The Open Championship 2005
Economic Impact Assessment

Version 1a

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1.0 RESEARCH SUMMARY

For the purpose of this study, four calculations of economic impact have been made:

1. **Net Direct Impact:** The immediate net change in economic activity in the sectors of the economy that service The Open Championship (e.g. accommodation, restaurants, car hire etc.) in terms of output or employment. This impact therefore includes expenditure by people or firms from outside the catchment areas of Fife and Scotland and payments made to companies within the catchment areas.

2. **Net Total Impact:** This figure is derived from the net direct impact **plus** the impact created by the suppliers of the sectors of the economy that service The Open Championship, **plus** the impact created by local employees in the industries positively affected by The Open Championship from purchasing domestically produced goods.

3. **Gross Direct Impact**: The gross economic impact includes all expenditure generated and attributable to The Open Championship. It does not differentiate between expenditures made by local residents and businesses and the expenditures made by spectators, workers or businesses from outside the catchment area. Therefore, it does not exclude expenditure that would have occurred within Fife or Scotland without The Open Championship being staged in St Andrews.

4. **Gross Total Impact**: This figure is derived from the gross direct impact **plus** the impact created by the suppliers of the sectors of the economy that service The Open Championship, **plus** the impact created by local employees in the industries positively affected by The Open Championship from purchasing domestically produced goods.

These calculations have been applied across two catchment areas: Fife and Scotland. The economic impact calculations for each catchment area should be treated as completely separate.

2.0 KEY FINDINGS

- Within the catchment area of **Fife** The Open Championship generates:

  - £ 36.94 million in **gross direct** economic impact
  - £ 48.00 million in **gross total** economic impact
  - £ 17.69 million in **net direct** economic impact
  - £ 23.10 million in **net total** economic impact

- In the catchment area of **Scotland** The Open Championship generates:

  - £ 56.90 million in **gross direct** economic impact
  - £ 90.00 million in **gross total** economic impact
  - £ 20.69 million in **net direct** economic impact
  - £ 32.30 million in **net total** economic impact

In addition:

- The Open Championship creates (or sustains) the equivalent of 615 full-time jobs in Fife and 960 full-time jobs in Scotland (including Fife)

- TV coverage of The Open Championship generates an advertising equivalent value of £40.11 million

3.0 EXECUTIVE SUMMARY

This report has been commissioned by The R&A and Scottish Enterprise to assess the economic impact of The Open Championship on the economies of Fife and Scotland.

3.1 Tourism and Golf in Scotland

The economy of Fife faces different economic challenges in different areas of the region. In the east of Fife where there is a highly developed service economy, Scottish Enterprise are looking to develop St Andrews as a world class tourist destination, using "The Home of Golf" to leverage this strategy. Alongside this initiative, the Scottish Executive and VisitScotland have founded EventScotland; a body intended to help make Scotland one of the world's foremost event destinations by 2015. The Open Championship is held in Scotland at least four out of every seven years, and as the world's oldest and most prestigious golf tournament, is at the forefront of this strategy.

3.2 Economic Impact Measurement

An economic impact assessment (EIA) is a tool that measures the effects of expenditure and employment generated by investment in a specific industry or event. This economic impact study will examine these specific economic impacts:

- The direct, indirect and induced net economic impact in terms of output and employment resulting from additional expenditure at The Open Championship
- The advertising equivalent value of the exposure generated for St Andrews, Fife and Scotland through the TV programming of The Open Championship

To calculate these impacts, Comperio gathered data from a number of sources, including primary data collected from interviews with spectators at The Open Championship and information provided by The R&A and IMG / TWI. 600 interviews were conducted with spectators, corporate guests, media personnel and workers at the event. These interviews asked respondents about their expenditure habits, their country of residence and related demographic data. The R&A provided information about the contractors present at the event as well as providing attendance data and information about its own expenditure. IMG / TWI provided data about the expenditure of players and media companies' expenditure.

Several economic assumptions need to be considered to ensure the accuracy of the economic impact findings. These included displacement impacts, the substitution of expenditure and “time-switching” (the possible rearranging of trips to Scotland to coincide with The Open Championship). These effects and others were accounted for during and after the collection of data and when calculating the economic impacts.

3.3 Expenditure Analysis Summary

The key short-term economic impact results indicate that:

- The net direct economic impact of The Open Championship is £17.7 million for Fife and £20.7 million for Scotland
- The total net economic impact of The Open Championship is £23.1 million for Fife and £32.3 million for Scotland
- The gross direct economic impact for Fife is £36.9 million, whilst for Scotland the impact is £56.9 million
- Approximately 615 Full Time Equivalent (FTE) jobs were created in Fife whilst 960 FTEs were created in Scotland directly and indirectly by The Open Championship

3.3.1 Qualitative Analysis Summary

Comperio undertook 30 qualitative, semi-structured interviews with businesses in tourism-related industries within Fife. These found that all businesses felt that the effects of The Open Championship taking place in St Andrews would be beneficial to the economies of Fife and Scotland. With the exception of the retail sector, all firms felt it had positive effects on their sales. Approximately half of the businesses interviewed had hired extra staff for the duration of The Open, generating additional employment, whilst the permanent staff employed by all businesses had their working hours increased during the same period, generating increased wages for these staff.

Most businesses felt that there was no need to conduct promotional activities around The Open Championship as they felt, through past experience, that they would be at capacity anyway. Those that chose to do so (mainly larger hotels) used mail shots, websites and national newspapers to market their facilities.

3.3.2 Long Term Impacts

In addition to the immediate economic impact generated, this study measures long-term impacts in terms of future attendance at The Open Championship and the equivalent advertising value generated via the international distribution of The Open Championship TV coverage.

Interviews with spectators show that 73.2% had attended The Open in previous years and that 92% would attend in future years. Of these 92%, 54.1% of international residents and 92.2% of Scottish residents said that they would travel to and attend the Carnoustie Open Championship in 2007.

The exposure generated for St Andrews, Fife and Scotland via the international TV coverage delivered £40 million in advertising equivalent value. It is hypothesised that the exposure of St Andrews, Fife and Scotland via scenic postcards, vignettes and commentator mentions will stimulate the watching TV viewers to visit Scotland as tourists in future years, providing additional economic impact to the tourism industry.

3.3.3 Report Structure

This EIA report is structured as follows. Section 4 provides a background to the economy of Fife, The Open Championship and Economic Impact Studies of major golf tournaments. Section 5 describes the methodology used for the assessment, explaining how the data collected for the analysis was analysed and interpreted. Section 6 provides a profile of the respondents and details the direct economic impact to Fife and Scotland of The Open Championship by type of respondent. Section 7 summarises the in-depth interviews undertaken with local tourism-related businesses. Section 8 details the potential long-term benefits of The Open Championship, both in terms of repeat tourism and media exposure. Section 9 provides suggestions to The R&A and Scottish Enterprise.

4.0 BACKGROUND TO THE REPORT

4.1 Economic Summary

In 2003, the population of Fife was estimated to be 352,040, with a working age population of 227,018 people.

The economy of Fife has historically had a strong presence in the manufacturing sector. Whilst the service sector is the greatest provider of employment within Fife (72%), manufacturing still maintains a greater presence in the region (19%) than the average presence across Scotland (12%). Whilst manufacturing is most prevalent in the central and western parts of Fife, the eastern part of Fife, which includes St Andrews, has a more developed service sector where the most significant employers are either involved in tourism, leisure or education. The tourism sector contributes significant levels of expenditure for the Fife economy, generating £206 million in 2004, an increase of 5% on the £197 million in 2003. The Annual Business Inquiry employee analysis reports that 8.3% of jobs within Fife were tourism-related in 2003.

