

Tennessee Travel Barometer

(Based on results of TIA TravelScope®/*DIRECTIONS*® by DKS&A)

Travel To and Within Tennessee 2006 Annual

**Prepared by
The Research Department of the
Travel Industry Association of America
Washington, D.C.**

August 2007



***Travel Industry Association
of America***

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**Travel Industry Association
of America**

1100 New York Avenue NW
Suite 450
Washington, D.C. 20005-3934
www.tia.org

The mission of the Travel Industry Association of America (TIA) is to represent the whole of the U.S. travel industry to promote and facilitate increased travel to and within the United States. TIA's Research Department seeks to meet the research needs of TIA members and the travel industry by gathering, conducting, analyzing, publishing and disseminating economic, marketing, and international research that articulates the economic significance of the travel and tourism industry at national, state and local levels; defines the size, characteristics and growth of existing and emerging travel markets; and provides qualitative trend analysis and quantitative forecasts of future travel activity and impact.

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INTRODUCTION

This report provides information on U.S. travelers visiting Tennessee in 2006.

Information presented in this report for years 2004 and 2006 is based on TIA TravelScope®/**DIRECTIONS**® by **DKS&A**, a national consumer survey conducted monthly, using Synovate's consumer panel of U.S. households. TIA TravelScope®/**DIRECTIONS**® by **DKS&A**, a powerful travel research program, is a product of the partnership between the Travel Industry Association of America (TIA) and DK Shifflet & Associates Ltd (DKS&A). The partnership began in July 2005, however, the study has been in place since the 1980s and has been managed by DKS&A. Since its inception, the program has been recognized as an important source of critical information for the travel and tourism industry. See Appendix section of this report for more information on the TIA TravelScope®/**DIRECTIONS**® by **DKS&A** methodology.

This report takes a comprehensive look at the unique travel characteristics of Tennessee visitors. Travel as measured in this report is based on trips of 50 miles or more, one way, away from home or trips including one or more nights' stay. Volume estimates are based on the number of households stays (stays), the number of persons for each stay (person-stays) or the number of days for each traveling person (person-days).

For purposes of understanding these metrics (i.e., stays, person-stays and person-days) the following is an example on how the volumes are estimated.

Mr. and Mrs. Smith and their two children went on a 5-day vacation in TN. They stayed in Nashville for 2 nights and traveled to Memphis for the next 3 nights. This trip will yield the following travel volumes for TN.

Metric	Volume	Calculation
Trips	1	One unique trip to the state of TN
Person trips	4	Mr. Smith, Mrs. Smith, and 2 kids in one unique trip to TN
Person stays	8	Mr. Smith, Mrs. Smith, and 2 kids in Nashville = 4 Person Stays) + Mr. Smith, Mrs. Smith, and 2 kids in Memphis= 4 person stays = total 8 person stays.
Person days	20.75	((Mr. Smith, Mrs. Smith, and 2 kids in Nashville 4 * 2 nights= 8 nights+ Mr. Smith, Mrs. Smith, and 2 kids in Memphis) 4* 3 nights= 12 nights) + .75 extra day for travel to and from home= 20.75 person days

Travel is a complex purchase. To better understand who is buying and the value of their purchase requires multiple metrics. The Trip and Person Trip metrics address the question of who and how many people are coming to the state. These metrics omit a description of the relative buying strength of these customers. As mentioned earlier, this report focuses on Person Stays and Person Days metrics. These metrics add greater depth of understanding of travel behavior and aid in showing the relative value of different market segments. Person Stay and Person Day metrics tell more about the impact travelers have on the economy of the destination.

As illustrated in the above table, person stays and person days volumes relay more traveler information than trips and person trips. By looking at the person stays metric, we would know how many total cities/places & travelers visited in one trip. By looking at the person days metric we know how many days they spent in total for their trip in your state. Each added person day means more spending per person and per party per trip. Therefore, these new stays-based metrics provide greater understanding of the value of visitors to the state beyond the simple counts afforded by the trips metric.

National figures in this report are based on total domestic travel by U.S. resident households originating in the 48 contiguous states and traveling to any of the 50 states and the District of Columbia.

Appendix A consists of the TIA TravelScope®/*DIRECTIONS*® by **DKS&A** methodology, list of questions, and glossary of terms. Appendix B provides charts of economic/travel indicators for 2006.

EXECUTIVE SUMMARY

Tennessee accommodated nearly 80.89 million person-stays in 2006. This represents a fairly significant increase of 8.6 percent over 2005 person-stays. Out of these person-stays a total of 182.55 million person-days were generated, up 4.9 percent versus last year. By comparison, total U.S. domestic person-stays and person-days volume growths remained nearly flat showing a gain of just 0.8 percent to 3,047.30 million and 0.2 percent to 6,611.57 million, respectively. From among the 48 contiguous states, Tennessee ranked 10th in person-stays and 11th in person-days in 2006, from 14th and 12th, respectively, in 2005.

- Tennessee accounted for more than 31 million person-stays or 39 percent of all person-stays in the state. The top states of origin for Tennessee visitors, other than Tennessee, were Georgia (8%), Kentucky (6%), Alabama (5%), Virginia (5%), and Mississippi (5%).
- The number of person-stays in Tennessee whose primary purpose was for leisure rose by 6% in 2006 to nearly 60 million. By comparison, U.S. domestic leisure person-stays volume in 2006 remained unchanged over the prior year.
- Visiting friends and relatives was one of the most popular trip purposes for travelers to Tennessee. It was the primary trip purpose for 20 percent of Tennessee person-stays. Other personal/leisure was cited by 27 percent of all Tennessee person-stays as the primary purpose of their trip to the state.
- Business travel in Tennessee, on the other hand, significantly grew by 18 percent to over 21 million person-stays in 2006. In comparison, U.S. domestic business person-stays volume in 2006 expanded by just about three percent over the prior year.
- The share of personal auto/truck (including camper/RV) use in Tennessee was 90 percent in 2006. This was higher than the U.S. average (84%). Four percent of all person-stays to Tennessee traveled by air in 2006. In contrast, U.S. domestic person-stays in general were over twice as likely to travel by air (9%).
- Fifty-five percent of Tennessee person-stays spent one or more nights per stay. Including day trips, the average length of stay in 2006 was 1.5 nights, the same reading in 2005. The average length of stay for overnight trips also remained the same in 2006 at 2.7 nights.
- Forty-five percent of Tennessee person-stays were day visits. The incidence of day travel to Tennessee was lesser than the U.S. average (52%).
- About 57 percent of Tennessee overnight visitors included a stay in a hotel, motel or B&B. Twenty-nine percent stayed in private homes, three percent included stays in timeshare units, and 15 percent used other accommodations.
- Dining out remained the most popular activity for Tennessee travelers. In 2006, nearly half (48%) of Tennessee person-stays cited dining as a trip activity. Shopping was the second most popular activity (42%), touring/sightseeing (35%), entertainment (27%), or visiting national and state parks (14%) were the next most popular activities.

- In 2006, visitors spent an average of \$108 per person per day during their stay in Tennessee. Business visitors to Tennessee spent more (average of \$123) than leisure travelers (average of \$104). The travel spending does not include transportation costs to and from the state.

Trends

- Overall travel volume to Tennessee saw a fairly significant increase of 8.6 percent in 2006.
 - Leisure volume rose by 5.7 percent to 59.6 million person-stays.
 - Business volume displayed a remarkable growth of 17.8 percent to 21.3 million person-stays.
- Tennessee resident travelers continued to account for the highest share of the state's total person-stays.
 - Tennessee resident travelers accounted for 39 percent of the state person stays in 2006, a three share point gain from 36 percent in 2005.
 - Georgia continued to be the second top state of origin making up eight percent of all Tennessee travelers in 2006.
 - Kentucky climbed nicely to the third spot (6%) from sixth in 2005 while Alabama slid to the fourth place (5%) from third.
 - Virginia remained the fifth top state of origin for TN travelers, garnering five percent of the pie.
- Nearly three out of four person-stays to Tennessee involved leisure visits while the rest were travels for business purposes.
 - Visiting friends/relatives accounted for 20 percent of person-stays to Tennessee; getaway weekend for 15 percent; general vacation for 12 percent; and other personal leisure purposes made up 27 percent of all person-stays to Tennessee.
 - About 12 percent person-stays were for convention, seminar/training, and other group meetings; while 14 percent were for other business.
- Travel to the state by personal auto/truck remained the most popular mode of transportation.
 - Nine out of ten person-stays to Tennessee used personal auto/truck, just about the same from the reading in 2005.
 - The share of person-stays by air was just about four percent, slightly lower than the five percent reading in 2005.
- The average stay duration for Tennessee visitors remained unchanged in 2006 as compared from last year.
 - The average stay for all travelers to Tennessee was 1.5 nights.
 - The average overnight stay was 2.7 nights.
- Use of hotels, motels and B&Bs for overnight travelers remained fairly stable in 2006.
 - Hotels, motels and B&Bs were used by 57 percent of Tennessee travelers, just a share point decline from 58 percent in 2005.
 - Person-stays in private homes, on the other hand, were up by about three share points in 2006 – to 29 percent from 26 percent.
- Average spending per person per day for a trip in Tennessee was down.
 - Visiting households spent an average of \$108 per person per day while in the state in 2006 (versus \$116 in 2005).

- Business travelers to Tennessee spent an average of \$123 per person per day in 2006, while leisure travelers spent an average of \$104.

Profile

Compared to U.S. travelers, Tennessee visitors were:

- As likely to visit for leisure purposes (74%).
- More likely to travel by auto, truck or RV (90% TN vs. 84% U.S.) and less likely to fly (4% TN versus 9% U.S.) to their destination.
- More likely to use a hotel/motel/B&B (57% TN versus. 52% U.S.).
- Less likely to be visiting just for a day (45% TN versus 52% U.S.).
- More likely to shop (42% TN versus 35%U.S.), touring/sightseeing (35% TN versus 24% U.S.), visit national and state parks (14% TN versus 7% US), attend night life (13% TN versus 10% US), visit theme/amusement parks (11% TN versus 7%U.S.), and visit festival/craft fair (10% TN versus 7% U.S.), do nature/culture (ECO-travel) activities (7% TN versus 4% US), and hiking/biking (6% TN versus 4% US).
- Less likely to attend/do some type of entertainment (27% TN versus 29% US), gamble (2% TN versus 10% U.S.) and visit a waterfront (1% TN versus 8% U.S.).

