ECONOMIC IMPACT OF GOLF ON EUROPE

BACKGROUND & OBJECTIVES

The golf industry across Europe generates a significant commercial value for the European economy. This has grown since the start of the 21st Century as golf in Europe has seen significant increases in the number of golf courses & players.

Whilst traditionally, golf in Europe has been dominated by four markets – the UK, France, Germany and Sweden which have been believed to account for 80% of the golf market in Europe – there are many countries where golf is an emerging sport and investment in the game is growing with a corresponding positive impact on the national economy.

The PGA World Alliance Forum which takes places each year in Orlando has become the forum where the role of golf as an important economic, social & lifestyle generator is discussed. At this forum, the PGAs of America and Australia have released details on the economic impact that the game has on their national economies. In 2011, through the PGA of Australia, the results of “The Australian Golf Industry Economic Report 2010” as produced by The Australian Golf Industry Council were revealed.

The PGA of GB&I intends to use the 2013 PGA Alliance Forum as the venue to publish the Economic Impact of Golf on Europe.

SPORTS MARKETING SURVEYS INC. has been approached by the PGA of GB&I to undertake this research programme on their behalf and for the associated stakeholders.

STAKEHOLDERS

Whilst the PGA of GB&I is the lead organisation in the commissioning and definition of the Economic Impact study for Europe, there are a number of other pan-European golf organisations with an interest in the outcomes, and who are supporting partners to the programme.

Included within this group are:

- European Golf Association
- Club Managers Association of Europe
- PGA’s of Europe
- Federation of European Golf Greenkeepers Associations
- The European Tour
- European Institute of Golf Course Architects
- European Golf Course Owners Association
- European Golf Industry Association
The end results will be jointly-marketed and positioned as a study undertaken with the support and backing of all ten parties.

**TIMINGS**

The report is required for the PGA World Alliance Conference at Orlando as part of the PGA Show at the Orange County Convention Centre in Orlando taking place from the 24th to the 26th January 2013.

An extract with topline findings will be provided for a meeting of the pan-European Golf organisations to be held in Brussels on the 9th & 10th of January 2013.

The major report findings will be released around the PGA World Alliance Conference with the PR activity and promotions to coincide with this event.
1. COVERAGE OF THE PROGRAMME

The study will cover the European Union as the definition of Europe and therefore consists of the 27 markets detailed, and on request of the PGA of GB&I, 3 non-EU markets. The report will produce a total figure of the economic impact of golf for the European Union, and also a figure for the UK – being England, Scotland, Wales and Northern Ireland.

The 30 markets to be included in the programme are:

EUROPEAN UNION

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

EUROPE – Non EU

Norway, Russia, Switzerland

There are some smaller markets that have come out of the former Soviet Union – such as Belarus & Ukraine – which have not been included in the analysis. Golf in these markets is very limited, and an accurate analysis of the economic impact in these territories is not possible.

Throughout this document the 27 countries of the European Union & the 3 additional markets as detailed – non-EU – will be referred to as “Europe” in the production of the “Golf Economy of Europe 2012” report.
2. THE ECONOMIC IMPACT OF GOLF PROGRAMME


The report titled “The Golf Economy Report 2005” was developed as a partnership programme involving the Club Managers Association of America (CMAA), the Golf Course Superintendents Association of America (GCSAA), the Ladies Professional Golf Association (LPGA), the National Golf Course Owners Association (NGCOA), the Professional Golfers’ Association (PGA) of America, the PGA TOUR, and the United States Golf Association (USGA).

This report became the benchmark study for evaluating the economic impact of the sport, and was used as the model for the report produced by the Australian Golf Industry Council in 2010, titled “The Australian Golf Industry Economy Report”. This report developed the Golf 20/20 model to enable comparisons in structure and business areas measured.

The proposed report on “The Golf Economy of Europe 2012” is being commissioned as a joint venture involving the eight pan-European golf federations & associated GB&I golf stakeholders, and is being led by the PGA of GB&I.

The format of the report will use the structure and format of the Australian Golf Industry Council report to enable comparisons for usage at the PGA World Alliance, and will provide an economic impact figure for Europe and for the United Kingdom.

The Golf Economy of Europe 2012 report will therefore have the same strengths and limitations of the Golf 20/20 and the Australian Golf Industry Economy Report with the aggregation of some income and expenditure items. The objective of SPORTS MARKETING SURVEYS INC. will be to limit this double counting wherever possible, and therefore to enhance the business model for measuring the impact for Europe & the United Kingdom.

