

THE OPEN 
Royal St George's 2011

ECONOMIC IMPACT ASSESSMENT

Presented to:

The R&A
St Andrews
Fife
KY16 9JD



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October 2011

CONTENTS

1. INTRODUCTION.....	1
2. METHODS	1
3. ECONOMIC IMPACT FINDINGS	2
SPECTATORS	2
OTHER GROUPS	3
ORGANISATIONAL SPEND	4
DIRECT ECONOMIC IMPACT	4
TOTAL ECONOMIC IMPACT	5
4. CONCLUDING COMMENTS.....	5
APPENDIX A: MAP OF KENT / EAST KENT.....	6
APPENDIX B: SPECTATOR QUESTIONNAIRE	ERROR! BOOKMARK NOT DEFINED.

1. INTRODUCTION

- 1.1. This report summarises the key findings from research designed to estimate the economic impact of The Open Championship held at Royal St. George's in July 2011. The research was commissioned jointly by The R&A and Dover District Council and undertaken by the Sport Industry Research Centre (SIRC) at Sheffield Hallam University. The research builds on similar work undertaken by SIRC, on behalf of The R&A and Event Scotland, at The Open in 2010.
- 1.2. Consistent with the 2010 study, the calculation of economic impact was in accordance with the economic strand of *eventIMPACTS*¹ - the national event evaluation framework developed by SIRC for UK Sport and its regional partners. Economic impact, measured in terms of the "additional expenditure generated in the defined host economy that would not have occurred in the absence of an event", was calculated at two levels of geography, as indicated below.
 - **East Kent**, comprising the four local authority districts of Canterbury, Dover, Shipway and Thanet. This is hereafter also referred to as the 'local' impact and includes the spending by non-local visitors, for whom The Open was the primary motivation for being in the area, and by organisers using monies originating from outside East Kent.
 - **Kent**, hereafter also the 'regional' impact, including the visitor and organisational expenditure at county level by event-specific visitors and by organisers using monies originating from outside Kent.
- 1.3. An outline map of Kent is presented in Appendix A, with the area that constitutes East Kent highlighted. In order to clarify further how the economic impact calculations have been structured relative to the two levels of geography we offer the following example. Spending in East Kent by someone from Maidstone (in Kent) attending The Open would be eligible for inclusion in the local economic impact estimate but would be excluded from the estimate of the impact on the wider county. Note also that both local and regional estimates exclude spending by 'casual' visitors, that is, people whose attendance at The Open was incidental to their visit to the host area.

2. METHODS

- 2.1. A combination of fieldwork and desk research was used to derive the economic impact of The Open 2011 at local and regional level. Primary data was collected from spectators at Royal St. George's using a condensed version of the questionnaire employed in 2010. A copy of the spectator questionnaire is available in Appendix B. In short, the questionnaire was designed to capture the following key information, which was used alongside official spectator attendance figures provided by The R&A to model the additional expenditure attributable to spectators in East Kent and Kent.
 - The number of days spectators attended The Open;
 - Respondents' broad place of residence (i.e. East Kent, elsewhere in Kent, rest of UK or overseas);
 - For visitors from outside East Kent, whether the event was the main reason for being in the area;

¹ <http://www.eventimpacts.com/economic/>

- Whether respondents were staying overnight, the location and length of overnight stays, the type of accommodation used and associated costs; and,
 - Expenditure on items other than accommodation and tickets in East Kent and elsewhere in Kent.
- 2.2. A total of 1,088 economic impact surveys were conducted with spectators at Royal St. George's between 13th and 17th July. Results based on a sample size of c. 1,000 responses are subject to a maximum sampling error of +/- three percentage points at the 95% confidence level. In addition, SIRC conducted a further 1,026 interviews with spectators, as part of the pricing research commissioned by The R&A, which also included a key question about respondents' place of residence. Thus, there is robust data upon which to base the economic impact calculations for the spectator group.
- 2.3. The additional expenditure estimates for non-spectator groups (e.g. golfers, officials, media personnel etc.) were derived on the basis of data collected from these groups by SIRC at St. Andrews in 2010 and confirmation of numbers in each group by The R&A. Furthermore, organisers' net spend in East Kent and Kent was estimated based on analysis of income and expenditure breakdowns provided by The R&A.