2006 U.S. ECONOMY AND TRAVEL INDUSTRY OVERVIEW

The U.S. economy continued to grow in 2006, with real GDP increasing 3.9 percent. Real disposable income rose 6.4 percent from 2005, while real personal consumption expenditures grew by 3.2 percent from 2005. The U.S. job market improved during 2006 as annual average total non-farm employment increased nearly 2.5 million to 136.2 million. This reduced the national unemployment rate to 4.6 percent. The travel industry itself added 28 thousands jobs in 2006 as compared to 2005. The Consumer Price Index (CPI), an indicator of the level of price inflation, was up 3.2 percent in 2006, while TIA's Travel Price Index increased 4.8 percent during the same period, primarily due to a significant increase in the price of gasoline. The total U.S. current account deficit rose to a record high of \$811.5 billion in 2006. The U.S. travel industry, however, generated a \$13.7 billion trade surplus for the country in 2006 (excluding passenger fares).

U.S. Travel Volume in 2006

In 2006, traveling households residing in the contiguous 48 states generated 3.047 billion person-stays and 6.612 billion person-days. U.S. domestic person-stays volume was nearly flat, inching up by just 0.8 percent in 2006 year-over-year. Person-days volume, on the other hand, likewise remained virtually unchanged showing a growth of just 0.2 percent. While person-stays domestic leisure exhibited a flat growth, business travels displayed a slight increase of 2.9 percent.

Travel Expenditures in 2006

Domestic travelers spent \$614.2 billion in the U.S. during 2006, an increase of 7.3 percent over 2005. International traveler expenditures in the U.S., excluding spending on international airfares purchased outside the U.S., increased 4.9 percent to total \$85.7 billion in 2006. Combined domestic and international travel expenditures in the U.S. totaled nearly \$700 billion, 7.0 percent more than in 2005.

Domestic travel spending on auto transportation jumped 10.1 percent over 2005, to 117.0 billion, reflecting the dramatic increase in gasoline prices during 2006. Total domestic air passenger enplanements increased 1.7 percent from 2005 and international air passenger enplanements jumped 6.0 percent in 2006, according to the Air Transport Association (ATA). In 2006, Amtrak reported a 2.0 percent increase in ridership. The growth in demand contributed to the 7.6 percent increase in public transportation expenditures in 2006.

Domestic travel spending on lodging increased 8.4 percent over 2005. Hotel room demand (hotel room-nights sold) grew 1.1 percent, according to Smith Travel Research.

Travel Employment in 2006

Nearly 2.5 million jobs were added to the non-farm sector of the strengthening U.S. economy in 2006, a 1.8 percent up from 2005, according to the U.S. Bureau of Labor Statistics (BLS). This reduced the national unemployment rate fell to 4.6 percent from 5.1 percent in 2005. Employment generated by domestic and international traveler spending in the U.S. increased 0.4 percent during 2006.

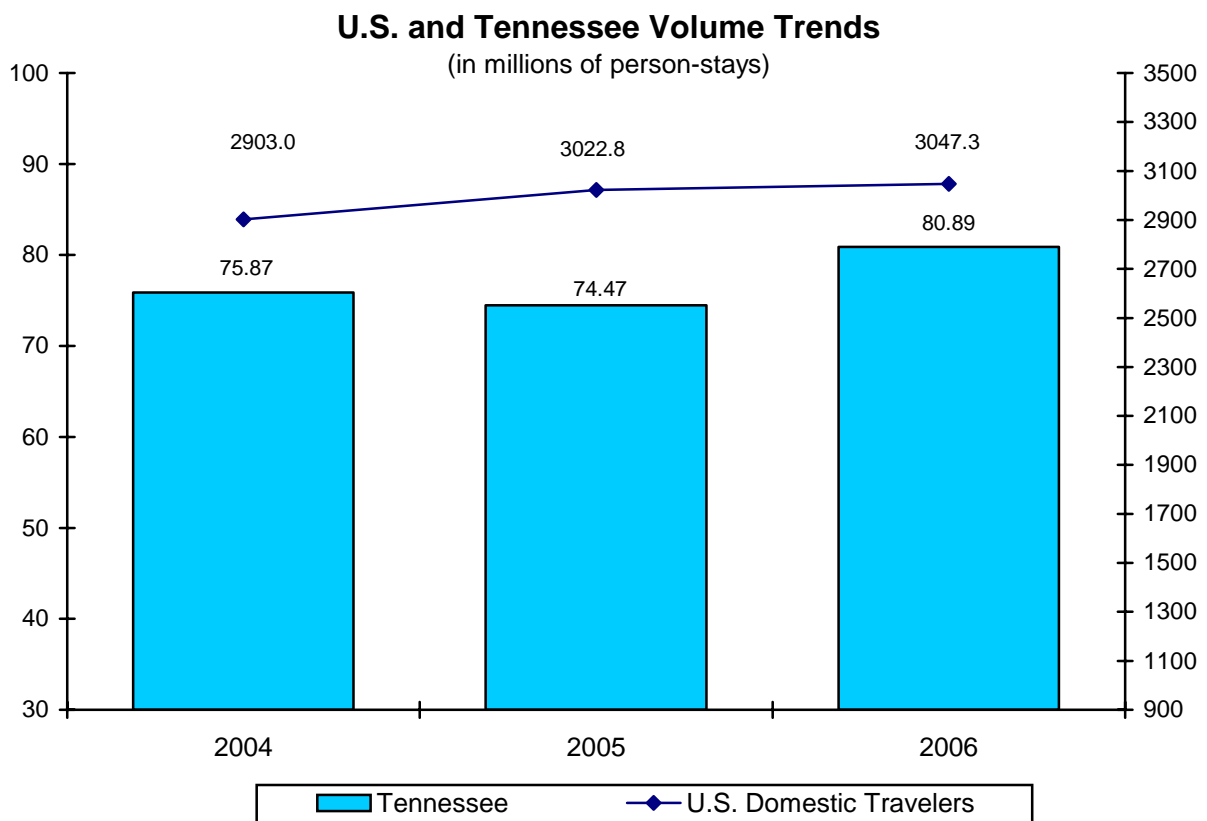
Examining just employment related to domestic travel expenditures, the greatest gain occurred in the auto transportation sector, with employment up 2.5 percent. In 2006, domestic travel-generated employment related to the entertainment/recreation sector increased 1.8 percent. Employment generated by domestic travel in the general retail sector, however, declined 3.9 percent in 2006, the most severe decline among all travel industry sectors. Employment in the public transportation sector (composed primarily of the airline industry) declined as well, down 2.6 percent from 2005.

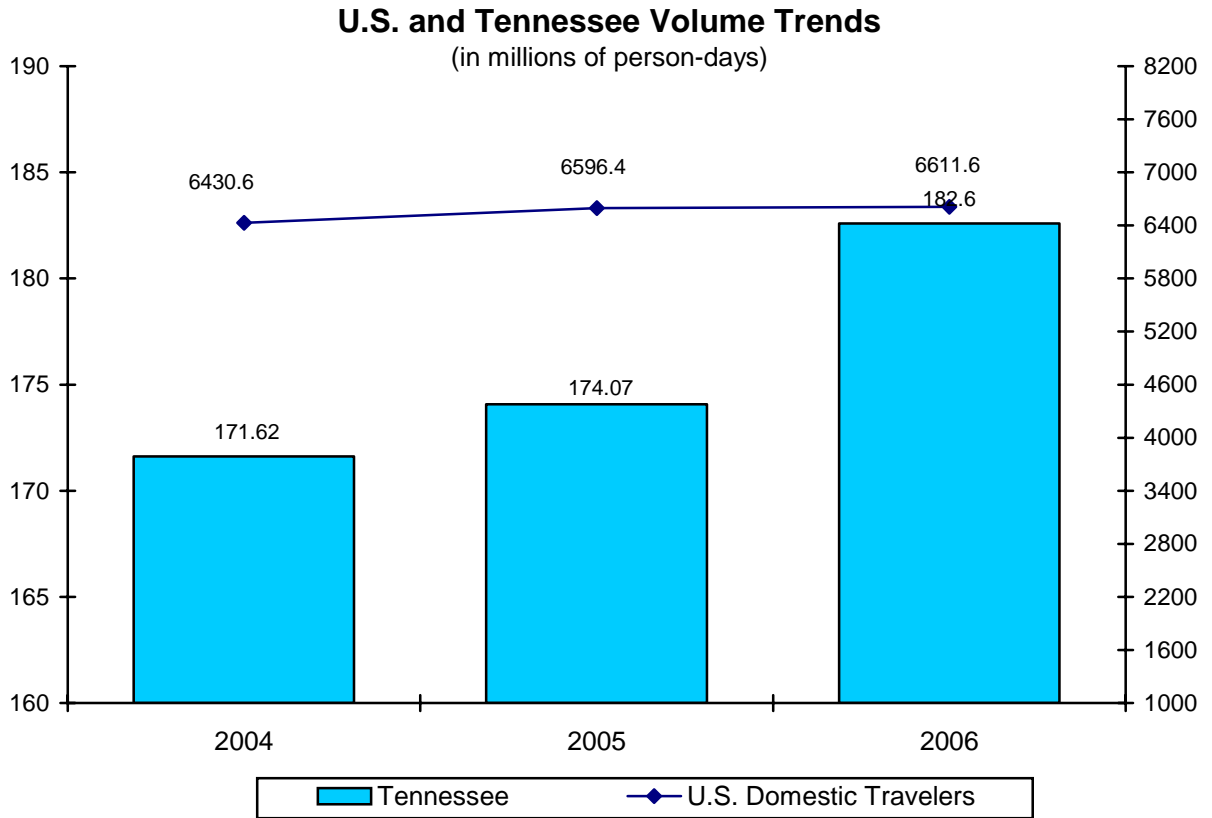
VISITOR VOLUMES

Trends

Based on person-stays, the number Americans that traveled to Tennessee increased fairly significantly 8.6 percent in 2006 to about 81 million from 2005. Person-days in Tennessee likewise rose 4.9 percent to 182.6 million from 2005.

By comparison, total U.S. domestic person-stays and person-days volumes stayed virtually flat increasing just 0.8 percent and 0.2 percent, respectively, in 2006 over 2005.





Tennessee’s share of total U.S. person-stays volume is 2.7 percent. From its 14th position in 2005, Tennessee took a huge leap to the 10th place among all states in share of U.S. domestic person-stays volume in 2006. Looking at person-days volume, Tennessee also showed a gain in market share climbing one rank above from 12th in 2005 to 11th in 2006 among the 48 contiguous states.

