530	1,429
Agriculture, Fishing, Mining	0	351	463	814

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$5.1 billion in direct government revenues.

State and local taxes alone tallied \$3.2 billion in 2023.

Each household in Tennessee would need to be taxed an additional \$1,160 to replace the direct visitor-generated taxes received by Tennessee state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Indirect / Induced	Total
Total Tax Revenues	\$5,069	\$2,187	\$7,256
Federal Taxes	\$1,919	\$1,228	\$3,147
Personal Income	\$720	\$455	\$1,175
Corporate	\$136	\$92	\$229
Indirect Business	\$147	\$64	\$211
Social Insurance	\$916	\$616	\$1,532
State and Local Taxes	\$3,150	\$959	\$4,110
Sales	\$1,924	\$570	\$2,494
Bed Tax	\$393	\$0	\$393
Personal Income			
Corporate	\$81	\$55	\$135
Excise and Fees	\$229	\$95	\$324
Property	\$524	\$239	\$764

Source: Tourism Economics



State tax revenues topped \$1.9 billion. Including sales and lodging taxes, more than \$1.2 billion in local taxes were generated in 2023.

Fiscal (tax) impacts

Amounts in \$ millions, direct only

	State	Local
Total Tax Revenues	\$1,902	\$1,248
Sales	\$1,617	\$307
Bed Tax		\$393
Personal Income		
Corporate	\$81	
Excise and Fees	\$204	\$24
Property		\$524

Source: Tourism Economics

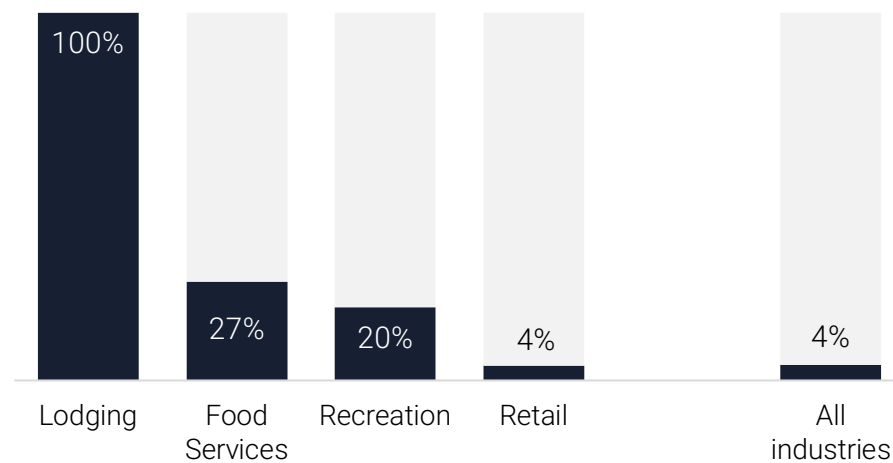


ECONOMIC IMPACTS IN CONTEXT

Visitors sustain all employment in the lodging sector, just over a quarter of food and beverage employment, and 20% of recreation employment is supported by visitor spending.

Tourism employment intensity

Amounts in percentage of total industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$30.6B VISITOR SPENDING

The \$30.6 billion in visitor spending means that nearly \$84 million was spent EVERY DAY by visitors in Tennessee.



\$8.1B LABOR INCOME

The \$8.1 billion in direct income generated by tourism is the equivalent of \$2,996 for every household in Tennessee.



191,522 JOBS

The number of jobs directly sustained by tourism (191,522) supports 4.1% of all jobs in Tennessee.



\$3.2B STATE & LOCAL TAXES

The \$3.2 billion in direct state and local taxes generated by tourism would cover the average salary of nearly 59,899 public school teachers in Tennessee.

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector, including short-term rentals. This includes food and other services provided by hotels, rentals and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitor spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
Labor Income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, London, Frankfurt, Ontario, and Sydney.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 600 full-time staff, including 350+ professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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