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BY THE NUMBERS: LUXURY SPENDING

Buying POWER

Data analysis tracks spending patterns in the Memphis area over five-year period

Recent data provided to *Memphis Business Journal* show that the spending power of the wealthiest Memphis-area residents has been curtailed throughout the recession, but not by as much as you might suspect.

Esri, a Redlands, Calif.-based research firm, collects spending data on countless items, from sirloin steaks to college tuition.

MBJ took the data and crunched it by ZIP code, in an effort to create a picture of where, and how much, Memphians spent (and in some cases saved) from 2007 to 2011.

The data reaffirmed at least one thing we already know: The Memphis metro area's wealth is concentrated in Germantown, Collierville and East Memphis.

Germantown's 38139 ZIP code tops all 30 data points researched. The most prevalent ZIP codes for spending are 38139, 38138 also in Germantown, 38017 in Collierville and 38120 in East Memphis. Those four areas also represent the area's wealthiest ZIP codes, where the greatest percentage of households made more than \$200,000 in 2011. (See page 10 of this issue for MBJ's Wealthiest ZIP Codes list.)

And dive further into the data on pages 8-9.

Cutting expenses at First Horizon

Measures in place for key target: bottom line

BY COLE EPLEY

Despite posting third quarter earnings per share that missed consensus analyst estimates, First Horizon National Corp. is poised for profitability thanks largely to continuing efficiency measures.

Recent announcements of early retirements and voluntary buyouts may be perceived as a harbinger of tough times, but Wunderlich Securities LLC analyst Kevin Reynolds says the measures only improve the company's bottom line.

"It shows that management is doing what it needs to do to make the company more profitable and more efficient," he says. "You have to do that in an environment being what it is, with low interest rates and greater regulatory scrutiny."

First Horizon's strategic allocation of about \$250 million for mortgage repurchase requests from Fannie Mae and Freddie Mac in the previous quarter resulted in its spending zero dollars for those requests in the third quarter — a clear demonstration of an effective, one-time-cost strategy. Coupled with the bank's net interest margin stabil-

First Horizon National Corp.
Bank holding company
NYSE: FHN
2011 revenue: \$1.7 billion
President/CEO: Bryan Jordan
Address: 165 Madison Ave.
Phone: (901) 523-4444
Website: www.fhnc.com

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Free chicken: Grizzlies ride winning ways to sponsorship deals, ticket sales

BY MICHAEL SHEFFIELD

As the Memphis Grizzlies get closer to the beginning of the 2012-13 NBA season, the team is netting an increase in corporate sponsorships and ticket sales thanks to momentum from last season.

While resolution of the team's ownership situation is expected to be resolved before the season opener in Los Angeles Oct. 31, it's been business as usual for sponsorships and ticket sales.

The Grizzlies have new sponsorship deals with Chick-Fil-A, which will give away chicken sandwiches as part of the "Grizzlies Win, You Win" promotion that will still include free offers

from Sonic, Golf & Games Family Park and Jason's Deli.

The team has also finalized a deal with Charlie Vergos' Rendezvous Charcoal Ribs to provide barbecue in FedExForum. Neely's Bar-B-Que has had a presence in the building since it opened in 2004, but the company is reportedly undergoing restructuring. Adidas will also have branded souvenir stands in FedExForum. The athletic shoe and apparel company is the official apparel provider of the NBA, but now has extended that relationship to be the official outfitter for the team as well.



J.D. MEREDITH PHOTOGRAPHY

Memphis Grizzlies guard Mike Conley handles the ball in last season's playoff game against the Los Angeles Clippers.

See GRIZZLIES, Page 41



BY THE NUMBERS: LUXURY SPENDING

Residents in eastern ZIPs dominate in luxury spending

BY JANE A. DONAHOE

Below are some of the more interesting points from Esri data provided to MBJ regarding spending patterns in Memphis.

All 30 databases — from 71 Memphis metropolitan area ZIP codes — can be found on our website at www.bizjournals.com/memphis.

We encourage you to dive into the Esri data and have fun with it.

WINING AND DINING

Entertainment accounts for a large chunk of wealthy households' budgets, even though most data points show a modest cutback during the recession. Whether dining at restaurants, purchasing wine, buying steak or throwing catered affairs, the wealthiest people in Memphis are spending large amounts of money feeding themselves and their friends.

Collierville residents haven't cut back on restaurant spending at all. In 38017, households spent \$26.9 million dining out in 2011, up from \$23.8 million in 2009 and \$20.6 million spent in 2007.