Tennessee Domestic Travel Volume Share

Year	Volume (in millions)	Share of U.S. Domestic Travel	State Rank
Person-stays			
2005	74.5	2.5%	14
2006	80.9	2.7%	10
Person-Days			
2005	174.1	2.6%	12
2006	182.6	2.8%	11

Quarterly Volume Shares

Tennessee quarterly travel patterns had shifted toward the fourth quarter in 2006. Tennessee had the highest travel volume in the fourth quarter of 2006 with almost a third (30%) of the total person-stays occurring in this quarter, a four point share point increase from 2005. The fewest visitors that traveled to Tennessee was seen in the first quarter of 2006. The 2006 first quarter showed an even lower share of visitors than in the same period last year from 22 percent to just 19 percent.

The 2006 share of domestic U.S. travel volume by quarter remained fairly consistent with that in 2005.

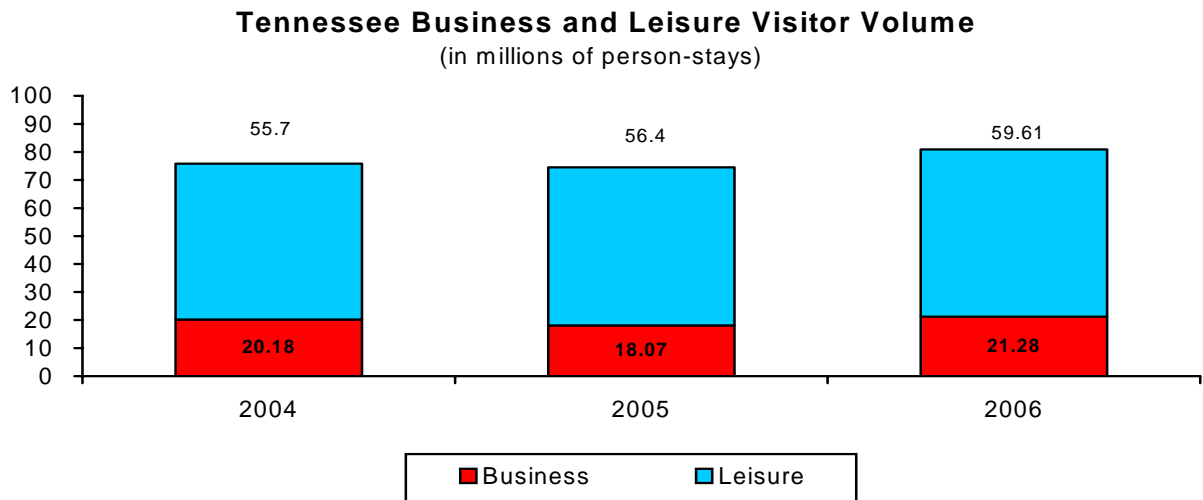
U.S. Domestic/Tennessee Quarterly Visitor Volume Shares

Timeframe	U.S. Domestic			Tennessee		
	2005 share of person-stays	2006 share of person-stays	Percentage point chg.	2005 share of person-stays	2006 share of person-stays	Percentage point chg.
QUARTER 1 (Jan., Feb., Mar.)	23%	23%	0.0	22%	19%	-3.0
QUARTER 2 (Apr., May, Jun.)	25	24	-1.0	25	24	-1.0
QUARTER 3 (Jul., Aug., Sep.)	28	28	0.0	27	27	-0.0
QUARTER 4 (Oct., Nov., Dec.)	24	25	+1.0	26	30	+4.0

Business and Leisure Volumes

About 60 million people visited Tennessee for leisure purposes, an increase of 5.7 percent over the prior year. In contrast, U.S. domestic leisure travel volume in 2006 demonstrated a flat growth rate over the previous year.

Following a sluggish reading in 2005, business travel in Tennessee inched back up in 2006 recording 21.3 million person-stays. This represents a fairly substantial 17.8 percent jump over a year ago.



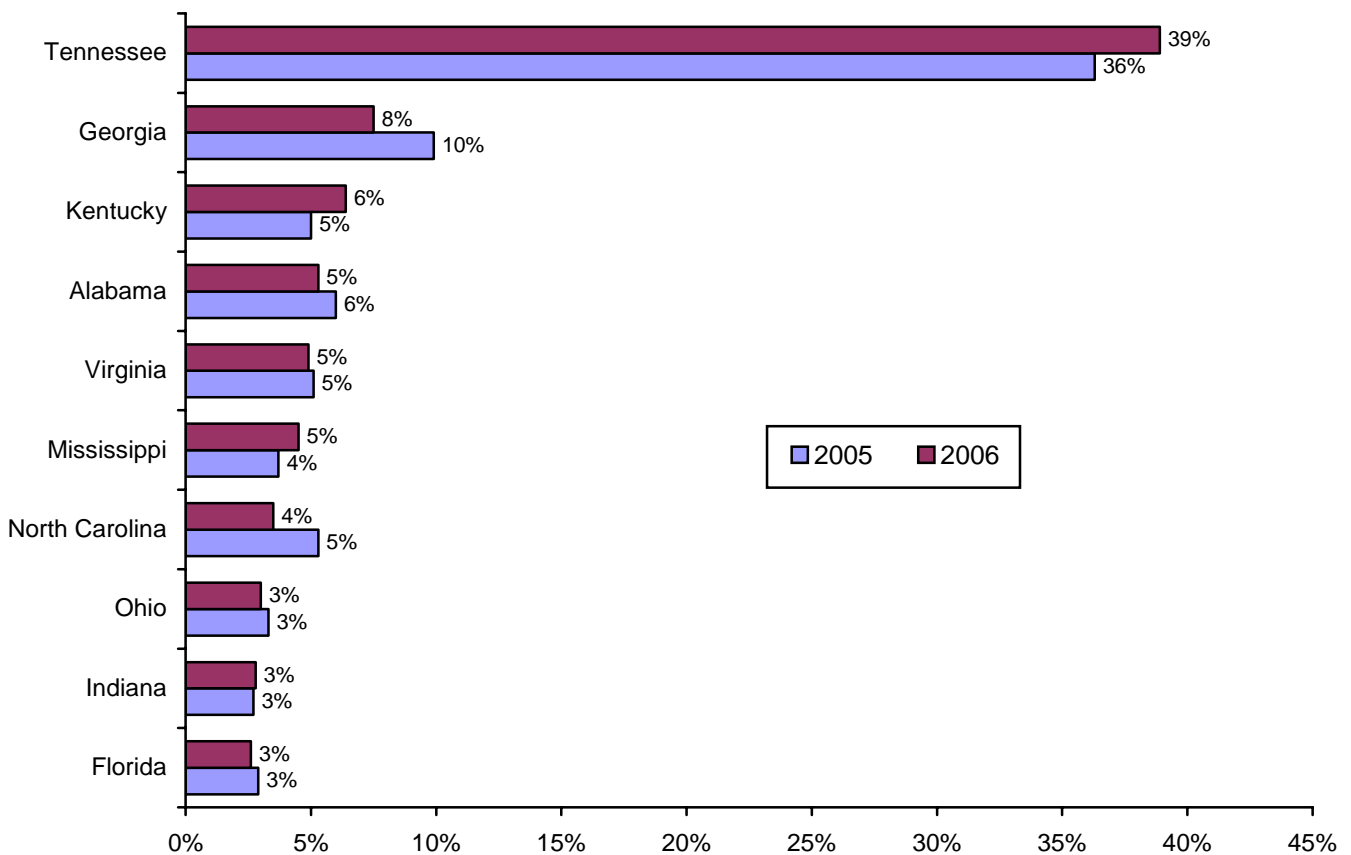
TOP MARKETS

Top States of Origin

The largest single state of origin for Tennessee visitors was Tennessee itself. Tennessee residents that visited the state in 2006 comprised nearly two-fifths (39%) of all the state’s travelers, about three-share point increase from last year. Additionally, like in the past years, no other individual state accounted for more than ten percent of Tennessee visitors.

The top states of origin for out-of-state visitors to Tennessee were Georgia (8%), Kentucky (6%), Alabama (5%), and Virginia (5%). These four states provided, in total, 19.5 million person-stays, or 24 percent of Tennessee visitors in 2006.

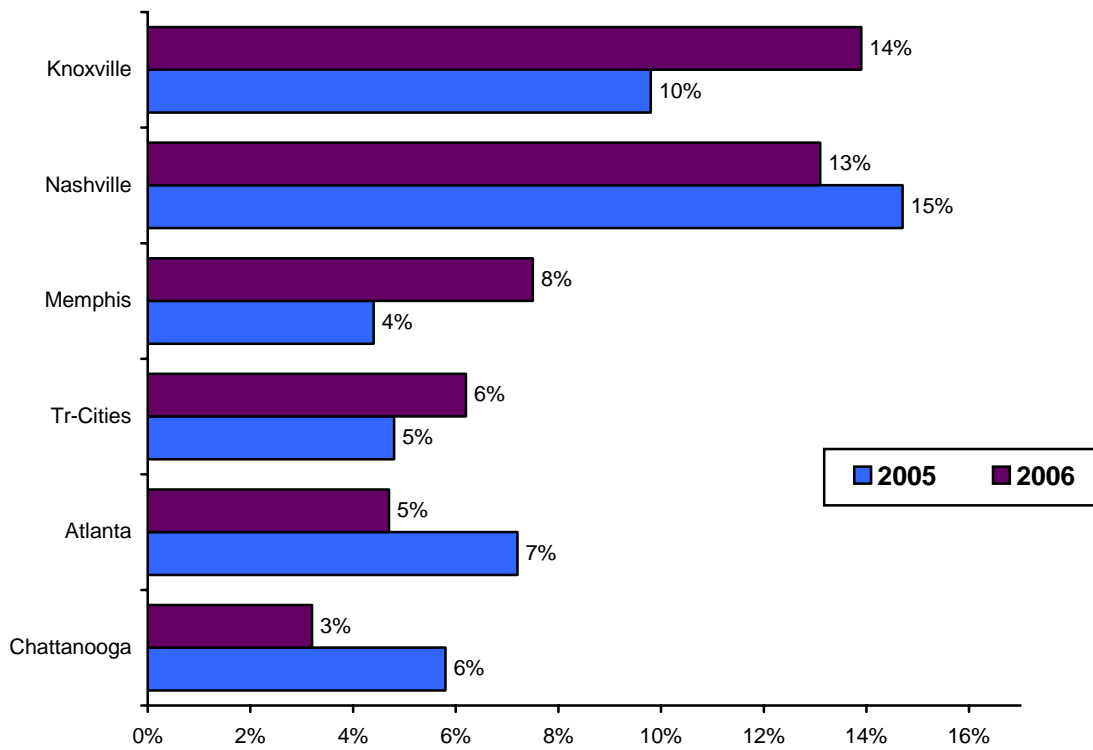
Top 10 States of Origin for Tennessee Visitors



Top DMAs of Origin

Among the top five DMAs of traveler origin, Knoxville emerged as the top origin DMA in 2006, replacing Nashville. Knoxville DMA accounted for 14 percent of all Tennessee person stays, up from ten percent in 2005. Nashville, on the other hand, dropped to the second spot making up just 13 percent of the pie, down two share points from last year. Other top origin DMAs within the state included Memphis (8%), Tri-Cities (6%), and Chattanooga (3%). Top origin DMA outside Tennessee included Atlanta (5%).