3. ECONOMIC IMPACT FINDINGS

Spectators

- 3.1. The R&A recorded over 180,000 spectator admissions to Royal St. Georges during the week of The Open Championship in 2011 - see Table 1. Gates were open to the public for the practice days, from Sunday 10th July.

Table 1: Spectator admissions

Date	Admissions
Practice Days (10-13 July)	31,222
14 July	31,545
15 July	42,846
16 July	36,471
17 July	38,007
Total	180,091

- 3.2. The spectator surveys revealed that 13.3% of respondents were either normally resident in East Kent (local residents) or were not present in the area specifically to attend The Open ('casual' visitors). Thus, the local impact calculation is based on c. 156,000 'eligible' admissions. Similarly, the impact calculation at regional level is based on c. 134,000 eligible admissions since 25.6% of respondents either resided in Kent or were casual visitors.
- 3.3. Based on the spectator survey, we estimate that 44.4% (c. 69,200) of eligible admissions by visitors from outside East Kent were made by people staying overnight in the area in paid accommodation (i.e. commercial stayers). At county level, commercial stayers in Kent accounted for 55.4% (c. 74,300) of eligible admissions. Taking into account the average number of days that commercial stayers attended The Open, their dwell time (nights) and the cost per bed night, the local and regional accommodation sectors are estimated to have benefitted from £4.15m and £4.96m in revenue respectively, as shown in Table 2.

Table 2: Derivation of spectators' impact on the accommodation sector

	Local Impact	Regional Impact
Admissions by commercial stayers	69,224	74,301
Avg. days attended	3.11	2.95
Commercial stayers (different people)	22,238	25,229
Dwell time (nights)	3.74	3.71
Commercial bed nights	83,256	93,671
Cost per bed night	£ 49.85	£ 52.96
Accommodation spend	£ 4,150,491	£ 4,960,822

- 3.4. Table 3 shows the expenditure by all eligible spectators (including both overnight stayers and day visitors) on items other than accommodation (e.g. food and drink etc.). On average, and excluding accommodation, each eligible admission to The Open was worth £52.49 to the local economy and £63.13 regionally. In aggregate terms, this equates to £8.19m in East Kent and £8.46m in Kent overall.

Table 3: Other spending by eligible spectators

	Local Impact			Regional Impact		
	<i>Spend Per Eligible Admission</i>	<i>Eligible Admissions</i>	<i>Total Spend</i>	<i>Spend Per Eligible Admission</i>	<i>Eligible Admissions</i>	<i>Total Spend</i>
East Kent	£ 52.49	156,056	£ 8,190,904	£ 55.69	134,055	£ 7,466,218
Elsewhere in Kent	£ 7.43			£ 7.43	134,055	£ 996,662
Kent Overall	£ 63.13			£ 63.13	134,055	£ 8,462,880

- 3.5. Bringing together the data from Table 2 and Table 3, the total additional expenditure attributable to spectators amounted to £12.34m in East Kent and £13.42m in Kent overall. The report now considers the impact of the other groups connected with The Open.

Other Groups

- 3.6 As referred to previously, the calculation of the additional expenditure estimates for non-spectator groups utilised the data collected from these groups at The Open in 2010, albeit the estimates have been adjusted to account for the different geographic boundaries involved in 2010 and 2011. Table 4 (overleaf) shows the number of eligible individuals included in the economic impact calculation for each group and their estimated expenditure on accommodation and other items. The collective additional expenditure by golfers (and their entourages), event staff (i.e. officials, volunteers and contractors) and the media is estimated at £4.42m in East Kent and £4.59m in Kent.
- 3.7. The Open 2011 was supported by patrons including Doosan, HSBC, Mercedes Benz, Nikon and Rolex. The activation spend by official patrons in Kent, over and above the rights fees paid in order to be associated with The Open, is estimated at £1.06m, of which 67% or £0.71m is estimated to have been spent in East Kent².

² The figure for Kent is assumed to be commensurate with the corresponding figure for Fife in 2010. The estimated spend in East Kent is calculated as the proportion of patrons' spend in Fife relative to Scotland in 2010.

