

THE ECONOMIC IMPACT OF GOLF ON THE ECONOMY OF EUROPE

FEBRUARY 2013

LEAD ORGANISATION: **PGA** The Professional
Golfers' Association



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FOREWORD

Golf is very important to all the stakeholders who have been involved in the production of this report on the economic impact of the sport on the economy of Europe. The PGA of GB&I has been closely involved in two previous studies measuring the commercial importance of golf in 2006 & 2008, but recognise that society and the global market dynamics have changed fundamentally since then. We are delighted that this report has received significant support across the sport from many federations, agencies and individuals on a professional organisation and individual basis. We thank them all for this.

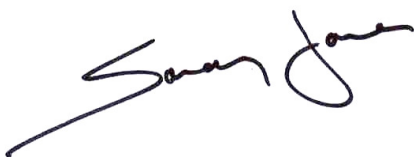
In order to ensure this study has the maximum value on an international basis, this 2012 evaluation has been based on the economic impact model employed by the Australian Golf Industry Council in their report of 2010 on the Australian market, and the US reports of 2005 and 2011 produced by Golf2020 & SRI International.

For this study, the PGA of GB&I and the partner stakeholders have used the services of SPORTS MARKETING SURVEYS INC. the specialist sports research consultancy with a significant expertise in golf. Undertaking new primary research, combined with secondary desk research and employing their own in-house database, we feel this is the most robust & comprehensive study of the impact of golf on the European economy.

Golf in Europe is enjoying significant success and profile. At the end of the 2012 calendar year, Europe has eight male players in the top 20 World Rankings & 19 in the top 50, as well as three in the top 5; on the women rankings, Europe has 9 women in the top 50; and also holds all four of the major international team trophies in the Solheim Cup, Walker Cup, Curtis Cup, and Ryder Cup. The European Tour is in strong health with the 2012-13 calendar consisting of 49 events across 21 countries – not all of them in Europe – for a total prize fund of more than €96 million. This is a significant change from the 28 events on the calendar 25 years ago or the 21 events forty years ago in 1972.

However, whilst success on the fairways is important for the game of golf in Europe, it is the full holistic benefit that the sport brings – investment in the development & infrastructure of countries, in permanent jobs & training, in the support for good causes, and importantly in the broader social agenda across Europe & internationally that European golf really excels.

This report focuses on the economic impact that the sport brings to Europe, and once again, I would like to thank all the providers of data and supporters to the programme, and most particularly those partners who have invested financially as well as their time in enabling the most robust study of the economic impact of golf on Europe to be completed for the PGA World Alliance 2013.



**SANDY JONES – CHIEF EXECUTIVE
THE PGA OF GREAT BRITAIN & IRELAND**

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1. INTRODUCTION

1.1 BACKGROUND & OBJECTIVES

SPORTS MARKETING SURVEYS INC., Europe's leading research agency in the field of golf, has been commissioned by a number of the principal European golfing bodies, led by the PGA of GB&I, to undertake an economic impact study of the sport on the economy of Europe.

The primary objective of this exercise has been to estimate the financial contribution that the game of golf makes to the European economy. It is recognised absolutely, however, that the game has many additional benefits beyond those which are economic – in public health, in facilitating social interaction, in enabling men and women and players of different ages and levels of ability to compete against each other, in encouraging fair play and sporting behaviour both in victory and defeat, in creating healthy competition and in offering opportunities to travel. Each of these are important contributors to the conclusion that the game of golf provides a positive impact on society beyond the direct element of the commercial impact of the game in Europe and beyond.

The focus here is to produce a robust evaluation of the physical and financial numbers of the sport on Europe. The process employed ensured the figures have been arrived at logically and in a methodologically sound way, and demonstrate the degree to which the game is generating revenue and creating jobs throughout Europe. The result shows the importance golf continues to have even in these challenging economic times for so many European economies.

The research is also timely in enabling the study to reflect the growth of the game beyond the traditional four core European golf markets of the UK, France, Germany & Sweden. In looking at all EC countries, SPORTS MARKETING SURVEYS INC. has been able to demonstrate more about the economic impact on countries where golf is an emerging sport and where investment in the game is growing with a corresponding positive impact on the national economy.

With a total population of over 510 million across all the countries covered, this research covers all 27 member nations of the European Union (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Irish Republic, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom of Great Britain & Northern Ireland) as well as Norway & Switzerland. Norway and Switzerland were included in addition to the EC countries as they are comparable western economies with long standing cooperation commitments with the EC.

SPORTS MARKETING SURVEYS INC. would like to thank all the clubs, associations, manufacturers, distributors, suppliers and individuals who have given us so much time and support, thereby enhancing the robustness of the final evaluation. This contribution has been valuable, positive & supportive to the programme, and has enabled us to publish this report confident in the accuracy of the figures contained within.

1.2 METHODOLOGY

In order to evaluate the economic impact of golf on the economies of Europe, we first separated the golf economy into its various segments. Information was gathered from key bodies and individuals within each segment, supported where necessary by desk research and bespoke surveying. SPORTS MARKETING SURVEYS INC.'s extensive database of primary and secondary research data was also fully utilised.

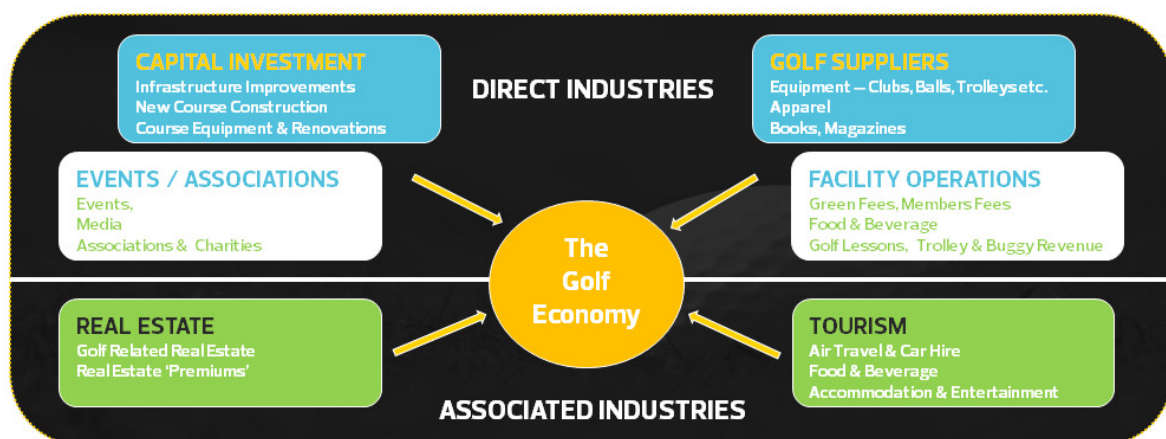
The process was started at individual country level and then built up to a European total. Wherever practical the relevant information was sourced for each individual country. However, some estimates of the component parts of the total for a country were made by modeling similar markets, and estimating an economic value per golfer and per course in that country when specific information was not available.

The report shows the economic impact of golf for the economies of Europe in total for all 29 markets covered (the 27 EC countries plus Switzerland & Norway). However, separate totals for Great Britain & Ireland (GB&I) have also been evaluated, calculated and shown.

In all cases we have sourced information for the most recent 12 month period available. Most commonly, information given was for the calendar year to end of December 2011, or the financial year April 2011 – March 2012.

In order to enable comparison with previous studies undertaken in the USA in 2005 & 2011 by Golf2020, and also by the Australian Golf Industry Council in 2010, the model adopted was based on these studies, in particular the 'Australian Golf Industry Report 2010'. This evaluation split the economy into two distinct segments, largely defined on the visibility to the consumer.

FIGURE 1: THE GOLF ECONOMY MODEL



- **DIRECT INDUSTRIES**
 - Golf course, golf clubs, golf equipment, golf media, golf associations & golf events;
 - These assist people in their participation in the game.
- **ASSOCIATED INDUSTRIES**
 - Travel and tourism, residential real estate that features golf.

1.3 STAKEHOLDERS

Whilst the PGA of GB&I was the lead organisation in the commissioning of the Economic Impact Study for Europe, there are a number of other pan-European golf organisations that are supporting partners to the programme.