Top DMA of Origin for Tennessee Visitors



TRIP CHARACTERISTICS

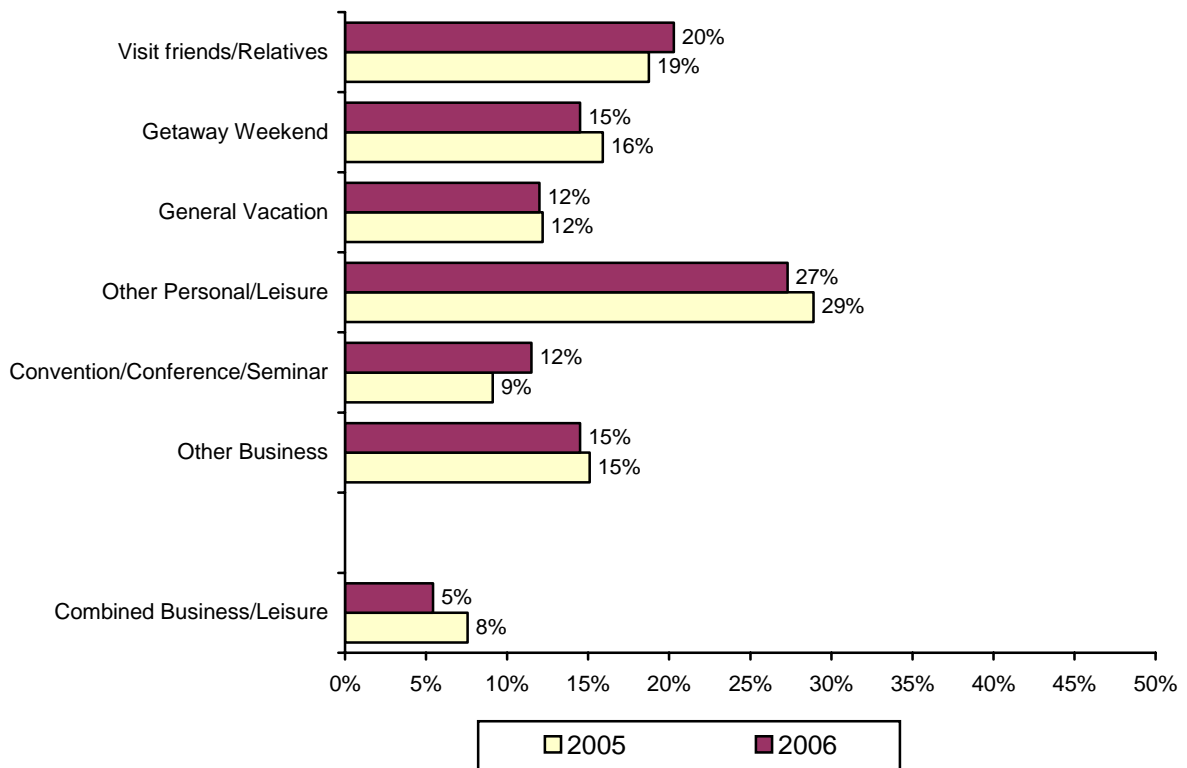
Primary Purpose

Other than for “other personal/leisure” purposes, visiting friends and relatives continues to be the most popular trip purpose for travelers to Tennessee. It was the primary purpose of trip for 20 percent of all visitors to Tennessee in 2006, while another 15 percent of all visitors came to the state for a getaway weekend.

Twelve percent of person-stays to Tennessee were to attend convention/conference/seminar/other group meetings while another 14 percent of travelers indicated other business purposes.

Of all Americans that came to Tennessee, about 5 percent traveled for both business and leisure.

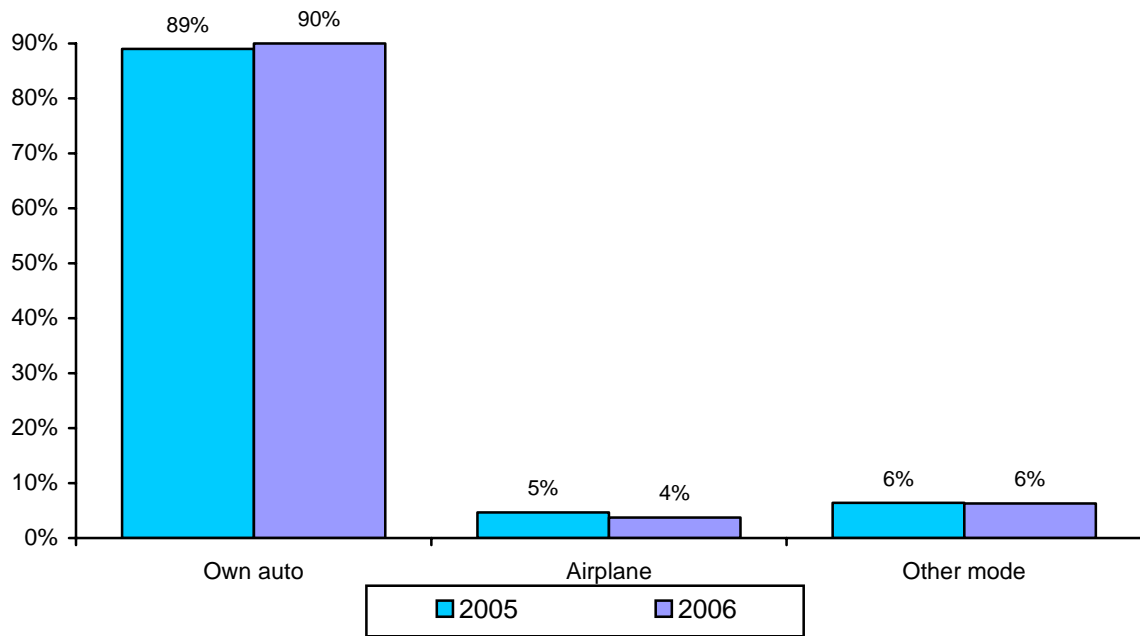
Primary Purpose of Trip for Tennessee Visitors



Primary Mode of Transportation

The share of person-stays taken by personal auto was 90 percent in 2006. This was higher than the U.S. average (84%). Air travel to Tennessee accounted for four percent of person-stays. The share of Tennessee trips taken by air was lower than the U.S. average (9%). The rest of Tennessee visitors traveled by other means, such as bus or motor coach, train, and large truck as primary modes of transportation.

Primary Mode of Transportation for Tennessee Visitors



Travel Party Composition

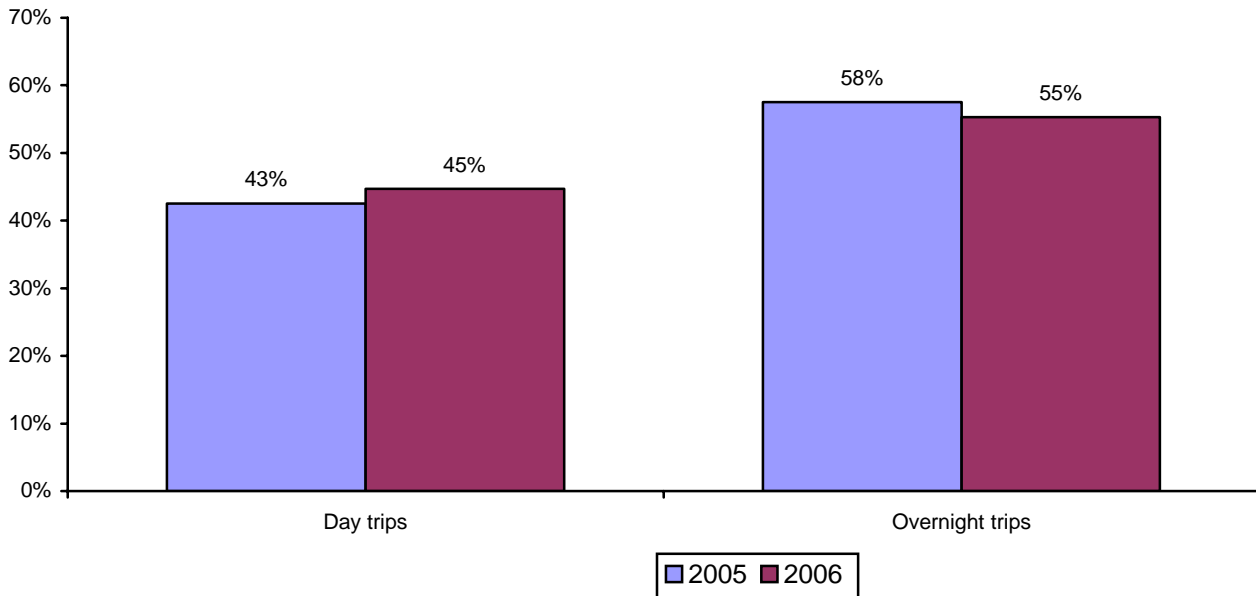
The average travel party to Tennessee included 1.9 people from the household. (Note: other people not from the household may have been on the same trip.)

Over one in five trips to Tennessee (24%) traveled with children. Among those who traveled with children, an average of two children were included on the trip.

Trip Duration

Forty-five percent of Tennessee person-stays were day-trips in 2006. In comparison, the share of day-trips in the U.S. is 52 percent. Including day-trippers, Tennessee visitors stayed an average of 1.5 nights per trip they made.