THE GOLF ECONOMY

Golf is much more than a sport for professionals or a recreational pursuit. It has an ‘economy’ and is an industry that generates significant revenues for the organisations with which it interacts. It employs significant numbers across Europe in businesses serving the industry including golf clubs, resorts, agronomy & turf care, real estate, construction, travel & tourism, media & publishing, charities, equipment manufacturing and retailing.

With so many different elements and organisations involved in this sport-economy in Europe, it is more than a leisure-pursuit that provides significant physical and social health benefits, and employment for many individuals, it is also a key on-going contributor to the wider European economy.
It is the need to identify the value of this contribution to the overall economy that has led the PGA of GB&I and partnering pan-European federations & GB&I golf stakeholders to undertake this programme.

**THE PROCESS**

**In order to arrive at a robust and quantifiable evaluation of the European Golf Economy and the economic impact that the sport has on Europe, the process to be adopted is to separate the golf economy into its various segments, estimate the size of each via specific research and then aggregate the individual business-areas to produce the total economy size.**

This will be achieved through using SPORTS MARKETING SURVEYS INC.’s extensive databases, undertake primary research and sourcing secondary & published information through the pan-European golf federations, and national and EU government organisations.

The process will start at individual country level and build up to a European total. Estimates will be made for many of the smaller markets where data will not be available by modeling similar markets, and estimating an economic-value per golfer in that country.

As such, each segment will arrive at a value for Europe in total, and also for Great Britain & Ireland (GB&I). Under this programme and budget it will not be possible for this figure to be applied to other markets. It would be possible to produce an individual Country Golf Economy figure but not under the remit, timescale and budget of this programme.

**SEGMENTATION – The Direct Core & Indirect Associated Industries**

The model adopted is based on the Australian Golf Industry Report which split the economy into two distinct segments largely defined on the visibility to the consumer.

- **Direct Core**
  - Golf courses, golf clubs, golf equipment, golf media, golf associations & golf events;
  - These assist people in their participation in the game.

- **Indirect Associated Industries**
  - Travel & Tourism, residential real estate that features golf;
The Europe Golf Economy is illustrated below.
DATA & TOPICS

The European Golf Economy evaluation report will analyze the impact according to the six economic topic areas detailed in the diagram on the previous page. SPORTS MARKETING SURVEYS INC. will be collecting data in the following areas to enable this.

The information will be aggregated at a total Europe level, with GB & I shown separately. The process will require building up and aggregating from individual market level. Where information is not available, SPORTS MARKETING SURVEYS INC. will make business-sensible estimations.

SPORTS MARKETING SURVEYS INC. will be entirely open in sharing the assumptions behind this with the PGA of GB & I.

**Golfers per Market.**
- Registered Golfers
- Total Golfers

**Golf Venues (including capital investment)**
- Market supply – population numbers in comparison to the number of golf courses.
- Golf clubs per market (distribution of courses)
- Golf club revenue; green fees and membership fees, food and beverage revenues, sponsorship revenues, lease fees and rental fees, other revenues
- Driving ranges and revenue
- Golf course development and architecture; new course developments and expansion of existing courses, other investments (e.g. clubhouse renovation, irrigation system replacement)
- Golf real estate – golf related residential developments
- PGA tuition and revenue

**Golf Suppliers – golf equipment sales (hardware and apparel) and golf industry supplies**
- Speciality channel retail sales
- Other golf retail (non-speciality channel) – estimated.
- Agronomy
- Course maintenance and course suppliers

**Facility Operations**
- Staff employment numbers
- Costs of operations including: Salaries, Food & Beverage,
  - Operational costs – from office, to maintenance & other clubhouse or accommodation
  - Operational costs – on course

**Golf Tourism**
- Tour operators
- Spending of golf tourists on travel
- Golf accommodation and resorts
Golf Events and Impacts
- Tournaments per market
- Prize money
- Operational costs

Specialist Golf Media
- Consumer based literature
- Trade based literature
- Advertising
- Television
- Broadcasting rights

Sponsorship
- Players
- Events
- Venues

This list is not exhaustive & will develop and be amended during the research process; and also in discussion with the relevant pan-European federations, and stakeholders including the PGA of GB&I.
3. DELIVERABLES

SPORTS MARKETING SURVEYS INC. proposes that The Golf Economy of Europe 2012 report will be a word-document.

