

TRAVEL TOURISM AND ECONOMIC DEVELOPMENT IN TELLICO PLAINS, TN

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Travel Tourism and Economic Development in Tellico Plains, Tennessee

Economic development is a particularly difficult challenge for small rural communities. Nevertheless, city leaders in towns like Tellico Plains, Tennessee continue to seek opportunities for residents and additional tax revenue for their municipalities with which they may provide or improve city services. With no manufacturing base and an underdeveloped infrastructure, these communities must capitalize on all available resources, including accessing natural resources that might attract tourists and other visitors. Consequently, many small rural communities have turned to tourism as a potential driving force of economic and social revitalization.

About Tellico Plains

Tellico Plains, the "Small Town With a Big Backyard" (Lavoie Graphics), is conveniently situated as the gateway to the Smoky Mountains and Cherokee National Forest. The town has a population of less than 1,000 people, many of whom are employed outside the city limits in other parts of Monroe County. The median household income for Tellico Plains and the surrounding Monroe County area is \$35,291 (United States Census Bureau, "Quick Facts"), well below the national median of \$55,775 (United States Census Bureau, "Map: Median Household Income in the United States"). Poverty is a problem throughout this region. Tellico Plains currently has a poverty rate of 36.7 percent (Source: 2009-2013 American Community Survey 5-Year Estimates), which is also much higher than the national poverty rate. One of the leading causes of this high poverty rate is the lack of available jobs in the Eastern Tennessee region and specifically in the Tellico Plains area. The town has no manufacturing base and attempts to attract manufacturers have been unsuccessful. Retail sales are impeded by the area's proximity to cities with developed retail businesses.

Low income levels mean less purchasing power for residents and fewer customers for local businesses. These circumstances have made it difficult for Tellico Plains to recruit larger retail establishments and other businesses that could contribute to the economic development of the area. The lack of significant economic activity also affects tax revenues and the city budget. While Tellico Plains has no sales tax, the sales tax in Monroe County is 2.25%. This potential source of revenue is suppressed by the low performing local economy. Consequently, there are less funds available for amenities that might attract businesses or tourists to the area. Simply put, it takes money to make money, and Tellico Plains has very little money with which to begin that process.

Tourists pass through Tellico Plains on their way to Smoky Mountains and Cherokee National Forest. Consequently, businesses that have been successful in Tellico Plains include cabin rentals, restaurants, and other businesses that cater to tourists. This revenue, however, is not enough for significant economic development. Tellico Plains hopes to create jobs and increase tax revenue by further development of these natural resources and related recreational activities. Unfortunately, visitors tend to view Tellico Plains as a stop along the way and not as a final tourist destination. If Tellico Plains is to grow, the city must find some way to become a tourist destination in its own right and stop being simply being a drive-through gateway to nearby attractions.

SWOT Analysis

SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) can provide a foundation for assessing the potential of a community for economic development.

Strengths

As has already been noted, the most obvious strength of Tellico Plains is the town's proximity to the Smoky Mountains and Cherokee National Forest. These are major attractions with global appeal. In 2014, over 10 million tourists visited the Great Smoky Mountain National Park (National Park Service, 2015). As the park's eastern gate, Tellico Plains is well positioned to capitalize on this traffic. Available lodging for regional visitors includes a campground, three cabin rental facilities (each with multiple cabins) and one Bed and Breakfast establishment. In addition, the Department of Parks and Recreation has developed and maintains three municipal parks, a splash pad water attraction, baseball and softball fields, and basketball courts. Parks and Recreation also plans several recreational events throughout the year. These facilities are provided for residents and tourists at no charge. While these amenities may not have a direct impact on economic development, they do contribute to the overall positive atmosphere of Tellico Plains and make the city a more enjoyable place to be, whether it is for overnight guests or for families that are simply looking for something to do on a Saturday afternoon. The challenge for city managers in the future will be to balance the cost of investment in parks and other infrastructure with the potential environmental, economic, and cultural returns. Planners will need to refer to human habitat models for sustainable growth. One such example is the plan for the city of Miami, Florida that was created over 50 years ago (Hayward, 2012). Although Miami is much larger than Tellico Plains, the same concepts still apply. Miami planners recognized that the parks experience should not be restricted to designated areas but should begin the moment the individual steps outside. To create this effect, the Miami plan emphasized the need for creating a "human habitat" with an emphasis on pedestrian traffic. Consequently, the city feels like a park, even in retail and business areas. The success of this plan required an

interdisciplinary approach that included urban planners, engineers, architects, and other disciplines which worked together over time.