Trip Duration of Tennessee Travelers



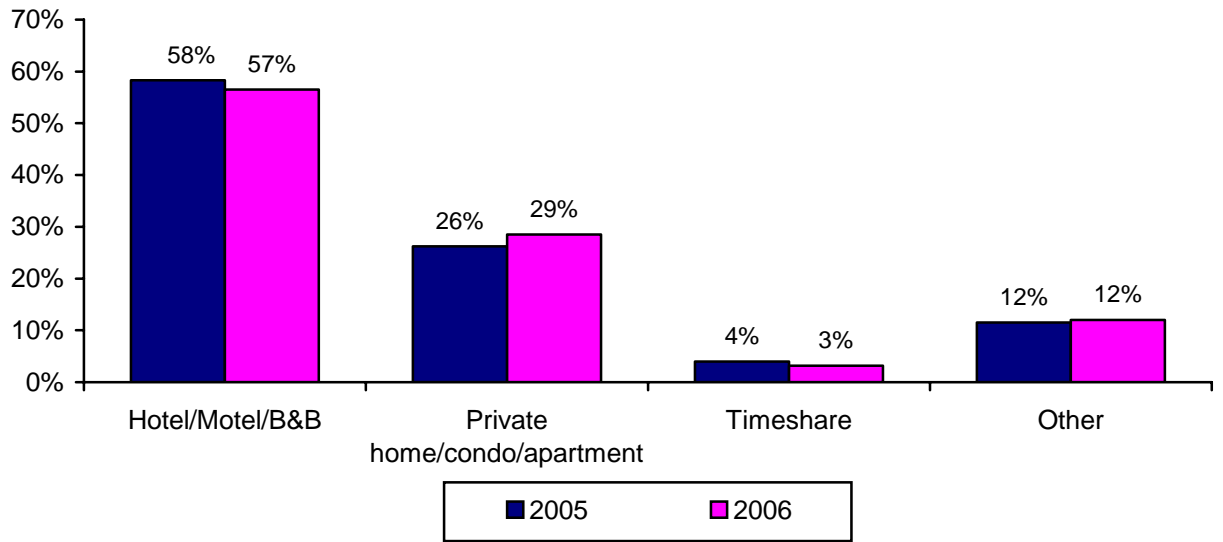
More than half of all person-stays (55%) in Tennessee included one or more nights per trip. The average stay for overnight visitors was 2.7 nights. Thirty-seven percent of visitors stayed one night per trip. About two in five (40%) of visitors took short trips of two to three nights. Another 21 percent took medium-length trips (4-9 nights). About two percent of visitors remained for extended visits of ten or more nights.

Length of Trip of Tennessee Travelers (based on person-stays)		
	2005	2006
Average overnight per trip (excluding day-trips)	2.7	2.7

Overnight Lodging Use

Fifty-seven percent of Tennessee overnight person-stays included a stay in a hotel, motel or B&B in 2006 while 29 percent included a stay in private home including apartment/condo as second home. About three percent included stays in timeshare units while rest of the travelers stayed in other accommodation types that include camping/RV and corporate apartment.

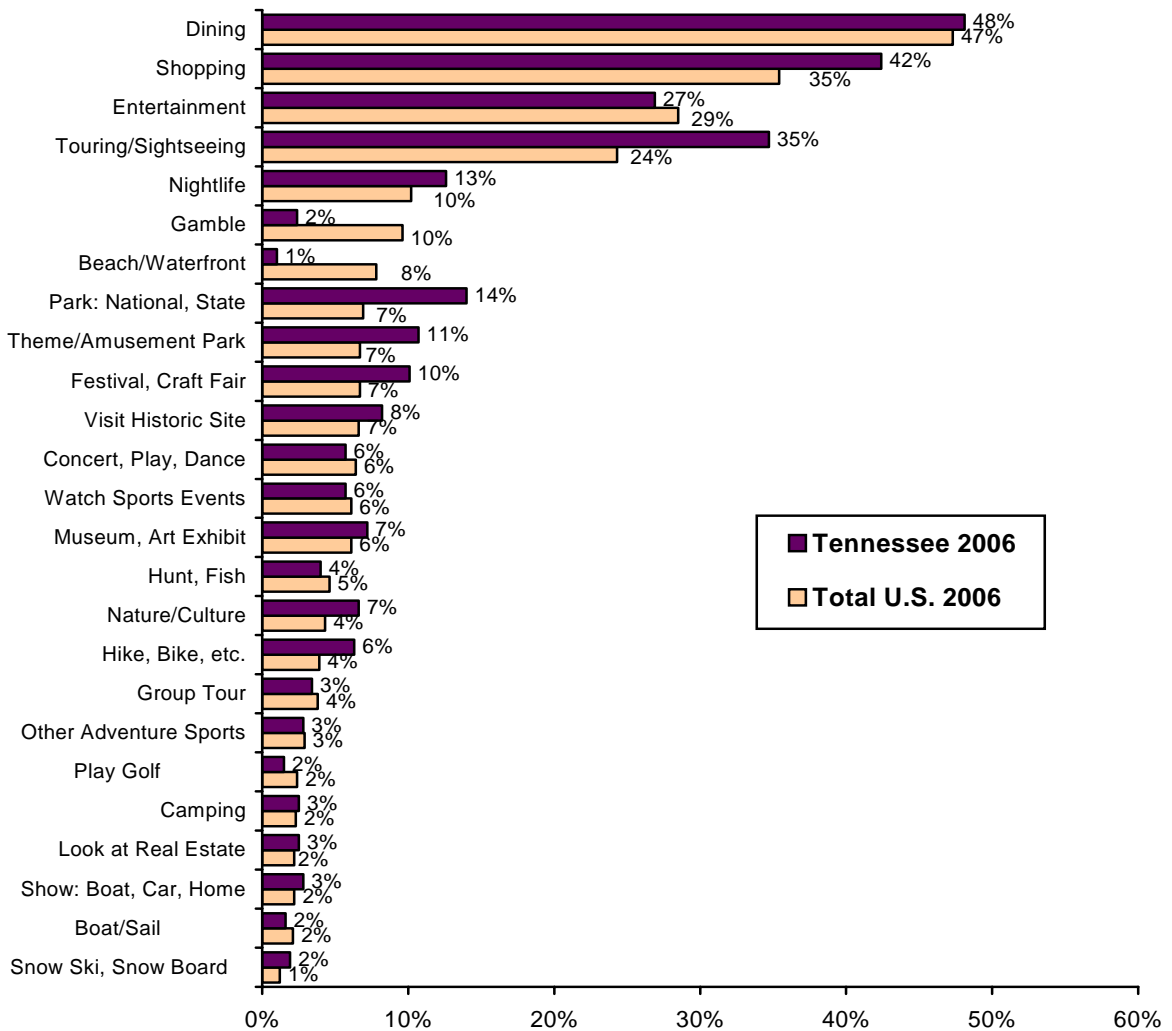
Overnight Lodging Use in Tennessee



Trip Activities

The top activities for visitors to Tennessee in 2006 are fairly the same top activities found in 2005. Dining remains the most popular activity for Tennessee travelers, as it is for all domestic U.S. travelers. In 2006, nearly half (48%) of Tennessee person-stays included dining as a trip activity. Shopping came very close as the second most popular activity while on a trip to Tennessee (42%). Touring/sightseeing (35%) and attending entertainment activity (27%) were the next most popular activities in Tennessee.

**2006 Trip Activities
Tennessee vs. Domestic U.S. Travel**

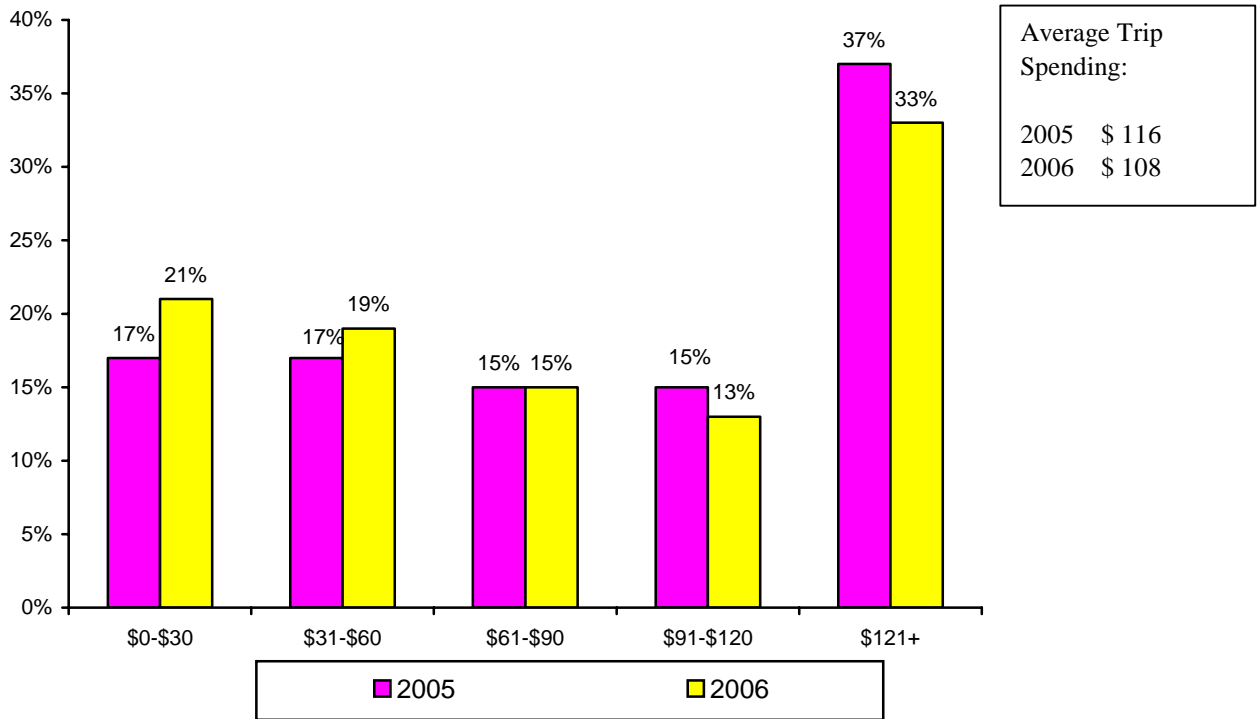


Trip Spending

Visiting individuals in Tennessee spent an average of \$108 per person per day in 2006 from \$116 per person per day in 2005. (This does not include transportation costs.) About four in ten (40%) visiting households spent less than \$60 or less, while 15 percent spent between \$61 and \$90 in 2006. Another 13 percent visiting individuals spent between \$91 and \$120 and a third (33%) of all visiting individuals spent \$121 or more.