Lead Organisation:



Pan-European Golf Organisations, British & Irish Organisations & Golf Unions supporting this study:



Growing The Game



1.4 MAIN DATA SOURCES

The PGA of GB&I and each of the project's supporting partners have all contributed enormously in the information they have supplied and the help that they have given.

We would also like to specifically thank:

- Associação Turismo do Algarve
- Beaudoin Vezeris Golfers' Association (BVGA)
- British & International Golf Greenkeepers Association (BIGGA)
- Cactus Brand Partners
- Charity Commission of England and Wales
- Comuniq8
- De Vere Hotels
- Elisa Gaudet
- European Course Design
- Fine and Country Golf
- Golfbreaks.Com
- Golf Consultancy Services
- IPC Magazines Ltd.
- Marriott Hotels Ltd.
- Mike Copson Associates
- Office of the Scottish Charity Regulator
- Organisation of Golf Range Operators
- Puente Romano Hotels
- The R&A
- Visita Costa Del Sol

Information & support was also given to us by a number of equipment manufacturers, distributors and retailers. SPORTS MARKETING SURVEYS INC. is grateful to all, but has not named them in order to further ensure the confidentiality of their responses.

2. EXECUTIVE SUMMARY

2.1 SUMMARY OF ECONOMIC CONTRIBUTION

TABLE 1: THE CONTRIBUTION OF THE GOLF INDUSTRY TO THE ECONOMY OF EUROPE – 2011/2012

	REVENUE (MILLIONS)	% of industry	VALUE PER GOLFER (Total of registered & non-registered golfers)*
DIRECT INDUSTRIES			
Facility Operations	€ 8,434.94	56%	€ 1,073.83
GB&I	€ 3,620.56	24%	€ 862.04
Europe excl. GB&I	€ 4,814.38	32%	€ 1,317.21
Capital Investment	€ 1,715.15	11%	€ 218.35
GB&I	€ 755.71	5%	€ 179.93
Europe excl. GB&I	€ 959.44	6%	€ 262.50
Golf Equipment & Supplies	€ 2,963.40	20%	€ 377.26
GB&I	€ 1,420.16	9%	€ 338.13
Europe excl. GB&I	€ 1,543.24	10%	€ 422.23
Events / Associations	€ 358.60	2%	€ 45.65
GB&I	€ 133.89	1%	€ 31.88
Europe excl. GB&I	€ 224.71	1%	€ 61.48
TOTAL DIRECT INDUSTRIES	€ 13,472.08	89%	€ 1,715.10
GB&I	€ 5,930.32	39%	€ 1,411.98
Europe excl. GB&I	€ 7,541.76	50%	€ 2,063.42
ASSOCIATED INDUSTRIES			
Real Estate	€ 95.00	1%	€ 12.09
GB&I	€ 10.00	0.07%	€ 2.38
Europe excl. GB&I	€ 85.00	1%	€ 23.26
Tourism	€ 1,552.55	10%	€ 197.65
GB&I	€ 229.25	2%	€ 54.58
Europe excl. GB&I	€ 1,323.30	9%	€ 362.05
TOTAL ASSOCIATED INDUSTRIES	€ 1,647.55	11%	€ 209.75
GB&I	€ 239.25	2%	€ 56.96
Europe excl. GB&I	€ 1,408.30	9%	€ 385.31
ECONOMIC IMPACT OF GOLF ON THE ECONOMY OF EUROPE			
TOTAL ECONOMIC IMPACT	€ 15,119.63	100%	€ 1,924.85
GB&I	€ 6,169.57	41%	€ 1,468.94
Europe excl. GB&I	€ 8,950.06	59%	€ 2,448.73

*For more detail on Golfer Definitions, see Section 4.

The game of golf is contributing over €15.1 billion to the European economy. This compares with an estimated €15.4 billion in the study undertaken by SPORTS MARKETING SURVEYS in 2006.

In order to understand the comparative scale of the golf economy in Europe, it is worth considering the €15.1 billion impact in context. In 2012, Spain's defence budget was €10.5 billion, the UK Overseas Aid Budget was €11 billion and its protection budget (police, fire, criminal justice, prisons etc.) was €16.9 billion. Staging the 2012 Olympic Games in London cost €11.5 billion.

There has been a slight reduction in the value since 2006, and much of this can be explained through the impact of the international economic downturn particularly since 2008, which has impacted on the global economy as well as particular areas within Europe on a more significant scale. The fall is due to there being less money around and to the need, therefore, for competitive pricing. This is true of most industries across Europe.

For example, the strong golf tourism markets of Portugal and Spain have seen substantial pressures on these elements of the economy impacting on investment on golf real estate, as well as overall demand influencing pricing and margin throughout all elements of golf tourism.

The core of the sport – namely golfer numbers – has shown a strong performance with the number of golfers throughout Europe remaining strong. Registered golfer numbers – those affiliated to the national Federations – have increased by 7% during this period. Golf indeed has been relatively recession resistant when compared with most industries, particularly those which are hobby related.

3. CONCLUSIONS

3.1 GOLFER NUMBERS

The definition of a golfer used in this evaluation, is those participants who have played golf on a full length golf course – whether 9-hole or 18-hole in the past 12 months. There are 7.9 million golfers in Europe.

Of these, 3.2 million of these are defined as 'Core Golfers'. These are those players who play at least 12 times a year. For example, whilst core golfers only account for 39% of the total players in GB&I, they account for over 75% of the total expenditure on golf.

Registered golfers are the standard measure used by the industry to record those affiliated to the National Federations in each country. In a number of European countries, it is a requirement to register with the Federation in order to obtain the 'green card' to allow access to a golf course. The number of registered golfers has increased by 7% since 2006, despite the economic difficulties faced across the continent. There are now 4.4 million REGISTERED golfers in Europe.

(For more detail on golfer definitions, see Section 4.)

3.2 OPPORTUNITIES FOR GROWTH

The sport is getting older in many of the established markets as the average age of players increases – this should also be put in context in that across Europe the average life expectancy is increasing, and one of the strengths of golf is the ability for the sport to be played into old age.

However, 10% of registered European golfers are juniors. This creates an opportunity and is positive for the long term health of the game. Ensuring these golfers continue to play, and are welcomed into the sport, the more secure that golf's long term future becomes.

The game continues to be heavily male dominated, even at junior level. This is particularly true in GB&I. Plainly if the game of golf in GB&I, and in other heavily male dominated markets, could be made more attractive to women without being made less attractive to men; the potential for growth is enormous. There are, of course, a number of initiatives currently underway looking to achieve this and there may well be further lessons that can be learned here from the countries that have a more even gender split among golfers. There are a number of strong markets and models of success across continental Europe, shown by Table 2 below:

TABLE 2: THE PROPORTION OF FEMALE AND MALE GOLFERS

RANK	COUNTRY	ALL GOLFERS	% FEMALE	% MALE	% JUNIORS
1	Germany	740,000	35.2%	56.1%	8.7%
2	Austria	120,000	34.9%	54.9%	10.2%
3	Switzerland	95,000	33.4%	57.6%	9.0%
4	Netherlands	395,000	31.4%	63.7%	4.9%
5	Denmark	198,000	29.2%	63.2%	7.6%
25	GB&I	4,200,000	14.5%	75.2%	10.3%
	European Total	7,855,000	24.6%	65.3%	10.1%
	USA	26,200,000	17.3%	73.5%	9.2%
	Australia	1,140,000	21.7%	76.1%	2.2%

Further growth of driving ranges, with professional support provided by the PGA professional, and other short forms of the game such as par-3 courses or courses designed to be played in an hour (playing 6 holes or with reduced overall distances) would also provide an easier and alternative cost-effective route into the game.

There are many golf course architects looking at the shorter & more environmentally friendly, less water-focused and easier to maintain course options as we move further into the 21st Century.

The more easily accessible routes into the game, including mini/adventure golf which can be an effective way of tempting children to first swing a club, work particularly well for those who would like to try the game. Those who participate in mini-golf only, or who only play on a Par-3 course or driving range have not been included in the total golfer numbers. These are excellent trial or entry points for the game, and so the sport has the potential to reach significantly more than the 7.9 million stated.

The sport needs to continue to focus on changing the perception that the sport is expensive or difficult to take-part in – whether due to the complexities of playing the sport or the perceived negative attitudes and welcome that new players may receive at the venues where the sport is played.