Weaknesses

Tellico Plains suffers from the same lack of infrastructure that plagues many small towns. The city needs more long term lodging facilities capable of housing a family for up to two weeks or more in order to attract adventure tourists from outside the Smoky Mountain region. Tellico Plains could also benefit from a greater variety of restaurants and the development of enough events and activities to justify a typical family vacation. Additional infrastructure will be required to accommodate an increase in both overnight and short term visitors, including wider streets and adequate parking facilities for residents and visitors. At the same time, Tellico Plains will need to encourage private sector investment in hotels, restaurants, and retail establishments. While not technically part of the infrastructure, these amenities are essential if the town is going to attract and capitalize on tourist traffic. Crombie (2003) emphasized that each of these steps in the overall improvement process should be treated as an independent project, with potential catalysts, coalition groups, and money sources for each. It is also important to recognize that these are long term projects. It took 32 years for Eugene, Oregon to complete the East Bank Trail along the Willamette River Greenway (Schoening, 2003). Long term benefits sometimes require a longer commitment.

Despite the best efforts of city leaders, Tellico Plains also suffers from attitudes that prevent growth. Politically, Tellico Plains is highly conservative with a strong belief in free market economics, small government, and private enterprise. Unfortunately, no angel investors have emerged to provide necessary capital for projects that might provide jobs or otherwise improve the local tax base. Public-Private Partnerships (PPP) that have proven to be somewhat

successful in other areas are thwarted by the lack of a tax base and the inability to convince voters to approve ballot initiatives that are perceived as a tax increase or inappropriate public spending.

Opportunities

Tellico Plains is a natural choice for Adventure Tourism, an emerging industry that has contributed to the economic development of several rural areas. The Adventure Travel Trade Association defines "adventure travel" as a trip that includes two of the following three elements, all of which already exist in Tellico Plains:

- Connection with nature
- Interaction with culture
- A physical activity

Adventure tourism grew at an annual rate of 65 percent between 2009 and 2013.

Individuals and families that participate in adventure tourism tend to have stable incomes, tend to be better educated, and tend to spend money. On average, adventure travelers spend between \$1000 to \$3000 per person for each trip. A 2013 survey found that more than one-half of potential travelers plan to participate in some form of adventure activity on their next trip, up from 42 percent of those who were already considered adventure tourists. Adventure Travel News notes that this increase largely from what are known as "soft adventure activities", i.e., activities that require little or no experience and are low risk, as opposed to "hard activities" such as rock climbing or extreme hiking which require some degree of specialized training and tend to pose a greater risk. This increased interest in soft adventure activities is consistent with the types of activities envisioned for tourists in Tellico Plains, including hiking, camping, and other

outdoor activities. Tourists who visit Tellico Plains already experience a strong connection with nature through the mountains, forests, and waterways in the area. It is natural that Tellico Plains would exploit these resources.

Adventure travelers are more likely than typical tourists to use local professional services such as tour operators, instructors, and other specialized service providers (Adventure Tourism Market Study, 2013). In addition, adventure tourists tend to spend more money during their vacations, including purchases at local stores and more selecting more upscale services than the typical tourist. A successful adventure travel campaign creates an economic ripple effect across local economies. Hotels, restaurants, and convenience stores are the first and most obvious beneficiaries of increased tourist traffic. However, these are not the only businesses that stand to benefit from developing Tellico Plains as an established tourist destination.

Threats

Unfortunately, Tellico Plains is not the only town with easy access to the national parks. Local revenue is lost when residents of Tellico Plains travel to tourist attractions in nearby Gatlinburg, Chattanooga, and other more established tourist destinations. Tellico Plains will need to develop a strong marketing strategy to compete with these older, more established tourist markets. Tellico Plains must also compete with larger cities of Nashville and Chattanooga for tourism traffic. However, while these metropolitan areas do have much to offer traditional vacationers, they have less appeal for individuals and families who are interested in adventure tourism.

Feasibility Analysis

Feasibility analyses are used to determine whether there is sufficient market demand, resources, and political support for the project (International Economic Development Council, 2011, p. 70-73). Market analysis indicates that there is sufficient public demand in adventure tourism (Adventure Tourism Market Study, 2013). Gatlinburg, Tennessee, which also has access to the Great Smoky Mountains National Park, is an example of the potential of this investment. An analysis of financial resources is somewhat less optimistic. The challenge for Tellico Plains is to attract sufficient capital to overcome the area's economic inertia. Newton's first law of motion certainly applies: A body at rest will remain at rest *unless an outside force acts on it*. Economically speaking, Tellico Plains is a body at rest. However, if Tellico Plains can attract that initial force, whether it be through grants, public-private partnerships, or private investment, then that growth should remain in motion.