Trip Spending in Tennessee

(Per Person Per Day)

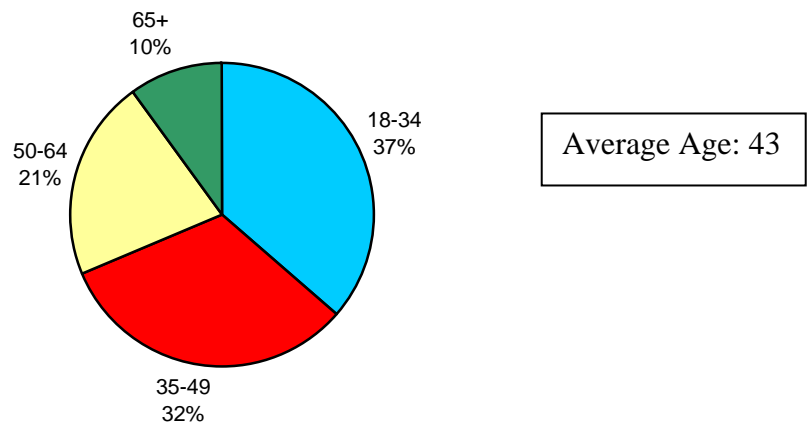


VISITOR PROFILE

Age

The average age of Tennessee visiting households was 43 in 2006, a year younger than in 2005. Majority of all trips (69%) were taken by households whose primary traveler is below 50 years of age – 37 percent were between 18 to 34 years old and 32 percent were between 35 and 49 years old. Twenty-one percent were taken by households whose primary traveler is between 50 and 64 years old while the rest were 65 years old and older.

Age of Tennessee Visitors



Household Size

More than two in five (41%) of all Tennessee visitors in 2006 were from a three-member or four-member households while about a third (34%) were from households with two members. Only eight percent were from a one-member Tennessee traveling households and the rest had five or more members.

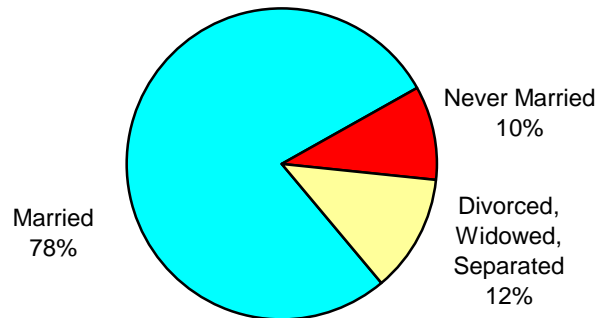
Children in Household

Over half (52%) of all trips to Tennessee in 2006 were taken by households without children. Households with one or two children accounted for 35 percent of Tennessee trips while the rest of all travelers were from households with more than two children. In households that included children, there were on average two children in the household.

Marital Status

Nearly eight out of ten (78%) of trips to Tennessee were taken by married primary traveler, ten percent were taken by those never married, and 12 percent were taken by those who were divorced, widowed or separated.

Marital Status of Tennessee Visitors in 2006



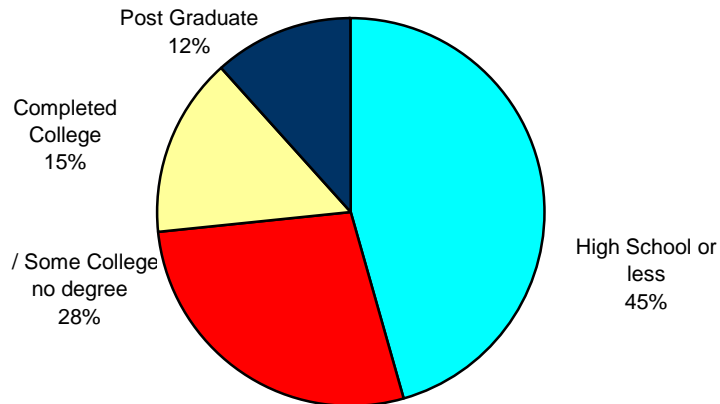
Employment

Sixty-five percent of households visiting Tennessee in 2006 have a primary traveler who is employed full time. Six percent were employed part time, ten percent were retired and 19 percent were unemployed.

Education

More than two out of five (43%) Tennessee trips were taken by households with a primary traveler who has either some college education (28%) or a college degree (15%). Households with a primary traveler with a high school education or less accounted for 45 percent of trips. Twelve percent of households visiting Tennessee in 2006 have primary travelers were highly-educated with a post-graduate education.

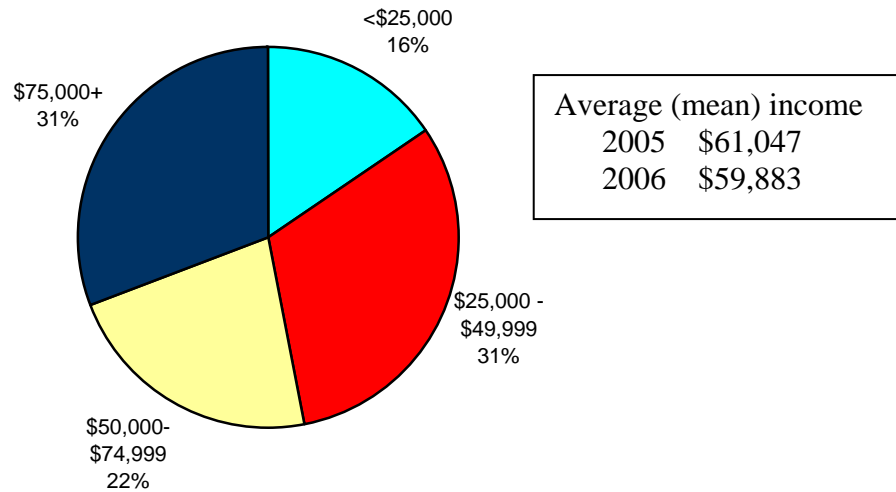
Education of Tennessee Visitors, 2006



Income

The average income of households visiting Tennessee was \$59,883 in 2006, lower than in 2005 (\$61,047) and than the average for domestic U.S. traveling households (\$67,551). Nearly one out of three visitors (31%) to Tennessee is affluent with an annual household income of \$75,000 or more.

Income of Tennessee Visitors, 2006



PRIZM clusters

PRIZM is a geodemographic segmentation system developed from U.S. census demographic data by Claritas, Inc. Households are grouped into “clusters” that exhibit similar demographic and behavioral characteristics. Six categories of variables explain most of the differences: social rank (including income and education), household composition, mobility, ethnicity, urbanization and housing.

When examining the 66 PRIZM clusters and the 14 social groups within which these clusters fall, we find that Tennessee visitors come mostly from mid-tier socioeconomic groups, but also include less affluent households. The social groups with the highest shares of households visiting Tennessee include moderately high to high income earners Country Comfort (17%) and Middle America (19%), moderate income/blue collar Rustic Living (24%) and the wealthy boomers Landed Gentry (15%) social groups.

Top PRIZM Social Groups for Tennessee Travel, 2006 (percent of person-stays)

<u>Group</u>	<u>Composition</u>	<u>Percent</u>
Rustic Living	Relatively modest incomes, low educational levels, aging homes and blue-collar occupations	24%
Middle America	Middle-class homeowners living in small towns and remote exurbs; tend to be white, high school educated	19
Country Comfort	Predominantly white, middle-class homeowners	17
Landed Gentry	Wealthy boomers with college degree, professional jobs	15

The top three visitor clusters in 2006 were Fast Track Families (7%), Bedrock America (6%), and Back Country Folks (6%) of all household trips to Tennessee. The clusters Bedrock America and Back Country Folks are part of the middle income Rustic Living social group while the Fast Track Families cluster falls under the Landed Gentry high income boomer social group. Another lower middle income group that is one of the top clusters visiting the state is Simple Measures (5%) of the group Middle America and the downscale income cluster Old Milltowns (5%) of Rustic Living.

Upper middle income clusters that were listed as top contributors to household trips to Tennessee are Big Sky Families, Traditional Times, and Mayberry-ville, accounting for 5 percent, 5 percent and 3 percent, respectively, of all household trips. All three clusters are part of the social group Country Comfort.

Completing the top 10 clusters visiting Tennessee are Heartlanders (4%) and Young & Rustic (4%), belonging to the lower middle income social groups Middle America and Rustic Living, respectively.

Top Ten PRIZM Clusters Visiting Tennessee, 2006

(percent of person-stays to Tennessee)

<u>Social Group</u>	<u>Cluster</u>	<u>Percent</u>	<u>Affluence Level</u>
Landed Gentry	Fast Track Families	7%	Upper middle
Rustic Living	Bedrock America	6	Low
Rustic Living	Back Country Folks	6	Low
Middle America	Simple Pleasures	5	Lower middle
Rustic Living	Old Milltowns	5	Downscale
Country Comfort	Big Sky Families	5	Upper Middle
Country Comfort	Traditional Times	5	Upper Middle
Middle America	Heartlanders	4	Lower Middle
Rustic Living	Young & Rustic	4	Lower Middle
Country Comfort	Mayberry-ville	3	Upper Middle

Summary Table of Visitor Profile

<u>2006 Annual</u>	<u>U.S.</u>	<u>Tennessee</u>
Total Projected Person-Stays	3,047,300	80,890
Age of Primary Traveler		
18-34	33%	37%
35-49	32	32
50-64	24	21
65+	12	10
Average (mean) age	45	43
Household Size		
One person	10%	8%
Two people	37	34
Three people	20	19
Four or more people	34	39
Number of Children in Household		
None	58%	52%
One	17	18
Two	16	17
Three or more	9	13
Marital Status		
Married	74%	78%
Never married	14	10
Divorced, Widowed, Separated	13	12
Employment		
Full time	65%	65%
Part time	7	6
Retired	12	10
Not employed	16	19
Education		
High school education or less	34%	45%
Some college – no degree	30	28
Completed College	22	16
Post graduate work	14	12
Annual Household Income		
Less than \$50,000	39%	47%
\$50,000-\$74,999	22	22
\$75,000 or more	39	31
Mean	\$67,551	\$59,883

Demographics are for the primary traveler in the household.
Details may not add to 100% due to rounding.

Summary Table of Visitor Profile *continued*

<u>2006 Annual</u>	<u>U.S.</u>	<u>Tennessee</u>
<u>PRIZM Social Cluster</u>		
Rustic Living	13%	24%
Middle America	12	19
Country Comfort	15	17
Landed Gentry	13	15
Middleburbs	6	5
The Affluentials	8	5
City Centers	7	4
Inner Suburbs	3	3
Second City Society	5	3
Micro-City Blues	4	2
Urban Uptown	7	2
Elite Suburbs	5	2
Midtown Mix	2	0
Urban Cores	2	0

Demographics are for the head of household.