Scottish Enterprise is seeking to develop and strengthen the economy of Fife to cater for the contrasting challenges faced in different areas of the region. Whilst it is important to ensure that manufacturing has a significant role to play for as many years as possible, their primary aim is to encourage industries with a greater potential for growth, such as financial and professional service sectors and tourism.

The proximity of West Fife to Edinburgh is expected to provide the region with opportunities to cater for overspill from the capital, particularly in towns such as Dunfermline, Kirkcaldy and Glenrothes. Several FTSE100 companies already have a presence in Fife including BSkyB and Bank of Scotland in Pitreavie, whilst transport links to continental Europe have been increased in recent years with the development of the Superfast ferry between Rosyth and Zeebrugge acting both as a gateway for business and tourism. Scottish Enterprise is seeking to develop tourism within Fife by increasing the use of the ferry link and promoting and encouraging investment within St Andrews to assist its development into a "world-class" destination.

4.2 St Andrews "World Class"

St Andrews "World Class" is at the heart of the tourism development strategy within Fife. It is intended not only to increase the numbers of tourists visiting, but also to ensure that the influx is managed with greater intelligence. The strategy hopes to make St Andrews "a place where people aspire to work, live and visit" by building on the reputation it has already achieved as "The Home of Golf". St Andrews has an iconic status amongst all golfing enthusiasts, which has led St Andrews to be widely recognised internationally.

The staging of The Open Championship is an opportunity to promote St Andrews, Fife and Scotland to the world. One of the stated aims for VisitScotland and the Scottish Executive is to develop the tourism industry within Scotland by using major sporting and cultural events. Together, they have founded EventScotland to achieve that target. The intention is to make Scotland one of the world's foremost event destinations by 2015. The portfolio of events, of which The Open Championship is an integral part, is intended to:

- Create economic activity by attracting visitors from outside Scotland
- Increase Scotland's international profile through media coverage
- Position Scotland as a dynamic place to do business
- Increase local economic activity across Scotland

This study will attempt to show the success of The Open Championship in meeting some of these objectives and provide insight into how The R&A and Scottish Enterprise could make the event even more successful.

4.3 The Open Championship

The Open Championship is the oldest and most prestigious golf tournament in the world. The first championship was staged in Scotland, at Prestwick Golf Club, in 1860. From 1872, The Royal and Ancient Golf Club began to share responsibility for organising the event and was awarded sole responsibility in 1920, a situation that still continues to this day. Admission charges were introduced in 1926 at Royal Lytham & St Annes and the tournament was extended to three days.

The BBC televised The Open Championship for the first time in 1955 whilst ABC broadcast The Open live to the USA for the first time in 1966, the same year that the tournament was extended to four days, finishing on a Saturday. In 1980, the final day of The Open was switched to Sunday, where it has remained since. Qualifying exemptions were introduced in 1963, whilst regional qualifiers were inaugurated permanently in 1977. In 2004, International Final Qualifying was introduced, with qualification venues in Africa, Australasia, Asia, Europe and the USA.

Many courses have hosted The Open Championship, with St Andrews being the most frequently used - 2005 saw the Old Course play host to The Open for the 27^{th} time. The highest aggregate attendance for The Open Championship was at St Andrews for the

Millennium Championship in 2000 when 238,787 spectators attended (when an additional Past Champions Competition was played on the Wednesday before The Championship proper).

In 2005, the final local qualifying rounds took place at four other golf courses in Fife on 9th and 10th July at Ladybank, Leven Links, Lundin and Scotscraig. 372 players participated in the Local Final Qualifying tournaments.

The Open Championship was held between 14th and 17th July 2005 at the Old Course, St Andrews, Fife, and the course was open for practice between 10th and 13th July. 156 players competed in The Open Championship, which was won for the second time by Tiger Woods from the USA, who also won the 2000 Open Championship held at St Andrews.

4.4 Previous Economic Impact Assessments

4.4.1 The Open Championship

The significance of The Open Championship within the sporting calendar and the scale of the event has led to the commissioning of three previous economic impact assessments of The Open Championship. These took place at St Andrews in 1978, Carnoustie in 1999 and Royal St Georges in 2003.

The 1978 study was undertaken by St Andrews University and found that the net direct economic impact of The Open Championship was £3.25m (1978 prices). The study said that 56,000 different spectators visited St Andrews to attend The Open Championship, of which 63% made an overnight stay. The catchment area for this study was the district of North East Fife.

A Steering Group formed by Scottish Enterprise Tayside and Angus Council commissioned the 1999 study in Carnoustie, which estimated the direct economic impact to be approximately £12m (1999 prices) and the total economic impact to be approximately £20m. The catchment area for this study was Angus and Dundee City and it found that 57% of all spectators were from Scotland. The impact from this study appears not to consider the full impact of expenditure by The R&A, contractors, media, workers or corporate hospitality.

Humberts Leisure conducted an EIA of The Open Championship 2003 at Royal St Georges in Kent. They found that the net direct economic impact to East Kent (i.e. Dover, Canterbury and Thanet) was £14.7m, whilst the same impact to South East England (including London) was £11.6m. The total direct impact for East Kent was £17.6m.

4.4.2 Other Golfing Economic Impact Studies

One of the most prominent economic impact assessments concerning golf in recent years is that of the 2004 Ryder Cup upon the Greater Detroit Region (Rishe, 2004). Many observers in the UK have commented that the headline economic impact figures produced in this report were significantly higher than those produced for British golfing events.

However, comparing headline figures across studies, particularly those quoted in press releases may be misleading, as there is no definitive way of measuring economic impact. The Detroit study provides a headline figure of $77 million (£40 million using the exchange rate for 19th September 2004). This is a figure for **value added** direct economic impact, which does not account for all displacement or substitution effects. It is closer to a gross economic impact than a net impact.

The convention in most studies conducted in the UK has been to report the net economic impact figure, which is significantly lower than the gross economic impact. The net figure accounts for displacement and substitution effects and is therefore a more accurate reflection of the 'new money' that is injected into an economy. For example, all ticketing expenditure made by spectators is excluded from the net economic impact because it is spent by the organising body on contractors and prize money, amongst other items. As this expenditure is also deemed to be part of the economic impact, "double-counting" would take place if ticket expenditure were included. The net economic impact would be significantly overstated if this were to occur.

The economic impact study for the 1997 Ryder Cup in Valderrama, Spain (Sports Marketing Surveys, 1998) gave an overall economic impact of £46 million for the Spanish economy. This study should not be treated as a benchmark for comparison with The Open Championship for two reasons. Firstly, it is unclear from the report whether this figure is a net economic impact or gross economic impact. Whilst one cannot be certain, it is likely that this figure denotes the gross impact.

Secondly, the proportion of 'foreign' spectators (i.e. those not resident in the catchment area) at this event was significantly higher than for most other sporting events of a similar magnitude. Nearly 80% of the spectators surveyed were from either the UK (54%) or the USA (25%), which meant that a significant proportion of spectators made overnight stays away from home and spent accordingly.

5.0 MEASURING ECONOMIC IMPACT

This study was jointly commissioned by The R&A and Scottish Enterprise, who acted on behalf of themselves and other agencies including EventScotland, VisitScotland and the Scottish Executive.

5.1 Economic Impact Assessment (EIA)

An EIA is used to measure the spending and employment that can be associated with an industry or a specific project within an economy. It is a tool that facilitates an understanding of the benefits that can be gained from investing in new ventures or from continued investment in existing projects by examining all expenditure associated with the event or industry. It is not a cost-benefit analysis, which takes account of opportunity costs. Equally, an EIA does not identify externalities associated with the event. Consequently, an economic impact assessment and the results therein are only one type of information for advising any decisions about promoting or investing in future events.