There are significant opportunities for the game to grow in the markets where there is not an established golf heritage, and this impact is slowly starting to emerge. This is particularly true of the EC economies which were either formerly part of the Soviet Union or strongly linked to it politically, socially and economically.

3.3 ECONOMIC IMPACT

The game of golf contributed €15.1 billion to the economy of Europe over the last 12 months. Though this is down from the estimated €15.4 billion of six years ago, this is plainly due to the more difficult economic times which have seen far less new golf course and property developments and more competitive pricing.

Therefore, with the economic impact not massively reduced and player numbers up, the game of golf is well placed to grow when European economic performance improves in the years ahead.

3.4 EMPLOYMENT

A key part of the broader economic impact of the game of golf is in the provision of long term career opportunities. The game has an impact across society from venues, to service industries, from infrastructure to manufacture, and employs a significant number of people in different services and organisations.

Employers in golf include manufacturers of equipment, apparel and machinery, distributors and retailers of golf equipment, golf club administrators and service staff, course architects, developers and renovators, golf teachers, PGA professionals, golf tourism staff in hotels, restaurants and service industries, and those employed at tournaments and golf events.

The game is creating a very wide range of employment types, permanent and temporary, clerical and manual, many of which offer long term sustainable careers and opportunities to train, both on and off the job, as well as providing aspirational career paths.

In Europe, golf is responsible for a minimum of 180,000 full time equivalent jobs and employee wages of not less than €4.4 billion.

3.5 CHARITABLE CONTRIBUTION

The game is a massive contributor to charitable causes in Europe with an impact over the last year of not less (and potentially considerably more) than €85 million.

The R&A reinvests in the game by funding development projects globally, with money invested within Europe as well as taking the sport to new markets across the world's seven continents. Similarly, Ryder Cup Europe is also a substantial investor in charitable projects aimed at developing the game when and where resources might not otherwise exist.

Additionally, the charity foundations bearing the names of European golfers generate considerable revenue for their charitable aims through their fundraising activities.

At a local level, many individual golf clubs across Europe play host to charity fundraisers, often – though not exclusively – in support of a charity nominated by the captain for the year, which will often be a locally based charity.

With an annual contribution of not less than €85 million, the game of golf can legitimately claim to be one of Europe's major donors to European charities.

3.6 TOURISM

Within the golf economy, golf tourism has seen a major impact of the economic downturn, especially as the two key European golf tourism destinations, Spain and Portugal, have seen their economies particularly badly hit.

The industry still contributes over €1.5 billion which has a very significant impact on European economies. However, with leaner businesses now operating to tighter margins, the industry looks well placed to capitalize on an upturn in the economy when it arrives.

3.7 REAL ESTATE

The impact of real estate on the golf economy is based on the first time sale of properties only on golf course real estate. Sales have retracted considerably in these tighter economic times. Property values have fallen, and potential developers have, in recent times, been far less likely than a few years ago to invest heavily in new golf related property developments. The fall is due to both a reduction in the number of units sold or developed and in the comparative price per unit.

The total impact from new real estate on the golf economy was €95 million over the last 12 months. Once again though, the belief that dwellings on or adjacent to golf courses are an attractive proposition to the standard domestic market remains a sound one. Such properties can, and do attract a significant premium to the surrounding non-golf based real estate economy. This is another element of the golf economy that, though quiet at the moment, has great potential to take off again when the prevailing economic conditions are brighter.

3.8 COMPARISONS WITH OTHER GOLF ECONOMIES

The golf economy in the United States is considerably larger than in Europe, whilst the Australian golf economy is considerably smaller. Latest available economic impact estimates are €52.6 billion in the USA (Source: The 2011 Golf Economy Report by SRI International) and €2.3 billion in Australia (Source: The Australian Golf Industry Report 2010.)

There are 26.2 million golfers in the USA compared to 7.9 million in Europe, and so the comparable impact per million golfers is very similar. In the USA the economic impact is €2.01 billion per million golfers compared to €1.91 billion in Europe.

The Australian report does not compare against previous research. The American report, however, does compare 2011 with 2005 and its findings are very similar to the European economy trends.

The golf economy in the USA has been hit by the global economic crisis, with real estate and tourism particularly badly hit. The industry, however, has survived the downturn better than most and player numbers are holding up well.

3.9 ADDITIONAL ECONOMIC IMPACT

The calculation of the Economic Impact of Golf on the Economy of Europe has followed the model used previously in Australia and the United States. This will enable like-with-like comparisons to be made at the PGA World Alliance Conference. Unless stated, all elements of potential double-counting have been removed through a strategy of omitting commercial elements rather than endangering or over-inflating the results.

Though the economic impact we have identified in this report is robust, and is one in which the industry can have confidence, we have erred on the side of caution in making our assessments of economic impact. As a consequence, our figures are reliable minimum indicators of the impact of the game on European economies. The actual impact on European economies will be somewhat higher.

Other indirect revenue impacts directly resulting from golf which are not included would be; the educational costs incurred for studying by individuals whilst preparing for a career within the game of golf; petrol costs purchased for car journeys to golf courses & the link between mileage used in driving to golf courses and the need for car servicing; the continued support of charities from individuals first motivated to do so through golf.

Many of these elements cannot be quantified but support the view that the valuation of just over €15.1 billion is a conservative annual impact of golf on the European economy.

3.10 SOCIAL & BEHAVIOUR BENEFITS

It is worth reiterating that the economic benefit for Europe of the game of golf is only one of the ways in which the sport impacts positively on our society. The game is also a positive influence on public health. It is a sport which can be played later in life than the majority of sports and can more easily than most sports be played by people of varying abilities.

With an ageing population, and the media reporting of isolation felt by the younger members of society, and also some abandonment felt by the older generation, this is also one of the very few games which the young and not so young can enjoy playing with and against each other. Often through the institution of a golf club, it is the older members working in parallel with the PGA professional that are introducing golf to the next and younger generations. As well as being a catalyst for interaction between age groups, golf is also one of the few sports that men and women can play together, on an equitable basis through the handicap system. In continental Europe, many club competitions are now open to all ages, and both sexes, and are fully inclusive.

The sport also promotes high standards of behaviour with a heavy reliance on self-regulation and an expectation that people will follow established codes or rules of etiquette. This has a positive impact on the social behaviour of participants and is beneficial to the local social fabric.

3.11 SUMMARY

The economic impact of golf on the economy of Europe is very positive providing employment for a minimum of 180,000 people, and delivering over €4.4 billion in commercial benefits through salaries. This figure has not been included as an additional figure or contribution to the total economic impact of €15.1 billion generated by the sport, as it is already included in the revenues and costs within the calculation and within the industry.

However, it is clear that golf remains a significant and important generator for the economy of Europe. It has withstood the economic downturn to a strong extent, and golfer numbers indeed have increased in recent years.

The game looks to be on a sound footing to benefit further when European economies are more buoyant and there is a return to sustained commercial European growth. In the meantime, the game is making a very considerable contribution to the European economy, to job creation and to charitable giving. Add the economic impact to its health and social benefits and it is clear that the game of golf is a major positive for Europe.

4. PLAYER NUMBERS

The game of golf continues to be hugely popular in Europe in spite of the challenging economic times and the ever increasing range and number of options available for people's leisure time. The total number of golfers in Europe has now reached 7.9 million.

The number of registered golfers has also increased by 7% from 4.1 million in 2006 to 4.4 million today.

4.1 GOLFER DEFINITIONS

SPORTS MARKETING SURVEYS INC. recognise that there are a number of different categorisations of golfers used across the sport which can be confusing when used in discussion with organisations not working closely within the game. The following industry standards and definitions have been applied consistently.

4.1.1 A "GOLFER"

A Golfer is defined as an individual who has played a game of golf at least once on a full length – 9-hole or 18-hole golf course in the last 12 months.

These golfers may also be active users of driving ranges, pitch-&-putt courses or Adventure or mini-golf, but would not use these forms of the games exclusively.

As a result, the number of golfers recorded in this economic impact study does not include those individuals who only experience golf at driving ranges, pitch-&-putt courses or other activities such as Adventure Golf or initiatives run by organisations such as the Golf Foundation e.g. Tri-Golf and Golf Xtreme.

4.1.2 A "REGISTERED GOLFER"

A Registered Golfer is a golfer who is affiliated to the National Federation in the golfer's national country. This is a consistent measure across European countries and enables an initial comparison of player numbers.

In a number of continental European markets, a player would not be able to get access to a golf course without achieving accreditation from the National Federation. This is sometimes referred to as a 'green card' and may involve a form of testing on etiquette, the rules of the game, and being able to prove a certain level of playing ability.

A golfer may not be able to hold a handicap without being officially registered to the National Federation.

Not all countries apply these criteria to obtain a handicap or being allowed access to golf courses, including Great Britain & Ireland.

4.1.3 A "NOMAD GOLFER"

A Nomad golfer is a golfer who is not a formal member of a golf course, and who as a result is not registered with the National Federation.

Nomad golfers play itinerant golf choosing to play at commercial pay-&-play courses, at municipal or local authority venues, or by paying green fees at predominantly member courses.

This is a growing category of golfer across Europe, who does not want to be constrained by a membership to one venue, or who does not wish to have the financial commitment of an annual golf subscription.

In GB&I, the nomad golfer now accounts for 68% of golfers, and as such outnumbers the registered golfer by 2.1 players to 1 player.

4.1.4 THE CORE GOLFER & OCCASIONAL, REGULAR AND AVID GOLFERS

Golfers are categorised according to "play frequency".

- Occasional Golfers
 - Those golfers who play 1 to 11 times per annum on a full length (9-hole or 18-hole) golf course;
- Regular Golfers
 - Those golfers who play 12 to 51 times per annum on a full length (9-hole or 18-hole) golf course;
- Avid Golfers
 - Those golfers who play 52 or more times (52+) per annum on a full length (9-hole or 18-hole) golf course;
 - This is the equivalent of playing golf weekly throughout the year.

The Core Golfer is the grouping together of the Regular and Avid golfers and refers to all golfers who play 12 times a year or more on a full length (9-hole or 18-hole) golf course.

The Core Golfer is critical to the golf economy within Europe. As well as playing the most golf, the core golfers are also the players who have the highest expenditure and hence impact on the golf economy. In GB&I whilst they make up only 39% of golfers, they account for over 75% of the expenditure on golf by players.

4.2 EUROPEAN GOLFER NUMBERS

4.2.1 EUROPEAN GOLFER ANALYSIS & SEGMENTATION

TABLE 3: EUROPEAN GOLFER NUMBERS

REGISTERED GOLFERS	4,400,300	% of Total	56.0%
of which are Males	2,873,300	% of Males	65.3%
of which are Females	1,084,100	% of Females	24.6%
of which are Juniors	443,000	% of Juniors	10.1%
NOMAD GOLFERS	3,453,400	% of Total	44.0%
TOTAL GOLFERS	7,853,700		
Population	510,800,000	% population that are golfers	1.54%
Golf Courses	6,757	Average registered golfers per course	651
		Average total golfers per course	1,162
CORE GOLFERS (12 + times per annum)	3,201,300	% core golfers	40.8%
Independent Driving Ranges	1200		

The figures in Table 3, and on the following pages, highlight a number of positives for the game.

- The number of golfers in Europe has increased in the last decade;
- The number of golfers compares very favourably with the number of active participants in the vast majority of sports in Europe;
- The game remains strong in its traditional major markets of France, GB & Ireland, Germany, and Sweden. It is also seeing growth elsewhere, however, with the potential for real expansion particularly in the increasingly western style economies of Eastern Europe;
- The healthy proportion of junior players is a positive for the long term sustainability of the game. (It is an accepted fact that people introduced to golf as a child are far more likely than those who were not introduced to play the game once they reach 45 and over, even if other commitments have kept them away from the game for a period).
- The sport continues to have a male bias in many countries, including established markets such as GB&I, indicating that the game can grow indigenously by increasing the participation of female players.
 - If the same level of participation can be achieved amongst women as men, there are almost two million potential new recruits to bring to the game.

- Core Golfers only account for 41% of total golfers in Europe, and by increasing play frequency amongst current golfers and increasing the proportion of the core golfer players will have a positive impact on the economy of golf across Europe.

4.2.2 GB&I GOLFER ANALYSIS & SEGMENTATION

GB&I has a significantly higher number of nomad golfers and also male golfers than the overall European average. GB&I still dominate overall participation and player numbers accounting for 53.5% of total golfers across Europe.

The balance of Federation registered players is also very different, with GB&I accounting for 82.3% of total European nomad golfers. As the most established golf market internationally, it may illustrate how other markets may develop and change over time, unless a clear strategy to ensure golfers remain registered to the National Federations is adopted and continued across the rest of Europe.

TABLE 4: GB&I GOLFER NUMBERS

REGISTERED GOLFERS*	1,359,400	% of Total	32.4%
of which are Males	1,022,100	% of Males	75.2%
of which are Females	197,700	% of Females	14.5%
of which are Juniors	139,5600	% of Juniors	10.3%
NOMAD GOLFERS	2,840,600	% of Total	67.6%
TOTAL GOLFERS	4,200,000		
Population	67,800,000	% population that are golfers	6.19%
Golf Courses	3,074	Average registered golfers per course	442
		Average total golfers per course	1,366
CORE GOLFERS (12 + times per annum)	3,201,300	% core golfers	38.7%
Independent Driving Ranges	840		

*In GB&I, Registered Golfers are the equivalent to golf club members.

4.2.3 EUROPE (excl. GB&I) GOLFER ANALYSIS & SEGMENTATION

European golfers remain largely registered to their National Federation with nomads only accounting for 17% of the total. The participation of females is in percentage terms double the rate of that in GB&I.

The potential for growth in continental Europe may best be illustrated by the fact that less than 1% of the population is currently recorded as being golfers compared to over 6% in GB&I; but whilst the average number of registered golfers per course is higher than in GB&I, when total golfers are included, the usage per head level falls below the GB&I number indicating that there is capacity for growth.

Obviously, in some markets, such as Portugal and Spain, where the inventory of courses has been focused on the tourism market, then the potential for indigenous and national growth and usage is substantial. However, this will also require an educational and social change in attitude to the sport.

TABLE 5: EUROPE excl. GB&I GOLFER NUMBERS

REGISTERED GOLFERS	3,041,000	% of Total	83.2%
of which are Males	1,851,200	% of Males	60.9%
of which are Females	886,400	% of Females	29.1%
of which are Juniors	303,400	% of Juniors	10.0%
NOMAD GOLFERS	614,000	% of Total	16.8%
TOTAL GOLFERS	3,655,000		
Population	444,600,000	% population that are golfers	0.82%
Golf Courses	3,683	Average registered golfers per course	826
		Average total golfers per course	992
CORE GOLFERS (12 times per annum)	1,577,500	% core golfers	43.2%
Independent Driving Ranges	360		

5. DIRECT INDUSTRIES

5.1 FACILITY OPERATIONS

Facility Operations revenues have been analysed by Membership fees (or subscriptions), Green Fees (whether visitors or societies and including nomad golfers), Food & Beverage income and Driving Range and Golf Lesson fees.

Member's fees account for the main element of the revenue generation for golf clubs accounting for 52% of revenue, and together with green fees accounting for almost 70% of total income. The comparable proportions in GB&I are 43% and 67% respectively.

TABLE 6: GOLF REVENUE BREAKDOWN

REVENUE TYPE	REVENUE (MILLIONS)	AVERAGE PER FACILITY (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Green Fees	€ 1,399.20	€ 0.21	€ 178.13
GB&I	€ 807.38	€ 0.26	€ 192.23
Europe excl. GB&I	€ 591.82	€ 0.16	€ 161.92
Members Fees	€ 4,299.26	€ 0.64	€ 547.33
GB&I	€ 1,501.09	€ 0.49	€ 357.40
Europe excl. GB&I	€ 2,798.17	€ 0.76	€ 765.58
Food & Beverage	€ 2,178.62	€ 0.32	€ 277.36
GB&I	€ 1,068.68	€ 0.35	€ 254.45
Europe excl. GB&I	€ 1,109.94	€ 0.30	€ 303.68
Driving Ranges and Golf Lessons	€ 341.85	€ 0.05	€ 43.52
GB&I	€ 92.21	€ 0.03	€ 21.96
Europe excl. GB&I	€ 249.64	€ 0.07	€ 68.30
TOTAL FACILITY OPERATIONS	€ 8,218.94	€ 1.22	€ 1,046.34
GB&I	€ 3,469.36	€ 1.13	€ 826.04
Europe excl. GB&I	€ 4,749.58	€ 1.29	€ 1,299.48

TABLE 7: GOLF FACILITY REVENUES BY FACILITY TYPE

FACILITY TYPE	REVENUE (MILLIONS)	AVERAGE PER FACILITY (MILLIONS)
High-End Courses	€ 2,168.48	€ 1.78
GB&I	€ 1,042.52	€ 2.61
Europe excl. GB&I	€ 1,125.96	€ 1.39
Mainstream Courses	€ 6,050.46	€ 1.09
GB&I	€ 2,426.84	€ 0.91
Europe excl. GB&I	€ 3,623.62	€ 1.26
TOTAL FACILITY OPERATIONS	€ 8,218.94	€ 1.22
GB&I	€ 3,469.36	€ 1.13
Europe excl. GB&I	€ 4,749.58	€ 1.29

The golf course inventory in Europe has been divided into High-End courses – which are the more expensive and exclusive venues and would include most Trophy Courses – and what has been termed Mainstream Courses.

The figures in Table 7 show that whilst Mainstream Courses generate the greater revenue for Europe providing 74% of the total Facility economic impact; on a per facility basis, the High-End Courses generate 63% more revenue.

TABLE 8: INDEPENDENT DRIVING RANGES REVENUES

FACILITY TYPE	REVENUE (MILLIONS)	AVERAGE PER FACILITY (MILLIONS)
Independent Driving Ranges	€ 216.00	€ 0.18
GB&I	€ 151.20	€ 0.18
Europe excl. GB&I	€ 64.80	€ 0.18
TOTAL BY FACILITY (including Independent Driving Ranges)	€ 8,434.94	
GB&I	€ 3,620.56	
Europe excl. GB&I	€ 4,814.38	

There has been no economic impact for mini-golf or adventure golf facilities in the overall revenue calculation, as no definitive figures were available. On the assumption that GB&I would generate 50% of revenue for Europe, then the mini or adventure golf industry could contribute another €12 to €20 million from golf towards the European economy. This has not been included in the final economic impact figures.

5.2 CAPITAL INVESTMENT

5.2.1 GOLF COURSE MAINTENANCE

We estimate that just under €1.24 billion is spent annually on golf course maintenance (including renovation and infrastructure improvements) in Europe.

TABLE 9: GENERAL MAINTENANCE, INFRASTRUCTURE IMPROVEMENTS & RENOVATION EXPENDITURE

ELEMENT	TOTAL EXPENDITURE (MILLIONS)	AVERAGE YEARLY EXPENDITURE PER FACILITY (MILLIONS)
General Maintenance (including infrastructure improvements and renovation)	€ 1,238.21	€ 0.183
GB&I	€ 590.62	€ 0.192
Europe excl. GB&I	€ 647.60	€ 0.176

Golf course maintenance costs include all expenditure on grass seeds, herbicides, pesticides, sand and third party contractors employed for specific renovation or infrastructure improvements – covering elements such as new bunkering or creation of new tees or greens. The general maintenance cost does not include the salaries of green-keeping or general course maintenance staff. Salary costs are already included in the economic impact evaluation and are accounted for in the Facility Operations golf course revenues – as these costs would have been factored into the pricing and operations revenues that are paid for through membership fees, subscriptions, and green fees.

The methodology of identifying the general maintenance and infrastructure improvement costs separately to on-going staff salaries and including this with the economic impact of golf on the economy of Europe, is consistent to the treatment of these elements in the USA 2011 Golf 20/20 report by SRI International, and The Australian Golf Industry Report 2010 by the Australian Golf Industry Council.

As stated in both these reports, there is potential for some double counting with an element of capital investment in golf facilities ultimately being funded from income already included in the golf course Facility Operations revenues – as with the staffing costs stated above. However, in order to be comparable with the reports for the Australian and US markets, and because it not possible to identify the extent of this double-counting, the full €1.2 billion has been included in the final economic impact assessment.

5.2.2 COURSE MAINTENANCE MACHINERY

Golf course maintenance machinery and irrigation equipment is a requirement for all venues across Europe, and expenditure is part of the annual budget of a venue. Whilst some elements have shorter replacement cycles, than for example irrigation equipment, this is clearly a significant expenditure for European golf clubs.

Expenditure of over €380 million is 22% of total Golf Course capital investment expenditure. In total 57% of this course maintenance machinery & irrigation equipment expenditure in the last 12 months took place in continental Europe.

TABLE 10: COURSE MAINTENANCE MACHINERY AND IRRIGATION EQUIPMENT EXPENDITURE

ELEMENT	TOTAL EXPENDITURE (MILLIONS)	AVERAGE YEARLY EXPENDITURE PER FACILITY (MILLIONS)
Course Maintenance Machinery and Irrigation Equipment	€ 380.19	€ 0.056
GB&I	€ 163.64	€ 0.053
Europe excl. GB&I	€ 216.55	€ 0.059

5.2.2 NEW COURSE CONSTRUCTION

Expenditure on new course construction is now well below that of the first five years of this century, when both the game and the economies of Europe were booming. Construction on new builds in the last 12 months only reached €96.8 million with 98% of this being generated outside GB&I.

There is a strong belief in Spain and Portugal that too much new golf course construction took place during the boom years and that it will take several years of economic growth before there are sufficient customers to sustain the courses that exist, let alone before there is a demand for more and additional construction required.

TABLE 11: NEW COURSE CONSTRUCTION EXPENDITURE

ELEMENT	TOTAL EXPENDITURE (MILLIONS)	AVERAGE YEARLY EXPENDITURE PER FACILITY (MILLIONS)
New Course Construction	€ 96.75	€ 2.55
GB&I	€ 1.46	€ 0.49
Europe excl. GB&I	€ 95.29	€ 2.72

SPORTS MARKETING SURVEYS INC. has included all the major new constructions of the last 12 months and received verification from industry experts that there are no major omissions. Almost inevitably though, it won't be a completely exhaustive list and is therefore a conservative final figure.

If there is to be substantial growth in expenditure on new course construction over the next few years, it seems most likely that this will come from the emerging markets and those less developed with golfing infrastructure. In particular the countries now in the EC that were formerly part of, or aligned to, the Soviet Union. In 2012, there have been a number of new courses constructed in the Netherlands and also in Italy. Also, further construction is expected from Turkey, which is outside the remit of this study, but which has seen significant golf course development in recent years. This trend seems likely to continue in view of their impressive economic growth in Turkey, government investment and focus on the growth of golf tourism, combined with the hosting of major international sporting events.

Where growth may be seen is in the development of luxury 'trophy venues'. These are often not to satisfy inherent player-number growth or demand, but are destination venues. Projects like the Trump International, Scotland which opened in July 2012, or the Thracian Cliffs Golf & Beach Resort which opened in 2011. This is located on the northern Bulgarian Black Sea coast and will host the 2013 Volvo World Match Play Championship – its Signature Course stretches 4.5 kilometers along the coast and is just less than 6,500 yards long. These developments are not being built to inventory demand but to attract major golf events.

5.2.4 CAPITAL INVESTMENT: SUMMARY OF CAPITAL INVESTMENT AND MAINTENANCE

The estimate of total capital investment expenditure in the last year is an economic impact spend of almost €1.79 billion.

New course construction accounts for only 5% of this – this is considerably down on the proportion of expenditure from a decade ago. Infrastructure improvements and general maintenance account for just over 72% of the total capital investment and maintenance economic impact.

TABLE 12: GOLF COURSE CAPITAL INVESTMENT & MAINTENANCE EXPENDITURE

ELEMENT	TOTAL EXPENDITURE (MILLIONS)	AVERAGE YEARLY EXPENDITURE PER FACILITY (MILLIONS)
General Maintenance (including infrastructure improvements and renovation)	€ 1,238.21	€ 0.183
GB&I	€ 590.62	€ 0.192
Europe excl. GB&I	€ 647.60	€ 0.176
Course Maintenance Machinery and Irrigation Equipment	€ 380.19	€ 0.056
GB&I	€ 163.64	€ 0.053
Europe excl. GB&I	€ 216.55	€ 0.059
New Course Construction	€ 96.75	€ 2.55
GB&I	€ 1.46	€ 0.49
Europe excl. GB&I	€ 95.29	€ 2.72
TOTAL GOLF COURSE CAPITAL INVESTMENT & MAINTENANCE EXPENDITURE	€ 1,715.15	€ 0.25
GB&I	€ 755.71	€ 0.25
Europe excl. GB&I	€ 959.44	€ 0.26

5.3 GOLF EQUIPMENT AND RELATED SUPPLIES

5.3.1 GOLF EQUIPMENT

Expenditure on the key items of golf equipment is the retail sales value at point of sale. Costs of staff salaries and operational elements are covered within the sales revenue achieved, and so not identified separately or included in addition within the economic impact. This removes any potential double counting. Total expenditure of €2.92 billion is 19% of the total economic impact of golf on the economy of Europe.

The figures for clothing allow for the purchase of apparel that is not golf specific, but is bought primarily for playing golf – this will include shirts, fleeces, socks, trousers and outerwear. Golf apparel accounts for almost €1 billion (€0.97 billion) of equipment & related supplies or 33% of expenditure on golf equipment, with clubs, shoes and balls generating 35% of the economic impact at €1.03 billion.

TABLE 13: GOLF EQUIPMENT REVENUES

ELEMENT	TOTAL REVENUE (MILLIONS)	% SALES	AVERAGE EXPENDITURE (ALL GOLFERS)
Clubs	€ 688.92	23.59%	€ 87.70
GB&I	€ 292.82	10.03%	€ 69.72
Europe excl. GB&I	€ 396.09	13.56%	€ 108.37
Shoes	€ 160.27	5.49%	€ 20.40
GB&I	€ 71.10	2.43%	€ 16.93
Europe excl. GB&I	€ 89.17	3.05%	€ 24.40
Balls	€ 183.20	6.27%	€ 23.32
GB&I	€ 84.79	2.90%	€ 20.19
Europe excl. GB&I	€ 98.42	3.37%	€ 26.93
Gloves	€ 82.37	2.82%	€ 10.49
GB&I	€ 44.47	1.52%	€ 10.59
Europe excl. GB&I	€ 37.90	1.30%	€ 10.37
Bags	€ 219.64	7.52%	€ 27.96
GB&I	€ 104.87	3.59%	€ 24.97
Europe excl. GB&I	€ 114.76	3.93%	€ 31.40
Manual Trolleys	€ 86.18	2.95%	€ 10.97
GB&I	€ 23.40	0.80%	€ 5.57
Europe excl. GB&I	€ 62.78	2.15%	€ 17.18
Power-assisted Trolleys	€ 179.81	6.16%	€ 22.89
GB&I	€ 94.80	3.25%	€ 22.57
Europe excl. GB&I	€ 85.02	2.91%	€ 23.26
Clothing	€ 969.36	33.19%	€ 123.41
GB&I	€ 525.00	17.98%	€ 125.00
Europe excl. GB&I	€ 444.36	15.21%	€ 121.58
Accessories	€ 236.87	8.11%	€ 30.16
GB&I	€ 108.41	3.71%	€ 25.81
Europe excl. GB&I	€ 128.46	4.40%	€ 35.15
Other Pro Shop Sales	€ 114.02	3.90%	€ 14.52
GB&I	€ 52.19	1.79%	€ 12.43
Europe excl. GB&I	€ 61.83	2.12%	€ 16.92
Total	€ 2,920.65	100%	€ 371.82
GB&I	€ 1,401.85	48.00%	€ 333.77
Europe excl. GB&I	€ 1,518.80	52.00%	€ 415.54

NB – Accessories include Distance Measuring Devices, tees, ball markers, pitch mark repairers and umbrellas. Other Pro Shop Sales include the sale of confectionary, water & other drinks, course guides, ball markers and pencils etc.

5.3.2 GOLF BOOKS & DVDs

Though individual golf books and DVD's tend not to be massive sellers, there are many produced each year, including instructional books, biographies, histories of the game, coffee table books, and tournament and player DVD's. In total, they represent a valuable contribution to the golf economy of around €2 million.

Expenditure on these elements is higher in GB&I than in Europe, GB&I accounting for almost 55% of total revenue from this category.

TABLE 14: GOLF BOOKS & DVD REVENUES

	TOTAL REVENUE (MILLIONS)	AVERAGE EXPENDITURE (ALL GOLFERS)
Golf books & DVDs	€ 2.02	€ 0.26
GB&I	€ 1.10	€ 0.26
Europe excl. GB&I	€ 0.93	€ 0.25

5.3.3 GOLF MAGAZINES

With most publishing monthly, it is perhaps unsurprising that the golf magazine market is a greater contributor to the European golf economy than are golf books and DVD's. The total revenue impact is almost €41.0 million, although only 1.4% of total revenues from Golf Equipment and related categories.

The secondary research shows that the average price of golf magazines in Europe is more expensive than in GB&I, and total expenditure on golf magazines in continental Europe is nearly €24 million or 58% of the total golf magazines commercial impact.

TABLE 15: GOLF MAGAZINE REVENUES

	TOTAL REVENUE (MILLIONS)	AVERAGE EXPENDITURE (ALL GOLFERS)
Golf magazines	€ 40.72	€ 5.18
GB&I	€ 17.21	€ 4.10
Europe excl. GB&I	€ 23.51	€ 6.43

5.3.4 SUMMARY OF GOLF EQUIPMENT AND RELATED SUPPLIES

In total, the sale of golf equipment and related supplies is generating almost €3.0 billion each year for European economies, or 20% of the total golf impact on the economy of Europe.

Expenditure in GB&I is €1.4 billion or 48% of the total expenditure in this category. The main expenditure is on Golf Equipment & Apparel where continental Europe spends over €1.5 billion or 52% of the expenditure in this category.

TABLE 16: GOLF EQUIPMENT & RELATED SUPPLY REVENUES

ELEMENT	TOTAL REVENUE (MILLIONS)	AVERAGE EXPENDITURE (ALL GOLFERS)	AVERAGE EXPENDITURE (CORE GOLFERS)	AVERAGE EXPENDITURE (CASUAL GOLFERS)
Golf Equipment	€ 2,920.65	€ 371.82	€ 684.25	€ 156.90
GB&I	€ 1,401.85	€ 333.77	€ 647.48	€ 136.04
Europe excl. GB&I	€ 1,518.80	€ 415.54	€ 722.10	€ 182.77
Golf Books and DVDs	€ 2.02	€ 0.26	€ 0.47	€ 0.11
GB&I	€ 1.10	€ 0.26	€ 0.51	€ 0.11
Europe excl. GB&I	€ 0.93	€ 0.25	€ 0.44	€ 0.11
Golf Magazines	€ 40.72	€ 5.18	€ 9.54	€ 2.19
GB&I	€ 17.21	€ 4.10	€ 7.95	€ 1.67
Europe excl. GB&I	€ 23.51	€ 6.43	€ 11.18	€ 2.83
TOTAL GOLF EQUIPMENT & RELATED SUPPLY REVENUES	€ 2,963.40	€ 377.26	€ 694.27	€ 159.20
GB&I	€ 1,420.16	€ 338.13	€ 655.94	€ 137.82
Europe excl. GB&I	€ 1,543.24	€ 422.23	€ 733.72	€ 185.71

5.4 EVENTS / ASSOCIATIONS

5.4.1 EVENT PRIZE FUNDS

There are a number of established professional tours operating in Europe. These each have a number of infrastructure costs – from stands, and staffing – as well as revenues such as ticket and hospitality sales – that are generated through these events.

In order to ensure no double-counting of the economic impact, SPORTS MARKETING SURVEYS INC. has agreed with the stakeholders that the majority of events operate on a 'break-even' basis where all revenues and sponsorships equate to the total value of the prize money.

Hence, the total tournament prize money has been taken as the economic impact of golf tournament events on the economy of Europe and delivers a total of almost €72.5 million of commercial benefit.

