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Employment Impacts of Off-Peak Seasonal Tourism Development

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Abstract

Tourism demand during the off-peak season and related unemployment rates and number of workers employed are examined for Sevier County, Tennessee where a majority of tourism demand occurs between May and October. Before 1990, the months of November, December, and January were considered the off-peak season when unemployment rates increased and the number of jobs generated decreased. In 1990 the three tourism related cities in Sevier County – Gatlinburg, Pigeon Forge and Sevierville, cooperatively began the creation of a new seasonal tourism product called Winterfest. Coupled with the extension of the usual off-peak season of keeping the Dollywood theme park open for November and December, Winterfest was designed to attract tourists to Sevier Co. during the off-peak season. Examination of monthly unemployment rates and jobs generated trends during the 24 year period when the Winterfest tourism development plan begun in 1990 to 2014, reveals increasing tourist demand, resulting in sustained lower unemployment rates and sustained higher levels of employment in Sevier County. Implications for off-peak tourism development indicate a tourism development product that increases tourism demand that extends the off-peak season can also generate sustainable lower unemployment rates and higher employment levels. Also, unemployment rates decreased fastest over time for November and December than January unemployment rates.

Keywords: Seasonal tourism; Employment; Unemployment; Off-peak; Tourism development

Introduction

Employment levels in tourist destinations follow the seasonality of tourism demand in most tourist destinations and resorts. Most tourism destination and resorts have a "high" season when employment levels and tourist visitation and spending are at a peak, and a "low" season when employment and tourist visitation and spending is the lowest. For some tourist destinations the high season and peak employment season could be during the summer months, and low season for employment could be the winter months. For tourist destinations favoring winter activities, high season and peak employment levels are during the winter months, the low season for tourist spending and lowest employment levels are during the summer months. Many tourist destinations with high seasons where tourist demand is at near capacity and employment levels are at peak have begun looking at off-peak seasons to increase tourist spending and employment levels. When tourist destinations have high seasons, they usually have low seasons or off-peak seasons when tourist visitation and spending are at lower levels. The purpose of this study is to examine the employment effects and trends of building an off-peak tourist season in Sevier County, Tennessee over a twenty four year period from 1990 – 2014. In particular, seasonal employment and unemployment trends are examined over a twenty four year period in Sevier County, Tennessee from 1990 – 2014 to determine the trend in employment and unemployment levels of building an off-peak increase in demand for tourism.

Previous Studies

Early work on the seasonality of tourism demand concentrated on categorical causes of seasonality in tourism demand. BarOn was this first to recognize the causes of seasonality of tourism demand into four categories: 1) natural climate seasonality, 2) institutional seasonality, 3) calendar effects, and 4) sociological and economic causes [1]. BarOn offers a definition of seasonality of tourism as the effects occurring each year with more or less the same timing and magnitude. Hartman focused on two causes of tourism seasonality: 1) natural seasonality, and 2) institutional seasonality [2]. Butler identified seasonal differences differ as the distance from the equator increases and the social aspects of fashion, sporting seasons offer demand differences [3]. Physical and socio/cultural factors in tourism destinations and areas during different seasons were examined by Butler and Mayo [4]. Supply side factors for causes of seasonality were examined by Frechtling that found the availability of labor and alternative uses of facilities were sometimes constraints in growing demand for tourism during some seasons [5]. The impacts of tourism seasonality have been the subject of many studies. Most studies have identified seasonality and systematic fluctuations in tourist demand as problems to be modified or reduced in tourism destinations and communities. Problems associated with the economic impacts of seasonality are focused on problems during the off-peak season such as the loss of profits due to the idle use of resources and facilities [6-8]. In terms of profitability and seasonality of tourism, Murphy finds that businesses and communities need to generate sufficient revenues from peak weeks during the summer in order to survive the entire year [9]. Also, low seasons that generate lower returns to investors in tourism areas could make it difficult to attract investors and lenders from the private sectors, making investment from public agencies necessary to grown the supply side of tourism venues and firms [10]. There are several

studies that have focused on the supply side, and recruiting and training issues of employment impacts of seasonal tourism. Employment impact studies include a study by Krakover that explores the factors responsible for flexibility in the hotel labor force in identifying the adjustment reaction between employment and tourism demand in eight tourist's centers in Israel [11]. In another study, Ashworth and Thomas examined the effects of a counter-seasonal strategy on employment in the United Kingdom between 1982 sand 1996 [12]. Found by some to be the most important issue related to seasonal employment, Yacoumis examines issues surrounding the difficulty of recruiting and retaining full-time staff during seasonal peaks and off-peak periods in an international destination [13]. However, few studies have focused on the long-term employment and unemployment rates in an area that has developed new tourism products for an off-peak season.