COMPETITIVE STATES

This section of the report compares travel characteristics of Tennessee visitors to those of visitors to other states, including North Carolina, Georgia, Alabama and Kentucky.

Visitor Volume

Tennessee, with around 81 million visitors, ranked second in per stays volume among its competitive states in 2006. North Carolina had the highest travel volume (97 million) while Georgia came in third (80 million). Alabama and Kentucky had lower travel volumes at 45 million and 43 million visitors respectively.

	2006 Visitor Volumes (in person stays)
North Carolina	97,230,000
Tennessee	80,890,000
Georgia	80,450,000
Alabama	45,210,000
Kentucky	42,590,000

Trip Characteristics

Some differences emerge when comparing the characteristics of 2006 travel to the five competitive states.

Purpose of Trip

Across all competitive states, roughly 70 percent of person-stays were for leisure purposes and the rest were taken for business purposes. Person-stays for leisure ranged from 60% to 74% person-stays (TN 74%). Person-stays for business purposes ranged from 26% to 39% (TN 26%).

Mode of Transportation

Overall, the majority of travel to these states (nearly nine out of ten person-stays) was by auto, small truck or RV. All states displayed a fairly similar rate on use of auto, small truck and RV among travelers to each of these states. Georgia had a significantly higher share of air travel (9%) than the other states (4% to 6%). Overall, air travel among these states is lower than the national average (6% versus 9%).

Trip Duration

Including day trips, the average trip duration for travelers to the competitive states ranged from 1.2 to 1.6 nights. North Carolina had the longest average trip duration while Kentucky had the shortest average trip duration.

Average trip duration for overnight person-stays ranged from 2.4 to 3.1 nights. North Carolina displayed the longest average overnight trip duration while the shortest average overnight stays occurred in Kentucky.

Trip Duration of Competitive State Visitors, 2006

	Average trip duration (including day trips)	Average Overnight Duration
Tennessee	1.5	2.7
Alabama	1.3	2.8
Georgia	1.5	2.7
Kentucky	1.2	2.4
North Carolina	1.6	3.1

Lodging Use

Hotels, motels and B&Bs were the most frequently used lodging type on overnight trips to all five states. Tennessee had the highest share of hotel/motel/B&B trips by overnight travelers (57%) while North Carolina showed the lowest share of hotel/motel/B&B trips (46%). North Carolina had the highest share of private home use (43%) while Tennessee demonstrated the lowest share (29%).

Trip Activities

Dining was the most popular activity on trips in three of the five states followed closely by shopping. Entertainment and touring/sightseeing are the next most common activities that travelers do while in these states.

Trip Spending

Based on per person per day spending, Georgia travelers spent the most on their trip (\$115) followed by Tennessee travelers (\$108), North Carolina (\$96) and Kentucky (\$94). Individuals visiting Alabama had the lowest average in-state trip spending (\$90). (Trip spending does not include transportation costs.)

Summary Table of Trip Characteristics

<u>2006 Annual</u>	<u>U.S.</u>	<u>TN</u>	<u>AL</u>	<u>GA</u>	<u>KY</u>	<u>NC</u>
<u>Total Projected Person-Stays</u> (in thousands)	3,047,300	80,890	45,210	80,450	42,590	97,230
<u>Primary Purpose of Trip</u>						
Leisure(net)	74%	74%	61%	71%	68%	70%
Business/Convention (net)	26	26	39	29	32	30
Combined Business and Leisure	8	5	14	7	6	9
<u>Primary Mode of Transportation</u>						
Auto/truck/camper/RV	84%	90%	93%	83%	92%	90%
Air	9	4	4	9	4	6
Other	7	6	3	8	5	5
<u>Trip Duration</u>						
Overall Share of Overnight Trips	48%	55%	42%	52%	48%	49%
Overall avg. trip duration (incl. day trips)	1.5	1.5	1.3	1.5	1.2	1.6
Overall avg. trip duration (overnight trips)	2.9	2.7	2.8	2.7	2.4	3.1

May not add to 100% due to rounding.

Summary Table of Trip Characteristics continued

<u>2006 Annual</u>	<u>U.S.</u>	<u>TN</u>	<u>AL</u>	<u>GA</u>	<u>KY</u>	<u>NC</u>
Total Projected Person-Stays (in thousands)	3,047,300	80,890	45,210	80,450	42,590	97,230
Lodging Use (overnight person-stays)						
Hotel/Motel/Bed & Breakfast	52%	57%	47%	53%	55%	46%
Private Home	34	29	42	33	32	43
Other (including timeshare)	14	15	11	14	13	11
Trip Expenditures***						
Average Trip Spending	\$116	\$108	\$90	\$115	\$94	\$96
Activities Participated In*						
Dining	47%	48%	51%	44%	42%	44%
Shopping	35	42	35	32	39	36
Entertainment	29	27	18	26	22	24
Touring/Sightseeing	24	35	16	21	29	28
Night Life	10	13	6	13	7	9
Gamble	10	2	5	2	4	4
Waterfront	8	1	8	7	3	10
Park: National, State	7	14	7	7	6	8
Theme/Amusement Park	7	11	2	4	4	5
Festival, Craft Fair	7	10	9	8	8	6
Visit Historic Site	7	8	6	9	7	8
Concert, Play, Dance	6	6	5	5	4	4
Watch Sports Events	6	6	5	5	8	4
Museum, Art Exhibit	6	7	5	6	6	7
Hunt, Fish	5	4	5	14	7	4
Nature/Culture (ECO-travel)	4	7	3	4	4	5
Hike, Bike, etc.	4	6	2	3	3	5
Group Tour	4	3	4	3	3	4
Other Adventure Sports	3	3	3	11	2	4
Play Golf	2	2	1	2	1	3
Camping	2	3	2	2	3	2
Look at Real Estate	2	3	2	1	1	3
Show: Boat, Car, Home	2	3	2	2	3	3
Boat/Sail	2	2	8	1	1	2
Snow Ski, Snow Board	1	2	2	**	1	1

* Multiple responses allowed

** Less than 0.5%

*** Per person per day

May not add to 100% due to rounding.

Visitor Profile

Demographic profiles for 2006 visitors were similar across the five competitive states. The average age of the primary travelers to these states was in their mid 40’s and about a third has a household income of \$75,000 or more. More than half of trips to these states were taken by households without children at home.

2006 Annual	U.S.	TN	AL	GA	KY	NC
Total Projected Person-Stays (in thousands)	3,047,300	80,890	45,210	80,450	42,590	97,230
Age of Primary Traveler						
18-34	33%	37%	37%	32%	39%	34%
35-49	32	32	34	29	33	31
50-64	24	21	19	26	19	24
65+	12	10	10	13	9	11
Average (mean) age	45	43	43	45	42	45
Number of Children in Household						
None	58%	52%	51%	63%	50%	58%
One	17	18	21	16	22	21
Two	16	17	15	14	21	16
Three or more	9	13	13	8	7	6
Marital Status						
Married	74%	78%	80%	76%	77%	74%
Never married	14	10	10	11	12	13
Divorced, Widowed, Separated	13	12	10	13	11	13
Annual Household Income						
Less than \$50,000	39%	47%	41%	46%	49%	38%
\$50,000-\$74,999	22	22	25	22	21	22
\$75,000 or more	39	31	34	32	30	40
Mean	\$67,551	\$59,883	\$63,242	\$63,012	\$57,364	\$67,938

APPENDICES

TIA TravelScope®/DIRECTIONS® BY DKS&A METHODOLOGY

TIA TravelScope®/DIRECTIONS® by DKS&A program is a large-scale, on-going survey that tracks the American consumers' travel behavior and provides a comprehensive snapshot of the U.S. domestic travel and tourism market. The program produces quarterly travel and tourism reports that describe national and state-level information on trip volume, trip and traveler characteristics, and overall travel patterns.

The powerful TIA TravelScope®/DIRECTIONS® by DKS&A program is a product of the partnership between the Travel Industry Association of America (TIA) and DK Shifflet & Associates, Ltd. (DKS&A). The survey is based on information collected since the 1980s through DKS&A's DIRECTIONS® survey. Since its inception, the DIRECTIONS® program has been recognized as an important source of information for the travel and tourism industry.

Statistical reliability of the TIA TravelScope®/DIRECTIONS® by DKS&A study is excellent. With over 60,000 traveling households measured each year, the national results have a margin of error of +/-0.4 percentage points at the 95% the confidence interval.

The TIA TravelScope®/DIRECTIONS® by DKS&A survey utilizes a consumer mail panel sample of nearly 1.5 million households (U.S. census balanced).

- DKSA surveys an average of 55,000 different U.S. households per month using Synovate's mail and online panels.
- More than 75,000 traveling households respond, resulting in 154,000 Stays at destinations throughout the U.S. Both outgoing and returned surveys are balanced to the U.S. population.
- As a result of continued data collection and testing, DKSA has developed the ability to integrate and properly weight the data from the mail and Internet panels.
- The 2006 survey measured an estimated 1.992 billion U.S. resident domestic Person-Trips

The 55,000 average monthly mail-out is demographically balanced to the United States population. Returned sample is also demographically re-balanced to ensure that it is representative of, and truly reflects, the U.S. population. Key measures for re-balancing are:

- Origin State (household of respondent)
- Age
- Household Income
- Gender
- Household Size (number of adults in household)
- Education Level

Transportation

6. Main Transportation
 Airline
 Amtrak Train
 Own Auto/Truck
 Bus
 Camper/RV
 Large Truck
 Ship/Boat
 Other
7. Rented Car/Truck? (Y/N) _____

Expenses**Question 8 is the per trip expense for YOU ONLY**

8. Total Expenditures \$ _____

Destination's Visited**Questions 9-12 are for EACH STAY in the three-month period (1 stay per line)**

- | | <u>Where</u> _____ | <u>When</u> |
|-------------------------------------------------------------|--------------------|-------------|
| 9. City (e.g. Miami) If out of U.S., write city and country | _____ | |
| 10. State (e.g. FL) | _____ | |
| 11. Month/Day Stay started this visit | _____ | |
| 12. Number of Nights ("0" if none) | _____ | |