There is no single methodology that must be used to calculate the economic impact of an event. However, two of the preferred measures are the monetary value of industrial output produced and person years of employment generated.

5.2 Output Impacts

The overall economic impact of an event is a combination of three different types of economic impact, which reflect the way in which expenditure (or employment) filter through an economy of a nation (or region). These are the direct, indirect and induced impacts.

5.2.1 Direct Impact

This is the immediate net change in economic activity in the sectors of the economy that service The Open Championship. In this case the industries will be predominantly tourism related. Consequently, final demand for goods and services produced by these industries (e.g. accommodation, restaurants, car hire firms etc) will change, creating a direct impact.

5.2.2 Indirect Impact

Industries that create direct impacts are themselves dependent on other industries to provide them with goods and services. Once the final demand in the economy changes, the suppliers of related industries to The Open Championship must also change their output to meet the demand. These inter-industry transactions of intermediate goods and services represent the indirect impact.

5.2.3 Induced Impact

Employees within the industries positively affected by the direct and indirect impacts may find that their disposable incomes increase and therefore may choose to purchase higher levels of domestically produced goods. This would create greater expenditure in the local economy and therefore further changes in final demand, resulting in an induced impact.

5.2.4 Multiplier Analysis

Indirect and induced impacts can only be measured once the direct impact has been calculated using multiplier analysis. This can take several forms including the use of input-output tables, computable general equilibrium analysis or proportional multiplier analysis. The most common (and simple) type of analysis uses input-output tables, which model the inter-industry transactions of an economy.

In this case, multipliers for Fife and Scotland have been obtained from the Scottish Tourism Multiplier Study (STMS). All multipliers have been taken from the model for rural economies within Scotland. These multipliers have been based on input-output tables, and therefore there are several assumptions implicit in using them. For example, the model assumes that there are constant returns to scale. Therefore, it is presumed that households spend any additional income gained from The Open Championship in the same way as in the input-output table. Therefore, if the income of a household were doubled, it is assumed they would spend twice as much on food, invest twice as much in savings and so forth.

Furthermore, input-output tables often ignore supply constraints. For example, in reality it may not be possible to generate a rapid increase in output within an economy due to a lack of labour or raw materials. Whilst this can be alleviated in the medium term, it may be necessary to use suppliers from outside the local economy in the short term. Input-output tables assume that local suppliers will always have spare capacity.

5.2.5 Employment

Direct, indirect and induced employment impacts are defined and calculated in exactly the same manner as the output impacts. For the purposes of this study, employment is measured as full-time equivalent (FTE) employment. In FTE computation, a full-time employee spending half of their working time on an activity or a part-time employee spending all their working time on an activity is considered to account for 0.5 FTE, where one annual full-time equivalent job equates to 1,560 hours.

5.2.6 Gross and Net Economic Impacts

The gross economic impact of an event does not differentiate between expenditure made by local residents and businesses in a given catchment area and expenditure made by non-residents, public bodies and businesses based outside that catchment area. The gross economic impact therefore does not take into account any substitution effects, which assumes that the money spent by local residents would have taken place in the economy even if the event had not taken place.

The net economic impact of the event represents an injection of expenditure into the local economy by differentiating between expenditure that can be attributed to the staging of The Open Championship in St Andrews and expenditure that would have occurred irrespective of the event. The majority of spending by local residents and by tourists who would have visited St Andrews without The Open taking place is therefore not included in the analysis.

Gross economic impact acts as an indicator for the overall scale of expenditure surrounding The Open Championship and allows comparisons between events. However, the net economic impact illustrates the economic benefits for the economy of the catchment area that occur with the staging of The Open. Therefore, only the net economic impacts should be considered whilst making decisions about investment or strategy.

5.3 Study Aims and Required Information

The aim of this study is to provide The R&A and Scottish Enterprise with the most comprehensive EIA yet conducted for The Open Championship and to provide a robust and repeatable methodology that can be used to measure the economic impact of future Open Championships at any course on The Open rota.

In order to quantify the additional expenditure generated by The Open Championship, certain pieces of information should be determined:

- The catchment area for the study
- Attendance data for The Open Championship (for spectators, corporate guests, media personnel and other workers) and the country of residence of these visitors
- The number of visitors not attending The Open but accompanying those spectators who are attending
- The proportion of non-local visitors who are staying overnight in the catchment area, the length of stay for these visitors and the cost of accommodation (if applicable)
- The expenditure of all visitors to The Open Championship on food / drink, transport, merchandise, entertainments and shopping
- The organisational spend of the event by The R&A, contractors and exhibitors
- The level of permanent and temporary employment created by contractors and The R&A within the catchment area
- The proportion of non-local residents who would have visited Scotland at the time of The Open Championship (or in the following 6 months) irrespective of the event and whether attending The Open Championship led them to lengthen their stay in Scotland

In addition, several other factors have been determined to provide a broader perspective of the impact of The Open Championship. These include:

- Assessing the long term impacts of The Open in terms of both repeat attendance and media valuation
- Identifying the visitors to The Open Championship by place of residence, age, gender and socio-economic group
- The impact of The Open Championship on local businesses

5.4 Impact Groups

Groups generating economic impact include:

- Spectators
- Corporate Guests
- Workers employed at the event
- Media personnel
- Contractors / Exhibitors
- Players and their associates
- The R&A

Between 13th and 17th July 2005, 612 interviews were conducted with spectators, corporate guests, patrons, media and workers, of which 600 were usable. These were:

- 477 spectators
- 57 workers
- 42 media personnel
- 24 corporate guests

Spectators, corporate guests and those employed at the event were randomly selected and interviewed face-to-face whilst at the event, whilst accredited media were randomly selected and interviewed in the same manner in the press centre and TV compound. Twenty contractors were also surveyed with an e-mail questionnaire post-event about their corporate expenditure within Fife and the number of employees they used before, during and after The Open Championship.

Players were not interviewed directly. Information about their spending habits was provided by IMG who represent several of those who played in The Open Championship. TWI provided information on the expenditure of media companies in terms of their organisational and logistical spend.

In addition, supplementary data has been provided by The R&A. This included:

- Attendance data for the number of spectators at The Open Championship
- Attendance data for the number of workers, media, exhibitors and officials present at The Open Championship
- A list of contractors employed by The R&A
- Financial data pertaining to the organisational spend of The Open

5.5 Visitor Segmentation

For the purposes of this report, visitors to The Open Championship have been segmented into four groups:

1. Fife Resident: All attendees of The Open who live within Fife
2. Rest of Scotland: All attendees of The Open Championship who reside within regions of Scotland other than Fife
3. Rest of UK: All attendees of The Open Championship who live in England, Wales or Northern Ireland
4. International Visitors: All attendees of The Open Championship who reside outside of the United Kingdom of Great Britain and Northern Ireland

5.6 Catchment Area

After discussions with The R&A and Scottish Enterprise, it was decided that there would be two catchment areas for the EIA - Fife and Scotland. Alternative catchment areas were considered but for ease of administration and comparison with other EIAs, the use of existing administrative boundaries was preferred.

It was assumed that all of the expenditure generated by visitors to The Open Championship who stayed outside the catchment area was made outside the catchment area on the days when they were not spectating at the event. Likewise, it was assumed that all expenditure made by visitors staying within the catchment area on those days was spent within in the catchment area.

It was also presumed that if the spectator was not staying overnight within the catchment area, then all transport expenditure and expenditure on evening meals was made outside the catchment area.

5.7 Economic Assumptions

The gross expenditure of visitors is calculated by multiplying the number of attendees by the mean spend per individual admission for each of the impact groups. The gross expenditure is converted to a net expenditure figure by removing expenditure that is not additional to the economy of the catchment area. The factors that lead to certain types of expenditure being excluded are listed overleaf.