Background on Area of Study

This study focuses on Sevier County, Tennessee (USA) that is located along in the eastern portion of Tennessee along the northwestern border of the Great Smoky Mountains National Park. As shown in Figure 1, The Great Smoky Mountains National Park is the most visited national park in the United States with 9.68 million visitors in 2013 [14]. Sevier County, Tennessee has three prominent gateway tourist related cities on the northern border of the National Park: Gatlinburg, TN; Pigeon Forge, TN; and Sevierville, TN.

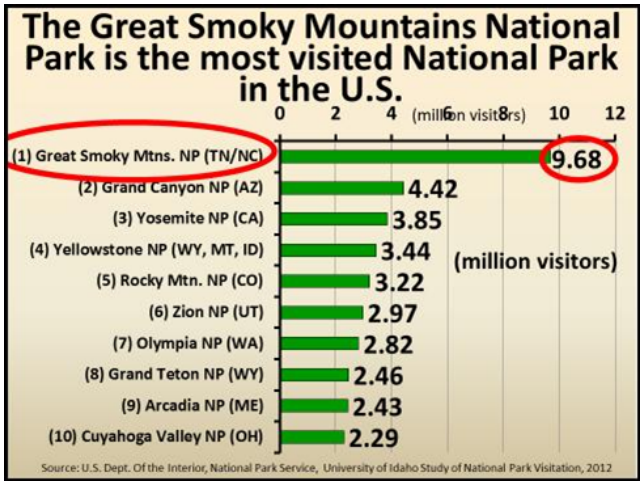

Figure 1: Top 10 most visited National Parks in the U.S., **Source:** U.S. Department of the Interior, National Park Service, Washington, DC [14].

Sevier County, TN ranks as the third largest county out of all 95 counties in Tennessee for tourist spending at $1.76 billion in 2013. The ranking of the top five tourist spending counties in Tennessee for 2013 are: 1) Davidson Co. (Nashville area) $4.9 billion; 2) Shelby Co. (Memphis area) $3.0 billion; 3) Sevier Co. (Gatlinburg, Pigeon Forge, Sevierville area) $1.76 billion; 4) Hamilton Co. (Chattanooga area) $934 million; and 5) Knox Co. (Knoxville area) $930 million [15]. Leading up to 1989 in Sevier County, the summer tourist season began on Memorial Day (May 31) and ended after Halloween (usually on Nov. 1). At the time, the major anchor attractions was Dollywood Theme Park that opened in 1985 in Pigeon Forge, TN. Dinner theaters, children's attractions, retail outlet shopping, and numerous restaurants and hotels and lodging establishments operated at their highest capacity levels between May 31 and November 1. In 1989, Dollywood Theme Park officials wanted to attract more tourists during the usual off-peak winter season and decided to initiate a new tourism strategy and marketing plan called Winterfest. The initial goal of Winterfest was to extend the tourist season in Sevier County beyond Labor Day and into the off-peak winter season of November and December. Dollywood needed the cooperation of all three cities in Sevier County and hosted elected and appointed officials from the three cities in Sevier County (Gatlinburg, Pigeon Forge, Sevierville) to participate in the Winterfest planning. To show a similar city with a winter type themed seasonal festival, Dollywood officials invited two representatives from each Sevier County city to visit Wheeling West Virginia's winter festival atmosphere the town had created from November to the end of December each year. Wheeling, WV created a Christmas winter lights atmosphere for 7 miles from the entrance of the city to the end of the major roadway. Dollywood officials wanted officials from Gatlinburg, Pigeon Forge, and Sevierville to create the same type of Christmas winter lights festive atmosphere along the 12 mile main roadway linking the three cities in an effort to attract tourists during the off-peak season. Dollywood officials would agree to keep the theme park open during weekends in November and December if the three cities promoted the festive Christmas lights of Winterfest connecting the three cities.

In 1990, all three cities invested in festive Christmas lights along the 12 mile roadway connecting Gatlinburg, Pigeon Forge, and Sevierville. The first year of Sevier County's Winterfest was 1990 when Dollywood them park stayed open for weekends in November and December. The Winterfest promotion was new and the marketing plan did attract some initial tourist demand to the area. The next five years from 1991-1995 proved to be introductory growth years where promotion for Winterfest by Dollywood and investment in more elaborate and vivid Christmas lights attracted more tourists and the three cities saw growth in tourism demand. This period also saw Dollywood staying open until December 31 after the theme park added a special Christmas theme with Christmas shows and new light attractions.