Political feasibility is growing. Many residents within the community's aging population want their adult children to be able to stay in the area. They recognize the need for jobs that would make that possible. Yet despite this, informal surveys of residents of Tellico Plains yielded mixed results. On one hand, there is concern about the cost of economic development. A significant number of respondents felt that while tourism could add to the economy, the community simply could not afford to make the improvements to the existing infrastructure that would be necessary to accommodate increased traffic and additional visitors. There were also concerns about changing the character of Tellico Plains. One respondent warned against "turning our little town into just another tourist trap." These concerns may be somewhat alleviated by emphasizing how residents will be the primary beneficiaries of these improvements. The 2008 Tennessee Greenways and Trails Plan (Tennessee Department of Environment and

Conservation, 2008) noted that "Providing convenient places to walk, hike, bike and paddle help people to live healthier lives and build connections with their communities." These connections also mean greater economic development as residents of Tellico Plains and nearby areas decide to spend more of their time and money locally. Thus, improvements in parks and recreation services would provide jobs and other economic benefits in addition to improving the quality of life for residents.

Despite these legitimate concerns, there are many residents of Tellico Plains who recognize the need for economic development and the economic potential of adventure tourism. One respondent noted, "You can't really say it's economic revitalization, because that implies that it was economically viable in the first place." Homeowners have expressed an interest in making their homes available as Bed and Breakfast rentals, noting that services like Airbnb have made such investments much more profitable. Others recognize the connection between jobs and adventure tourism.

Case Study

North Carolina

Tellico Plains and the surrounding East Tennessee region share many of the same cultural and geographic qualities as their neighbors in North Carolina. One study of rural towns in North Carolina found that tourism was considered a significant part the local economic mix (Kline, Swanson, & Milburn, 2011). The North Carolina study also revealed the importance of the proper tourism mix, including recreational events, the development of local attractions, and the infrastructure necessary to support activities. Kline, et al., emphasized the importance of viewing

tourism as an entrepreneurial endeavor, supported by local government, and utilized by residents as well as visiting travelers.

Opportunities for cultural interactions between tourists and residents play a significant role in the adventure tourism industry. Tourists may interact with local culture occur in the restaurants, hotels, and retail establishments that cater to tourists and residents. Opportunities for additional cultural interactions that would involve tourists include a 5K run, bicycle races, car shows, cook offs, and other special events. Physical activities include a trail with exercise equipment. In addition, Tellico Plains is also developing a Blue Way which would include resources for canoeing, kayaking, and other water recreation. Once completed, the Blue Way facility would be used by residents as well as tourists.

Economic Impact

Rural tourism has been associated with an increase in part-time and seasonal jobs and second jobs for workers who are already employed. While these jobs may not be sufficient for a primary income, they can provide a significant additional salary for an area in which more than one in three individuals live in poverty. One study found that the total earnings per resident were about \$2,000 more per worker per year in counties that offered recreational activities than in other rural counties in which tourism and recreation were not part of the economic mix (Brown & Reader, 2005). This same study also noted the costs that can be associated with increased tourist traffic, including the cost of road maintenance, additional police services, increased housing costs, and environmental and social costs. However, even with these additional costs, Brown and Reader still concluded that rural areas experience a net economic gain by developing a recreational tourism industry.

Conclusion

Tellico Plains, like many small towns in rural Tennessee, must overcome many challenges if it is going to survive. With no manufacturing base, an aging population, and the general trend of populations to consolidate to larger metropolitan areas, Tellico Plains must find some way to continue to meet the needs of the people who choose to live there. This is a charming city full of good people. What is missing is sustainable economic growth.

Communities succeed when they are able to exploit their resources to their best advantage. In Tellico Plains, the primary resources are location and geography. The town already benefits from its proximity to the Great Smoky Mountain National Park. However, if Tellico Plains is going to achieve greater economic growth, the town must move beyond the perception of simply being a gateway to somewhere else. Tellico Plains must become an attraction in its own right; a place that visitors want to visit and where local residents want to stay. The Parks and Recreation Department is uniquely suited to contribute to this stage of economic development. Unfortunately, the Tellico Plains Parks and Recreation department alone cannot achieve economic revitalization. This will require effort from the entire community.

Many small rural communities like Tellico Plains have experienced success with Adventure Tourism. Adventure tourists tend to be more affluent and tend to spend more money than their less adventurous counterparts. While this approach is not without cost or risk, these risks are outweighed by the potential benefits to the community. Unlike retail businesses that may provide some jobs for residents, tourism helps the economy by bringing new dollars into the community and not simply recycling money that is already there. Tourism also improves the quality of life for residents. As facilities and services are upgraded to attract more visitors,

residents benefit from better services, improved infrastructure, and more options from which to choose for their own recreational needs.

Any strategy for economic development must take into account the local culture. As Mark Fields, the President of Ford Motor Company, famously said, “Culture eats strategy for breakfast.” Thus, strategies for attracting businesses and for meeting the needs of any potential influx of tourists must also consider the somewhat conservative, rural culture of Tellico Plains. While city planners can expect to conduct marketing campaigns that target potential tourists, they will also need to sell their ideas to the residents whose lives will be affected by these changes, for better and for worse.

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