Table 4: Additional expenditure by golfers, event staff and media personnel

Group		Local Impact	Regional Impact
Golfers & entourages*	Eligible number	1,246	1,243
	Accommodation spend	£ 772,128	£ 771,376
	Other spend	£ 416,606	£ 414,205
	Total spend	£ 1,186,734	£ 1,185,582
Event staff	Eligible number	5,456	4,938
	Accommodation spend	£ 1,443,204	£ 1,552,066
	Other spend	£ 901,235	£ 889,578
	Total spend	£ 2,344,439	£ 2,441,644
Media	Eligible number	1,898	1,814
	Accommodation spend	£ 604,596	£ 646,513
	Other spend	£ 286,545	£ 311,463
	Total spend	£ 891,141	£ 957,976
Overall	Eligible number	8,600	7,995
	Accommodation spend	£ 2,819,928	£ 2,969,955
	Other spend	£ 1,602,386	£ 1,615,247
	Total spend	£ 4,422,314	£ 4,585,201

* Figures are inclusive of estimates for the Local Final Qualifying events.

Organisational Spend

- 3.8. Based on information provided by The R&A, we estimate that the total expenditure in Kent linked to the organisation of The Open 2011 (not accounted for elsewhere in this report) was £2.52m. Of this amount, £1.17m (47%) is estimated to have been spent in East Kent. Analysis of The Open's income streams indicates that £1.80m of the event's total revenue was generated from within Kent, of which, we estimate c. £1m (55%) originated in East Kent. Allowing for monies originating locally and spent locally, the net organisational spend in East Kent is calculated at £0.18m. The corresponding figure for Kent overall is £0.72m.

Direct Economic Impact

- 3.9. The direct economic impact of The Open 2011 at the two levels of geography is summarised in Table 5. The additional expenditure by the different visitor groups and by the organisers in East Kent was **£17.65m**; the corresponding figure for Kent was **£19.78m**. These figures include substantial revenue for accommodation providers, valued at £6.97m and £7.93m in East Kent and Kent respectively. The bulk of the additional expenditure, more than two-thirds in each catchment area, was attributable to spectators. The direct economic impact estimates provide an appropriate baseline to compute the total economic impact (including indirect and induced effects) on the economies concerned using multiplier analysis.

Table 5: Direct economic impact

Group	East Kent	Kent
Spectators	£ 12,341,395	£ 13,423,702
Golfers & entourages	£ 1,186,734	£ 1,185,582
Event staff	£ 2,344,439	£ 2,441,644
Media	£ 891,141	£ 957,976
Patrons	£ 709,451	£ 1,055,844
Organisers	£ 180,425	£ 719,785
Direct Economic Impact	£ 17,653,584	£ 19,784,532

Total Economic Impact

- 3.10. In order to estimate the total economic impact of The Open we have borrowed appropriate multiplier values for East Kent and Kent from a recent study by Tourism South East³. At county level, the tourism multiplier is 1.22, which means that each £1 of additional expenditure in Kent results in subsequent expenditure of £0.22. At local level, the multiplier values range from 1.17 for Dover to 1.21 for Canterbury. For the entire East Kent area, the multiplier effect is 1.20. Based on the multiplier values quoted above, the total economic impact of The Open 2011 on East Kent is calculated at **£21.18m** (i.e. £17.65m x 1.20). The corresponding figure for Kent is **£24.14m** (i.e. £19.78m x 1.22).