From 1995–2014 Sevier Counties' Winterfest celebration was heavily promoted and additional tourist related businesses continued to stay open until December 31. Each city began to initiate and promote special Winterfest activities such as nature seminars, western cowboy workshops and events, and other uniquely focused interest activities that could take place indoors. By the year 2000, many of these December activities extended into the month of January as well.

The purpose of this paper is to examine employment and unemployment trends over the twenty four year period of this off-peak tourism development strategy called Winterfest. In 2015, Sevier County celebrates the 25th anniversary of Winterfest.

Methodology and Data

To determine the employment impacts of the Winterfest festival in Sevier Co., TN, unemployment and employment data for Sevier Co. were collected from the U.S. Department of Labor, Bureau of Labor Statistics [16]. Because of the seasonality of the tourism industry in focus during Winterfest, monthly data on unemployment rates and employment numbers for Sevier Co. are examined. Monthly data isolated for January, November, and December were examined. The trends in monthly unemployment rates were examined to determine if

growth in the Winterfest program impact unemployment rates from 1990 – 2014. Also, monthly employment rates were examined to find the trend in employment during the Winterfest program from 1990–2014.

The data used to analyze the employment and unemployment levels were intentionally isolated to the months of November, December and January. This focus was chosen to reflect the impact of the new tourism marketing programs designed to increase tourist spending during these off-peak tourist months. In addition, the unemployment rate for statewide TN is collected annually of the twenty four years from 1990 – 2014 for the months of January, November, and December. This data on the statewide TN unemployment rate for each month will allow an analysis of trends in both the larger statewide economy to be allowed to be compared to the unemployment rates in Sevier Co. during the same months and years.

Results

Unemployment rates in sevier co

Table 1 shows the unemployment rates for the months of January, November and December of each year between 1990 and 2014. For November, 1990 unemployment rates in Sevier Co. were 9.4 percent, which was the highest level for November unemployment rates for the entire period from 1990 – 2-14. November unemployment reached lowest point twice, once in 1999 and once in 2006. Overall, November unemployment rates decreased over the time period.

Sevier Co., TN, Unemployment Rate Percent			
Year	**Jan**	**Nov**	**Dec**
1990	16.6	9.4	12.6
1991	17.1	9.1	11.5
1992	19.5	8.8	12.4
1993	18	7	9.4
1994	16.6	6.5	8.2
1995	16.9	7	9.2
1996	16.2	7.7	9.5
1997	18.1	5.5	7.1
1998	14.7	5	5.9
1999	15	4.2	5.1
2000	9.2	4.4	4.7
2001	9.3	5.1	5.9
2002	12.1	4.6	5.2
2003	10.4	5.1	5.4
2004	10.7	5.4	6.1
2005	10.8	5	5.2
2006	9.3	4.2	4.4
2007	8.7	4.6	5.5
2008	9.8	7.2	9
2009	13.4	9.3	10.2
2010	14.6	9.3	9.8
2011	13.8	7.9	8.5
2012	12.1	7.1	8.1
2013	12	6.7	6.7
2014	9.7	6.3	6.5

Table 1: Sevier Co., TN unemployment Rate percent, Jan, Nov, Dec, 1990 – 2014, **Source:** U.S. Department of Labor, Bureau of Labor Statistics, Washington, DC

For November, 1990 unemployment rates in Sevier Co. were 9.4 percent, which was the highest level for November unemployment rates for the entire period from 1990 – 2-14. November unemployment reached lowest point twice, once in 1999 and once in 2006. Overall, November unemployment rates decreased over the time period. For December, 1990 unemployment was at the highest level at 12.6 percent and never reached that high point in the next 24 years. The December unemployment rate was cut in half of the starting 12.6 percent in 1999 when it was 5.1 percent. December reached the lowest point of 4.4 percent in 2006. December 2014 ended with an unemployment rate of 6.5 percent.

For January, it took a longer period to see decreases in the unemployment rate because the strategic plans for Winterfest originally focused on increasing tourism demand during November and December. Tourism product development for January did not full occur until year 2000 when nature and western cowboy themed workshops and seminars began to be advertised solely for the month of January. In January 1999, the Sevier Co. unemployment rate was 15 percent, and in 2000 the January unemployment rate dropped to 9.2 percent. Since 2000, the January unemployment rate in Sevier Co. rose to a high of 14.6 percent in 2010.