Supporting documentation will include excel spreadsheets as well as word documentation.
4. SPORTS MARKETING SURVEYS INC. TEAM

SPORTS MARKETING SURVEYS INC. is the leading European research consultancy on golf, working with manufacturers, federations and venues across Europe. It has a great understanding of the golf equipment market, the behaviour and number of golfers, and the operations of golf courses and venues.

As an organisation, we are uniquely placed to undertake this survey and our approach will be as follows:

- **INVESTIGATION**
  - Establish a clear programme and methodology.
  - Develop clear templates of the information to be aggregated to calculate the Economic Impact.
  - Develop clear questionnaires that can be used across markets.
  - Use existing data resources, and undertake focused, intelligent, cost-effective primary research.
  - Work in partnership with the pan-European golf organisations to gather multi-market data.

- **INSIGHT**
  - Provide clear data interpretation and analysis to produce clear results.
  - The assumptions on extrapolation will be shared with the PGA of GB&I and the relevant stakeholders as required.
  - To ensure the research and results are “joined-up” so that the final economic impact result can withstand robust evaluation.

- **ACTION**
  - To make clear recommendations on the basis of robust research results, & enable the stakeholders to use the results to take commercially sound decisions, and to be used in discussions with government.

The programme will take between three and three-half months to complete. If commissioned in early September, we envisage report delivery by Year End. In order to achieve this, a dedicated team will focus on the project. The team will consist of:

**TEAM LEADER – MICHAEL STONE**

- Michael was Head of Research & Consultancy at IFM Sports Marketing Surveys Ltd, and prior to this Research Director at Synovate, and prior to this a board director at Electoral Reform Services;
- Michael has worked in market research since 1988, and has led many projects of a very detailed and high profile nature. This includes projects for the British Medical Association on the future provision of Healthcare, and for The Police Federation on the Future of Policing in England & Wales;
• Whilst at IFM Sports Marketing Surveys, Michael worked on an Economic Impact study for the European Tour, and has experience working across many sports.
• His linked-in CV can be found at [http://uk.linkedin.com/pub/michael-stone/27/302/a10](http://uk.linkedin.com/pub/michael-stone/27/302/a10)

TEAM ASSISTANT – to be confirmed.

• SPORTS MARKETING SURVEYS INC. has interviewed & identified a short list of two for this programme;
• These are both recent graduates with experience of desk research, collecting information, and academic reports;
• In terms of sport – they are both sports players; one a golfer and the other a hept-athlete who is German and speaks fluent English, & also Spanish & some French.

The individuals have been approached about the project, and will be recruited to SPORTS MARKETING SURVEYS INC. on the commissioning of the Economic Impact Study.

JOHN BUSHELL – MANAGING DIRECTOR
RICHARD PAYNE – SPORTS ACCOUNT MANAGER

John is MANAGING DIRECTOR of SPORTS MARKETING SURVEYS INC. and has worked in research since 2000. Marketing trained with a leading blue-chip FMCG background, John has also worked in golf as Marketing Director of The Caledonian Golf Group which included Ben Sayers, ProQuip and he launched Srixon into the UK in 1997. As Head of Marketing & Commercial Affairs for English First Division Rugby, John rebranded the sport and launched Premier Rugby – the professional game at club level.

John has led projects at SPORTS MARKETING SURVEYS on economic impact studies including for Ryder Cup Ltd, and for the European Tour.

Richard is SPORTS ACCOUNT MANAGER with primary responsibility for golf research at SPORTS MARKETING SURVEYS INC. Prior to joining Sports Marketing Surveys, he worked for a leading market research company across consumer goods. A junior county golfer, Richard was the account executive responsible for the Economic Impact study for the 2010 Ryder Cup Matches.

John & Richard will both be closely involved in the project in terms of agreeing the information to be collected, providing access to SPORTS MARKETING SURVEYS INC. database of golf information, and making contacts with industry specialists to enable the collation and collection of the information.

SPORTS MARKETING SURVEYS INC. believe it is very important that this project has a dedicated resource focused only on this study, and have based the pricing and the operation of this programme on this basis.
5. CONTACT DETAILS

For more information on this proposal, please contact:

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