BIG-TICKET ITEMS

Spending on big-ticket items like houses and cars has almost universally declined among Memphis' richest households.

Residents of the 38120 ZIP code in East Memphis spent a total of \$10.6 million on new cars in 2011, nearly 30 percent less than the \$14.7 million they spent in 2009 and \$15 million spent in 2007.

DeSoto County markets seem to be the outliers in terms of housing. In Olive Branch, for example, the average spent on home ownership increased throughout the recession, from \$13,600 in 2007 to \$14,000 in 2009 to \$15,100 in 2011.

This ran contrary to almost all other ZIP codes. The Memphis area's wealthiest ZIP code — 38139 — saw its average spent on home ownership fall from \$38,800 in 2007 to \$33,000 in 2011.

INVESTMENTS AND SAVINGS

As one might expect, the value of investments and securities mostly went south from 2007 to 2009, but recovered nicely between 2009 and 2011.

Average savings value, however, has seen a steady uptick among the well-to-do, signifying the recession had an effect on the obligatory rainy-day fund.

In Memphis' 38117 ZIP code, the average value of a household's savings account was \$16,600 compared to \$14,700 at the start of the recession in 2007.

It's not just the wealthy, though. Nearly half — 32 of 71 — of Memphis ZIP codes boasted average savings account values of more than \$10,000 in 2011.

LUXURY ITEMS

How much are the wealthy spending on jewelry, suits and dresses? These days, not as much as you might expect.

The average 38139 household spent \$503 on jewelry and watches in 2011, down 21 percent from 2009. Same goes for men's suits, where spending in 38139 fell to an average of \$91 in 2011, and women's dresses, where spending fell to \$148 per household compared to \$233 before the recession.

GIVING TO ORGANIZATIONS

Giving to churches represented 70 percent of all Memphis-area household donations in 2011. Charitable organizations got 21 percent of the area's generosity while educational institutions received 7 percent and political organizations only 2 percent.

And Memphians on the whole did not let the recession greatly affect giving patterns.

Memphis area households collectively gave \$444 million to churches in 2011, down from \$488.4 million in 2009, but higher than 2007's \$431.7 million total.

Charitable organizations saw a steady increase in giving. Memphis-area households gave \$108.7 million to charities in 2007, \$126.5 million in 2009 and \$135.1 million in 2011.

SERVICES

Having a housekeeper or gardener may seem like a luxury to many, but the city's wealthy didn't noticeably cut back the maid's hours in spite of a national economic crisis. In 38138, for example, households spent \$2.99 million on maid services in 2007, \$2.91 million in 2009 and \$2.92 million in 2011.

In the 38139 ZIP code, where the city's wealthiest reside, \$2.26 million was spent on lawn care in 2007 compared to \$2.38 million in 2009 and \$2.29 million in 2011.

TRAVEL

The richest Memphians still maintain a healthy travel budget. Taking the four wealthiest ZIP codes into account, residents spent an average of \$3,755 on travel last year, enough to pay for at least one swanky trip.

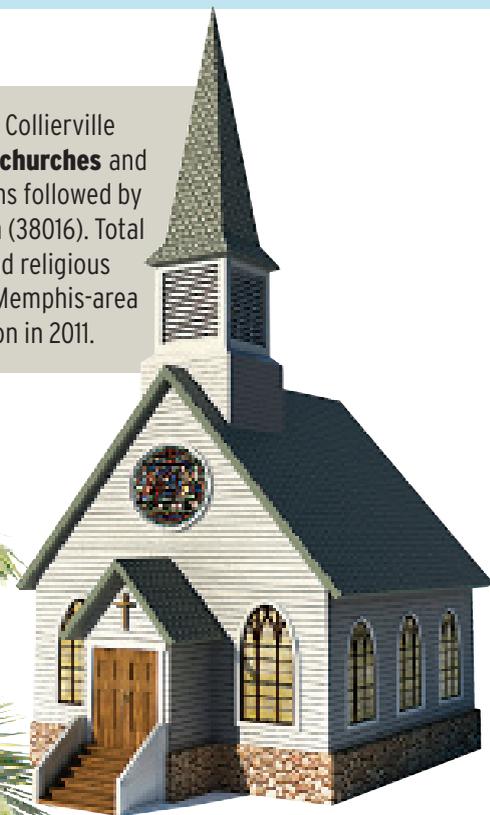
That budget was down 7 percent, however, from \$4,047 in 2007.