Unemployment rates in sevier co. vs. Statewide TN unemployment rates

In addition to the unemployment rates for Sevier Co. during the time period of analysis, the unemployment rates for the state of Tennessee were also collected for the same time periods. The unemployment rates for each month and year were compared for Sevier Co., TN and statewide TN.

January unemployment rates for Sevier Co. and statewide TN for the twenty four year period 1990 – 2014 can be seen in Figure 2. In Figure 2, the January 1990 unemployment rate for Sevier Co. was 16.6 percent, while the unemployment rate for statewide TN was 5.6 percent. At the beginning of the Winterfest tourism program in 1990, the unemployment rate for Sevier Co. was higher than the statewide TN unemployment rate by eleven unemployment percent points. As Figure 2 shows, over time as the Winterfest program developed and grew in popularity and increasing tourist demand, the Sevier Co. and Statewide TN unemployment rates became closest in 2009 when Sevier Co. unemployment rate was 13.4 percent and statewide TN unemployment rate was 9.8 percent. Further examination of Figure 2 shows the near parallel movement of the unemployment rates of both Sevier Co. and statewide TN from 2000 – 2014.

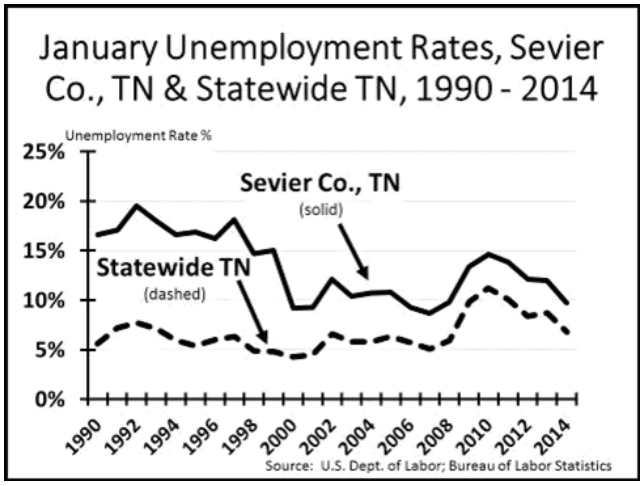

Figure 2: January Unemployment Rates for Sevier Co., TN & Statewide TN 1990 – 2014, **Source:** U.S. Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Sevier Co., TN, and Statewide TN, 1990 – 2014. Washington, DC [16].

November unemployment rates for Sevier Co. and statewide TN for the period of analysis are shown in Figure 3. Unlike the November unemployment analysis in Figure 2, Figure 3 shows the convergence of unemployment rates of both Sevier Co. and Statewide TN. In the beginning year of 1990, the November unemployment rate for Sevier Co. was 9.4 percent, while the statewide unemployment rate for the same period was 5.8 percent. The November unemployment rates for both Sevier Co. and statewide TN move closer together from 1990 – 2001. For the first time in the period of analysis, in 2002 the unemployment rate for Sevier Co. was lower (4.6 percent) than the unemployment rate for statewide TN (4.8 percent). The Sevier Co. unemployment rate remained lower than the statewide TN unemployment rate until 2008. From 2009 – 2014 the unemployment rate of both Sevier Co. and statewide TN were nearly equal, varying by a few tenths of a point. These unemployment rates moved together from 2008–2014 as shown in Figure 3.

For December, the unemployment rate in Sevier Co. began 1990 at 12.6 percent, while the statewide TN unemployment rate was 5.9 percent in December 1990. The unemployment rates of both areas moved together until they became nearly equal in 2001. The unemployment rates in 2001 for Sevier Co. were 5.9 percent while the unemployment rate for statewide TN was 5.6 percent. For the nine year period from 2001 – 2009, the December unemployment rate for both Sevier Co. and statewide TN was nearly equal in degree and direction of movement. However from 2009 – 2014, the statewide TN unemployment rate was consistently lower than the Sevier Co. unemployment rate. In comparing the months of January, November and December unemployment rates for Sevier Co. and statewide TN for the period 1990 – 2014 some noted patterns emerge. First, both November and December unemployment rates for each area converge in 2001 after 12 years of beginning the Winterfest tourism development program. Secondly, unemployment rates for November and December follow each other very closely from the period 2001 – 2014. And thirdly, the January pattern on unemployment for both areas moves together in the same direction, but never moves close to converging as seen in November and December over the entire twenty four year period from 1990 – 2014.