5.7.1 Displacement

Displacement expenditure is potential expenditure that is withdrawn from the catchment area because of the presence of The Open Championship in St Andrews. An example of displacement would be tourists who decide not to visit St Andrews because The Open Championship was taking place, possibly due to a lack of accommodation, the price levels for that week or other reasons such as traffic congestion.

An effect such as this is difficult to measure, as one cannot determine how many people decided not to go to Scotland on holiday due to The Open Championship without significant further research. It is impossible to gauge how many people had even considered visiting Fife at that time and the precise reasoning behind them choosing to visit somewhere else. In addition, some of these people may still choose to visit Fife but alter their timing so it does not coincide with The Open.

For the purposes of this study, it is assumed that The Open Championship has no displacement effects. This is not because it is presumed that displacement effects are negligible, but because they are virtually impossible to quantify accurately. Nevertheless, it is important to acknowledge that these effects exist.

5.7.2 Substitution

It is assumed that if demand for the output of one industry is transferred to another, then it is unlikely to stimulate an economy. For example, if residents of Fife chose to attend The Open Championship instead of, say, going to the theatre, it is unlikely to significantly alter the overall economic output of Fife. Therefore all expenditure made by local residents (i.e. those resident in the catchment area) has been excluded from the incremental (net) economic impact of The Open, as it is probable that this expenditure would still have been spent within Fife, even if the venue for The Open Championship 2005 were not in the region. The exception to this rule is that wages earned by employees at The Open who live within the catchment area.

5.7.3 "Time – Switching" and "Casuals"

Some visitors to The Open Championship from outside the catchment area may have rearranged an existing (or proposed) trip to Fife to coincide with the event.

In this report, visitors who said that they would have visited Scotland (or Fife, for residents of Scotland) between 11th and 17th July or in the following six months were considered "time-switchers" and their expenditure was excluded. If these respondents said that they had extended their stay to attend The Open Championship, then the expenditure on those extra days was considered.

Those who were not strictly "time-switchers" but claimed that The Open Championship was only a partial reason for their visit to Scotland had their expenditure within the catchment area withdrawn from the calculations. These spectators are classified as "casuals".

5.7.4 "Double - Counting"

Some data has been provided by more than one source but to ensure that the economic impact has not been overestimated, it has only been included in the expenditure of one of the impact groups. For example, those working at The Open were asked to detail the cost of their accommodation, whether they paid for it personally or had the cost paid for by their employer. To avoid "double-counting", workers who personally paid for accommodation had their expenditure classified as worker expenditure, whilst employer-paid accommodation expenditure was excluded from the analysis. These excluded data were, however, used as a benchmark against the data collected in the contractor survey.

6.0 EXPENDITURE ANALYSIS

6.1 Respondent Profile

In addition to the expenditure data collected in the 600 face to face interviews undertaken between the 13th and 17th July, interviewees were also asked several other questions including information about their age, occupation, household income and country of residence.

Figure 1: Age of Respondents

Age	Spectators	Corporate Guests	Media	Workers
16-24	6.3%	0.0%	9.2%	35.2%
25-34	13.8%	8.3%	15.9%	10.5%
35-44	22.9%	37.5%	29.5%	22.8%
45-54	24.3%	29.2%	20.5%	17.5%
55-64	21.8%	4.2%	15.9%	7.0%
65+	10.7%	16.6%	4.5%	7.0%
Refused to say	0.2%	4.2%	4.5%	0.0%

Assuming that no spectators surveyed were over the age of 75, the average age of spectators was 47, whilst the average of corporate guests was 48. Those working at the event were, on average, younger than the spectators, with a mean age of 43 for the media and 37 for those working for other companies at The Open Championship.

Figure 2: Household Income of Respondents

Household Income	Spectators	Corporate Guests	Media	Workers
Less than £10,000	2.1%	0.0%	0.0%	10.5%
£10,000 - £14,999	2.9%	0.0%	4.5%	5.3%
£15,000 - £24,999	6.7%	0.0%	6.8%	8.8%
£25,000 - £34,999	17.6%	0.0%	18.2%	14.0%
£35,000 - £49,999	14.7%	4.2%	15.9%	17.5%
£50,000 - £74,999	11.7%	4.2%	22.7%	5.3%
£75,000 - £99,999	6.9%	8.3%	11.4%	8.8%
£100,000 or more	9.0%	29.1%	4.6%	3.6%
Refused	28.1%	54.2%	15.9%	26.3%

Based on the assumption that no respondent earns more than £200,000, the average household income of spectators was approximately £56,000. The corresponding figure for the media was £54,000, whilst the average household income for those who were working at The Open Championship was approximately £42,000. The low response rate and small sample size preclude an accurate estimate of the household income of corporate guests but the information available suggests that it is in excess of £100,000.

Although the sample included international visitors, it is worth noting that according to the most recent data provided by the Office of National Statistics, annual mean household income for the UK is £26,520, whilst for Scotland it is £23,192.

The social classification of the occupations of spectators corroborates the household income findings. Excluding those spectators who were not British residents, 81.8% of spectators sampled could be classified in the ABC1 socio-economic groups, whilst 13.2% were in the C2DE socio-economic groups. A further 5.0% refused to disclose their occupation. These figures are almost identical to the spectator study commissioned by The R&A at St Andrews in 2000, which found that 82% of respondents were in the ABC1 socio-economic groups.

Figure 3: Gender of Respondents

Gender	Spectators	Corporate Guests	Media	Workers
Male	77.6%	87.5%	79.5%	49.1%
Female	22.4%	12.5%	20.5%	50.9%

The majority of those attending the event were male, with the notable exception of workers where numbers were approximately equal. Within spectators, 30% of non-British and Irish spectators were female, compared to 20.5% of Scottish residents, whilst women of all nationalities were more likely to be aged 55 or over. Overall, there was a slight increase in the proportion of women attending The Open from 2000, where 17% of those attending were female.

Figure 4: Country of Residence of Respondents

Country of Residence	Spectators	Corporate Guests	Media	Workers
Scotland	57.2%	79.2%	25.0%	61.4%
Rest of UK	31.2%	4.2%	50.0%	35.1%
International	11.5%	16.8%	20.5%	3.5%
Fife	8.4%	12.5%	2.3%	33.3%

Those attending The Open are most likely to live in Scotland, although Fife only provides approximately one out of every seven Scottish spectators. Of the non-British spectators interviewed, 44% were from the USA, 13% were from Australia whilst 9% were from Canada and the Republic of Ireland.

6.2 Spectator Expenditure

Spectators generate the greatest contribution to the local economy, predominantly because they are present in far greater numbers than any of the other impact groups. The R&A estimate that more than 200,000 admissions to The Open Championship were made in 2005, which (assuming that spectators attend on average for 2.4 days as suggested by the interviews) implies that more than 81,000 individuals visited St Andrews to attend The Open Championship as a spectator between 11th and 17th July.

6.2.1 Accommodation

In the majority of economic impact studies, the highest level of spectator expenditure accrues from accommodation. However, this is not the case within Fife for two reasons. Firstly, demand for accommodation exceeds supply, resulting in many spectators staying in other major cities including Dundee, Edinburgh, Perth and Glasgow. This means that much of the expenditure made by these spectators is outside the catchment area and cannot be included in the Fife calculation. In addition, St Andrews is easily accessible for a day trip for a large proportion of the residents of Scotland, negating the need to purchase accommodation.

Just under half of all spectators (49%) stayed away from home during The Open Championship, of which 16% stayed in hotels. A further 11% stayed with friends and relatives whilst the remainder (22%) stayed in Guest Houses, Caravans, Campsites, Self Catering apartments or private houses rented for the duration of the tournament.