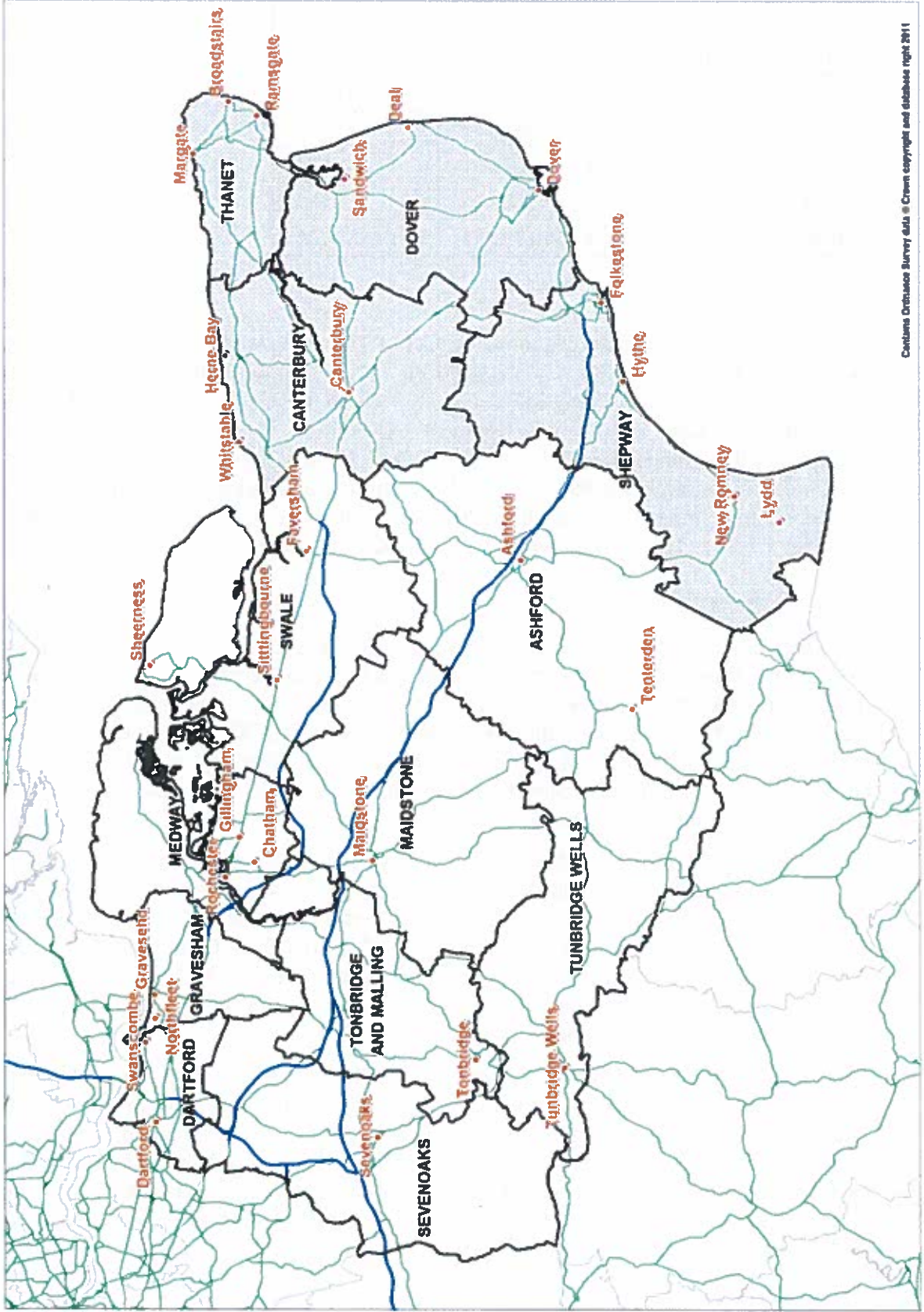
4. CONCLUDING COMMENTS

- 4.1. The Open Championship returned to Royal St. George's (Kent) in 2011 for the first time since 2003. Based on primary research with spectators and complementary desk analysis, it is our view that the event delivered a significant injection of new money into the county, particularly in the four local authorities that constitute East Kent. The economic impact findings alone vindicate Kent County Council, Dover District Council and supporter's decision to make a financial contribution towards The Open, especially when considered from a return on investment perspective.
- 4.2. Hosting the event also provides an excellent platform for promoting Kent as a visitor destination to audiences around the world via the extensive amount of coverage achieved by The Open in the national and international media. For example, the monetary value associated with the global television exposure of the 2010 Open Championship, presenting Scotland as the 'The Home of Golf', was calculated at more than £50m⁴. Although beyond the scope of this investigation, such place marketing has the potential to generate longer term tourism benefits for the host economy.
- 4.3. In conclusion, Kent County Council and Dover District Council, alongside other relevant local and regional agencies (e.g. Visit Kent), should endeavour to work in partnership with The R&A to ensure that Royal St. George's continues to host The Open on a regular, and if feasible, more frequent basis. Such a partnership approach will help to ensure that the local and regional economies benefit from the multi-million pounds of additional spending generated as a result of hosting the event and preserve the international sporting profile of the host area.

³ http://www.visitkentbusiness.co.uk/library/researchdevelopment/Kent_Tourism_Economic_Impact_in_2009_Report.pdf

⁴ <http://www.scottish-snlcrise.presscentre.com/Press-releases/Scotland-drives-ahead-as-impact-of-Open-Championship-is-announced-35a.aspx>

APPENDIX A: MAP OF KENT / EAST KENT



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