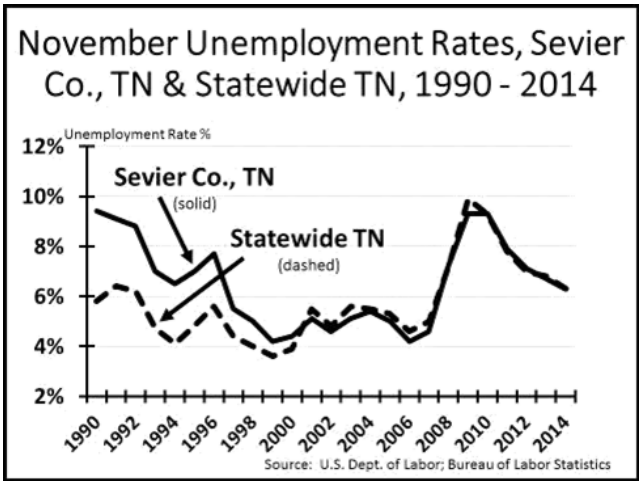

Figure 3: November Unemployment Rates for Sevier Co., TN & Statewide TN 1990 – 2014, **Source:** U.S. Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Sevier Co., TN, and Statewide TN, 1990 – 2014. Washington, DC [16].

Employment levels

For November, the number employed increased each year from 1990 – 2014 except for two years. One decrease was in 2009 when employment decreased to 43,585 from 44,205 employed in year 2008. Another decrease in employment was in year 2014, when employment decreased to a level of 44,163, from an employment level of 45,718 in the previous year 2013. For December, employment increased every year for 17 straight years from 1990 to 2007. In 2007 December employment decreased to 44,840, from 2006 employment level of 45,368. For January, employment from 1990 level of 24,127 jobs to the 2014 employment level of 44,196 jobs represents an 83.1 percent increase in jobs generated during the 24 year period 1990– 2014. January saw the largest gains in employment in the period between 2005 and 2008 when the marketing efforts for Winterfest expanded into the seminars and workshops for January.

Table 2 shows the number of workers employed in Sevier Co. for the months of January, November, and December of each year from 1990 – 2014.

Sevier Co., TN: Number of workers employed			
Year	**Jan**	**Nov**	**Dec**
1990	24,127	24,865	24,813
1991	24,494	25,913	25,830
1992	25,597	27,310	27,405
1993	26,772	29,226	29,400
1994	28,464	30,581	30,614
1995	29,729	30,879	30,805

1996	30,399	31,393	31,331
1997	30,902	32,401	32,367
1998	31,671	33,530	33,642
1999	33,411	34,028	34,019
2000	34,584	37,586	37,268
2001	34,429	38,130	37,792
2002	34,479	39,446	39,016
2003	37,347	40,845	40,288
2004	38,186	41,170	40,505
2005	38,344	42,690	42,620
2006	40,975	45,549	45,368
2007	42,411	45,454	44,840
2008	43,596	44,205	43,096
2009	41,198	43,586	42,863
2010	41,258	44,980	44,392
2011	42,926	45,779	45,152
2012	42,763	46,291	45,236
2013	43,455	45,718	44,961
2014	44,196	44,163	43,574

Table 2: Sevier Co., TN employment levels, Jan, Nov and Dec, 1990 – 2014, **Source:** U.S. Department of Labor, Bureau of Labor Statistics, Washington, DC

Summary of Results

Overall, unemployment rates have decreased in the months of November, December and January over the 24 year period 1990 – 2014. For employment numbers and job generated by the off-peak marketing initiative called Winterfest, for the period 1990 – 2014, employment increased by 83.1 percent for January, increased 77.6 percent for November, and increased 75.6 percent for December.

Implications

Destinations like Sevier County, TN experiencing seasonal off-peak low tourist demand periods that can be linked by a shortage of tourism supply of product during these periods. For example, in Sevier County, there was low tourism demand during the off-peak season because tourist attractions closed during the winter season. Upon opening some anchor attractions like Dollywood theme park during the winter months of November and December after the normal summer and fall season, tourist demand increased. As a result of increased tourism demand due to an increase in supply (i.e. more open hotels, restaurants, retail, and tourist attractions) the number of workers employed during the new open periods of November, December and January increased. Consequently, Sevier Co. experienced a decrease in the unemployment rate during these otherwise off-peak seasonal periods. The Winterfest tourism product developed, marketed and implemented in Sevier Co. has proved to generate more jobs and less unemployment during an otherwise off-peak period of tourism demand.

In addition, unemployment decreased the most during the months of November and December, as opposed to January. This indicates the development of the new tourist product known as Winterfest had more impact on Sevier County's unemployment in the months of November and December, than January.

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