Anecdotal evidence suggests that many homeowners who rent their properties to spectators, players or companies for the duration of The Open Championship use the rent to fund a holiday outside Scotland whilst the tournament is occurring. However, as the exact numbers who do so cannot be gauged, it is assumed that expenditure on private rentals does not leak out of the local economy.

Approximately half of all those who made an overnight stay whilst attending The Open Championship (53%) did so within Fife. These spectators were more likely to be staying with friends or relatives or in caravans and on campsites. More than four out of five people (82.5%) who stayed in hotels did so outside Fife.

Consequently, Comperio calculates the accommodation impact to be £1.06 million for Fife and £1.92 million for Scotland.

A significant proportion of accommodation is pre-booked by The R&A, players, corporate hosts, media and contractors and is not included in this analysis. This accounts for the majority of hotel accommodation within Fife.

6.2.2 Expenditure for Days Attending The Open Championship

The majority of expenditure made by spectators on those days when they were attending The Open Championship was on food and transport to and from the event. Taking into account additionality and displacement effects, the total direct impact of food and drink purchases in Fife was £1.1 million whilst the same impact on Scotland was £1.32 million.

The additionality and displacement effects of expenditure at The Open mean that all goods that were purchased on-site are excluded as the impact is calculated elsewhere in the study. The problem of “double-counting” would occur if the spectators’ expenditure were counted as well as the expenditure and profits that accrued to The R&A and its’ contractors and suppliers.

In addition to this expenditure, an economic impact of £1.00 million was generated in Fife from shopping and entertainments, whilst £380,000 was generated in Scotland for the same reasons. All expenditure on travel to and from the event is assumed to have been purchased within the relevant catchment area, irrespective of the actual purchase location. The impact of travel was £1.33 million for Fife and £910,000 for Scotland.

The total direct economic impact of spectators on days when they were attending The Open Championship was £3.43 million for Fife and £2.61 million for Scotland.

6.2.3 Expenditure Away from The Open Championship

The highest level of expenditure on days when visitors to Fife (and/or Scotland) were not attending The Open was on food and beverages in restaurants and bars. This totalled £370,000 in Fife and £1,220,000 across Scotland. Many of those extending their visit to Scotland chose to play golf with expenditure on green fees of £106,000 in Fife and £490,000 in Scotland. It was also seen as an opportunity to purchase golfing equipment by some, although the impact of £14,000 in Fife and £20,000 in Scotland was not significant.

Entertainments such as nightclubs, cinemas and theatres generated an impact of £87,000 in Fife and £180,000 across Scotland. Additional shopping by visitors to The Open on days when they were not attending came to £180,000 in Fife and £270,000 in Scotland.

The impact of travel costs incurred whilst not at The Open Championship is £720,000 in Fife and £1.14 million in Scotland, of which the greatest proportion is petrol, which accounts for approximately 60% of the expenditure. Flight expenditure was considered as an impact. However, as no respondent said that they flew with a Scottish airline, this expenditure has not been used to calculate net impacts.

Therefore, the total economic impact of expenditure on days spent outwith The Open Championship by spectators is £1.48 million in Fife and £3.32 million in Scotland.

6.2.4 Total Spectator Expenditure

Figure 5: Total Spectator Expenditure Attributable to The Open Championship

Type of Expenditure	Fife	Scotland
Accommodation	£1,060,000	£1,920,000
Food and Drink	£1,470,000	£2,540,000
Golf Expenditure	£120,000	£510,000
Shopping	£960,000	£520,000
Entertainments	£310,000	£310,000
Travel	£2,050,000	£2,050,000
Total	**£5,970,000**	**£7,850,000**

6.3 Expenditure by Players

Data concerning player expenditure and that of their management companies has been provided by IMG, who represent many of those participating in The Open Championship. In conjunction with them, Comperio has developed a model to estimate the expenditure taking account of accommodation costs, travel costs, food and drink costs and any other expenses that they may accrue either paying for themselves or their entourage (family, caddy, coaches, physiotherapists etc). There were 156 golfers who competed at The Open Championship between 14th and 17th July, whilst a further 372 competed in the local final qualifying tournaments(excluding the 12 who qualified through that route). The average party size of golfers who played in The Open Championship was four people.

Comperio estimates that the impact of the expenditure of players on accommodation for The Open Championship is £660,000 within Fife and £690,000 within Scotland, whilst the impact made by qualifiers on accommodation is £50,000 in Fife and £60,000 in Scotland. Valid expenditure on food is estimated to be £40,000 for both catchment areas, whilst management costs for Fife and Scotland are estimated to be £450,000.

In total, the impact from players, their staff and their management is £1.23 million in Fife and £1.27 million in Scotland.

6.4 Media Personnel Expenditure

According to the accreditation lists provided by The R&A, there were 2,329 media representatives working at The Open Championship in 2005, of which approximately 28% were from the BBC and 15% from US television. Comperio undertook interviews with 42 journalists, television personnel and photographers during The Open Championship.

The employees of these media companies worked in Scotland for an average of 6.6 days with 88% staying away from home. 76% of respondents stayed in Fife.

Comperio estimates that the economic impact of the media on Fife was £3.82 million whilst the economic impact for Scotland was £4.01 million. The highest proportion of this expenditure was made by media companies on accommodation.

6.5 Corporate Hospitality Expenditure

The expenditure of corporate guests has been calculated separately to that of spectators as they have very different spending patterns. Events such as The Open Championship are popular with companies seeking an opportunity to entertain clients at a world-class sporting event, or as an incentive for their own employees. Consequently, many of the people who are hosted in this fashion do not pay for their travel to Fife or their accommodation whilst in St Andrews.

Figures provided by The R&A show that there were almost 8,000 corporate guest admissions during the week of The Open Championship. Comperio interviewed 25 corporate guests in St Andrews, of which 24 of the interviews were usable. 12.5% of the respondents lived in Fife, 66.7% lived in other parts of Scotland and 21.2% did not live in Scotland. These spectators spent an average of 1.6 days at The Open.

Whilst accommodation costs were a significant factor for “normal” spectators, none of those interviewed paid for their own accommodation, so it is assumed that corporate guests who stayed overnight had these costs paid for by their corporate host and therefore this expenditure has been calculated overleaf.

The greatest expenditure by guests was made on food and beverages. After accounting for displacement and additionality, the impact of these to Fife was £390,000 and £240,000. As the majority of this spending was made by Scottish residents, the direct economic impact of food and drink was only £19,000 for Scotland, whilst no other sources of expenditure could be considered as merchandise revenues go directly to The R&A and contribute to the organisational spend.

The total direct economic impact generated by expenditure by corporate guests is £490,000 in Fife and £19,000 in Scotland. However, this figure excludes the cost of accommodation and any hospitality away from The Open Championship that was paid for by the guests' corporate hosts. Using data provided by corporate guests, IMG / TWI and the qualitative interviews, Comperio estimates that the economic impact of this additional expenditure on accommodation and hospitality away from Old Course generates a direct impact of £2.93 million for Fife and £2.67 million for Scotland.

6.6 Contractors, Exhibitors & Organisational Spend

The R&A provided Comperio with a list of contractors involved in providing goods and services that contribute to the smooth organisation and running of The Open. In order to determine the spending patterns of these businesses whilst in St Andrews, they were contacted by e-mail and invited to complete an on-line questionnaire about their Open Championship related expenditure and employment. Twenty contractors chose to participate in this survey, approximately half the number of contractors used by The R&A.

For firms based within the catchment area the economic impact generated is equal to the value of the contract they held with The R&A. For those outside the catchment area, only the proportion of the value of the contract that was spent inside the catchment area can be deemed a net economic impact. However, as mentioned in the previous section, the wages of those employees who live within the catchment area but work for companies based outside the catchment area contribute towards the economic impact.