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New cars drove off the lot to the tune of \$30 million in Collierville in 2011 followed by \$24 million in Cordova (38016) and \$20 million in Olive Branch. **Total spending on new cars** topped \$474 million in 2011, a 22 percent decrease from 2007.

In 2011, households in Collierville gave **\$27 million to churches** and religious organizations followed by \$21 million in Cordova (38016). Total giving to churches and religious organizations in the Memphis-area surpassed \$444 million in 2011.



Total travel spending in the Memphis area increased 1.9 percent from 2007 to 2011. Residents of Germantown and Collierville budgeted the most for travel, booking an average of more than \$3,000 per household in 2011. Collierville also spent the most on RVs and boats—nearly \$8 million in 2011.

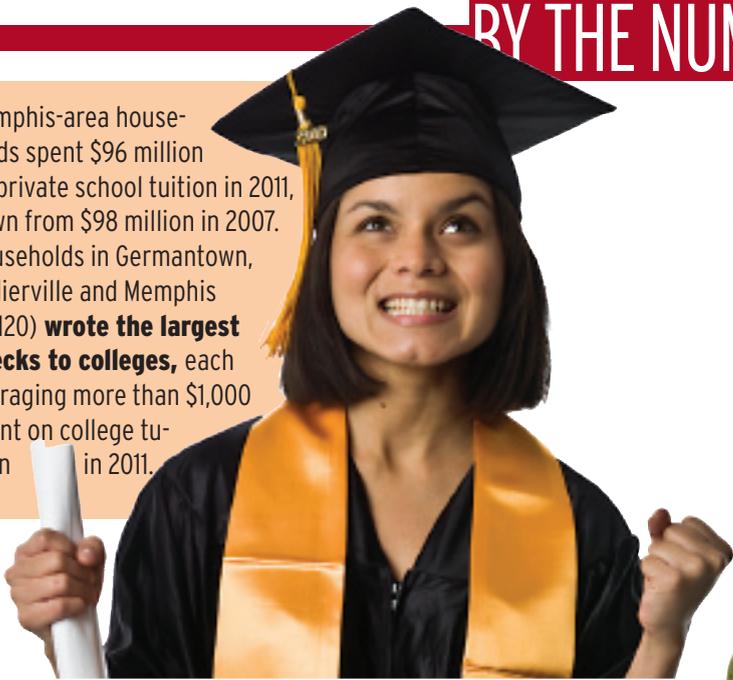


Based on spending, **the best catered affairs** in 2011 happened in Germantown and Collierville with residents shelling out on average of \$292 (38139), \$194 (38138) and \$184 (38017) per household.

WANT TO KNOW MORE about how money changes hands in Memphis area ZIP codes? More than two dozen searchable databases are posted at memphisbusinessjournal.com that provide details on spending on a variety of goods and services. Click on 'By the numbers: Luxury Spending.'

BY THE NUMBERS: LUXURY SPENDING

Memphis-area households spent \$96 million on private school tuition in 2011, down from \$98 million in 2007. Households in Germantown, Collierville and Memphis (38120) **wrote the largest checks to colleges**, each averaging more than \$1,000 spent on college tuition in 2011.



Residents of Germantown (38139) stocked the wine rack with an average of **\$358 spent on wine** for the home while also spending an average of \$142 on wine at full service restaurants in 2011.



In 2011 Memphis-area households spent an average of \$124 on **admission to movies and performing arts events**. Residents of Memphis' 38120 ZIP code exactly double that amount while even more was spent in Germantown and Collierville.

Collierville is the place to be for housing with \$566 million spent there in 2011. Residents of 38016 in Cordova spent the second most on housing at \$476 million.



Households in Germantown's 38139 ZIP code spent the most, an average of \$2,261, on **dining at full service restaurants** in 2011. The average spent on dining out was \$824 in 2011 for the entire Memphis area.



Spending on jewelry in the Memphis-area declined 5.6 percent from 2007 to 2011. Local households spent an average of **\$137 on jewelry** in 2011, down from \$145 in 2007.



Area spending on home care services such as lawn care, housekeeping and home security totaled \$147.4 million in 2011 with lawn care and housekeeping services accounting for more than \$60 million each. **Who spent the most on home services?** Germantown's 38139 ZIP code.



THE MOST AFFLUENT ZIP CODES in 8 Greater Memphis counties

2011 percentage of households earning \$200,000+