Purpose of Stay

13. Purpose of Stay:

Company Business

Convention/Training /Seminar
Other company business

Leisure/Personal

Getaway Weekend
General Vacation
Visit Friends/Relatives
Other Personal

14. Both Business and Leisure? (Y/N) _____

15. Primary Activities for each visit (check all that apply):

Parks: National, State, etc.
Visit Historic Sites
Museum, Art Exhibit, etc.
Concert, Play, Dance, etc.
Festival, Craft Fair, etc.
Night Life
Gamble
Watch Sports Event
Hike, Bike, etc.
Hunt, Fish, etc.
Snow Ski, Snow Board
Other Adventure Sports
Play Golf
Waterfront
Boat/Sail
Show: Boat, Car, Home etc.
Theme/Amusement Park
Touring/Sightseeing
Look at Real Estate
Shopping
Dining
Entertainment
Olympic event
Show (car/boat)
Nature/culture (ECO-travel)
Real estate
Group tour
Camping

Overnight Accommodations

16. Accommodation Type
 “All Suite” Hotel/Resort Hotel/Hotel/Motel
 Timeshare
 Bed & Breakfast
 Camper/RV
 Ship/Cruise
 My 2nd home/apt/condo
 Home/apt/condo (not mine)
 Other

Demographics

17. Annual household income:
- | | |
|-------------------|-------------------|
| \$10,000-\$14,999 | \$45,000-\$49,999 |
| \$15,000-\$19,999 | \$50,000-\$59,999 |
| \$20,000-\$24,999 | \$60,000-\$74,999 |
| \$25,000-\$29,999 | \$75,000-\$84,999 |
| \$30,000-\$34,999 | \$85,000-\$99,999 |
| \$35,000-\$39,999 | \$100,000 + |
| \$40,000-\$44,999 | |
18. Occupation of household head:
- | | |
|------------------------------------------|-------------------------|
| Managerial/Professional | Craftsman, Repairman |
| Technical, Sales, Administration Support | Operator, Laborer |
| Service | Retired, Student, Other |
| Farming, Forestry, Fishing | Not Employed |
19. Education of household head:
- | | |
|------------------------|-----------------------|
| Attended Grade School | Attended College |
| Graduated Grade School | Graduated College |
| Attended High School | College Post Graduate |
| Graduated High School | |
20. Sex of all people in household: (Male/Female)
21. Age of household head: _____
22. Marital status: _____ (Never Married/Married/Divorced or Widowed)
23. Children in household: _____ (Yes/No)
24. State location of household (e.g. FL): _____

-
25. Household size _____ persons
26. Race and Hispanic Origin
- White
 - Black
 - Asian/Pacific Islander
 - Other
 - Not Specified
27. PRIZM clusters
28. Origin
- DMA
 - State
 - MSA
 - Region
 - County
29. Home Ownership
- Owned by you or someone else in the household
 - Rented for cash rent
 - Occupied with no cash rent paid
 - Not Specified

TIA TravelScope®/*DIRECTIONS*® BY DKS&A – GLOSSARY OF TERMS

Activities: TIA TravelScope®/ *DIRECTIONS*® by DKS&A gathers information on 23 different activity categories:

- (1) nature/culture (ECO-travel)
- (2) visit parks: national, state, etc.
- (3) visit historic sites
- (4) visit art museums, art exhibits, etc.
- (5) attend concert, play, dance, etc.
- (6) attend festival, craft fair, etc.
- (7) go to night life
- (8) gamble
- (9) watch sports events
- (10) hike, bike, etc.
- (11) hunt, fish, etc.
- (12) snow ski, snow board
- (13) other adventure sports
- (14) play golf
- (15) visit a waterfront
- (16) boat/sail
- (17) attend show: boat, car, home, etc.
- (18) go to theme/amusement parks
- (19) touring/sightseeing
- (20) look at real estate
- (21) shop
- (22) dine/eat out
- (23) go to entertainment

Annual Household Income. The total combined annual income of the household before taxes.

Business Trip. Any trip where the primary purpose of the trip is given as “convention,” “training/seminar,” or “other business.”

Census Region of Origin/Destination. Regional breakdowns as defined by the U.S. Bureau of Census:

Northeast	New England: Connecticut, Maine, Massachusetts, New Hampshire, Georgia and Vermont. Mid-Atlantic: New Jersey, New York and Pennsylvania
South	South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia. East South Central: Alabama, Kentucky, Mississippi and Tennessee. West South Central: Arkansas, Louisiana, Oklahoma and Texas.
Midwest	East North Central: Illinois, Indiana, Michigan, Ohio and Wisconsin West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.
West	Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming. Pacific: California, Oregon and Washington. (Alaska and Hawaii as destinations only)

Designated Market Area (DMA). Designated Marketing Areas (DMAs) are areas of television coverage defined by counties that are based on surveys conducted by Nielsen Media Research. A DMA is often larger than a Metropolitan Statistical Area (MSA).

Household. Comprises all persons who occupy a “housing unit”, that is, a house, an apartment, or other group of rooms, or a room that constitutes separate living quarters.

Leisure Trip. Any trip where the primary purpose of the trip is given as “visit friends or relatives, getaway weekend, general vacation, or other leisure.”

Length of Trip or Trip Duration. The number of nights spent on entire trip.

Lifestage. Lifestage groups are based on household size and composition (e.g. number of members, marital status, presence of children), age of household head, and employment of household head.

Lodging. Information is gathered on five lodging categories: (1) Hotel/Motel, Resort, All Suite Hotel; (2) Timeshare; (3) Bed and Breakfast; (4) Camping/RV; (5) Home/apt/condo (not mine) [Private Home] (6) Ship/Cruise; (7) My 2nd home/apt/condo; and (8) Other.

Mode of Transportation. Each trip is classified according to the respondent's answer to the question, "Primary mode of transportation." Categories included are (1) Airplane; (2) Car; (3) Van/Small Truck; (4) Train; (5) Bus; (6) Camper/RV; (7) Large Truck; (8) Ship; and (9) Other.

Nights Away from home. The number of nights spent away from home on one trip, including nights spent at the destination and en route. It is possible for a trip not to involve an overnight stay if the traveler took a trip of 50 miles or more, one-way, and returned home the same day.

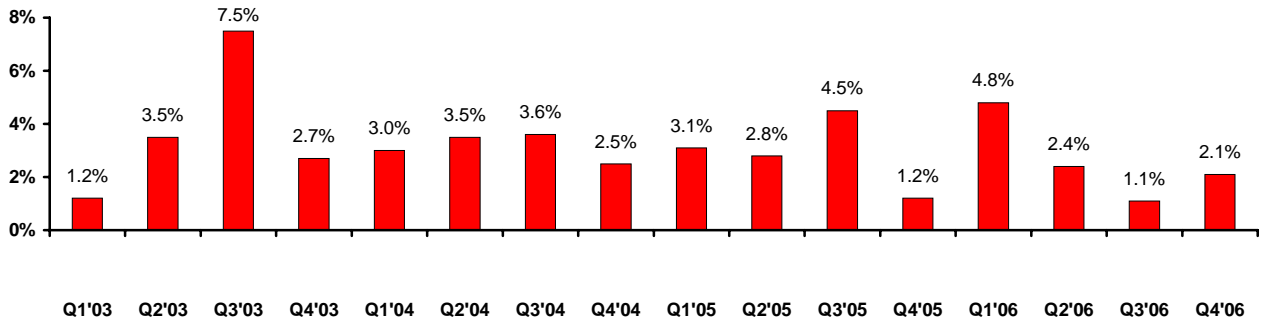
Number of Household Members on Trip. Number of household members on a trip, including the respondent.

ECONOMIC/TRAVEL INDICATORS

The Economy

The U.S. economy continued to grow in 2006, with real GDP increasing 2.9 percent. Real disposable income rose 3.1 percent from 2005, while real personal consumption expenditures grew significantly by 3.1 percent from 2005. A look at the quarterly change in GDP shows that first quarter recorded the highest growth rate in 2006 when real GDP reached 4.8 percent increase. The Real GDP was at its lowest growth in the third quarter rising just 1.1 percent.

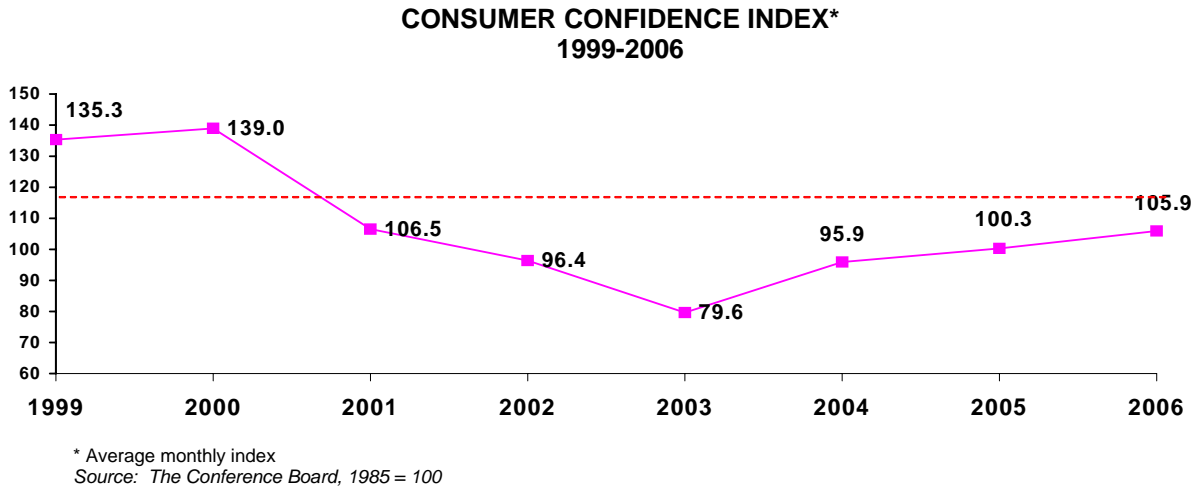
**REAL GROSS DOMESTIC PRODUCT
PERCENT CHANGE FROM PRECEDING PERIOD, 2003-2006
(based on chained 2000 dollars)**



Source: Bureau of Economic Analysis

Consumer Confidence

Consumer confidence, as measured by the Conference Board’s *Consumer Confidence Index* (CCI), looked impressive in 2006 showing an average reading of 105.9 (1985 base level = 100), an increase of 5.6 percent from the annual average for 2005 (100.3). 2006 showed a fairly steady monthly index reading that started with a level of 106.8 in January, peaked to 109.8 in April, plunged to 100.2 in August and came back up ending the year with a reading of 110.0.



Travel Expenditures

TIA estimates that overall domestic travel expenditures by U.S. residents continued to reflect a healthy growth since 2002. Travel spending in 2006 increased 7.3 percent for the year to \$614.2 billion. This represents a significant growth of 28.2 percent from 2001 and 23.2 percent from 2000.