The R&A employed many different firms to provide services for The Open Championship in 2005. Of these firms, 27% were Scottish, whilst 73% were based in England. Based on data provided by The R&A and taken from the sample of contractors, Comperio estimates that 4,292 people were employed at The Open in a variety of roles (excluding those working in the media), of whom 82.3% were temporary workers, whilst 17.7% were permanent staff. In gross terms, this is equivalent to 127 FTE jobs.

Nearly 7 out of 10 temporary workers (69%) at The Open were residents of Scotland, whilst nearly two-fifths of all temporary workers (38%) were residents of Fife. Permanent employees of contractors were less likely to be residents of Scotland (28%), with only 10% residents of Fife. The remainder came almost exclusively from the rest of the UK.

Comperio also asked contractors how often they had visited St Andrews in the 12 months before The Open Championship on related business. On average, each contractor made 7.4 trips at a cost of £237 per visit. This generated an economic impact of £44,000 for Fife and £33,000 for Scotland.

Even though The R&A is based in St Andrews and is responsible for the organisation of The Open Championship, only a proportion of their expenditure actually generates a net economic impact. In addition to the payments to contractors based within the relevant catchment area, The R&A also contributes to the net economic impact by paying for the travel and accommodation of officials and VIPs, making payments to the host club of the final tournament and final local qualifying tournaments. It also invested in improvements to the golf course and made other miscellaneous expenditures inside the catchment area.

Taking into account the expenditure of The R&A, exhibitors, and that of contractors based outside Fife/Scotland, Comperio estimates that the direct impacts generated from the organisational spend by The R&A and its contractors are £3,390,000 in Fife and £4,550,000 in Scotland.

6.7 Expenditure of Workers

In addition to the expenditure made by their employers at The Open Championship, the employees of the contractors and exhibitors also made expenditure within the catchment areas.

Comperio interviewed 57 people working at The Open between the 13th and 17th July. The interviews reveal that workers living outside each catchment area generate an economic impact considerably greater than the subsistence payments made by their employers.

With impacts from subsistence payments of £90,000 for Fife and £40,000 for Scotland, the estimated economic impact of this expenditure is £470,000 in Fife and £350,000 in Scotland.

6.8 Total Net Direct Expenditure

In summary, Comperio estimates the total direct impact generated by The Open Championship to be:

Figure 6: Total Net Economic Impact of The Open Championship

Type of Expenditure	Fife	Scotland
Spectators - Days attending The Open Championship	£3,430,000	£2,610,000
Spectators - Days away from The Open Championship	£1,480,000	£3,320,000
Spectators - Acccommodation	£1,060,000	£1,920,000
Corporate Hospitality	£2,930,000	£2,670,000
Media Personnel Expenditure	£3,830,000	£4,010,000
Players	£1,230,000	£1,270,000
Organisational Spend	£3,260,000	£4,550,000
Workers	£470,000	£340,000
Total	£17,690,000	£20,690,000

6.9 Multiplier Analysis

As mentioned in Section 5, the direct expenditure attributable to The Open Championship will filter through the local economy allowing further spending to take place, both from industries that benefit from expenditure from directly related businesses (such as hotels purchasing goods from local suppliers) and from the household sector spending some of their wages in the locality.

Many economic impact studies in the UK “borrow” a multiplier that has been used in previous studies to model the effects of indirect and induced expenditure. The most comprehensive study that provides multipliers is the Scottish Tourism Multiplier Study (STMS), published in 1992, which produces multipliers for ultra-rural, rural and urban economies within Scotland and was specifically designed for application in studies of this nature.

Using the rural model of the STMS, Comperio estimates that the total (i.e. direct, indirect and induced) economic impact for The Open Championship in Fife is £23,100,000 whilst for Scotland the same impact is £32,300,000. The multiplier effect is more significant for Scotland as a greater proportion of the impact generated will remain within the national economy.

6.10 Employment

According to The R&A, the aggregate number of days worked was over 24,000 between the 10th and 17th July. The majority of these employees were in temporary jobs such as catering and bar staff, scoreboard operators, joiners and security personnel. However, many of these workers do not live within the relevant catchment area and therefore do not create a net employment impact. Aggregating the hours of the workers who do provide a net impact to make full-time equivalent (FTE) posts (where one FTE is 1,560 hours) provides 51 FTEs for Fife and 64 FTEs for Scotland.

Expenditure within the local economy that is responsible for the direct, indirect and induced impacts of The Open Championship also generates further employment in golf related industries that benefit from direct, indirect and induced expenditure. The STMS provides spend - employment ratios that denote the necessary expenditure to sustain or create one FTE job within a local economy. These ratios are for 1991 prices, so they have been inflated to reflect current prices using RPIX (Retail Price Index less mortgage repayments). Using the total net economic impacts Comperio estimates that The Open Championship created 564 FTE jobs for Fife in this way, whilst 900 FTE jobs were created for Scotland.

It is unlikely that the number of jobs created within the local or national economy will be as high as these figures. The Open Championship is an event that does not provide employment over a long period but creates a large amount of work throughout July that may either be fulfilled by temporary workers or by existing employees working longer hours. Anecdotal evidence from the qualitative interviews suggests that many businesses asked their existing employees to work longer hours throughout The Open Championship.

6.11 Gross Economic Impact

The gross direct economic impact for Fife is £36,940,000 and for Scotland the impact is £56,900,000. These figures do not illustrate the economic benefits that are generated in the catchment area, but identify the scale of the expenditure stimulated by the hosting of The Open Championship. The gross direct impact includes all expenditure within the relevant catchment area that is related to The Open Championship, irrespective of whether it leaks from the local economy or would have been spent within the catchment area in spite of The Open Championship taking place there. For completeness, the total gross economic impact is £48,000,000 in Fife and £90,000,000 in Scotland.

7.0 QUALITATIVE ANALYSIS

In addition to the expenditure analysis of The Open Championship, qualitative interviews were undertaken with 30 businesses in industries that were deemed likely to have been affected by the hosting of the event in St Andrews. These interviews were conducted with representatives of firms who are in the following industries:

- Hotels / Guest Houses
- Restaurants / Bars
- Transport (Taxis and Car Rental firms)
- Golf Courses
- Retail Stores

In summary, there was almost unanimous agreement amongst the businesses interviewed that The Open Championship is beneficial to St Andrews, Fife and Scotland. The respondents were also very complimentary about the organisation of The Open, particularly their relationship with The R&A., with several businesses stating that they were integral in helping them to generate additional trade. It was also clear that The Open was responsible for generating continued business in years when The Open Championship was not held in St Andrews, particularly a "honeymoon" effect that lasts throughout the year following The Open.

Interviewing local businesses was also a convenient means of corroborating the data collected in the spectator surveys in terms of length of stay, expenditure and job creation.

The most succinct opinion of The Open Championship was:

"*The biggest most important golf event in the world.*" (HOTEL – St Andrews)

All those who were interviewed echoed this viewpoint. There was unanimity that staging the event in St Andrews was beneficial to the town, Fife and Scotland as a whole.

Respondents did say that The Open Championship did not have a major effect on daily life in St Andrews. Several interviewees mentioned that there was increased traffic, which increased the length of time they spent commuting but that it was not significant. In the cases of several respondents, they felt the effects on their daily life were irrelevant because they were working for up to 17 hours a day.

The only sector interviewed that commented on a fall in trade was the retail sector.

"*Dreadful - during the day I may as well have closed down.*" (RETAIL – St Andrews)

The retail businesses interviewed attributed their lack of trade to the low level of activity within the town centre during the daytime, for which there are two reasons. . Firstly, the increased levels of activity within St Andrews deterred local residents from going to shop in the town. Secondly, those who came to St Andrews for the golf were at the course during the day and consequently did not venture to retail outlets. Several shops said that they increased their opening hours in an attempt to attract spectators after the close of play for the evening, although, this proved to be unsuccessful in all cases.