TABLE 17: EVENTS

	EUROPE (MILLIONS)	GB&I (MILLIONS)	EUROPE excl. GB&I (MILLIONS)
Principal Tours	€ 59.97	€29.69	€30.28
Second Tier Tours	€ 4.06	€0.38	€3.68
Third Tier Tours	€ 3.02	€0.82	€2.19
National/Regional Events	€ 3.63	€3.63	€1.80
Total	€ 72.47	€34.52	€37.95

Principal Tours are the Men's European Tour plus the Open Championship, European Senior Tour and Ladies European Tour. **Second Tier Tour:** This is the Challenge Tour (Players who are successful on the Challenge Tour qualify for membership of the European Tour the following year). **Third Tier Tours:** Satellite Tour (one competitive level down from the Challenge Tour are four third-level developmental tours—the Alps Tour, the EPD Tour, the PGA EuroPro Tour and the Nordic League, each of which is based in a different region of Europe.).

The Open Championship is among the events included in the Principal Tour figures. The event is, however, highly profitable and needs, therefore, to be considered beyond our assumption that total prize money is the best indicator of revenue generated.

The Open is far and away the greatest contributor to the funding of the R&A and indirectly, therefore, to the work that the R&A does in seeking to develop the game globally. The R&A's estimate of the proportion of its revenue which is redistributed annually within Europe is incorporated into our estimated charity contribution at 5.4.2.

The same is true of the proceeds from the Ryder Cup which is hosted in Europe every four years, and which sees its profits distributed in each of the four years which follow, in ways which aim to develop the game within Europe.

5.4.2 CHARITY

The game of golf in Europe delivers a huge annual contribution to charitable activities within Europe and beyond. The total economic impact of golf to the charity economy in Europe is a minimum of €85 million, with GB&I accounting for 74% of the value.

This contribution can be split into three distinct categories:

- **FUNDING THE GAME:** the funding of initiatives designed to develop the game in places where resources for such developments are very limited and among people who would themselves struggle to fund such initiatives.
 - The R&A's regeneration of Open Championship profits and the annual distribution of Ryder Cup revenue are the two greatest contributors here.
 - A substantial amount of the R&A's charitable spend is outside of Europe. We have excluded money spent outside Europe in the total economic impact.
- **PLAYER FOUNDATIONS:** fundraising on behalf of the many charitable foundations which bear the names of current and former players on the various tours in Europe.
 - This includes, for example; the Seve Ballesteros Foundation; the Lee Westwood Foundation; and Colin Montgomerie's trust in memory of his mother – The Elizabeth Montgomerie Charity Foundation; etc.
- **LOCAL VENUE & TOURNAMENTS:** fundraising on behalf of national and international charities which most commonly will not have a golf relationship in terms of the charitable work that they focus on.
 - The revenue will have been generated from a local golf club fundraiser or a tournament's charity affiliation.

TABLE 18: CHARITABLE CONTRIBUTIONS

	TOTAL REVENUE (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Charitable Contribution	€ 85.08	€ 10.83
GB&I	€ 63.12	€ 15.03
Europe excl. GB&I	€ 21.96	€ 6.01

SPORTS MARKETING SURVEYS INC. is confident that the charitable contribution made by the game is a **minimum** of €85 million. Factors like the extent to which people support charities on an on-going basis having first being inspired to do so by participating in a golf fundraiser or being attracted to a charity by its association to a famous golfer are often long term, and cannot be robustly identified and included in this economic impact calculation.

To put golf's charitable impact in context, the supermarket giant Sainsbury's, a European business with a proud tradition of philanthropy, gave €31.5 million to charitable causes in the 12 months leading up to March 2012.

5.4.3 NATIONAL ASSOCIATIONS

More than €200 million euros is generated annually by the various governing and representative bodies of golf towards the economic impact of golf on the economy of Europe.

This includes the various National PGAs', national Federations, and organisations such as the FEGGA, EIGCA, EGA and special interest groups such as the Golf Environment Organisation (GEO).

TABLE 19: NATIONAL ASSOCIATION'S REVENUES

REVENUE TYPE	TOTAL REVENUE (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers) (MILLIONS)
Members Fees	€ 149.82	€ 19.07
GB&I	€ 22.02	€ 5.24
Europe excl. GB&I	€ 127.80	€ 34.97
Sponsorship	€ 25.26	€ 3.22
GB&I	€ 4.79	€ 1.14
Europe excl. GB&I	€ 20.47	€ 5.60
Revenues	€ 25.97	€ 3.31
GB&I	€ 9.44	€ 2.25
Europe excl. GB&I	€ 16.53	€ 4.52
TOTAL NATIONAL ASSOCIATION REVENUES	€ 201.04	€ 25.59
GB&I	€ 36.24	€ 8.63
Europe excl. GB&I	€ 164.80	€ 45.09

Europe excluding GB&I account for 82% of the total expenditure although this would be expected with 28 markets included in this area, although many of the European headquarters of these organisations are based in GB&I and have their economic impact attributed to GB&I.

The figures will also be influenced by the fact that Europe excluding GB&I has over 3.0 million registered golfers compared to the 1.4 million in GB&I; and account for 69% of registered golfers. Much of their revenue comes from player affiliation fees.

5.4.4 SUMMARY OF EVENTS / ASSOCIATIONS

The total of revenue generated by events, associations and charitable contributions reaches €358 million annually.

The majority of this revenue does not come from the prize money of the major European Tour events, but from the national associations which account for more than €200 million or 56% of the total events/associations impact – with continental Europe generating almost €225 million or 62% of the total revenues from Events & Associations, and 82% of the National Association contribution.

TABLE 20: TOTAL REVENUE FROM EVENTS / ASSOCIATIONS

ELEMENT	TOTAL REVENUE (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Event prize funds	€ 72.47	€ 9.23
GB&I	€ 34.52	€ 8.22
Europe excl. GB&I	€ 37.95	€ 10.38
Charity	€ 85.08	€ 10.83
GB&I	€ 63.12	€ 15.03
Europe excl. GB&I	€ 21.96	€ 6.01
National Associations	€ 201.04	€ 25.59
GB&I	€ 36.24	€ 8.63
Europe excl. GB&I	€ 164.80	€ 45.09
TOTAL REVENUE FROM EVENTS / ASSOCIATIONS	€ 358.60	€ 45.65
GB&I	€ 133.89	€ 31.88
Europe excl. GB&I	€ 224.71	€ 61.48

6. ASSOCIATED INDUSTRIES

6.1 REAL ESTATE

In evaluating revenue generated from real estate, the economic impact is the sale of new dwellings and land by golf courses in a 12 month period. We have only allowed for the first time sale of a property as any subsequent sales of the properties involve a transaction between buyer and seller which will not further benefit the original developer, or further impact on the golf economy on Europe.

Total real estate revenues only achieved €95 million in the last twelve months, or 0.6% of the total economic impact of golf on the economy of Europe.

On average, it seems that a 'real estate premium' of 20% applies to properties which are built on golf course land, i.e. the value increases by a fifth, on average, when compared with a similar property in the area that is not located on or adjacent to a golf course.

As with new course construction, real estate revenue generation is now well below the level of the early years of this century. This reflects the reduction in property values and reduced activity of property developers in the current less buoyant market. Again as with new course construction, there is a feeling that it will be some years before demand exceeds availability in the two key golf markets on the Mediterranean – Spain and Portugal.

TABLE 21: REAL ESTATE REVENUES

ELEMENT	TOTAL REVENUE (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Real Estate	€ 95.00	€ 12.10
GB&I	€ 10.00	€ 2.38
Europe excl. GB&I	€ 85.00	€ 23.26

6.2 TOURISM

Tourism remains important to the economic impact of golf, and golf has long been a significant contributor to tourism numbers in Europe, particularly in Spain and Portugal. The economic impact for the last 12 months has been almost €1.6 billion or 10% of the impact on Europe in total.

The key markets are the winter sun destinations of Portugal and Spain, although France, Ireland, Scotland and Wales are also significant and important. Scotland in particular has many world renowned golf courses including five Open Championship venues, and the home of golf, St Andrews.

The economic downturn has inevitably impacted on golf tourism which is not as buoyant as it was at its absolute peak in 2003 and 2004, though it does match the €1.6 billion contribution to the European golf economy which SPORTS MARKETING SURVEYS estimated in 2006. The golf tourism market continues to be a huge revenue generator, and the research indicated that there is a belief that the worst is over in terms of negative impact on the economy, and there is a positive view that things are getting better again.

TABLE 22: TOTAL TOURISM REVENUES

ELEMENT	TOTAL REVENUE (MILLIONS)
Domestic Golf Holidays	€ 397.53
GB&I	€ 99.74
Europe excl. GB&I	€ 297.79
Non-Domestic Golf Holidays	€ 1,155.02
GB&I	€ 129.51
Europe excl. GB&I	€ 1,025.51
TOTAL TOURISM REVENUES	€ 1,552.55
GB&I	€ 229.25
Europe excl. GB&I	€ 1,323.30

The key markets of Spain and Portugal are also taking a number of steps to bring visitor numbers back up again, including more competitive pricing and offering a greater range of packages to the marketplace. Competition from other locations, most notably Turkey which is outside of the markets we are covering in this study, is also strengthening. The Turkish golf marketplace is likely to become stronger still in the years ahead with EU membership a strong likelihood in the next decade. Turkey is also investing significantly in major sports events with a major new European Tour golf tournament in 2013, and a possibility that Istanbul will host the 2020 Olympics which will include golf as an event. (2016 in Rio is when golf is reintroduced to the Olympic Games movement.)

Another trend identified is that long lead-time holiday bookings are reducing considerably, with an increase in last minute bookings being made if weather conditions and package prices are attractive.

7. GOLF RELATED EMPLOYMENT

The figures from Golf Related Employment and the total number of people employed by the game in Europe are already included in the overall economic impact of golf on the European economy, and are included in the €15.1 billion. However, in order for comparison with studies from SRI and Golf20/20 in the United States, and the Australian Golf Industry Council for the Australian 2012 report, SPORTS MARKETING SURVEYS INC. has calculated the total number of full time equivalent individuals employed; and the associated salary costs for golf in Europe.

This includes employees working at golf courses, for golf institutions and Federations, for manufacturers of equipment and machinery, in dedicated television production, for agencies, and in retail. SPORTS MARKETING SURVEYS INC. estimated staff costs at almost €4.4 billion in the last 12 months and accounts for just over 180,000 full time equivalent employees in golf.

TABLE 23: EMPLOYEE NUMBERS, AVERAGE SALARY AND TOTAL WAGE BILLS

TOTAL EMPLOYEE NUMBER		AVERAGE SALARY (per GOLF F.T.E.* EMPLOYEE)	
Europe	180,500	Europe	€ 24,486
GB&I	78,900	GB&I	€ 22,362
Europe excl. GB&I	101,600	Europe excl. GB&I	€ 26,138
		Total staff wage bill (millions):	€ 4,420.43

* F.T.E. is FULL TIME EQUIVALENT.

The tables below split golf employment between those working at or for golf clubs & courses (83% of total wage bill), Federations and Associations (2% of total wage bill) and manufacturers, distributors and retailers (15% of total wage bill):

TABLE 24: GOLF COURSE STAFF SALARIES

	TOTAL SPEND / IMPACT (MILLIONS)	AVERAGE PER FACILITY (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Staff Wage Bill	€ 3,688.13	€ 0.546	€ 469.53
GB&I	€ 1,422.76	€ 0.463	€ 181.13
Europe excl. GB&I	€ 2,265.37	€ 0.615	€ 288.40

The total staff wage bill for golf courses is almost €3.7 billion. This is 83% of the total wage bill and economic impact of golf related employment in Europe.

Within the golf course employment category, Europe excl. GB&I accounts for 61% of the total at over €2.2 billion. This is a result of continental European golf courses in general employing greater numbers per venue, and also paying a higher average salary – so that the average per facility staff wage cost is over €0.6 million.

TABLE 25: FEDERATIONS/ASSOCIATIONS/UNION STAFF SALARIES

	TOTAL SPEND / IMPACT (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Staff Wage Bill	€ 77.87	€ 9.91
GB&I	€ 26.75	€ 3.41
Europe excl. GB&I	€ 51.13	€ 6.51

The Federations, Associations and Golf Union staff salaries generate just under €78 million across Europe, with continental Europe accounting for over €50 million or 66% of the total Federations, Associations and Golf Union staff wage bill.

TABLE 26: MANUFACTURE, DISTRIBUTION, RETAIL, MARKETING AND SUPPORT STAFF SALARIES

	TOTAL SPEND / IMPACT (MILLIONS)	VALUE PER GOLFER (Total of registered & non-registered golfers)
Staff Wage Bill	€ 654.43	€ 83.31
GB&I	€ 316.31	€ 40.27
Europe excl. GB&I	€ 338.12	€ 43.05

The staff wage bill for the manufacture, distribution, retail, marketing and support staff is a total of over €650 million. This is 15% of the total Golf Related Employment wage bill, with GB&I accounting for 48% of the total salary cost of this category within Europe.

This is influenced by the number of European Head Offices of the major manufacturers based in GB&I; as well as the location and levels of employment in speciality golf retail, and other categories such as tour operators and travel.

8. ABOUT SPORTS MARKETING SURVEYS INC.

SPORTS MARKETING SURVEYS INC. is a leading sports research consultancy servicing the sporting goods, sports lifestyle, sports facility and sports tourism industries. With particular focus and experience in golf, the company works alongside golf's major manufacturers, professional bodies, venues and tourist boards. **SPORTS MARKETING SURVEYS INC.** is a market leader in understanding the golfing population; who they are, what they want and what needs to be done to appeal to them.

Working internationally with SPORTS MARKETING SURVEYS USA to provide a full service of INVESTIGATION, INSIGHT and considered ACTION for the golf industry. Our portfolio of research includes:

- Brand awareness & satisfaction studies
- European & international golfer behaviour
- Customer satisfaction
- European Tour equipment census
- Retail audit sales performance across Europe
- Participation & lifestyle analysis
- Golf tourism & economic impact assessment
- Golf event participant & spectator research.

SPORTS MARKETING SURVEYS INC. & SPORTS MARKETING SURVEYS USA. also specialise in cycling, running, team sports, tennis and winter sports; as well as participation levels across all sports, to enable context in the findings for the golf industry.

8.1 OUR FOCUS

To provide excellence in service, solutions & insights to all those interested in participation rates, equipment & facility usage, sports brand image, retailer & end-consumer satisfaction, operating costs and benchmarking studies across the sporting industry.

8.2 OUR CLIENTS

We work closely with many companies & organisations across the golf industry including:

Acushnet: Titleist & Footjoy	TaylorMade	Callaway	Adidas
Srixon	Cleveland	Galvin Green	PING
The R&A	UKGOA / EGCOA	The PGA / PGAE	The European Tour
Bridgestone	ECCO	Mizuno	GolfBuddy
Ashworth	Odyssey	Cobra	PUMA Golf
Visit Wales	England Golf	Golf Pride	Burhill Golf & Leisure

We have established partnerships & relationships with many retailers, venues, and Federations in Golf including: The European Tour (Official Equipment Census Provider), The French Golf Federation (FFG), the Golf Foundation, England Golf Partnership, Golf.de, Golf.dk, HowDidiDo, Golfbreaks.com, Golf Business Development, Reed Travel Exhibitions & the International Golf Travel Market (IGTM).

Our European Retail Audit monitors the specialty golf retail market in the four key markets of France, Germany, Sweden and the United Kingdom on a monthly basis. We also undertake research every month with core golfers in these and other European markets.

SPORTS MARKETING SURVEYS USA. works closely with a number of organisations across the golf industry including the National Golf Foundation (NGF).

8.3 OUR HISTORY

Sports Marketing Surveys Ltd was established in 1984 and has worked on the international sports market for many years under the guidance of STEPHEN PROCTOR.

In 2011, SPORTS MARKETING SURVEYS INC. was formed from a buyout of the sports equipment business from IFM Sports Marketing Surveys. Managing Director, JOHN BUSHELL, has been involved in the golf industry since 1995 and as a director of Sports Marketing Surveys Ltd since 2000.

STEPHEN PROCTOR remains Chairman, and key individuals include RICHARD PAYNE, SPORTS ACCOUNT MANAGER for golf.

As well, as the current golf team, those working specifically on this project include speciality SPORTS RESEARCH CONSULTANT, MICHAEL STONE, and MAX FERNIE, SPORTS ACCOUNT EXECUTIVE.

9. CONTACTS

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