"We also opened till 9pm, which wasn't a success at all." (RETAIL – St Andrews)

All other respondents interviewed reported a significant increase in business, although the level and nature of that increase is dependent on the firm in question. Smaller hotels and restaurants do not have the capacity to cater for vast increases in demand due to supply constraints.

"*It benefits the business financially because of supply and demand - supply stays level, demand goes through the roof.*" (HOTEL – St Andrews)

However, whilst this hotel did increase their prices for the week of The Open Championship to maximise the benefits from the increased demand, the majority of businesses said that they did not increase their prices for the week of The Open. Many businesses felt that it was wrong in principle to exploit their customers.

"*You know you provide a service, obviously we make a profit off our current prices and we didn't deem it right to fleece people*." (RESTAURANT – St Andrews)

However, two hotels said that they increased the cost of their rooms by 150% whilst one golf course interviewed said that they increased their green fees. Indeed, one golf course claimed that their green fees for the week of The Open Championship brought in quadruple the revenue they would normally receive, predominantly from casual visitors. There was a consensus amongst golf clubs that July was normally their quietest month, which they attribute to many local residents going on holiday.

With the prominent exception of retail stores, most businesses commented that demand for their services was lower than normal before 11th July, which was predominantly attributed to the closure of the Old Course in readiness for The Open. However, many respondents felt that whilst demand did not remain at the high levels of the week of the Championship after the event, they were still noticeably busier for a few days after the 18th, predominantly from visitors who wished to play the Old Course.

Similarly, most businesses felt that they had correctly anticipated the changes in demand.

Retail stores were the only sector to be disappointed because demand fell. They attributed this to having a different clientele to those businesses that succeeded which are less reliant on local residents and cater more for tourists.

Approximately half of the businesses interviewed across all sectors hired temporary staff to cater for the increased demand. The largest amount hired mentioned by any interviewee was a hotel that hired approximately 150 staff between 11th and 17th July. Predominantly, these consisted of:

"*Local students just finished college and then away until October [but] some of them are local housewives who just want to work for that particular week."* (HOTEL – St Andrews)

Other businesses felt it was more appropriate to get their existing staff to work overtime throughout the period of high activity. Of these firms, most said that permanent staff increased their hours by between 50% and 100% for the duration of The Open Championship.

The majority of businesses said that they did not undertake any additional advertising or promotional activities to coincide with The Open, as they knew that they would be at capacity without the need for additional promotion. Of those businesses that devised marketing campaigns, the favoured method of promotion was using mail shots, although several hotels said that they also used advertisements on the Internet and in British national newspapers. Only the businesses that had used promotions this year were enthusiastic about future Open related marketing campaigns.

"*There's no point in spending money on advertising when the place is clearly full to capacity anyway*." (HOTEL – St Andrews)

The companies that have the most focused plans to develop business for future golf events, particularly Carnoustie in 2007, are those that are seeking to gain revenue from corporate clients.

"[The Open] helps us remind the corporate market of our property and St Andrews as a great destination, a great lifestyle destination, a great destination particularly for what you would call … leisure business. Where the Open will help us is to regenerate or re-energise the incentive market, which has been lost, which really disappeared in the last couple of years." (HOTEL – St Andrews)

Differing opinions occur regarding any long-term effects of The Open Championship on the businesses of respondents. Many businesses feel that it has a one-off increase on trade and nothing more, whereas others feel that the effect on trade is more cyclical. In these cases, St Andrews is busiest in the years that it hosts The Open Championship, but benefits significantly the following year from the increased publicity generated by the event.

"We've had people stay here who have never been in this area before just because of the golf coverage on the television." (HOTEL – St Andrews).

Generally, businesses were very complimentary about the organisation of The Open Championship. They were effusive in their praise of The R&A, Fife Council and Scottish Enterprise, particularly several of the hotels, who obtained many of their customers through these bodies, both directly and indirectly. However, several respondents expressed a desire for greater collaboration between organising bodies and local businesses both in terms of marketing and strategy.

"*What we should have done is say … now The Open is over, let's get all the businesses, important people together and ask them what did they learn from The Open and commit it to paper as a town. … Put that in writing now, then pick up that piece of paper a year out from the next Open, and use that as a basis of meetings and planning for that one."* (HOTEL – St Andrews)

Some interviewees also felt that the marketing strategy to develop tourism within Scotland should be less prescriptive towards the tourism industries and more business led. Others feel that a greater effort should be made to encourage a more diverse selection of tourists to St Andrews, particularly younger visitors and that a greater effort should be made to create more entertainment for this segment of the market.

"People want to come back here, but actually a golfer said to me what do you all do here, what happens here, in the evenings?" (RETAIL – St Andrews)

There were also some minor grievances with the policing of The Open Championship, particularly with taxis not gaining the access to Leuchars train station that they desired and complaints regarding delivery times for businesses within St Andrews. It was felt by a few respondents that receiving deliveries between midnight and 6 am was unnecessarily prohibitive and forced their staff to work unreasonable hours. However, other businesses felt that the police were very flexible and that effective communication alleviated potential problems.

"I did liase with [the police] quite closely, I spoke to them every night to see if we could get the vehicle in at certain times. I think that's the most important thing to communicate, so we did that and they were very helpful." (RETAIL/GOLF – St Andrews)

In conclusion, the majority of businesses involved with tourism in St Andrews benefit financially from The Open Championship. There is a unanimous view that staging The Open

Championship is beneficial to Fife and Scotland. It is also strongly felt that the organisation of the event is highly professional. However, there are still ways in which businesses believe the event can be developed, such as creating a strategic plan for St Andrews to ensure that all parties can collaborate to maximise the economic impact.

8.0 LONG TERM ECONOMIC IMPACT

8.1 Types of Long Term Economic Impact

The long-term impact of The Open Championship can be considered as:

- An increase in international tourism to Scotland. This may be due to the increased media profile of Scotland combined with promotion of The Open before and during the event. Repeat tourism from those visiting Scotland to attend The Open may also be a significant factor
- Growth in business activities within Scotland generated by executives of non-Scottish companies attending The Open Championship

This study demonstrates two ways of measuring potential increases in tourism that could be attributed to staging The Open Championship in Scotland. Firstly, the study investigates the proportion of respondents who have attended The Open Championship in previous years and also the proportion that intend to re-attend in future years. Secondly, the study also calculates a media valuation for the television coverage of The Open Championship broadcast worldwide in 2005.

8.2 Visits to The Open Championship

Nearly three-quarters of all spectators (73.2%) interviewed said that they had been to The Open Championship in previous years. Of these previous attendees, 88.8% had attended at least once between 2000 and 2004. The majority of corporate guests interviewed (66.7%) had also attended The Open Championship before, of whom 93.8% had attended between 2000 and 2004.

Figure 7: Previous Attendance at The Open Championship

Attended Open before?	Spectators	Corporate Guests
Yes	73.2%	66.7%
No	26.8%	33.3%

First-time attendees were more likely to be under 45 (52.3%) than repeat visitors (39.5%), whilst a greater proportion of these were female (37.4%) than amongst previous attendees (23.8%). 61.7% of all respondents who were first-time attendees were not residents of Scotland, whilst 61.8% of all "International" respondents had never attended The Open Championship before which is equivalent to 7% of the respondents in the entire sample.

More than 9 out 10 spectators interviewed (92.0%) said that they would definitely attend The Open Championship in future years. This proportion was higher amongst those who had attended in previous years (96.8%) than amongst those who were attending for the first time (78.9%).

Figure 8: Likelihood of Spectators Attending The Open 2006 - 2008

	All Spectators	Repeat Visitors	First Time Attendees
Yes	92.0%	96.8%	78.9%
No	1.9%	1.4%	3.1%
Don't Know	6.1%	1.7%	18.0%

International first-time attendees were equally as likely to say that they would attend The Open in future years as residents of Scotland. 30.4% of all non-Scottish residents were first time visitors who said that they would attend The Open Championship again. This equates to 13.0% of all respondents sampled.

Figure 9: Location of Future Attendees to The Open

When?	Scottish Residents	Other Residents of UK and Ireland	Overseas Residents
2006 - Royal Liverpool	17.1%	70.2%	21.6%
2007 - Carnoustie	92.2%	68.8%	54.1%
2008 - Royal Birkdale	11.6%	55.6%	29.7%

Residents of Scotland said that they were more likely to attend in 2007, when The Open Championship is staged at Carnoustie in Scotland, than in 2006 or 2008 when the event will be staged in the North West of England at Royal Liverpool and Royal Birkdale respectively. In fact, 92.2% of those who said that they would attend The Open in future years intend to go to Carnoustie. The same is true of overseas visitors, with 54.1% of those intending to visit again at Carnoustie, compared to 29.7% mentioning Royal Birkdale and 21.6% mentioning Royal Liverpool, suggesting that The Open Championship has a greater pull for them when played in Scotland. English residents were almost as likely to attend in Scotland in 2007 (68.0%) as attend in England in 2006 (70.3%).

The proportion of "international" first-time visitors who said that they would attend The Open Championship in Carnoustie is equivalent to 2.1% of the entire sample of respondents, whilst the same proportion for "Rest of UK" first-time visitors is 5.2%. Assuming that 81,000 different individuals attended The Open Championship and that all respondents act on their intentions, this suggests that approximately 5,900 non-Scottish residents would be enticed to re-visit Scotland to attend The Open Championship as a partial consequence of visiting St Andrews in 2005. This amounts to a maximum of 16,370 overnight stays.

8.3 TV Broadcast Coverage and Media Valuation

The broadcast distribution of The 134th Open Championship was more extensive than ever before, establishing record totals for the level of coverage shown, the number of broadcasters transmitting coverage and the number of territories reached. The Open Championship 2005 witnessed a 15% increase (222 hours) in the level of coverage shown, with a total of 1,661 hours of broadcast coverage available worldwide. Furthermore, this programming was shown by 47 broadcasters across 194 territories, to a potential reach of over 400 million households. The estimated cumulative audience for The Open Championship in 2005 is 100 million.

These figures mean that The Open Championship has experienced continual growth in broadcast coverage since 2001, resulting in a 60% increase over the last five years.

During the coverage of The Open Championship, it was anticipated St Andrews, Fife and Scotland itself would receive extensive levels of exposure from vignettes and scenic postcard shots of St Andrews and surrounding area. In addition, each verbal mention by commentators of St Andrews, Fife or Scotland is counted as 10 seconds of exposure, in accordance with sponsorship industry standards.

To assess the level of exposure generated and to place an 'advertising equivalent value' to the exposure, Comperio monitored over 90 hours of TV coverage shown by the BBC in the UK (44 hours) ABC / TNT in the USA (43 hours) as well as a sample of coverage from other territories.

Figure 10: Scenic Exposure and Advertising Equivalent Value

Region	St Andrews & Fife Exposure (000's secs)	St Andrews & Fife Gross Media Value (£000's)	Scotland Exposure (000's secs)	Scotland Gross Media Value (£000's)	Total Exposure (000's secs)	Total Gross Media Value (£000's)
Africa & Middle East	61.6	1,545.4	1.6	41.2	63.3	1,586.6
Asia Pacific	249.5	10,164.5	6.6	270.8	256.1	10,435.3
Europe	251.5	9,131.6	6.7	243.3	258.2	9,374.9
North America	37.7	17,710.0	1.0	471.8	38.7	18,181.9
Central & S America	9.0	367.2	0.2	9.8	9.3	377.0
Global	0.2	153.9	0.0	4.1	0.2	158.0
Total	**609.5**	**39,072.7**	**16.2**	**1,041.0**	**625.7**	**40,113.7**

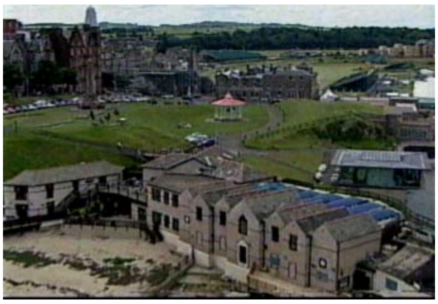
From the scenic, graphic and verbal exposure generated via the worldwide television coverage, St Andrews, Fife and Scotland received a total of 174 hours of exposure, equivalent to over £40 million in gross media value. Regionally, 45% of the total value was delivered in North America.

The ‘advertising equivalent value’ is the cost to buy the equivalent level of commercial airtime on each broadcaster where exposure is generated. Therefore, the following calculation is used to calculate the ‘advertising equivalent’ of the exposure on each broadcaster:

(Seconds of exposure / 30) x 30-second commercial rate of broadcaster

In order to produce accurate and relevant valuations, Comperio sourced advertising unit costs specific to the programming in question (i.e. The Open Championship). Examples of on-course and scenic exposure are illustrated in Figure 11 below.

Figure 11: Examples of Scenic Exposure



9.0 CONCLUSION

The Open Championship creates many tangible and intangible impacts to the economy of Fife and Scotland. The economic impact generated is undeniably significant and makes a valuable contribution not just to employment and output within Fife, but across the whole of Scotland.

Furthermore, the high international profile of the event means that it is capable of enticing spectators and media from all over the world to visit St Andrews. The large media presence at The Open Championship reflects the global nature of the event and scale of the TV distribution of the event further illustrates its worldwide appeal This coverage provides an ideal showcase not just for highlighting the professional approach present for staging events in Scotland but also as a potential tourist destination, particularly for golf tourism.

The impact that The Open Championship generates can be continuously improved by focusing on the correct areas. Targeting "international" tourists, i.e. those who do not live in the UK, can maximise the impact generated by spectators, as these respondents are likely to generate greater expenditure than those in the UK and create a net impact. The majority of the "international" spectators currently live in English speaking countries (USA, Australia, Canada, New Zealand, Republic of Ireland).

Furthermore, the net economic impact can be increased by increasing the proportion of the organisational spend that is made within the local economy. No person or organisation can compel The R&A (or indeed, other industries involved with direct impacts such as hotels or restaurants) to use local contractors and suppliers. Therefore, it is the responsibility of bodies such as Scottish Enterprise and the Scottish Executive to develop the necessary environment within Scotland that encourage the development of companies that can provide event related goods and services to the highest possible standard at suitable cost levels. Currently, approximately 30% of the contractors used by The R&A are Scottish firms.

10.0 ABOUT COMPERIO RESEARCH

Comperio Research, the independent research arm of the IMG Group of Companies, is a global market research company with over 30 years of experience in the sports, entertainment and leisure industry. With specialised teams operating in quantitative and qualitative disciplines, Comperio's research covers television, media and sponsorship evaluations, economic impact studies, sports facility / seating feasibility studies and corporate hospitality research. Comperio operates international offices in London, New York, Vancouver, New Delhi and Sydney and can offer research on a global, regional or national scale.

Key facts:

- Entrusted by more than 200 clients to add insight to their business.
- World-wide infrastructure with resources in 70 offices in 30 countries.
- One of the best performing research companies in the industry, with a compound annual growth rate of more than 40% over the last four years.

We have considerable experience in measuring the promotional and tourism benefits of festivals and events alongside their positive economic impact. Clients include: