

An Assessment of Golf Tourism's Future Growth Potential to 2020

Final Report to Scottish Enterprise,
Highlands and Islands Enterprise,
VisitScotland and Golf Tourism Scotland

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SQW

Contents

Executive Summary	i
1: Introduction	1
2: 2008 baseline and current market.....	3
3: GTS members overview	6
4: Drivers.....	12
5: Developing the model.....	23
6: Summary results.....	31
7: Golf event impacts.....	36
8: Regional impacts	38
9: Monitoring	42
Annex A: Model tables.....	A-1
Annex B: List of consultees.....	B-1
Annex C: GTS Questionnaire.....	C-2

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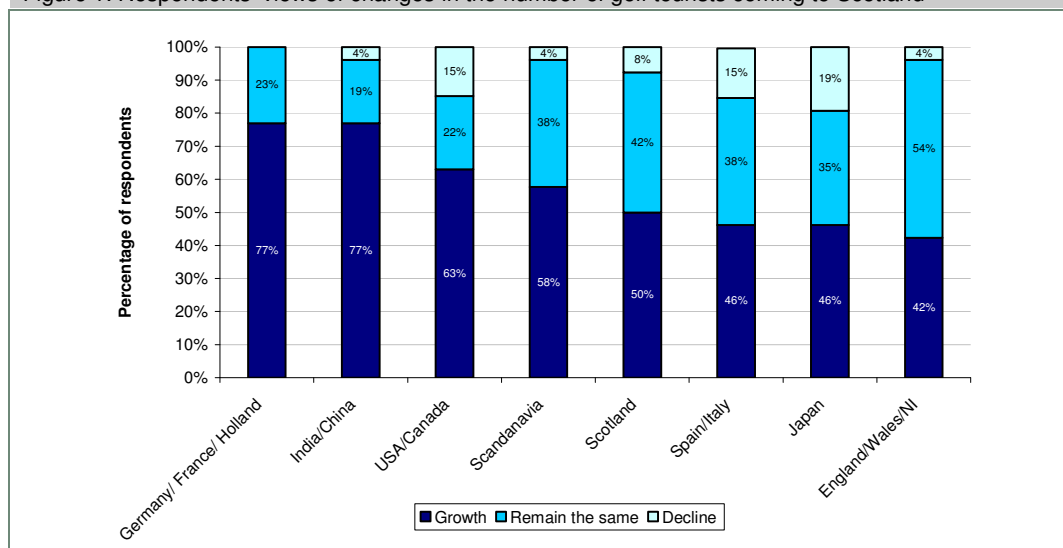
Executive Summary

1. This report presents SQW's forecasts for the volume and value of golf tourism from 2010 to 2015 and then to 2020. The work was carried out between August 2010 and January 2011 and is based on a review of reports and data for the sector as well as consultations with a range of stakeholders in the private and public sectors who work in and around golf tourism. The study has been supported by Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), VisitScotland and Golf Tourism Scotland (GTS).
2. The aim of this research is to develop estimates of the growth of golf tourism in Scotland and its economic impact. The rationale is that a better understanding of the market and its size will help identify opportunities, lead to business growth and increase income and employment.
3. The research builds on work carried out by the Golf Tourism Monitor and which was presented in SQW's previous impact assessment report in 2009. In this study we have looked at the potential changes in golf tourism over the next five and ten years in order to calculate the levels of economic activity that it could generate. The work involved a survey of Golf Tourism Scotland members as well as the use of published data sources and reports to identify the main drivers of change in the golf market.

Markets

4. Over the next ten years consultees expected to see the largest changes in visitor numbers from European countries (Germany, France, Holland), from emerging markets (India and China) and to a lesser extent North America and Scandinavia. Prospects for growth from within the UK and other more established golf markets were considered to be weaker (Figure 1).

Figure 1: Respondents' views of changes in the number of golf tourists coming to Scotland



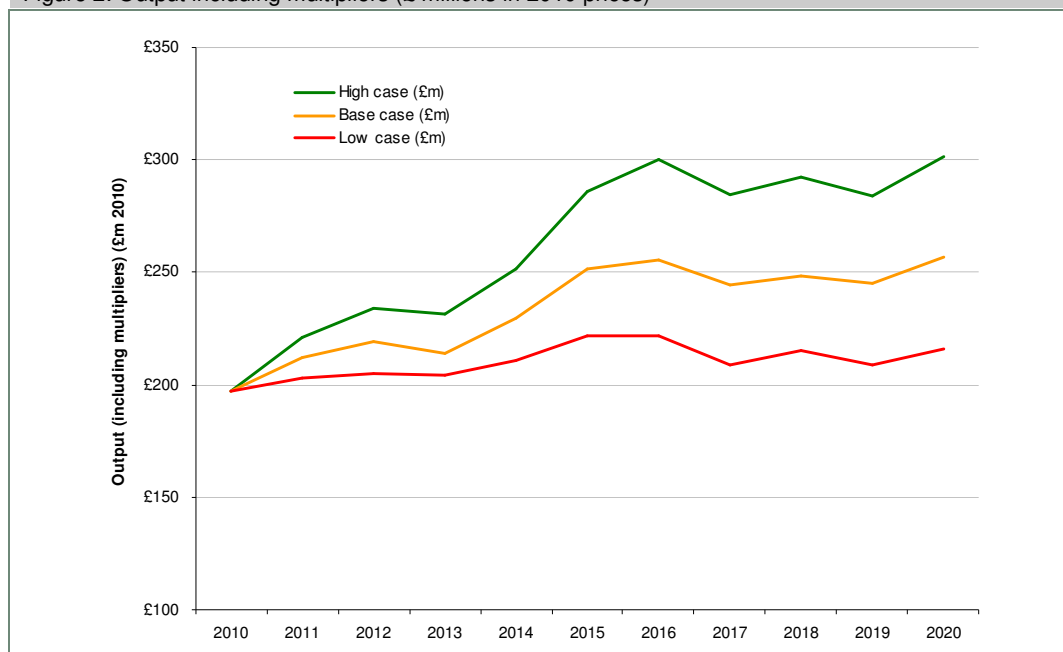
Source: SQW survey of GTS members

5. Participants in the survey were generally upbeat about prospects. More than 80% of respondents expect to see positive growth in both halves of the next decade. No respondents considered that the industry will decline over the next ten years. The findings of KPMG’s international review of markets in 2010 (which is based on a survey of tour operators) was similarly positive placing Scotland third, behind Spain and Portugal, in its list of “hot spots” for golf tourism in the upcoming years.

Estimates of growth

6. The estimates of growth use high, medium and low scenarios developed to reflect changes in a number of “drivers” namely; golf participation, marketing, events, new courses, access/transport and online booking. For each of the ten years covered we have calculated the three scenarios to produce estimates of the number of trips, expenditure, economic output and Gross Value Added (GVA). In summary, the model estimates the following growth in expenditure:
 - **high growth** – 4.3% a year, giving 10 year growth of 53%
 - **base case** - 2.7% a year, giving 10 year growth of 30%
 - **low growth** - 0.9% a year, giving 10 year growth of 10%.
7. Including multiplier effects, this gives the economic output forecasts shown in Figure 2. Under the base case, output grows from £197 million in 2010 to £257 million after ten years (in 2010 prices). This would represent Gross Value Added (GVA) of £138 million by 2020.

Figure 2: Output including multipliers (£ millions in 2010 prices)



Source: SQW

8. In addition, we have used published estimates of the economic impacts of a number of the major events that are expected to take place in Scotland over the next ten years. These figures are based on *spectator spending impacts* rather than visitors playing golf and represent a

slightly different source of golf-related income. The net *output* generated by the 2010 Open at St Andrews was expected to be around £35 million¹, while output from the 2010 Ryder Cup at the Celtic Manor in Wales was estimated to be around £75 million². In the absence of a Scottish example, we have used this as a proxy for the Ryder Cup at Gleneagles in 2014.

9. Adding the potential spectator impacts to the golf tourism estimates gives the aggregate results in Table 1. This shows growth in output from £232 million, in 2010, to £300 million by 2020 (in 2010 prices).

Table 1: Output impacts including multipliers (£ millions in 2010 prices)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Base	£197	£213	£221	£216	£233	£256	£261	£250	£255	£252	£265
Events	£35			£30	£75	£35		£30		£30	£35
Total	£232	£213	£221	£246	£308	£291	£261	£280	£255	£282	£300

Source: SQW estimate, based on Scottish Government Input Output tables and SMS (2007) data³

Regional effects

10. Details of the regional changes are contained in the main report, although with some significant caveats. The distribution of growth will be influenced by a number of factors. Events tend to boost the courses hosting the event in the following year and those around it. With no major events planned in Ayrshire over the next five to ten years there is a risk that interest will move to the East of Scotland, with Fife and East Lothian set to benefit. The likelihood of the Scottish Open being moved to Castle Stuart in 2011 may also contribute to growth in the Highlands.
11. As the main hub for Ryanair, Glasgow Prestwick has helped to generate business for some of the courses in and around Ayrshire. With more low cost flights to Edinburgh and Inverness the options for European golfers are broadening and this trend would mean more point to point routes using regional airports. In theory this would benefit East Lothian, Fife, the North East, Inverness and potentially Angus/Carnoustie through development in Dundee.
12. The Trump courses in the North East are likely to have the most significant impact on the pattern of visits because of the scale of the development and the level of marketing that would be expected. The courses will generate a lot of interest and could have some spillover benefits for others in the North East. Castle Stuart, Nairn and Dornoch (as well as Spey Valley) now make up a high quality cluster of courses in the Highlands.

Conclusions

Market shape

13. While a lot of focus is placed on attracting overseas golfers, particularly from the US market, it is important to remember that the UK is, and will continue to be, the largest market for golf

¹ Event Scotland (2010) Press Release: The Open Championship worth £80m
<http://www.eventscotland.org/news/2010/7/the-open-championship-worth-80m>

² Ryder Cup Wales 2010 Ltd (2010) The Potential Economic Impact of Ryder Cup Wales 2010

³ Source: <http://www.scotland.gov.uk/Resource/Doc/919/0110399.xls>

tourism in Scotland. Although there is less scope for participation in golf to grow, there are opportunities to encourage more “staycations”. Many UK residents take golf holidays abroad. Clearly the weather will always be a major factor, but there could be benefits in encouraging these groups to take trips in Scotland, particularly if it becomes more expensive to travel abroad.

Concentration of tourist golf

14. A very large proportion of visitor revenue, and by extension tourist expenditure, is associated with a small number of the 540 courses in Scotland. The Golf Tourism Monitor (2008) estimated that the 70 most visited courses generate 75% of all the staying visitor green fees. In considering the most effective ways of supporting golf tourism, it is important to focus on the sub-set of courses that have the potential to deliver the greatest amount of benefit.

Opportunities from new courses

15. In the last couple of years Castle Stuart has opened, strengthening the cluster of top quality courses in the Highlands. The Marr Hall resort course has opened near Glasgow and Machrihanish Dunes now complements the original Machrihanish course on Kintyre. The new Trump course at Balmedie is expected to open in 2012. Backed by Donald Trump, it is likely to generate global interest. The promotion of the course may reach people who would not otherwise have considered visiting Scotland to play. With the course opening before the hotel and other associated accommodation, there will clearly be opportunities for related service providers, but in the longer term it also provides a great hook from which other courses and services in the North East (and beyond) can benefit. Understanding the profile of potential visitors, their needs, and the opportunities for businesses would be valuable.

Resilience of the golf market

16. Despite the recession and the continuing economic challenges, golf tourism appears to have been relatively resilient despite being what could be termed “discretionary” expenditure. Recent research by KPMG (2010)⁴ provides an international overview and concludes that while the majority of operators reported a decline in rounds and revenue, they had responded by cutting prices and costs, and were now largely optimistic about the future. Mintel (2010)⁵ reported that:

virtually no tourism segment has escaped the effects of the global financial crisis but golf tourism is largely expected to weather the storm better than other sectors due to the varied demographics of its participants.

Opportunities from Europe and emerging markets

17. The perception of consultees was that the emerging markets (China, Russia and India) as well as some of the European markets where golf is growing (Germany, France and Italy) offer the best prospects for attracting new visitors. Mature markets (the US and the UK) on which

⁴ KPMG (2010) Golf and the Economic Downturn

⁵ Mintel (2010) Travel & Tourism Analyst No. 15 - Golf Tourism - International

Scottish golf has depended for many years are likely to remain important but growth may be weaker. This has implications for the way golf in Scotland is promoted and where. While participation in the game in these countries is growing, converting this to tourist visits will be a challenge and require a real understanding of these markets. This will need different approaches from those used in attracting visitors from mature markets.

Opportunities from the Ryder Cup 2014

18. The Ryder Cup is one of the largest sporting events in the world. While it has the potential to provide a boost to golf tourism, some consultees were wary about exaggerating the scale of the effect. The Ryder Cup can be more about the matches, the players and the captains than about the courses, the traditions and the history that the Open courses provide. It will be important to try and ensure that the Ryder Cup is used to help showcase for Scottish golf. There will be opportunities for Scottish golf-related businesses to benefit from the Ryder Cup. It will be important to understand what these are and communicate them to businesses.

Packaging and on-line booking

19. Both packaging and on-line booking are important because of the structure of the sector in Scotland. Scotland has fewer resorts (that offer complete golf packages) than most other destinations. This can make it difficult for visitors to plan and organise trips which include a number of courses, hotels, transport etc. By working together golf businesses can put together simple and attractive packages that make organising a trip more straightforward and offer better value.
20. For example, the Golf Tourism Monitor 2009 reports that Golf Passes are a distinctively Scottish product (the new 2010 Official Guide to Golf in Scotland lists 16 such passes, whereas England has very few). More could be done to promote these collectively as a distinctive 'Home of Golf' product to European golfers looking for 'value golf' as well as to traditional UK markets.
21. E-booking, the facility to book tee times through the internet, is an issue which has been of growing importance to the sector over the past few years. This is particularly the case in dealing with an international market which wants to book tee times at any time of the day or night. According to SGU's Golf Central database⁶, there are only around 40 courses with online booking facilities, less than 10% of the total number of courses in Scotland. There is a risk that unless this type of access is developed by more courses it could deter potential visitors. Where online booking has been adopted courses have benefited. In North West Wales, average income from green fees at 21 courses which participated in a new online booking system increased by 20% with some clubs reporting increases of 40%.⁷, and there are similar examples elsewhere, including Scandinavia.

⁶ <http://www.scottishgolf.org/index.cfm?objectid=CB2668A3-9075-D826-417250A8FC367888>

⁷ Tourism Partnership North Wales (unknown) Online Booking Drives Profit for Golf Clubs
<http://www.tpnw.org/ebulletins/ewelcome11.pdf>

Data collection

22. This study and previous reports on the value of golf tourism have been challenging because of the limitations of the data available. There are two main elements that are required to monitor golf tourism activity and there are improvements that can be made to both. These will be essential to measure activity and to determine the effects of events and interventions in the future.
23. Data from the courses is collected through the Golf Tourism Monitor. This must be maintained and strengthened to allow a better understanding of the proportion of *staying* visitors and to capture the origin of visiting golfers.
24. A separate, representative survey of golf visitor expenditure is needed which reflects the numbers at certain types of courses and to provide average values that fit with categories and regions used in the GTM. This would capture accurate expenditure outwith the golf courses as well as providing a more robust profile of the origins of golfers, the number of rounds played.

1: Introduction

- 1.1 This report presents SQW's forecasts for the volume and value of golf tourism from 2010 to 2015 and then to 2020. The work was carried out between August 2010 and January 2011 and is based on a review of reports and data for the sector as well as consultations with a range of stakeholders in the private and public sectors who work in and around golf tourism. The study has been supported by Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), VisitScotland and Golf Tourism Scotland (GTS).

Background

- 1.2 Over the last seven years several studies have looked at the value and volume of golf tourism. These have pieced together data from a number of ad hoc surveys to try and provide a picture of golf tourism in Scotland. The aim of this research is to provide evidence of the scale of activity in order to help both the public and private sectors to plan investment. The rationale is that with a better understanding of the market we will be better able to identify opportunities to grow the level of business, creating income and employment in Scotland.
- 1.3 Unlike the tourism sector in general, golf tourism does not have sufficient data to be able to model how, for example, changes in the economy or additional marketing can affect the number of visitors. For example, Deloitte and Oxford Economic Forecasting produced a recent report⁸ forecasting growth in tourism generally in the UK (including Scotland). This produced a forecast annual growth rate for Scotland of just less than 3% a year. Given that golf is a subset of this market, the results provide a good sense check for golf tourism forecasts.
- 1.4 While tourism is measured through the data collected by the International Passenger Survey (IPS) and the UK Travel Surveys (UKTS), there is only a modest amount of information collected on the profile of golf visits and visitors and therefore no trend on which to base forecasts. The only evidence is largely anecdotal or based on business insights from those working in the golf sector. Previous studies on golf tourism have come up against the same problems. In the final part of the report we set out ideas that could help improve the way in which this information is captured.

Approach

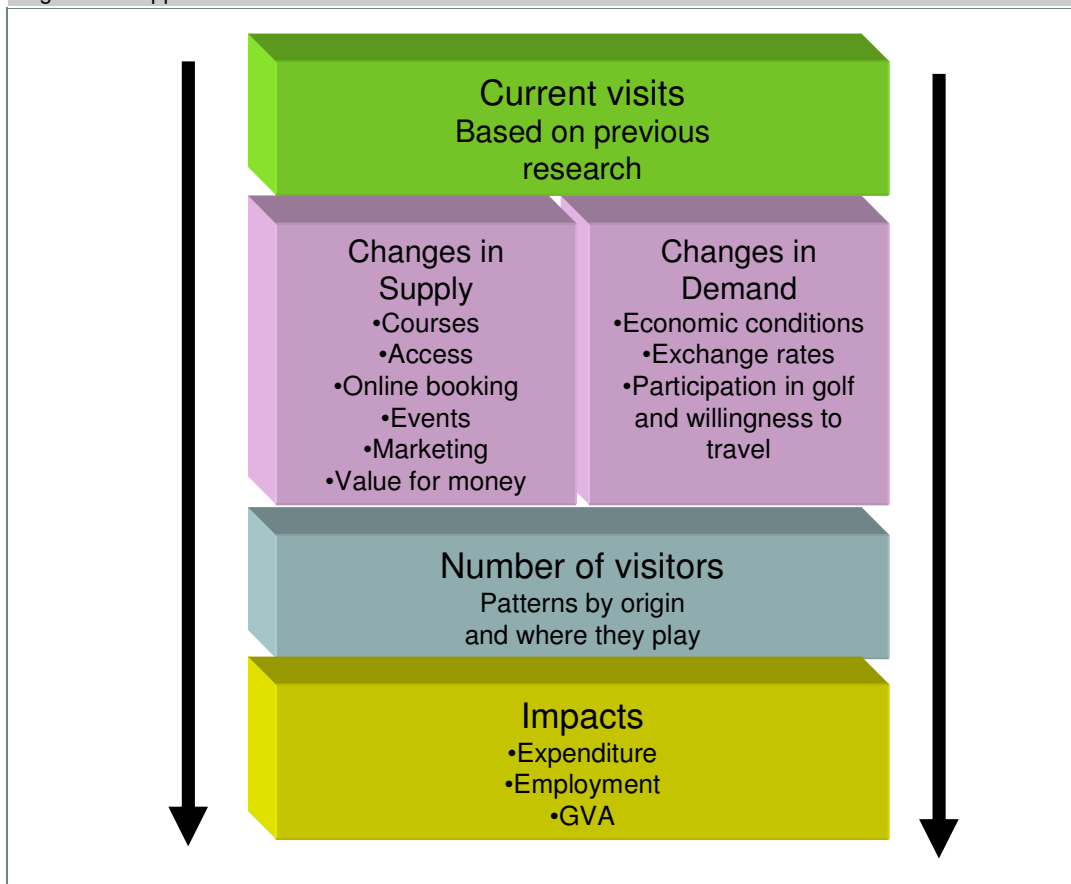
- 1.5 Given the lack of historic data, our approach has built on our previous study⁹ of the volume and value of golf tourism. Through consultations, we identify the main drivers of change over the next decade and consider how these will influence golf tourism in Scotland.
- 1.6 A diagram illustrating our approach is shown in Figure 1-1. It shows how the baseline values are used initially with two types of driver; supply and demand. These are examined to

⁸ Deloitte and Oxford Economics (2010) Economic Contribution of the Visitor Economy

⁹ SQW (2009) Scottish Golf Tourism Market Analysis

produce annual estimates of the number of golf visitors and from this we derive the economic value of these trips in terms of additional tourist expenditure, employment and GVA.

Figure 1-1: Approach



Source: SQW

2: 2008 baseline and current market

Value of golf tourism

- 2.1 The study prepared in 2009 by SQW provides the most recent estimate of the value of golf tourism in Scotland. This provided figures for the number of visitors and their expenditure in 2008. It was based on expenditure data collected as part of the National Golf Tourism Monitor¹⁰ (GTM). Although this provides the most reliable estimates there are significant uncertainties. The data collected is based on estimates of visitor rounds and revenue provided by a sample of golf courses. The results are then derived by using average values for each type of golf course.
- 2.2 The figures produced from the GTM are used in our model as the starting point for visitor numbers and expenditure. **It is important to note that this covers expenditure of visitors who stay at least one night away from home. This can include Scottish residents staying away from home, but it does not include day trips.**
- 2.3 The GTM data does not provide any visitor profile data. To do this we have used results from surveys carried out for VisitScotland by Sports Marketing Surveys in 2006 and 2007¹¹ which provide estimates of visitors by origin and the number of rounds they played *per trip*. This data was combined with the GTM estimates of the number of visitor rounds and in total suggests 135,000 trips in 2008, of which 40,000 were made by visitors from overseas and 95,000 made by UK residents (Table 2-1).
- 2.4 The expenditure estimate is based on the reported visitor green fee revenue in the GTM which, we know from a number of expenditure surveys, represents about 25% of total expenditure on a golf trip¹². This gives total golf trip expenditure in 2008 of £119 million and an average of £881 per trip.

¹⁰ www.golfmonitor.co.uk

¹¹ VisitScotland (2007) Golf Visitor Survey 2007, VisitScotland (2006) Golf Visitor Survey 2006

¹² See, for example, KMPG (2008) Golf Travel Insight in EMEA 2008

Table 2-1: Baseline economic impact of golf tourism for 2008

	2008
Total visiting golfer rounds	700,000
Visiting golfer trips	
From Scotland	40,000
Rest of UK	55,000
USA	20,000
Rest of the world	20,000
Total visiting golfer trips	135,000
Economic Impact	
Expenditure by visiting golfers	£119 million
Total impact of visiting golfers (including multiplier effects)	£191 million

Source: SQW estimates

2009 and 2010 estimates

- 2.5 Since the previous study, GTM data for 2009 has been published (as have updates to August 2010). The SQW report drew attention to what was being reported as a quite significant fall in visitor rounds throughout 2009, although at the time the data was not available. The concern was that the US market was being hit by the financial crisis and the subsequent recession, although the European markets were holding up. The report said that:

*the reported drop in US visitors has major implications for the overall economic impact of golf tourism. If there is a 20% reduction in the number of US visitors in 2009, which is not offset by other markets, **this would reduce total economic output by nearly £13 million.***

- 2.6 The GTM report made three headline conclusions from its data for 2009:
- total visitor rounds in 2009 were virtually unchanged at the 74 courses for which direct comparisons could be made with 2008
 - visitor green fee revenue in 2009 was 9.9% down on 2008 at the 55 courses for which direct comparisons could be made
 - golf tourism in Scotland as a whole will have grown in volume in 2009, because several major new courses targeting visitors as a core market opened.
- 2.7 Although the GTM is careful to add caveats to these conclusions, it is fairly clear that expenditure per visitor on green fees was lower in 2009 than 2008, the year in which our baseline figures are based, possibly by around 10%. The GTM goes on to explain that:

following a downturn in 2008, the 2009 golf tourism season was therefore another challenging one, with the revenue figures suggesting that some courses had to discount prices to maintain volume – which, in turn, suggests some targeting of lower spend UK markets to make up for a drop in higher-spend North American visitors.

- 2.8 This is very much in line with the feedback from our own consultations in 2009. The GTM report also found that despite their reduced numbers North American visitors still accounted for 30% of visitor green fee revenue averaged across all the courses which provided breakdowns by visitor origin.
- 2.9 Our view is that a fall in the number of visitors from North America in 2009 was the main cause of reduced revenue (and overall tourism expenditure) and that the baseline figures from SQW's previous report should be adjusted accordingly.
- 2.10 For 2010, the GTM updates so far indicate that visitor rounds for June were slightly higher than the previous year, lower in July (when St Andrews was closed for the Open) and higher again in August. The 2010 figures should show an overall rise in visitor rounds with an increase in North American visitors, which is expected to continue into 2011.
- 2.11 Since the original estimates for 2008, there are also a number of new courses that have opened including Machrihanish Dunes, Castle Stuart and the Castle course at St Andrews, as well as other courses such as Rowallan Castle and Marhall. We have assumed that in 2010 these courses generated around 45,000 visitor rounds which would equate to around 9,000 trips (based on an average of five rounds per trip). We have assumed, based on stakeholder estimates, that 25% of these are additional trips (2,250).
- 2.12 We have used this to produce our own estimates of how the trends might have affected markets in 2009 and 2010. The fall in visitors from the USA reduced revenues, but the number of rounds has been maintained at around the same level by an increasing number of UK visitors (which can be explained by a "staycation" effect). In 2010 the American market recovered, although probably a little short of the 2008 figure on the same basis, but with the inclusion of the new courses it exceeds this. The estimates have maintained the UK visitor numbers and increased the rest of the world visitors slightly. Together this takes the overall visitor numbers and economic impact for 2010 slightly above the 2008 results and forms the baseline used in the forecasts developed in the subsequent chapters.

Table 2-2: Baseline economic impact of golf tourism for 2008 to 2010

	2008	2009	2010
Visitor rounds	692,900	680,000	693,700
Visiting golfer trips			
From Scotland	38,200	42,000	41,800
Rest of UK	56,600	57,000	57,000
USA	19,000	15,000	17,000
Rest of the world	21,200	21,000	21,000
Total visiting golfer trips	135,100	135,000	136,800
Economic impact			
Expenditure by visiting golfers	£119 million	£113 million	£119 million
Total impact of visiting golfers (including multiplier effects)	£191 million	£186 million	£197 million

Source: SQW estimates

3: GTS members overview

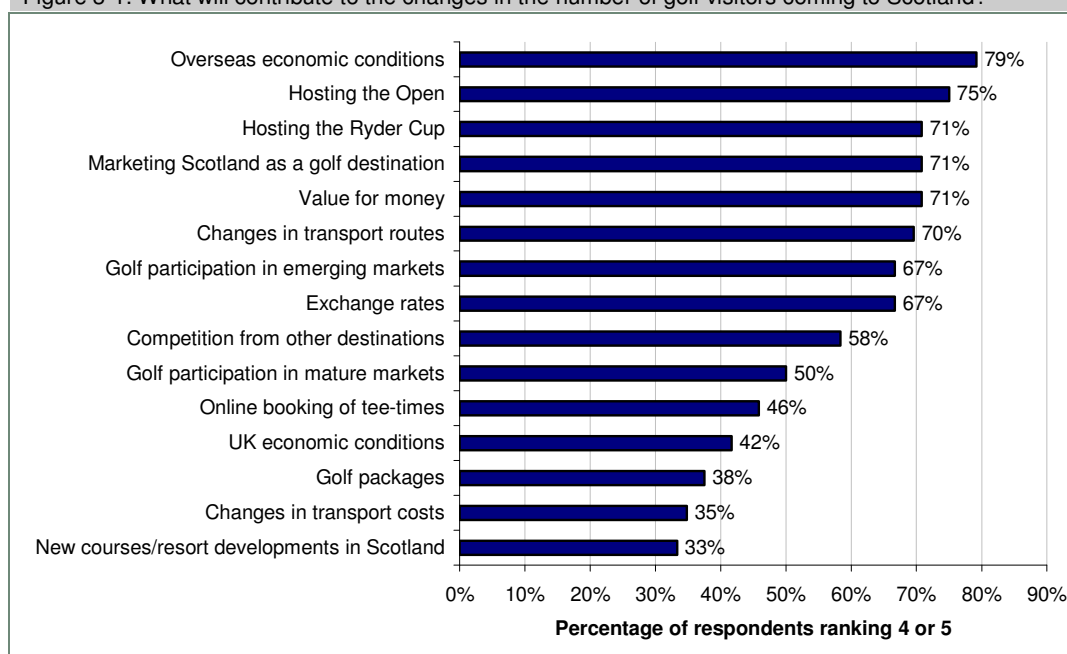
3.1 As part of the study a survey was undertaken with GTS members to help identify trends and views on how the golf sector is likely to develop. GTS's membership is made up of around 120 organisations across a variety of sectors:

- golf courses and resorts
- accommodation providers
- golf tour operators
- travel providers
- golf service providers.

3.2 A total of 27 member organisations responded to the survey, a response rate of 23%. Figure 3-1 ranks the factors which may affect the number of golf visitors coming to Scotland according to the level of influence which they were expected to have on visitors. The table uses the percentage of respondents that **ranked each factor as either a four or five (out of five)**.

3.3 Overseas economic conditions and the hosting of high profile events were thought to have the greatest influence on visitor numbers. Other important factors include marketing, value for money and transport routes. The least important factors identified include price related factors such as package deals and transport costs as well as new course developments.

Figure 3-1: What will contribute to the changes in the number of golf visitors coming to Scotland?



Source: SQW survey of GTS members, based on 24 responses

- 3.4 Respondents were given the opportunity to explain their views in more detail. Some direct quotes are given below:

Our clients talk about value more now than ever in our 19 year history.

Economic conditions seem to have a very big impact on our business level.

New developments like Trump will generate publicity and interest, golfers enjoy playing a new course.

Statistically the numbers from this particular business show a good increase the year after an Open (based upon the last 15 years) and then a slow down in growth until the next Open. I believe with two Opens and a Ryder Cup within the space of five years there is a huge marketing opportunity which Scotland must not miss.

We have the best golf product in the world and very ineffective marketing.

Having a much better attitude and increasing standards within our catering and accommodation sectors.

Scotland is famous for golf, so the Open and Ryder Cup can only support that. Off the back of that, the general public want to get to Scotland as easily as possible, with the best possible value. Of course, there are many more underlying contributions, but the history, and value for money are top of the list.

Exchange rate is always important to the lower end of the market, hosting events is very important, Scotland has never done well in marketing so any improvement would be welcome and help. North Americans in particular are very wary of their own countries economic conditions.

From North America, any significant increase in transportation costs and/or deterioration in general economic conditions results in declining travel.

In North America golf participation, and thus travel, is trending downward; any increases in golf tourism will come from emerging markets, including Europe where there are fewer golf courses and better access to the UK.

Opens and Ryder Cup?...Perhaps a temporary increase. Dollar and Euro exchange rates quite important. Emerging markets definitely important for bigger golf attractions - St Andrews, Turnberry etc., but it will be a long time before small clubs feel a benefit.

- 3.5 Broadly the issues that were raised come from two sources – supply factors relating to marketing, the product, events, access and value for money and demand factors such as the economy, exchange rates, levels of participation and competition. Each of these is discussed in more detail in Chapter 4.

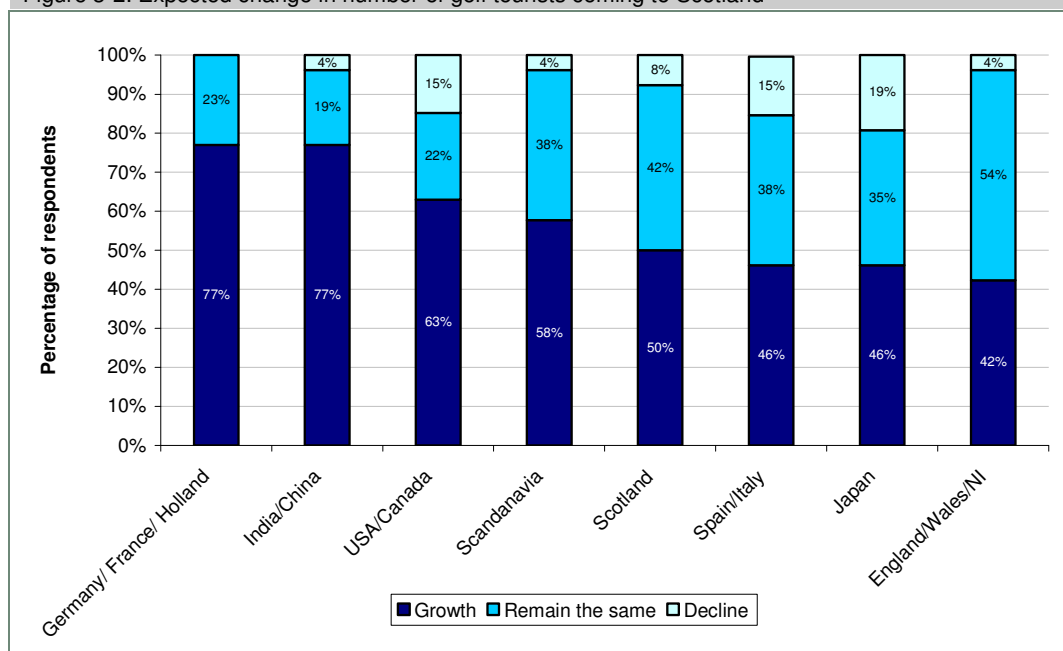
Impacts on markets

- 3.6 The GTS survey also provides an overview of how those in the sector see the market developing. The survey respondents were asked what they thought will happen to the number of golf tourists coming to Scotland from specific countries over the next decade. Figure 3-2

shows the expected change in the number of golf tourists coming to Scotland from particular markets. Over three quarters of respondents expected the number of visiting golfers from the central European countries of Germany, France and Holland as well as India and China to increase. More than half also expect there to be growth in the number of North American and Scandinavian golfers visiting Scotland.

- 3.7 There was generally a low level of expectation that the number of overseas golfers coming to Scotland is going to fall over the next decade. However, 19% and 15% of respondents did think that the number of Japanese and North American golfers is likely to decline.
- 3.8 Half of respondents anticipate growth in the number of Scottish golf tourists and just under half expect the number of Scottish golf tourists to remain broadly static. Similarly, the majority of respondents (54%) expect the number of golfers coming to Scotland from the rest of the UK to remain the same.

Figure 3-2: Expected change in number of golf tourists coming to Scotland



Source: SQW survey of GTS members, based on 27 responses

- 3.9 Some of the comments made by the GTS membership about key geographic markets are shown in Table 3-1.

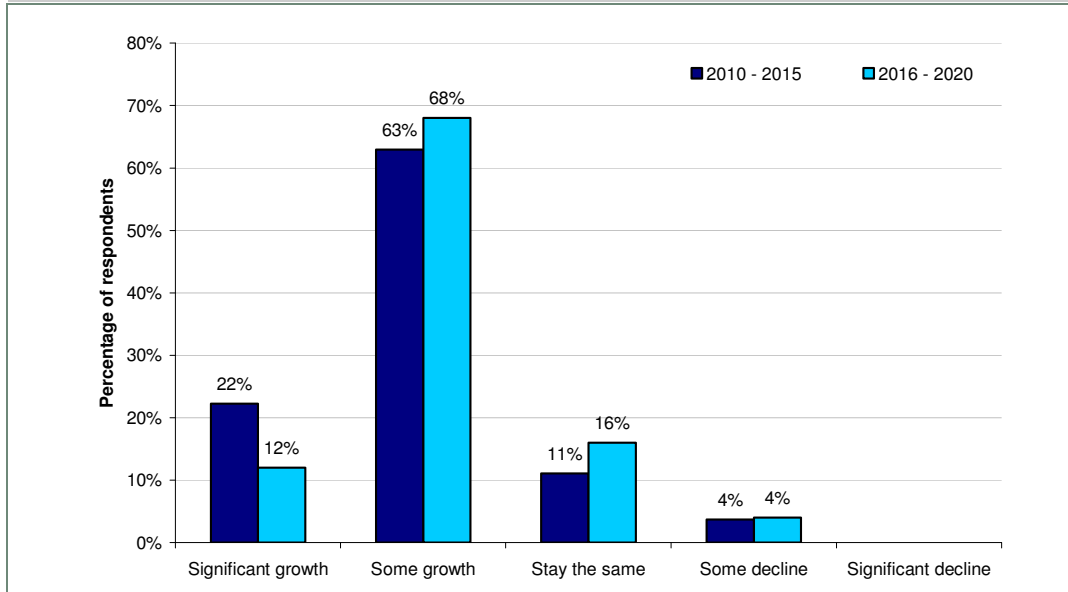
Table 3-1: Comments on specific markets	
North America	Scotland and UK
<ul style="list-style-type: none"> • "US business is starting to return, and all being well, this should continue" • "overseas customers from America and Canada will always have traditional links with Scotland" • "USA and Canada will get the Ryder Cup effect and if the exchange rates stay about 1.6 to 1.7 then growth will be possible" • "USA in decline and high unemployment" • "The US market source will grow again if wars come to an end and the US economy recovers some strength" • "in North America, any significant increase in as transportation costs and/or deterioration in general economic conditions results in declining travel; in North America, golf participation, and thus travel, is trending downward" • "the US business dipped dramatically from 2008, and the early signs are that this trend is reversing" 	<ul style="list-style-type: none"> • "more Scots are golfing within a distance of their homes. UK golf visitors have been fairly static for 4 years but indications that they can get as good deals in the UK compared abroad, which is not as cheap as previously and the weather is not as good all over" • "home growth with stay at home holidays" • "we see Scottish and English visitors coming north to our area initially out of curiosity and then establishing regular return links"
Central Europe	China/India
<ul style="list-style-type: none"> • "German economic stability is already telling with more Germans coming to Scotland. Direct flights into Inverness from Germany & Amsterdam should have an impact" • "Germany has already increased their numbers to the North of Scotland through Inverness airport" • "Italian tour operators looking for Scottish destinations" • "the European markets are all in the same [poor] financial state" • "growth will be through the Scandinavian, German, French and Dutch business for Europe. The connections to Scotland remain good and decent value, and my hope is that Scotland will remain a value golf destination to support the forthcoming British Opens in Scotland, as well as the Ryder Cup. These countries are keen on golf, and have an established network of clubs, players, tournaments and media. The European success in Wales [in the 2010 Ryder Cup at Celtic Manor] can only help." • "Germany, France and Holland are generally on the increase and they are regularly high net worth individuals" 	<ul style="list-style-type: none"> • "China is the next "new" market for golf and the greatest increases in demand will come from there - the other markets have matured" • "huge potential with China, Korea and India - bottle & promote the Scottish golfing experience" • "likely to be high levels of investment in India and China" • "there has been a sluggish start to the optimism from India and China, but I believe this decade will see a marked increase" • "India and China will see a steady growth based on them venturing out a little more and it becoming easier to gain visa or travel routes made more available into the UK and Scotland" • "China and India (along with Russia and Brazil) will continue to show growth of a significant nature" • "India and China will become massive opportunities if their golfers are able and willing to travel" • "increase in number of courses in India and China resulting in more visits here"

Source: SQW survey of GTS members

GTS overall growth expectations

- 3.10 Respondents were asked how they expected their own business to change over the first and second halves of the next decade. The responses were very positive, with 85% of respondents expecting to grow their business over the next five years and 80% expecting growth over the period 2016 to 2020. Less than five percent of respondents reported that they expect to see a decline in their business.

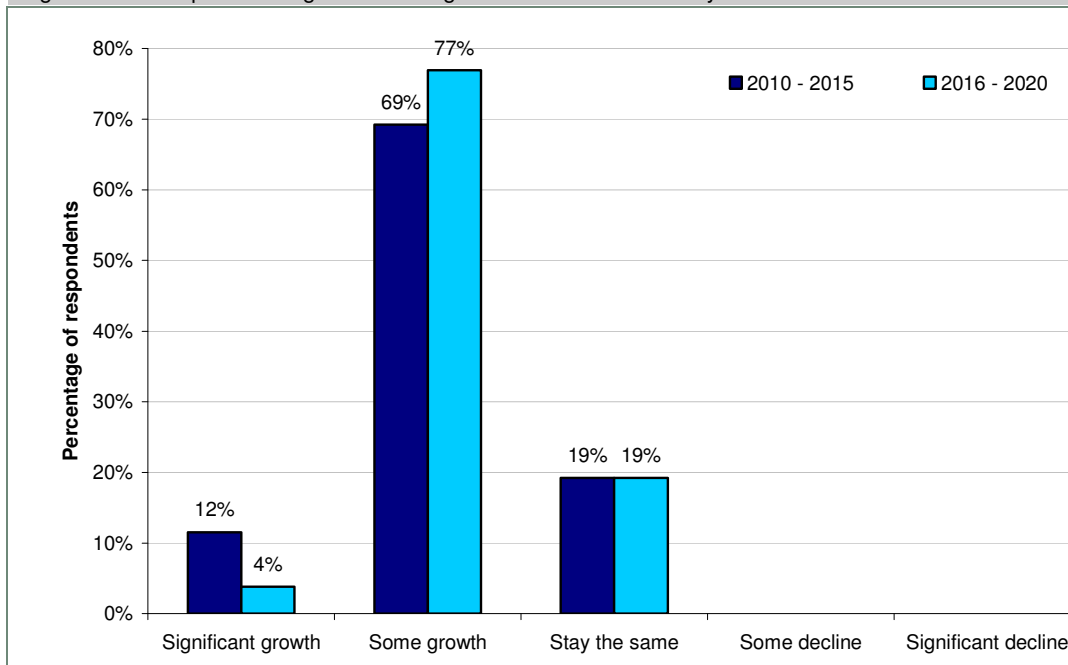
Figure 3-3: Anticipated change in your own golf business over the next five years and then from 2016 to 2020



Source: SQW survey of GTS members, based on 27 responses

3.11 Expectations for the future of the golf tourism industry as a whole were also very positive. Again more than 80% of respondents expect to see positive growth over both halves of the next decade. However, the proportion reporting that they expect *significant* growth was lower for the golf tourism market as a whole compared to their own business. No respondents stated that the industry will decline over the next decade.

Figure 3-4: Anticipated change in value of golf tourism over next five years and then from 2016 to 2020



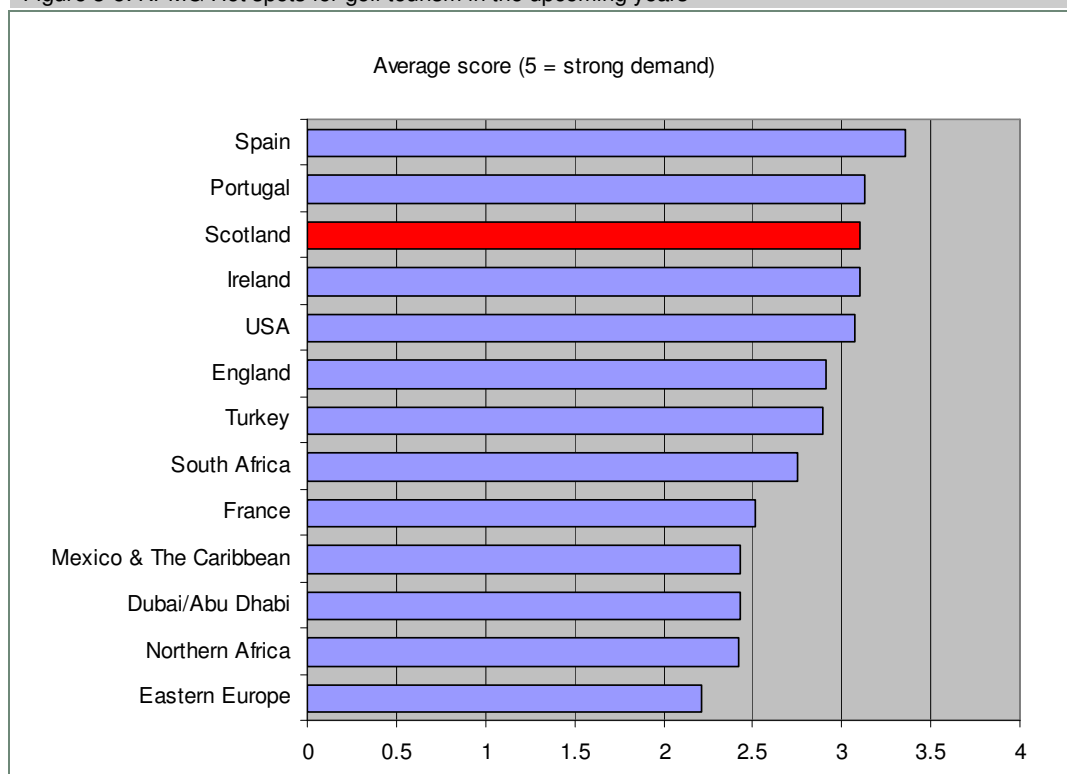
Source: SQW survey of GTS members, based on 27 responses

KPMG international comparisons

- 3.12 KPMG produce the only published research into prospects for global golf tourism. The results of their most recent survey of operators (2010) are summarised in Figure 3-5 Spain and Portugal are expected to continue to dominate the market, but the UK & Ireland as well as the US are also expected to be among the hot spots in the upcoming years.
- 3.13 According to many in the survey, Turkey is a fast emerging destination offering great value for money, while many other respondents to the survey anticipate significant growth in Southeast Asia (Thailand, Vietnam and Malaysia). The KPMG report concludes that:

Our survey shows that an ideal destination would offer a minimum of 4-5 quality, easily accessed golf courses clustered at a location, at reasonable prices, and providing high quality accommodation facilities.

Figure 3-5: KPMG Hot spots for golf tourism in the upcoming years



Source: KPMG Golf Travel Insights 2010

4: Drivers

- 4.1 This section reviews the drivers identified through our consultations and review of literature and considers their possible impact on golf tourism in Scotland over the next ten years. It also assesses the geographic markets that are most likely to be affected.

Economic conditions

Consumer spending

- 4.2 The state of the economy is likely to be an important influence on the volume of golf tourists. A stronger economy (greater output, profits and employment) will increase confidence and lead to more consumer spending, as people feel (and are) better off. Although there is no simple relationship between the conditions of the economy and golf tourism, it is likely to be positive. The Deloitte (2010) report estimates that:

overall Scottish tourism is forecast to grow by 2.9% per year. Growing to £14.8 billion by 2020 and directly employ 157,000 people (an increase of 16,000 from the 2009 estimate of 141,000).

- 4.3 The recession had a significant impact on golf tourism in Scotland, although perhaps not as severe as other parts of the tourism sector. Results from the GTS barometer survey in 2008 found that more than 75% of respondents reported a drop in enquiries and bookings. Ninety percent of respondents stated that bookings from the North American market were lower. However, enquiries and bookings from Scandinavia, Continental Europe, Ireland, Asia and the Middle East were less affected. As discussed in the baseline section, while the US market fell significantly, other lower spending markets were stronger (a “staycation” effect), keeping the number of rounds steady. Recent research by KPMG (2010)¹³ provides an international overview and concludes that while the majority of operators reported a decline in rounds and revenue, they had responded by cutting prices and costs, and were now largely optimistic about the future. It is clear from both the Scottish and international evidence that the global economic downturn negatively affected the golf tourism market. However, Mintel (2010)¹⁴ report that:

virtually no tourism segment has escaped the effects of the global financial crisis but golf tourism is largely expected to weather the storm better than other sectors due to the varied demographics of its participants.

- 4.4 Generally, we would expect that greater disposable income will encourage people to take more trips. While better economic conditions internationally will help bring tourists, for the domestic market, this effect can be slightly different as more disposable income can also increase the number of trips that UK residents make abroad and *reduce* the number of domestic trips.

¹³ KPMG (2010) Golf and the Economic Downturn

¹⁴ Mintel (2010) Travel & Tourism Analyst No. 15 - Golf Tourism - International

- 4.5 Deloitte (2010) reports that a fall in domestic consumer spending would reduce the amount of money that UK residents spend on tourism, but also, through a depreciation of the exchange rate, it could attract *more* overseas visitors (although not enough to offset the domestic effects).
- 4.6 The economy will affect all overseas geographic markets. The feedback from consultations supports this, specifically in relation to the value of the North American market. The recession reportedly had a major negative impact in 2008 but has recovered somewhat in 2009 and 2010, with bookings for next year reportedly strong.

Exchange rates

- 4.7 The exchange rate is important because it affects the attractiveness and value of visiting Scotland (from overseas) and also the attractiveness of *making trips overseas* from the UK. So a depreciation in the value of Sterling, relative to other currencies, would make golf in Scotland more attractive, but also make trips overseas less attractive for residents in Scotland and the rest of the UK who may see a golfing trip to Scotland as more attractive. This is reflected in the widely reported staycation effect which has seen a higher number of UK residents holidaying within the UK itself.
- 4.8 The Deloitte (2010) report finds that Scottish tourism economy overall is more sensitive to exchange rates (benefiting more than England from a weaker pound). Because of the importance of the North American market in particular, Scotland's tourism activity is sensitive to the exchange rate with the Dollar. However this may be a less of a factor for golf. Our consultations suggested that North American visitors tended to be less concerned about the exchange rate than with the state of the economy more generally.
- 4.9 There is a feeling that the golf market differs from other forms of tourism in that it typically involves an often more wealthy market and a relatively small change in the exchange rate is unlikely to have much of an effect. This may be less true among UK and European visitors who can be more cost conscious.
- 4.10 In looking forward it is impossible to forecast changes in the exchange rate and our assumption is that the relative values remain unchanged. However, this is an important driver and we include it to demonstrate the ways in which it could affect specific markets. The downside risks would be an appreciation of Sterling which might deter overseas visitors and make overseas destinations more attractive to the UK market.

Participation in golf

- 4.11 In a number of mature markets it is unlikely that there is much scope for increasing participation in golf. Indeed, in the US there are concerns that participation is falling. Similarly, evidence from KPMG¹⁵ suggests that the number of English golfers fell by over 60,000 between 2000 and 2010. In contrast there are a number of markets where there is likely to be fairly rapid growth in golf participation and in the number of golf trips. China and the Far East, India, Russia and a number of countries in Europe have all been

¹⁵ KPMG (2010) Golf Participation in Europe 2010

demonstrating growing interest in golf. This does not necessarily mean that there will be an increase in trips (which is determined as much by their propensity to travel, and the relative attractiveness of Scotland as a destination), but it is an important factor.

- 4.12 This pattern of a relatively flat market in the developed markets and growth in the new markets is well established. While golf is still one of the most popular sports in many countries around the world, Mintel (2010) reports that:

up to 4 million 'non-core' golfers cease playing each year, while similar numbers start playing, or return to play.

- 4.13 Mintel (2010) also reports that:

in the UK and Ireland, the 1.4 million registered golfers make up 33% of an estimated four million British and Irish golfers who play; figures that have remained largely static since 2000. Of the total population, 1.65 million are considered 'core golfers', while 566,000 of these play once a week or more – a figure that has been steadily declining over the last few years.

- 4.14 There are a number of estimates of the number of golfers in China. Mintel (2010) identifies several sources including the China Golf Association's (CGA) figure of five million Chinese golfers. While estimates of the number of Chinese golfers can vary dramatically, what is more certain is that the number is growing rapidly. The CGA also reports that there are currently around 500 courses in China and that this will grow to 2,400 courses by 2019. With a growing middle class and interest in golf, there will be a great opportunity to attract Chinese golfers to Scotland and they should start to make a bigger impression on the figures in the second half of the decade.

- 4.15 Over the next ten years golf tourism therefore faces a largely flat market in the mature markets in the UK and North America from where visitors have come from in the past, but there is potential growth from others. Over the decade to 2010, evidence from KPMG¹⁶ suggests that participation rates have increased dramatically across Europe: 124% increase in Spain, 146% in the Netherlands and 74% in Germany. Germany in particular is set to continue this strong growth. The number of golfers in Germany has grown by around 5% a year¹⁷ and offer potential for more trips to Scotland. The KPMG country review refers to Germany as:

the "sleeping giant" of the European golf market, bears vast potential for development. Despite being a relatively well established golf market, the participation of the population in the game is still only 0.7%, compared to 2.1% in Great Britain or 6.0% in Sweden.

- 4.16 France also has potential for growth as do Holland and Italy, all have good links to Scotland and golf will be boosted by the recent success of European golfers, such as Martin Kaymer and the Molinari brothers. Russia is another emerging market currently with a very small number of players, but with a high propensity to travel and play. KPMG (2010)¹⁸ suggest that this could be one of the fastest growing markets in the next 4 to 5 years. One of the key

¹⁶ KPMG (2010) Golf Participation in Europe 2010

¹⁷ KPMG (2010) Country Snapshot: Germany

¹⁸ KPMG (2010) Country Snapshot: Russia

drivers of anticipated increased interest from developing markets in the second half of the decade will be the re-entry of golf to the Olympics in 2016.

Comments on market development

- “emerging markets of China and India should mature within this decade, and without doubt their golf visitor numbers will increase”
- “the R&A's work in supporting golf development worldwide will increase this market opportunity”
- “the US business dipped dramatically from 2008, and the early signs are that this trend is reversing”

Source: SQW survey of GTS members

Events

- 4.17 One of the biggest marketing tools available to Scotland is the coverage of major golf events and in particular the Open Championship and 2014 Ryder Cup. Both provide significant media coverage, raising the profile of golf in Scotland.
- 4.18 Consultees provided a balanced view on how the pattern of events would impact on visitor numbers over the next 10 years. The Open has been held in Scotland regularly for many years and hopefully this will continue, so in some respects hosting it in the future is unlikely to provide a *step change* in the level of activity. It will, though, contribute to fluctuations in the numbers over the next ten years.
- 4.19 When the Open is held it means the closure of one of the championship courses for several months and this in itself can have a negative effect on visitor numbers. For example, when the Open is held at St Andrews, visitors that want to play the course (or other St Andrews Links courses¹⁹) would be better planning a trip at another time.
- 4.20 Consequently a bigger impact on visitor numbers is usually felt in the year *after* hosting the Open. This was generally agreed by consultees and **an increase in numbers of around 5% in the year after the Open was considered to be fair.**
- 4.21 Consultees thought that the Ryder Cup at Gleneagles in 2014 would also have a substantial impact but several cautioned that this could be weaker than anticipated. Their reasons for this were that the Gleneagles PGA course is not a traditional Scottish links, the type of golf that is normally associated with Scotland, and will not showcase traditional Scottish golf in the way that an Open does.
- 4.22 A second reason was a view that the Ryder Cup tends to focus more on the personalities than on the course and its history (Ryder Cups have recently been played on newly constructed courses). In some respects these views are shaped by perceptions of the Irish experience of the Ryder Cup at the K Club which was felt to have had a negative impact on attracting golf tourism to Ireland.
- 4.23 With the event at the Celtic Manor recently completed, it is not yet clear whether or on what scale the Welsh golf market will benefit from the Ryder Cup, but one indication was that visitor numbers had increased by 11% and that the value of golf tourism in Wales was valued

¹⁹ With the exception of the Castle Course in 2010

at £34.7 million (an increase of 18% from 2008) as a result of increased expenditure and length of stay.²⁰

- 4.24 Overall our view is that the Ryder Cup will have a significant positive effect on golf tourism both in the run up to the event and for some time afterwards. As it is the first time the event has been held in Scotland the impact will be greater than hosting the Open Championship, but this effect will decline over the following years. Views from consultees were that this impact could be greater for the Highland courses. It should also be borne in mind that **we are interested in the number of playing golf tourists and not spectators for these events**. The economic impact associated with golf event spectators over the next decade is discussed in Chapter 7.

Comments on the impact of events

- "Ryder Cup will add another reason for international golfers to visit Scotland"
- "the Open at St Andrews in 2010 will boost the next 2 years and hopefully hold on after that. The Ryder Cup in 2014 should increase 2015 sales"
- "the Ryder Cup will be invaluable"
- "building up to the Ryder Cup in 2014 at Gleneagles can be used to attract foreign visitors... [there is] no Open in Scotland for 2 years so we need to make a huge effort pre-Ryder Cup"
- "the 2010 Open in St Andrews will inspire people to visit Scotland"

Source: SQW survey of GTS members

Marketing

- 4.25 At a national level Scottish golf marketing is led by VisitScotland which invests around £1 million a year in a variety of activities. There is no quantitative assessment of how successful this is. The baseline figures we are using already include the effects of VisitScotland marketing to date, although the effects may lag behind the actual investment in campaigns. In the current economic climate it is unlikely that there would be any increase in VisitScotland's golf marketing budget over the next five years, but current investment will be maintained up to at least the Ryder Cup in 2014. The view of all the consultees was that while national marketing would help to maintain the current levels of golf tourism, it would not be expected to lead to any significant increases.
- 4.26 Views on the effectiveness of national marketing were mixed, although many felt that efforts should focus on the US and Europe rather than China where the benefits are more uncertain and will take longer to be realised.
- 4.27 A major exception would be private marketing, specifically the investments that will be made by the new courses including the Trump development. This is likely to be substantial and could well lead to a significant increase in demand both for the planned Trump courses and for others specifically in the north east of Scotland. This effect is included under the new courses section of the model.

²⁰ Welsh Assembly Government (2010). Available from:
<http://wales.gov.uk/newsroom/tourism/2010/100409ryder/?lang=en>

4.28 Regional level marketing is also important. There are a number of golf development groups in Scotland including:

- Carnoustie Country, Angus
- Golf South Ayrshire
- West Coast Links Association
- Golf East Lothian
- First in Fife
- Links with History
- St Andrews Golf Development Group.

4.29 Many of these golf development groups have now been operating for a number of years and therefore the impact of these groups should already be captured in the baseline figures. According to a recent report by the Audit Commission (2010)²¹, the Carnoustie Country initiative is estimated to bring £1 million of income into Angus each year. An Angus Council committee report from 2007²² states that the annual cost of the Carnoustie Country initiative to the Council in 2007/08 was £154,000 including a one off cost of £74,000 associated with the hosting of the Open. If it is assumed that annual costs in a 'normal' year are therefore £80,000, we can estimate that the economic return on such an initiative is around 12.5:1.

4.30 However, as with national level marketing, we would not expect any significant increases in the financing for marketing activities undertaken by existing regional groups.

4.31 Two areas which are not covered by a regional golf development group are the Highlands and the North East. In the Highlands, there is some degree of 'joined up thinking' with the top quality courses of Castle Stuart, Dornoch and Nairn working closely together to offer packages and also the Dornoch Firth Golf pass providing discounts at five local courses. As with our previous research, consultees again highlighted the potential of the North East, particularly with the Trump and Blairs Estate developments.

Marketing

- "initiatives such as the North East golf trails about to be launched by Golfers Scotland by way of website and brochure has great potential in drawing more customers soon"
- "if national and regional strategies are right, Scotland should benefit from further growth in the shoulder months if we continue to promote good value in Scandinavia and in Northern Europe"

Source: SQW survey of GTS members

²¹ Audit Commission (2010) Best Value 2 Pathfinder Audit - Angus Council.
http://www.audit-scotland.gov.uk/docs/best_value/2010/bv2_100512_angus.rtf

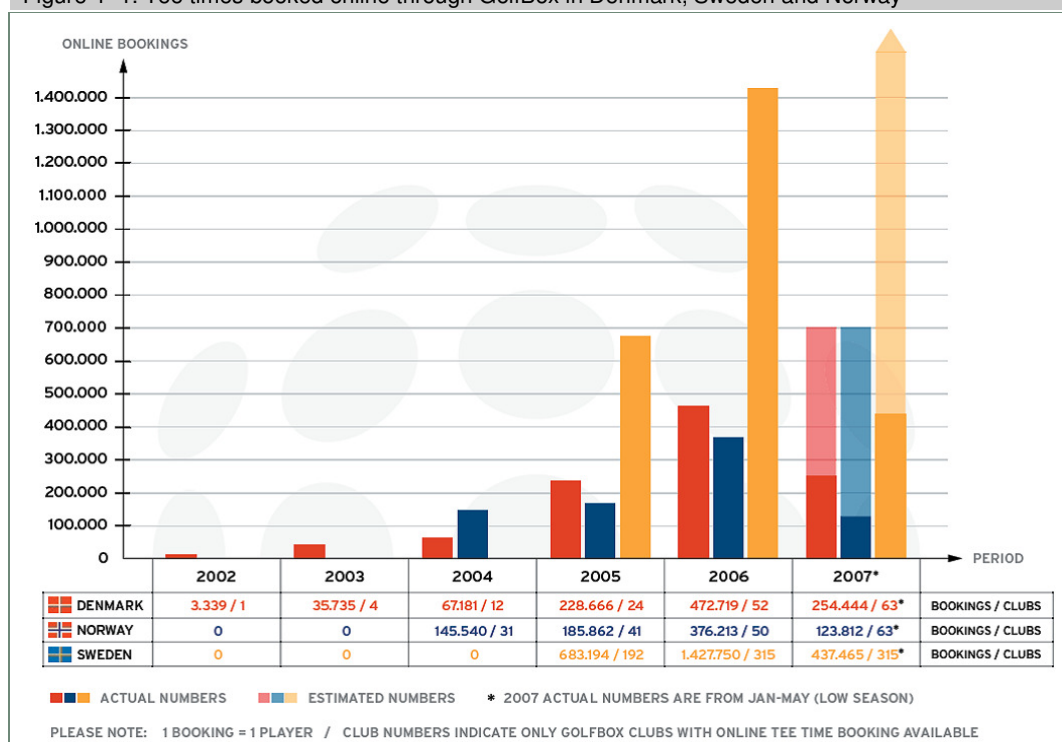
²² Angus Council (2007) Committee Report 144/07
<http://www.angus.gov.uk/ccmeetings/reports-committee2007/anguscouncil/144.pdf>

E-booking

4.32 E-booking, the facility to book tee times through the internet is an issue which has been of growing importance in the sector over the past few years. This is particularly the case in dealing with an international market which wants to book tee times at any time of the day or night. The examples from courses that have introduced online booking report an increase in visitor rounds. For example, in North West Wales, average income from green fees at 21 courses which participated in a new online booking system increased by 20% with some clubs reporting increases of 40%.²³ Evidence from Scandinavia also confirms the importance of online booking. Figure 4 -1 shows the growth of online bookings in Denmark, Sweden and Norway. Although there is no evidence on the net increase in golfers due to online booking, comments about the effect of online booking from individual club secretaries and managers at Danish courses are positive:

- Haderslev golf club experienced an increase in revenue of 14% after introducing internet booking without any other special arrangements towards attracting guests
- Hlstedro golf club introduced internet booking in 2007 and saw an increase in greenfee revenue of 4.4% year on year
- Randers golf club estimated that they lost around £3,500 to £4,000 in 2007 from guests who decided not to play at the golf because they couldn't book online.²⁴

Figure 4 -1: Tee times booked online through GolfBox in Denmark, Sweden and Norway



Source: GolfBox (2007) Mini survey Concerning Tee Time Booking and the Possible Effect on Green Fee Revenue

²³ Tourism Partnership North Wales (unknown) Online Booking Drives Profit for Golf Clubs
<http://www.tpnw.org/ebulletins/ewelcome11.pdf>

²⁴ GolfBox (2007) Mini survey Concerning Tee Time Booking and the Possible Effect on Green Fee Revenue.
 Report provided to the study team by SGU

- 4.33 From our consultations, we understand that better online tee booking systems would at least help maintain visitors (it will increasingly be a minimum expectation) but it could also help clubs to take advantage of a stronger “staycation” market, and increase numbers.
- 4.34 According to SGU’s Golf Central database of Scottish golf courses²⁵, there are only around 40 courses with online booking facilities, less than 10% of the total number of courses in Scotland. Recent research²⁶ reports that:
- the current lack of visitor online booking systems is a key barrier to capitalising on Scotland’s undoubted golf tourism potential. The wider use of such tee time booking systems by courses will be a critical success factor in reinforcing the fact that we are indeed ‘open for business’.*
- 4.35 One potential explanation for the lack of adoption of online booking is that the majority of Scottish clubs are member clubs (72%) rather than commercial courses (17%)²⁷ which have a greater focus on attracting visitors. This is different to many of the countries with which Scotland is competing for golf tourists such as Spain, Portugal and Ireland. For instance 24% of courses in Northern Ireland are commercially driven²⁸.
- 4.36 There is a risk that unless this type of access is developed by a greater number of Scottish courses it could deter potential visitors. With online booking available for almost all aspects of travel and tourism, visitors are becoming increasingly accustomed to being able to organise their itinerary from their computer. This remains patchy in Scotland with a number of sites offering coverage across a number of courses.
- 4.37 While online booking will be advantageous for individual courses, it is less clear whether this would be at the expense of other courses. The effect would partly be to move some golfers from one course or area to another. The impact on visitor numbers would be positive and coupled with other activities it would be likely to improve the conversion of marketing into actual trips by making booking more convenient.

Service

- 4.38 The quality of service in Scottish tourism generally has been a focus for VisitScotland and others for a long time and the same issues are relevant for golf, perhaps even more so. At one level the experience and service offered at the top end of the market is world class. The service at the championship courses and hotels caters for international visitors and offer very high standards. Service and tourism facilities are more of an issue around other courses where the golf offer itself is attractive but the supporting facilities are less so. Scotland is fairly unique in that golf is not always based around resorts (although this is the case with many of the new developments). This means that courses, hotels and restaurants are often booked separately and can offer a mixed experience.

²⁵ <http://www.scottishgolf.org/index.cfm?objectid=CB2668A3-9075-D826-417250A8FC367888>

²⁶ Tourism Intelligence Scotland (2010) Opportunities for Growth Guide Number 4: Golf Tourism in Scotland

²⁷ Price (2003) Scotland’s Golf Facilities, Provision, Management and Usage

²⁸ Northern Ireland Tourist Board (2005) Golf Overview. Available from:
<http://www.nitb.com/DocumentPage.aspx?path=aedbda88-d741-4bec-b324-36204c735653.56758590-e12c-4fd8-9393-1a2dce8dc572.0d98b384-3719-43fe-a3ed-dc60afd4593e.ddc565cd-4612-4431-9500-f1b88445e2a1.0eb69e3b-482d-458a-9a64-7ba465368731>

- 4.39 The majority of visitor trips and golf tourism expenditure is made at a relatively small number of high profile courses. The Open championship courses in particular are the focus of much of this expenditure. So the impact of improving service generally would be most likely to be felt by UK, Scandinavian and European visitors who are more likely to visit second and third tier courses.
- 4.40 In the model we have assumed that service remains at least constant relative to competitors and is reflected in our assumption about underlying market growth. Better service will move the estimates towards the high case and poorer service will have the opposite effect. These effects are more likely to impact on the UK and European trips which are more likely to play a wider range of courses.

New courses

- 4.41 Our consultations reinforced the view that Scotland has fantastic golf courses and that these have recently been complemented by a number of high quality venues such as Castle Stuart, Machrihanish Dunes and Marr Hall, and prior to that the Castle course at St Andrews. The Trump development will add to this, bringing with it we would imagine, a great deal of marketing and profile. Throughout the consultations we were reminded not to lose sight of the quality of Scotland's core offer, the courses themselves.

Trump development

- 4.42 Construction on the Trump development at Balmedie has now started with the first course due to open in 2012 with a second one to follow several years later. For a number of reasons we think that this will make a major contribution to golf tourism both by directly attracting visiting golfers and by raising the profile of golf in Scotland in key markets. The facilities are likely to be supported by considerable marketing investment. Given the importance of the course and the claims that have been made, it will have to attract a substantial number of visitors. This could include, for example, hosting events as well as investment in marketing and attracting corporate business.
- 4.43 The impact studies that have been done²⁹ anticipate around 200,000 visitor nights in the hotel alone (excluding 575,000 nights that were estimated in holiday apartments). A high level of activity for these courses might generate 30,000 rounds on each.
- 4.44 It is likely that staying golfers would play a round on each course and possibly visit other courses in the North East or further afield. Some of these trips may be at the expense of other facilities in Scotland, although the scale and focus of the marketing that could be undertaken would be expected to attract a lot of new visits to Scotland. It is interesting however, that the split between UK and overseas visitors (using the hotel at least) is heavily weighted towards the domestic market. The EKOS (2008) assessment uses displacement values of 45% for UK visitors and 40% for overseas visitors.

²⁹ EKOS (2008) Menie Estate Development - Economic Impact Review

Other new courses

- 4.45 There are three other new courses that have opened since our previous study and which are important for the visitor market. Machrihanish Dunes, Castle Stuart and the Castle course at St Andrews were immediately welcomed as three of the best courses in the UK and of international appeal. However, any impact on visitors to these courses was not included in the previous estimate of numbers. We have included estimates of additional visitors in the 2010 baseline described in Chapter 2.

New courses

- "the significance of this course [Trump] is enormous bringing golfers from all over the world to an almost forgotten area of Scotland with enormous potential not only here but in the links with other courses along the Moray Firth"
- "new developments like Trump will generate publicity and interest"

SQW survey of GTS members

Access

- 4.46 The future impact of changes in access in Scotland are quite complex. The main sources of impact are assumed to be flights and ferries which can potentially change over the next ten years, rather than rail or roads, which are less likely to change significantly. It is worth remembering that the majority of golf visitors will travel by car. Improvements in the road network could enable better access within Scotland, perhaps making some of the courses in rural areas more accessible.
- 4.47 Rail is not very well suited for golfers because of the need to carry clubs as well as other luggage while changes to the road network are unlikely to have much impact on the number of visitors to Scotland.
- 4.48 There is however, scope to bring more visitors by air. Excluding Scottish visitors, 68% of visiting golfers coming to Scotland arrive by plane.³⁰ Anecdotal evidence from the consultations suggests that new air routes can have a significant impact on both the volume and pattern of visits. For example, courses around Prestwick have previously benefited from the Ryanair flights from Sweden and when these routes were moved to Edinburgh there was a shift from the West coast to the East. New routes into Inverness from Switzerland and Germany are also having an impact the number of golf visitors.
- 4.49 As an example, the existing Edinburgh to Newark route operated by Continental carried 650,000 passengers in its first five years and, according to VisitScotland, generated £184 million of tourism revenue.³¹ If each visitor spent £1,500 per trip this would be 123,000 visitors over 5 years or around 25,000 a year (which is 5% of the total number of US visits to Scotland). Our estimates for 2008 indicate that around one in 20 US visitors are golf tourists. If this was true of the 25,000, it would mean 1,250 golfers each year using a new US to Scotland direct route.

³⁰ VisitScotland (2007) Golf Tourism Visitors Survey 2007

³¹ City of Edinburgh Council (2009) Invest Edinburgh. Available from: <http://www.edinburgh-inspiringcapital.com/pdf/Invest-Edinburgh-29.pdf>

- 4.50 The *pattern* of flights around Scotland can also have an impact. The Trump development in the North East may provide an incentive for Aberdeen Airport and a number of airlines to look at developing new direct routes. This would obviously help the Trump courses but also the surrounding courses.
- 4.51 The provision of new flights will depend to some extent on demand (although in some cases it can also lead demand). Even with a well respected product and strong latent demand, poor access could limit the number of visitors.

5: Developing the model

- 5.1 The model uses an Excel spreadsheet to provide estimates of the number of trips and expenditure of golf tourists over the next ten years (to 2020). It uses the views of consultees and from the reports discussed in the earlier chapters to indicate the positive and negative effects of the various factors.
- 5.2 It is important to point out that this is not a model that can draw on the past relationships between different variables in order to project into the future. There is no trend data to use and so our approach must be based instead on the views of those working in the sector and developments, events and trends that are expected to occur.

Scenarios

- 5.3 The model uses three different scenarios to reflect some of the uncertainty around possible outcomes. These are:
- **high case** – for each driver, and overall, this is the top end estimate which represents a scenario which maximises visitor numbers. For example, a strong positive effect from the events being held, the strongest growth in demand, an increase in the numbers of direct flights and strong uptake of online booking
 - **base case** – this represents the most balanced view of potential growth. It assumes more modest impacts from all the drivers. It reflects that some may be stronger than anticipated while others would be weaker, but this is the most realistic estimate
 - **low case** – this is the opposite of the high case and assumes that the expected impacts of each of the factors is weaker than anticipated and that competition is tougher. It could result from weaker growth in golf markets, less effective use of events, poorer marketing, no improvement in access and poor uptake of online booking facilities.

Overlap

- 5.4 There is a good deal of overlap between the factors and care must be taken not to double count. For example, the Trump development is expected to have a positive effect on marketing, as well as directly attracting additional golf tourists.
- 5.5 The main assumptions are outlined in Table 5-1.

Table 5-1: Drivers and summary

Driver/factor	Summary
Consumer spending/economy	<p>Economic conditions and consumer disposable income are a factor in tourism expenditure. For the UK an improvement in economic conditions would lead to more golf trips, although it also increases the opportunities to go overseas. A deterioration leads to fewer trips. As the biggest market by value the North American economy is particularly important. All things being equal, modest growth over the 10 years should, encourage additional trips.</p> <p>Clearly the economic outlook for different markets is important and in this context the emerging economies, such as China will grow much faster than the more developed ones.</p>

Driver/factor	Summary
Exchange rates	<p>A stronger exchange rate makes visits to the UK more expensive while depreciation would be more beneficial, making visiting better value and discourage UK residents from travelling abroad.</p> <p>Scotland's golf market is potentially more vulnerable than England's both because of the higher dependence on North American visitors and because a stronger currency reduces the "staycation" effect which can help retain Scots and encourage visits from England.</p> <p>The impact is likely to be stronger on the more value conscious visitors from within the UK and Europe rather than the US.</p>
Participation	<p>Over the next ten years golf tourism faces a largely flat market in the mature markets of the UK and North America from where most visitors have come in the past, but there is potential growth from others.</p> <p>The Chinese market is potentially large with a strong interest in golf. With a large and growing middle class interest in the game we would expect to see the number of trips building up in the second half of the next decade.</p> <p>In the shorter term Germany, France, Holland and Italy all have good links to Scotland and potential for demand to increase.</p>
Marketing	<p>There was no significant planned increase or decrease in expenditure on golf tourism marketing and this is treated as neutral. We have assumed that there is no change in the effectiveness of the national marketing or its targeting.</p> <p>Have assumed some increase in regional marketing activity.</p>
Events	<p>Increases tend to impact in the following year of an event – the Ryder Cup will have an impact in the year prior to the event and in the following years. We have estimated around 10% in these years with a declining effect thereafter. This will have a stronger effect on the US and European markets.</p> <p>The Open Championships hosted in Scotland will consistently have an effect. They have a significant impact in the years following an Open which declines until the next one is held. The impacts are probably fairly evenly distributed across markets.</p>
New courses	<p>Three new developments in the last few years, Castle Stuart, the Castle course and Machrihanish Dunes, have all made an impact on visitor numbers. However Trump is likely to be the most significant given its scale and the marketing behind it. We envisage that this will attract a high number of US visitors as well as visitors from other markets.</p>
Access/Transport	<p>Access is in part driven by demand and in part can generate new interest itself. A new direct US flight could bring perhaps 1,250 golfers per year. New routes to the US in particular would make Scotland a more attractive destination. New routes into Europe already impact on the pattern of golf visits.</p> <p>Over the next ten years transport links should improve making Scotland more accessible (as will many other countries that offer golf facilities). Direct access to a wider range of states in the US would have a stronger effect. New direct routes from Europe would also help.</p> <p>Ferries are often overlooked but can be relevant for the golf market as they allow people to take their own cars. Routes to and from the continent and Ireland would improve access and increase the number of trips.</p>
Online booking	<p>This is almost a "hygiene" factor – it will increasingly be expected to be there. In dealing with international markets it becomes more important to have 24 hour access to bookings. This may be less of an issue with long haul visitors who tend to book through a tour operator, but it could have a positive impact in generating short breaks, particularly from within Scotland, the rest of the UK and Europe.</p> <p>Not developing this within a reasonable time frame could act to deter these potential trips.</p>
Value for money	<p>The feedback from stakeholders has been that value for money has become a far more important factor in the golf tourism market than ever before and that this is likely to continue. In part it is reflected by the exchange rates, but also by the way in which golf trips are packaged and getting pricing right. Some of the feedback suggests that more can be done to address this. There are views that Ireland and France in particular were slower to respond to the recession and to cut prices.</p>
Service	<p>Service is generally of a very high quality around the Championship courses and those that cater for most of the overseas and corporate markets. It is around the second or third tier courses that the experience can be harder to organise and the service more variable.</p>

Source: SQW

Key assumptions

5.6 The drivers in the model are discussed under the following headings:

- participation
- new courses (Trump in particular) which will attract new visitors
- access (new routes)
- events (Ryder Cup and Opens)
- online tee time booking
- regional marketing.

Participation

5.7 An underlying trend in the number of trips which is influenced by levels of interest and participation in the game and the willingness to travel.

5.8 Based on the consultations and the research discussed earlier we have assumed that this driver will be relatively flat in the more mature markets of North America, Scotland and the rest of the UK, over the period. In the model, the high case assumes 1% per annum growth, the base case assumes 0% per annum and the low case assumes negative 1% per annum growth in visitors from these markets.

5.9 The European market has more potential for growth than the US or UK, reflecting increasing interest from France, Germany, Holland and Italy. The model uses growth rates of 5%, 3% and 2% for the high, base and low cases respectively.

5.10 The “rest of the world” market has the greatest potential over the next decade and although starting from very low numbers we would expect these markets, particularly China, India and Russia to grow rapidly. Increasing rates of participation within such large populations would be expected to have an increasing impact on visitors over the second half of the decade.

Olympics

5.11 The inclusion of gold in the 2016 Olympics is also expected to have a major impact on levels of participation and interest in the game. It will be important to convert what will be growing interest into visitors to Scotland. We have used annual growth rates of 7.5%, 5% and 3% for the high, base and low cases between 2010 and 2014, which then increase to 12%, 10% and 5% growth per annum between 2015 and 2020 to reflect the effect of the Olympics.

Table 5-2: Assumptions on underlying rates of market growth

	2010 – 2014			2015 - 2020		
	High	Base	Low	High	Base	Low
North America	1.0%	0.0%	-1.0%	1.0%	0.0%	-1.0%
Scotland	1.0%	0.0%	-1.0%	1.0%	0.0%	-1.0%
Rest of UK	1.0%	0.0%	-1.0%	1.0%	0.0%	-1.0%
Europe	5.0%	3.0%	2.0%	5.0%	3.0%	2.0%
Rest of world	7.5%	5.0%	3.0%	12.0%	10.0%	5.0%

Source: SQW estimates

New courses

- 5.12 The opening of the Trump course in particular is likely to provide a step change in the number of golf trips to Scotland. The first course is expected to open in 2012 and another should follow perhaps two years later. For all three scenarios, we have assumed that the Trump development will generate 15,000 golf trips in the first couple of years rising to 20,000 per year from 2015 when the second course opens.
- 5.13 This is based on the assumption that if there are 30,000 rounds on the first course of which 15,000 are day visits and that each staying visitor plays 1.5 times, there will be a total of 10,000 visitor trips. From 2015, the second course will open and bring a further 30,000 rounds. For these rounds, it is again assumed that 15,000 are day visits. From 2015, there are therefore 30,000 visitor rounds associated with the Trump courses. However, the number of rounds per trip is likely to increase to two because it is assumed golfers will play both courses. We have assumed that the 30,000 staying visitor rounds are played by 15,000 people as part of their trip. It is anticipated that 50% of these trips are additional, broadly in line with the EKOS (2008) assumptions.
- 5.14 We have also built in some additional visits for the courses that have opened in Scotland since the last report and mean that the golf monitor probably underestimates the number of visitor rounds. Machrihanish Dunes, Castle Stuart and the Castle course at St Andrews. We have assumed that in 2010 these courses generated around 45,000 visitor rounds which would be equivalent to around 9,000 trips. We have assumed that 25% of these are additional trips.
- 5.15 Collectively, including the Trump development, these new courses would then bring up to 9,750 *additional* visitors to Scotland, which is a 7% increase on the current volume. This is used in all three scenarios.

Table 5-3: Net *additional* trips generated through new course developments (same for High, Base and Low scenarios)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total additional trips	2,250	2,250	7,250	7,250	7,250	9,750	9,750	9,750	9,750	9,750

Source: SQW estimates

Access

5.16 Access is focussed on the changes in the pattern and number of flights to Scotland over the next ten years.

- **the high case** - a new US flight could bring perhaps 1,250 golfers to Scotland each year. The high case assumes **two new direct flights from the US**. However, many of these would have come anyway, on indirect flights and some will already be counted within the estimates for events, for new courses and within the modest growth estimates. Even so the new flights should help release some latent demand above these factors. From these direct flights we have assumed 1,000 additional trips (40% of the total number of golfers travelling on these flights (2,500)). In addition, we have assumed further golfers from new European and rest of the world flights; 500 from Europe and 500 from the rest of the world.
- **the base case** - we assumed half of the impact from the high case. This could be an additional 1,000 trips with 500 from North America and 500 from Europe and the rest of the world.
- **the low case** - we assume that there is no net change in access, or if there is any golfers using new routes would have come anyway.

5.17 The total additional trips are shown in Table 5-4.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High	0	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Base	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Low	0	0	0	0	0	0	0	0	0	0	0

Source: SQW estimates

Events

5.18 The consensus is that the events that will boost visitor numbers will be the Ryder Cup and the Open championships in Scotland. We also know that the impacts tend to be in the year following the events. But these are discrete boosts, rather than step increases, although they will have some impact as they decline over the following couple of years. Table 5-5 shows the pattern of uplifts associated with hosting events.

5.19 The percentages indicate the proportion uplift that occurs in that year as a result of hosting the events.

- **the high case** - assumes that events go well, they generate positive coverage and the economy is in a sufficiently strong state to generate a greater impact on trips
- **the low case** - assumes that for some reason the events do not have as strong an effect on trips, perhaps because of poor coverage or weak economic conditions. In other words there is also a chance that the events do not translate into new trips

- **the base case** - is the balance between these. This accepts that some events will be very successful and others less so.

5.20 For example, under the base scenario the number of trips in 2011 is boosted by 5% because of the impact of the 2010 Open at St Andrews. Under the high case we have assumed a 7.5% uplift and under the low case, a 2.5% uplift. A full list of the uplifts associated with the Open and Ryder Cup are shown in Table 5-5.

	Scenario	1st year after event	2nd year after event	3rd year after event
Open	High	7.5%	5.0%	2.5%
	Base	5.0%	2.5%	0%
	Low	2.5%	0%	0%
Ryder Cup	High	10%	7.5%	5.0%
	Base	7.5%	5.0%	2.5%
	Low	5%	2.5%	0%

Source: SQW estimates

5.21 These uplifts have been applied to each year between 2010 and 2020, taking into account the announced events and assuming that the Open is held at St Andrews in 2015 and 2020 and that it is also held at another course in Scotland in 2017 and 2019 (although this is not confirmed). A combination of the Ryder Cup in 2014 and the Open in 2013 and 2015 provides a strong cumulative uplift in 2014 through to 2016. From 2017 through to 2020, the main driver for the uplift in visitors comes from the Open.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Open @ St Andrews			Open @ Muirfield	Ryder Cup	Open @ St Andrews		Open		Open	Open @ St Andrews
High	0.0%	7.5%	5.0%	2.5%	7.5%	15.0%	17.5%	10.0%	10.0%	5.0%	7.5%
Base	0.0%	5.0%	2.5%	0.0%	5.0%	10.0%	10.0%	5.0%	5.0%	2.5%	5.0%
Low	0.0%	2.5%	0.0%	0.0%	2.5%	5.0%	5.0%	0.0%	2.5%	0.0%	2.5%

Source: SQW estimates

5.22 What is noticeable is the considerable build up of events from 2013 to 2016, a time when as well as the Ryder Cup and Open Championships, Scotland will also host the Commonwealth Games. Post 2016, the effects are likely to be weaker. In allocating the additional trips, the proportion allocated to Europe and the rest of the world increases in the second half of the decade as the emerging markets become stronger and interest in golfing events increases. Table 5-7 shows the net additional trips generated through golf events annually between 2010 and 2020.

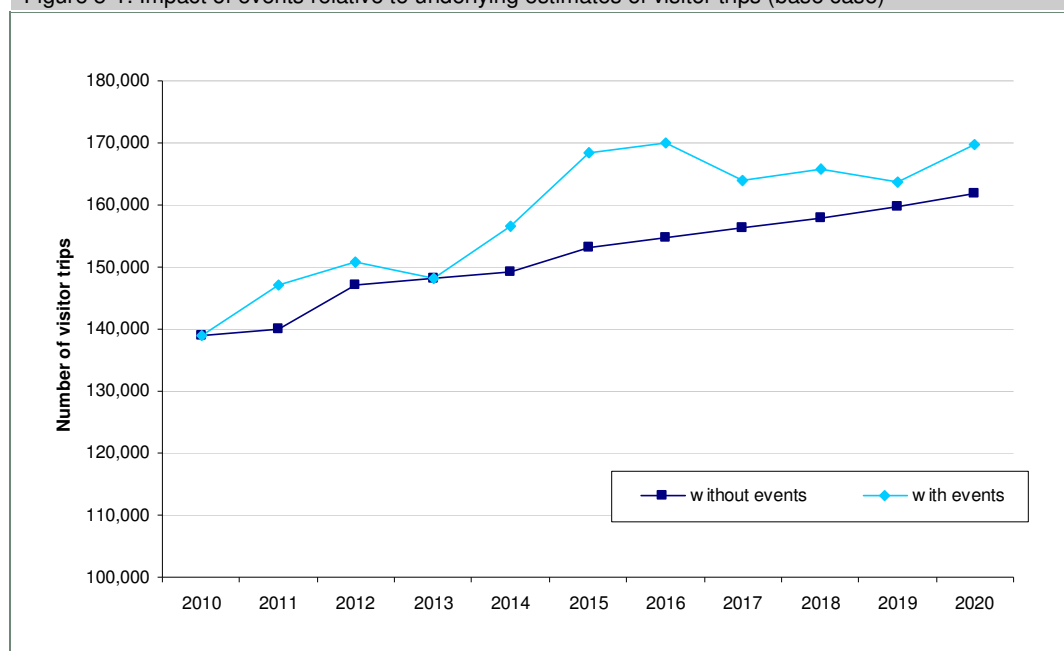
Table 5-7: Net additional trips generated through golf events in Scotland (to nearest 100)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Open @ St Andrews			Open @ Muirfield	Ryder Cup	Open @ St Andrews		Open		Open	Open @ St Andrews
High	0	10,700	7,700	4,000	12,200	25,500	30,600	18,000	18,500	9,500	14,700
Base	0	7,100	3,700	0	7,700	15,900	16,200	8,200	8,400	4,300	8,700
Low	0	3,500	0	0	3,500	7,200	7,200	0	3,600	0	3,600

Source: SQW estimates

5.23 The additional trips generated through events provide a temporary boost which helps to underpin visitor numbers, but the effect will decline over time. The effects are shown in Figure 5-1: The top line shows the boost that the events provide, particularly strong between 2014 and 2016, before falling back towards the underlying trend line.

Figure 5-1: Impact of events relative to underlying estimates of visitor trips (base case)



Source: SQW estimates

Online booking

5.24 There are currently around 40 courses in Scotland which provide online booking facilities for visitors. In the three scenarios, take up among the remaining 510 courses in Scotland varies as follows:

- **the high case** - assumes that the number of courses using e-booking increase by 5% (25) a year to 2015 and although there will be further growth, the increase to 2015 should cover those courses that have an impact on tourism visits
- **the base case** - assumes that growth is by 12 courses a year to 2015

- **the low case** - assumes that take up of online booking services remains low at around 5 new courses a year to 2015.

5.25 Evidence from Wales suggests that clubs with online booking experienced a 20% increase in green fee revenues. This 20% uplift was applied to the average number of trips per course. The 20% increase is assumed to be a step change for each course involved. A high level of displacement was assumed as much of this increase is likely to be at the expense of other courses that are not online. Only 25% of these trips are assumed to be additional. The net additional trips generated through provision of online booking are shown in Table 5-8.

Table 5-8: Net additional trips generated through provision of online booking (to nearest 10)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High	0	320	630	950	1,270	1,590	1,590	1,590	1,590	1,590	1,590
Base	0	160	320	480	630	790	790	790	790	790	790
Low	0	60	130	190	250	320	320	320	320	320	320

Source: SQW estimates

Marketing

5.26 As discussed in the previous chapter, we have assumed that there is no increase in the budgets for existing national and regional marketing. This means that there are no additional trips generated through this marketing. However, for the model we have assumed that a new regional marketing initiative is developed in 2011 in either the Highlands or North East. The scenarios are as follows:

- **the high case** - assumes new marketing initiative has a budget of £80,000 a year
- **the base case** - budget of £40,000
- **the low case** - budget of £10,000.

5.27 We have assumed a “return on marketing spend” of 12.5:1, in line with the evidence from the Carnoustie Country initiative, and an average spend per trip of £1,100. It is anticipated that the majority of trips associated with the new marketing would have gone on a golf trip in Scotland anyway so only 25% of trips are additional. The final assumption relating to the regional marketing initiative is that the majority of these trips are made by golfers from Scotland and the rest of the UK (70%) with the remaining 30% split evenly between the US, Europe and the rest of the world. Table 5-9 provides a summary of the additional golf trips which are associated with the development of a new marketing initiative.

Table 5-9: Net additional trips generated through creation of a new regional marketing initiative (to nearest 10)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High	0	230	230	230	230	230	230	230	230	230	230
Base	0	110	110	110	110	110	110	110	110	110	110
Low	0	30	30	30	30	30	30	30	30	30	30

Source: SQW estimates

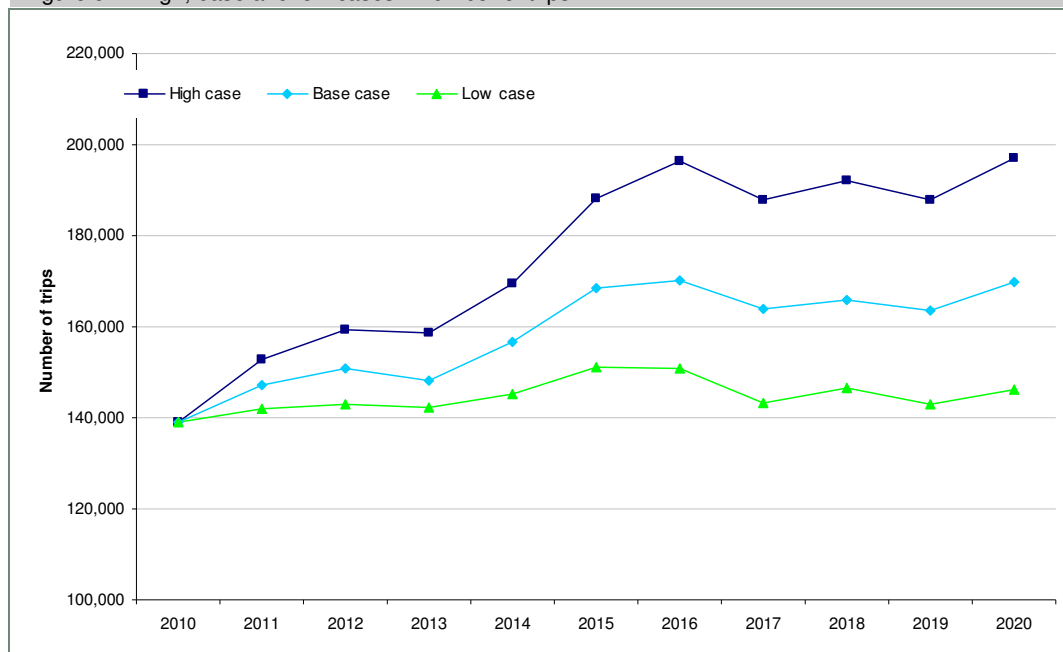
6: Summary results

- 6.1 This chapter presents the results of the forecasting exercise in terms of the number of rounds, trips and economic impact.
- 6.2 In summary, under the base case golf tourism expenditure is expected to grow in real terms by around 2.8% a year over the next ten years, giving overall growth of 32%. Within this we expect more rapid growth to 2015 as a result of the planned events and new courses. From 2015 onwards, the traditional golf markets of North America and the UK are expected to remain fairly flat, but will in part be offset by faster growth from the rest of the world and particularly emerging markets. The Trump development as well as a broadening of access through air routes into regional markets may also shift the visitors further east, with the North East, the Highlands, Fife and East Lothian likely to benefit.

Results

- 6.3 The overall number of trips forecast is expected to grow under each of the scenarios, from around 139,000 in 2010 to around 172,000 under the base case and 197,000 under the high scenario (Figure 6-1). With the low case the number rises only slightly, to 145,000.
- 6.4 The most noticeable shape is the sharp increase to, and just beyond, 2015 as result of two main factors; the Ryder Cup and Open (not yet confirmed) being held in consecutive years and the opening of the Trump courses from 2012. The underlying pattern is the relatively slow growth from the more mature markets but anticipated higher growth from new markets in Europe and the rest of the world.

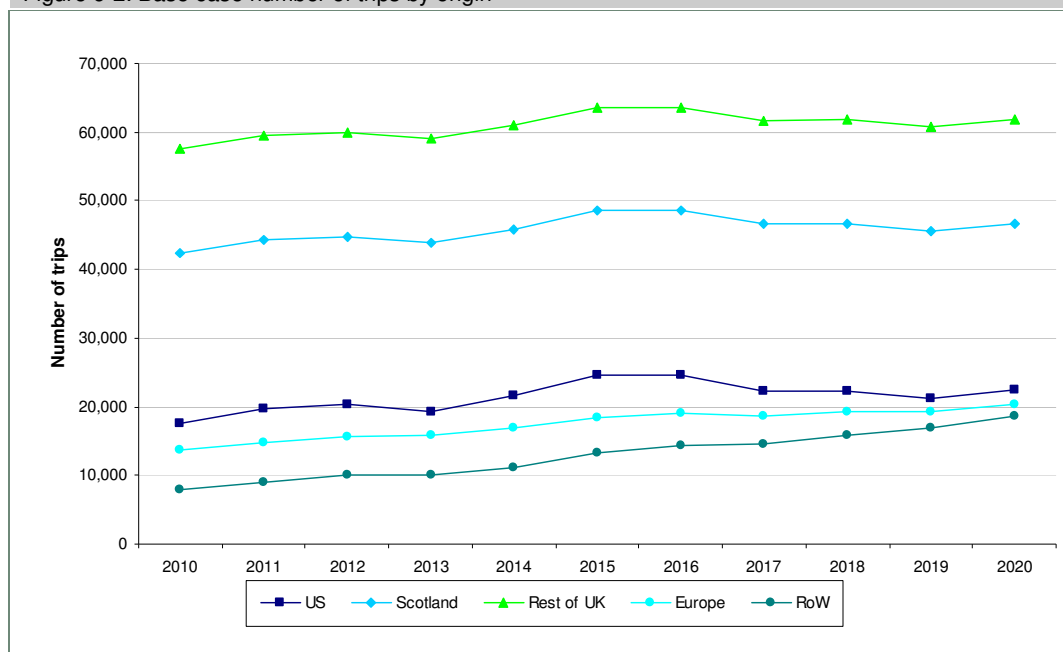
Figure 6-1: High, base and low cases – number of trips



Source: SQW estimates

6.5 The patterns for individual markets are also quite different. Figure 6-2 shows modest increases in the next five years within the domestic market, but after 2015, this becomes flat or declines slightly. The US market follows a similar pattern after the boost provided by the events and the opening of Trump. Growth from Europe slows slightly after 2015. The main source of growth in the second half of the decade is from the rest of the world. By 2020 there are almost as many visitor trips from the rest of the world as there are currently from North America.

Figure 6-2: Base case number of trips by origin



Source: SQW estimates

Economic impact

6.6 The forecast number of trips can readily be converted into tourist expenditure by using estimates of spending by each type of visitor. As discussed earlier in the report, the expenditure data is not very consistent. In our previous study the economic impacts were based on the Golf Monitor data on visitor revenue. Unfortunately this does not triangulate with expenditure data from the most recent SMS golf survey³². In other words the estimates of green fees that are produced through the SMS survey would be well in excess of the figures reported by the courses themselves and collected in the Golf Tourism Monitor.

6.7 **We would strongly suggest that a new golf expenditure survey is carried out to help develop and refine estimates of the economic impact in future.**

6.8 The GTM data does not allow us to distinguish between the expenditure made by golf visitors from different origins. In their visitor surveys SMS acknowledges that some of the spend figures are based on very small sample sizes and reflect the courses where the interviews have been carried out. The values also varied hugely between 2007 and 2006.

³² VisitScotland Golf survey carried out by Sports Marketing Surveys 2006 and 2007

- 6.9 Research by KPMG (2008)³³ reports that golf tourists spend on average between €150 and €180 per day on a short trip and around €250 per day on a long haul golf trip. This would give estimates of around £600 per trip for UK residents and £2,000 per trip from long haul origins. These figures are more consistent with the overall estimate of economic impact built up from the GTM data.
- 6.10 **In order to produce comparable results with the GTM data we have estimated a combination of expenditure that broadly reflects the KPMG conclusions** and are compatible with the GTM visitor revenue estimates. These estimates of expenditure per trip and the number of rounds per trip used in the model are shown in Table 6-1.

Table 6-1: Assumptions on expenditure and number of rounds used to develop expenditure estimates

Market	No of rounds per trip	Expenditure per trip ³⁴
US	7	£2,000
Scotland	4.3	£500
Rest of UK	4.7	£700
Europe	5	£800
Rest of World	7	£1,500

Source: SQW estimates

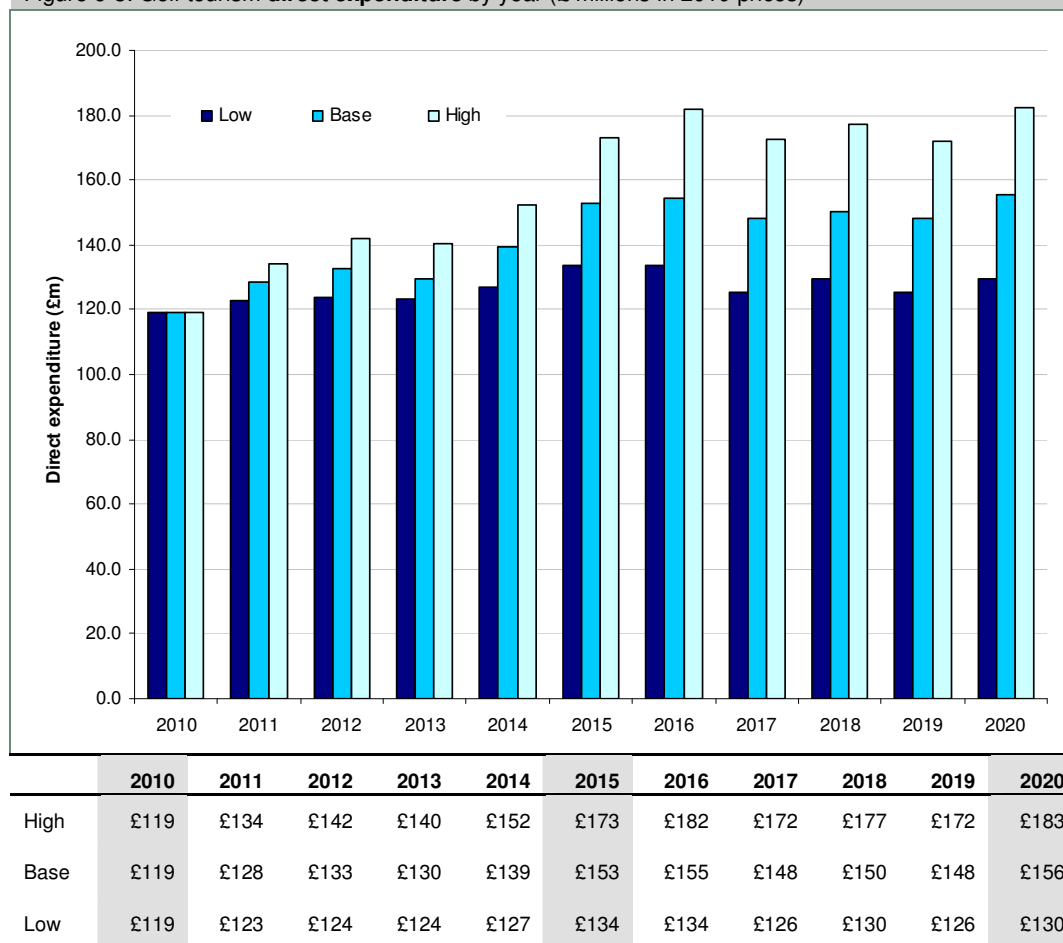
Direct expenditure

- 6.11 Using the expenditure and rounds per trip values we are able to provide estimates of the *total* additional expenditure in each of the years up to 2020. The results are shown for the high, base and low cases in Figure 6-3. The growth in expenditure is slightly different from the growth in trips because of their composition. Broadly, growth in expenditure will be higher because of the shift to the faster growing European and rest of the world markets which spend more than domestic visitors. The same effect will be apparent in estimates of the number of rounds since overseas visitors tend to play a greater number of rounds per trip than UK visitors. Growth in the direct expenditure over the ten years is estimated to be:
- 6.12 The annual average real growth rate in expenditure for each of the scenarios is estimated as:
- **high growth – 4.3%, giving 10 year growth of 53%** to £183 million in the high case (in 2010 prices)
 - **base case - 2.7%, giving 10 year growth of 30%** to £156 million in the base case (in 2010 prices)
 - **low growth - 0.9%, giving 10 year growth of 10%** to £130 million in the low case. (in 2010 prices)

³³ KPMG (2008) Golf Travel Insight for Europe, Middle East and Africa 2008

³⁴ These figures are SQW estimates derived from reviewing the SMS and KPMG studies and considering the green fee revenue figures from the GTM

Figure 6-3: Golf tourism **direct expenditure** by year (£ millions in 2010 prices)



Source: SQW

Output estimates including multipliers

- 6.13 The additional visitors and their expenditure increase the direct output of the businesses meeting this demand. As these producers increase their output, there will also be an increase in demand on their suppliers and so on down the supply chain. In addition the income and profits generated also have “knock-on” or multiplier effects in the economy. The scale of these effects can be estimated by using the Scottish Input-Output Tables.

Table 6-2: Calculating Type II golf tourism multipliers

Spend Category	Share of Spend	I-O Category	Type II Output Multiplier
Green Fees	25%	121: Recreational Services	1.91
Other	75%	92: Hotels, catering and pubs etc	1.56
Weighted Golf Tourism Type II Output multiplier			1.65

Source: SQW estimate, based on Scottish Government Input Output tables and SMS (2007) data³⁵

³⁵ Source: <http://www.scotland.gov.uk/Resource/Doc/919/0110399.xls>

- 6.14 Combining the types of direct output gives a multiplier of 1.65, or for every £1 of direct output a further £0.65 is produced elsewhere. Applying these multiplier effects gives the following total output figures.

Table 6-3: Output including multipliers (£ millions in 2010 prices)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High	£197	£221	£234	£232	£251	£286	£300	£284	£292	£284	£301
Base	£197	£212	£219	£214	£230	£252	£255	£244	£248	£245	£257
Low	£197	£203	£205	£204	£211	£222	£222	£209	£215	£209	£216

Source: SQW estimate, based on Scottish Government Input Output tables and SMS (2007) data³⁶

- 6.15 Table 6-3 shows the output forecasts, including multipliers, reaching £257 million in 2020 under the base case assumptions from a baseline of £197 million. The results for the three scenarios (in 2010 prices) are:

- £301 million under the high scenario
- £257 million under the base scenario
- £216 million under the low scenario.

Gross Value Added

- 6.16 GVA is generally regarded as the best measure of the sum of economic activity within an area. Scottish Enterprise describe GVA as “an indicator of wealth creation and measures the contribution to the economy of each individual producer, industry or sector in the UK.”³⁷
- 6.17 The GVA effects of the increase in output can be estimated by using GVA effect multipliers. These are applied to the value of the direct change in output. A weighted average of the multipliers of 0.86 has been used.
- 6.18 Table 6-4 shows the GVA generated by golf tourism reaching £138 million in 2020 under the base case assumptions.**

Table 6-4: Golf tourism net GVA by year (£ millions in 2010 prices)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High	£102	£115	£122	£120	£131	£148	£156	£148	£152	£148	£157
Base	£102	£110	£115	£112	£121	£133	£135	£130	£132	£131	£138
Low	£102	£105	£106	£106	£109	£115	£115	£108	£111	£108	£111

Source: SQW estimates

³⁶ Source: <http://www.scotland.gov.uk/Resource/Doc/919/0110399.xls>

³⁷ Scottish Enterprise (2008) Economic Appraisal Guidance Note.

7: Golf event impacts

- 7.1 In addition to tourists coming to play golf in Scotland, the staging of events such as the Open championship and the Ryder Cup also attracts visitors from other parts of the UK and further afield as spectators at the events. Between 2010 and 2020, the Open Championship is likely to be played in Scotland on a number of occasions: in 2010 it was held at St Andrews and it has already been announced that Muirfield will host the Open in 2013. We have assumed that St Andrews will again play host in 2015 and 2020 and that the Open will be played somewhere else in Scotland in 2017 and 2019.
- 7.2 The estimated economic impact of the 2005 Open at St Andrews was around £32 million³⁸ and the 2007 Open at Carnoustie generated around £26 million of net additional economic activity³⁹. The 2010 Open at St Andrews is expected to generate around £35 million⁴⁰.
- 7.3 Based on these estimates, we have assumed that the economic impact of the Open at St Andrews in 2015 and 2020 will be around £35 million while for the 2013, 2017 and 2019 Opens, we have assumed an impact of £30 million. The net economic impact of the 2010 Ryder Cup at the Celtic Manor in Wales was estimated to be around £75 million⁴¹. In the absence of a Scottish example, we have used this value for the Ryder Cup at Gleneagles in 2014.
- 7.4 Figure 7-1 provides a summary of these impacts. **The cumulative net economic impact including multipliers of hosting the Open Championship and Ryder Cup between 2010 and 2020 is estimated to be around £270 million to Scotland.** The economic impact of these events has been treated separately from the economic benefit from visiting golfers outlined previously because the event impact reports focus on revenue rather than GVA impacts.

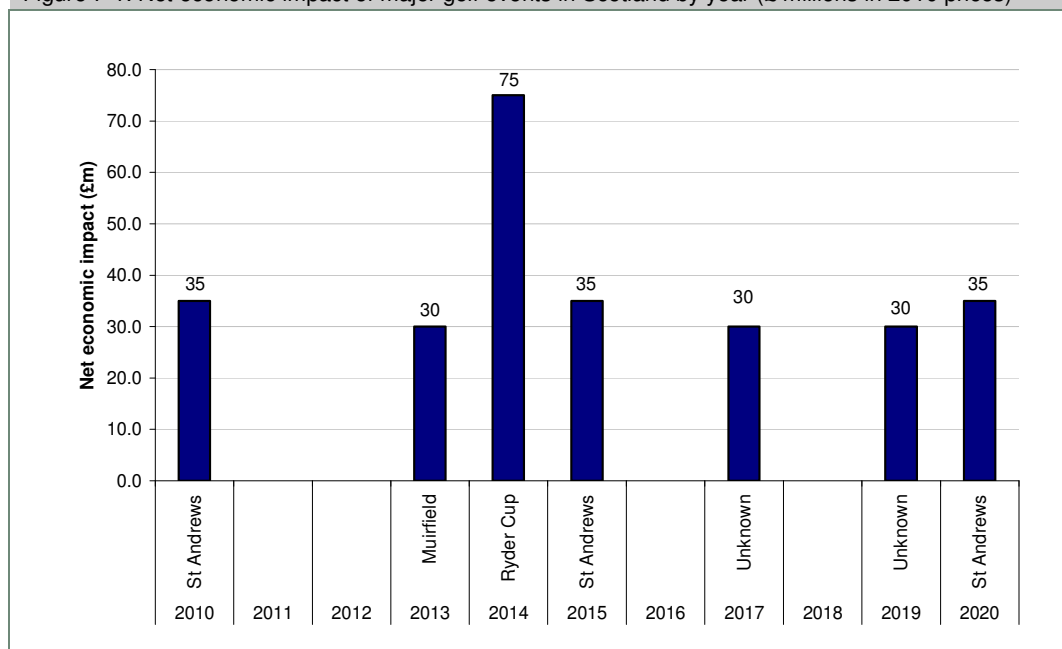
³⁸ Scottish Enterprise and the R&A (2005) The Open Championship 2005 – Economic Impact Assessment

³⁹ Angus Council and Scottish Enterprise (2007) The Open Championship 2007 – Economic Impact Assessment. Summary available from <http://comperioresearch.com/comperio/clients/3.html>

⁴⁰ Event Scotland (2010) Press Release: The Open Championship worth £80m
<http://www.eventscotland.org/news/2010/7/the-open-championship-worth-80m>

⁴¹ Ryder Cup Wales 2010 Ltd (2010) The Potential Economic Impact of Ryder Cup Wales 2010

Figure 7-1: Net economic impact of major golf events in Scotland by year (£ millions in 2010 prices)



Source: SQW estimates

Overall forecasts of output generated by visitors and events

- 7.5 The economic output generated by visiting golfers both playing and attending events can be brought together to give an overall estimate. The results are shown in Table 7-1 which combines the base case values from the previous chapter and the data gathered from the anticipated major golf events in Scotland.
- 7.6 The anticipated impact of the Ryder Cup in 2014, means that the aggregate figure peaks in that year before falling to 2018 and then returning to £300 million by 2020.

Table 7-1: Output impacts including multipliers (£ millions in 2010 prices)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Base	£197	£213	£221	£216	£233	£256	£261	£250	£255	£252	£265
Events	£35			£30	£75	£35		£30		£30	£35
Total	£232	£213	£221	£246	£308	£291	£261	£280	£255	£282	£300

Source: SQW estimate, based on Scottish Government Input Output tables and SMS (2007) data⁴²

⁴² Source: <http://www.scotland.gov.uk/Resource/Doc/919/0110399.xls>

8: Regional impacts

8.1 The regional figures involve a further set of assumptions and should be considered as *indicative only* for the following reasons:

- we have allocated every course to a “green fee band”. This is based on the GTM survey and our own knowledge of the courses, which will not be perfect
- the average green fees used for each band are from the GTM survey and applied to all the courses in these bands, regardless of where they are. So, all links courses that are considered to have a green fee income of £300,000 or more are allocated £912,000. This is likely to be higher in some cases and lower in others
- the calculations also assume that the split between day visitors and overnight visitors is the same for the same types of courses regardless of where they are
- we assume that the ratio of green fees to total expenditure in each region is the same (1:4), even though some areas may attract different types of visitors with different spending patterns.

8.2 The regions are defined using the Golf Tourism Monitor geographies:

- Highlands & Islands: Highland, Shetland, Orkney, Western Isles
- North East: Aberdeen, Aberdeenshire, Moray
- Historic Heartlands: Fife, Angus, Dundee, Perthshire
- Central: Glasgow, Stirling, Loch Lomond, Clackmannanshire, Falkirk, Lanarkshire,
- Dunbartonshire, Renfrewshire, East Renfrewshire
- South East: Edinburgh, Lothians, Borders
- South West: Argyll and Bute, Ayrshire, Dumfries and Galloway.

Results

8.3 An estimate of the current geographical patterns can only be made by making estimates of visitor green fee expenditure for every course in Scotland. In essence this is what was done as part of the Golf Tourism Monitor assessment of impact used in SQW’s 2009 report (Annex C). This provides a broad estimate of the number of courses falling into different visitor revenue bands. Although we do not have data from individual courses (which is held confidentially by GTM) we have carried out our own allocation of Scottish courses under these headings.

Table 8-1: GTM estimates of course visitor revenue (2008 data)

Type of course	Estimate of annual visitor green fees	Number of courses in Scotland	Average green fees
Links/coastal	<£75,000	30	£36,892
Links/coastal	£75,000-£150,000	34	£111,327
Links/coastal	£150,000-£300,000	18	£205,188
Links/coastal	>£300,000	22	£912,666
Inland	<£75,000	200	£34,565
Inland	£75,000-£150,000	68	£103,351
Inland	£150,000-£300,000	20	£195,596
Inland	>£300,000	8	£604,985
9 hole courses	All	147	£21,476
Total		547	

Source: SQW

- 8.4 Having allocated each course to a category, we have then been able to provide estimates of the visitor green fee revenue by region. This provides the baseline figures based on the 2008 GTM data.

Table 8-2: Estimated staying visitor green fees by region (using GTM 2008 data)

	Staying visitor green fee estimate (£ million per year)	% of Scottish value
Central	£2.0	7%
Historic Heartlands	£10.8	36%
Highlands and Islands	£ 2.5	8%
North East	£1.8	6%
South East	£5.3	18%
South West	£7.4	25%
Total	£29.8	100%

Source: SQW

- 8.5 The forecasts presented in the model do not provide any evidence of how these changes in the number of trips will impact on different parts of Scotland. However, the drivers and the discussion in preceding chapters allow some insight into the pattern of growth. Over a ten year period there will no doubt be many factors that we cannot anticipate, but of those that we can the following will be key:

Table 8-3: Geographical impacts

Factors	Impacts
<ul style="list-style-type: none"> • Events - the Ryder Cup and Opens tend to boost the courses hosting the event in the following year and those around it. For example, Turnberry is likely to have benefited in 2010 and St Andrews and Fife will do so in 2011. Muirfield in 2013 will have a similar impact around East Lothian. • The Ryder Cup may have a slightly different effect as an inland course, possibly encouraging further trips into the Highlands and Perthshire as well as perhaps a general uplift in visitors. 	<ul style="list-style-type: none"> • With no major events planned in Ayrshire over the next five to ten years there is a risk that interest will move to the East of Scotland, with Fife and East Lothian set to benefit. • Possibility that the Ryder Cup may encourage more trips to the Perthshire and the Highlands. The likelihood of the Scottish Open being moved to Castle Stuart in 2011 may also contribute to further growth in the Highlands.
<ul style="list-style-type: none"> • Access routes - as the main hub for Ryanair, Glasgow Prestwick was able to benefit from a number of new routes which were used by European golfers. This has helped to generate business for some of the key courses in and around Ayrshire in particular. With more low cost flights to Edinburgh and Inverness the options for European golfers are broadening and with growth in the low cost airline sector, we would expect to see more point to point routes using regional airports. 	<ul style="list-style-type: none"> • In theory this should benefit East Lothian, Fife, the North East, Inverness and potentially Angus/Carnoustie, through development in Dundee. Glasgow and Prestwick both offer a good range of routes but their dominance may diminish over the next ten years.
<ul style="list-style-type: none"> • New courses - the Trump courses in the North East are likely to have a significant impact on the pattern of visits because, due to the number of visitors that are required at a development of this scale is substantial, it will be backed by high levels of marketing. The courses themselves are expected to generate a lot of interest, but could have spill over benefits for others in the North East. • Castle Stuart, Nairn and Dornoch (as well as Spey Valley) now make up a high quality cluster of courses in the Highlands. 	<ul style="list-style-type: none"> • The impact is likely to be an increase in the proportion of trips in the north east. As well as the Trump course, Royal Aberdeen, Cruden Bay and Murcar could all benefit. • The offers from the Highland courses should also mean more trips. • While some of these will be new trips, there will also be displacement from other parts of the country, possibly from Ayrshire.

Source: SQW

- 8.6 Reviewing the main drivers, it seems likely to continue to be the case that the main market for golf trips will be Scotland and England. In Scotland, the pattern of trips is likely to remain broadly similar although the new developments in the North East and the Highlands will attract more visits. Visitors from England still travel by car rather than fly and so the lowlands are likely to remain important.
- 8.7 How might this pattern develop over the next 10 years? The Trump course is likely to be the biggest factor, but the combination of events and new access is likely to redistribute some other elements of the growth. The majority of the growth is in the first five years with the arrival of Trump and the Ryder Cup. After that growth is slower although the prospects of attracting more interest from emerging markets could be greater.
- 8.8 The regional figures have been calculated by firstly adding in the visitor numbers for Trump and removing some of the displaced trips from other regions. The remainder of the overall growth has been divided between the other regions, with the South East and Highlands expected to be above trend and other regions on trend or slightly below. Overall expenditure (in 2010 values) grows by 40% while visitor numbers grow by 32% under the base case.

Table 8-4: Regional distribution of forecasts (£ millions in 2010 prices)			
	2010	2015	2020
Central	7.8	9.0	9.2
Historic Heartlands	43.4	51.9	51.6
Highlands & Islands	10.0	10.2	11.4
North East	7.3	23.4	23.9
South East	21.3	25.5	26.3
South West	29.5	32.6	33.3
Total	119.3	152.6	155.6

9: Monitoring

- 9.1 This forecasting exercise has built on our previous research to provide an updated baseline of the volume and value of visiting golfers in 2010 as well as providing an indication of the potential value of golf tourism up to 2020. Here we set out ideas which could help to improve the way in which data on golf tourism is captured.

What data is needed?

- 9.2 This section outlines the information which, in a perfect world, would be available to robustly assess the performance of golf tourism in Scotland.
- 9.3 There are two broad categories of visitors who come to Scotland because of golf; visiting golfers and spectators who come to watch events such as the Open, the Scottish Open and the Ryder Cup. Given that economic impact assessments of the major golfing events which take in Scotland are regularly undertaken, we focus our attention on those visitors who come to Scotland to play golf.
- 9.4 The necessary data can be divided into two parts and each requires a different approach:
- the number of visiting golfers
 - the *profile* of these visitors.

The number of people coming to play golf

- 9.5 There are two approaches to this. A survey of all tourists can be used and the proportion that is here to play golf can be calculated from the total number of tourists. The disadvantage of this approach is that the existing tourism surveys are not sufficiently large to provide reliable estimates. The number of golfers is very small compared with all visitors. It would also need new questions in the two main tourism surveys, UKTS and IPS. This would be worthwhile, but increasing the survey sample would be expensive.
- 9.6 The second approach, which has been followed here, is to estimate the number of golfers by gathering information on the visitor green fees paid to courses. This has to be estimated for all the courses in Scotland (or at least for those that have some visitors). To convert the green fee expenditure to number of rounds and the number of trips requires further information on the average green fees paid and the number of rounds that each visitor plays.
- 9.7 This is broadly what the GTM survey does at the moment, but there are several additional elements. GTM has achieved sound growth in the number of clubs which participate. Although the figures vary month to month, participation has grown from 90 clubs in 2008 to 108 in 2009 and 120 in 2010. This number would be sufficient if it covered the 70 or so clubs that generate three quarters of the tourism impact. Therefore it is vital that the GTM is able to provide data for those clubs which support significant numbers of visitors.

- 9.8 In addition to making the returns for these key visitor courses more robust, the coverage in particular regions, including the Highlands, North East and Central, is low compared to other regions (Table 9-1).

Table 9-1: Participation in the GTM in 2009

Region	Number of courses in the GTM	Total number of courses	Coverage
Highlands & Islands	11	59	19%
North East	8	72	11%
Historic Heartlands	40	107	37%
Central	7	120	6%
South East	23	88	26%
South West	19	104	18%
Total	108	550	20%

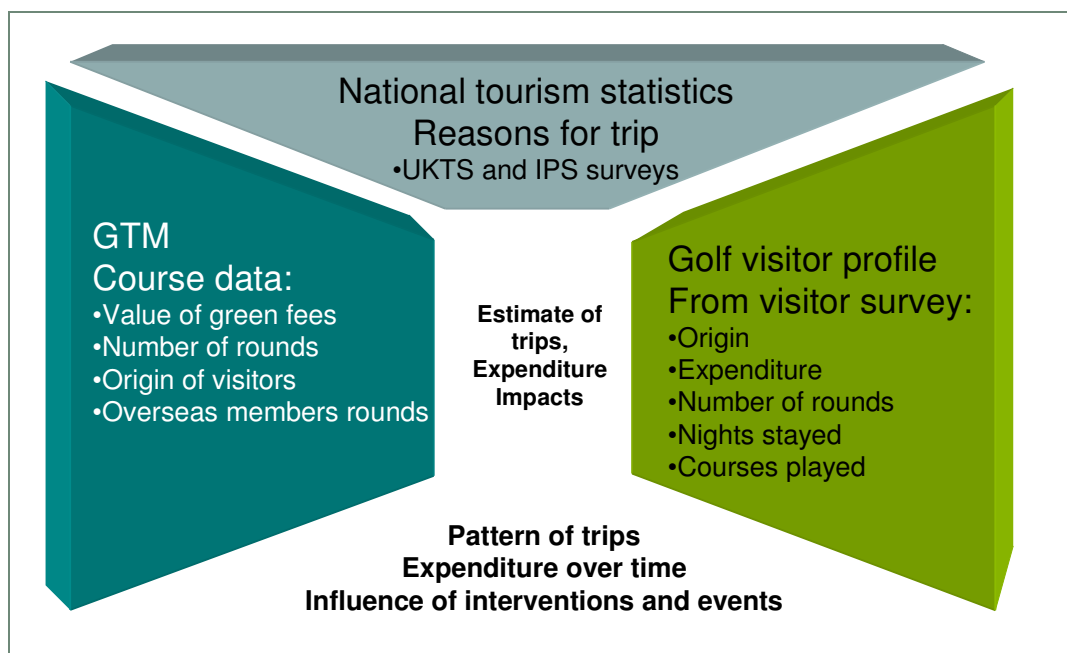
Source: GTM 2009

- 9.9 Despite some problems around coverage, the GTM is an excellent source of information on the total and average number of visitor rounds played at participating courses. The more courses that get involved in the GTM, the more accurate any extrapolation to all courses.
- 9.10 A further issue for this methodology to consider is the way in which payment options are changing. New membership models offering reduced membership charges coupled with reduced green fees are becoming more common, as are golf passes. Other models can offer membership for shorter periods, for using the course at specific times or using some form of yield management (cheaper golf at times of lower demand).
- 9.11 All of these payment options mean that estimating the number of visitors from green fees alone is becoming more difficult and makes it more important that courses collect data on the *number of people playing*, whether they are members and, if not, where they come from.
- 9.12 In developing the GTM, it would not be necessary for all courses to participate. For example, a simple, initial survey of clubs could be carried out to identify those that are worth including in the monitoring in future. Once this is done monthly returns could be entered into the GTM, as is currently done. This should include the number of rounds, green fees and the origin of visitors (day trip Scots/overnight Scots, rest of the UK/Europe/US or Rest of the world). For some courses this should also include rounds by overseas members.
- 9.13 The monitoring should be set up in a way which is useful for the courses themselves and there may be scope to investigate whether the current format could be further developed. This can be discussed with those that participate, but a common approach would be to present the results to courses, collectively or individually, to allow benchmarking. Showing the average number of visitor rounds in their region, or sub region and the origin of visitors is really helpful for courses in monitoring their own performance relative to others. Doing this requires a reasonable number of responses to ensure that the data from individual courses can be kept confidential. This can be done currently but it would be useful to know how extensively it is used.

Visitor profile

- 9.14 Visitor profile information can not realistically be collected by the courses themselves and would need a separate survey. The key to this is ensuring that it is representative of all visiting golfers and doesn't just include overseas tourists or those in Fife. The sample structure would have to reflect the pattern of visitors across regions and type of courses.
- 9.15 The survey would not just be part of a monitoring framework, but would also be a critical part of developing our knowledge of the golf market, informing marketing activities and areas where the public sector can offer support. The results would be made available to all the courses that participate in the GTM framework. The survey, which should be carried out every two years, should cover:
- demographics
 - age, sex, country of origin (and region for UK visitors)
 - golf demographics
 - handicap, playing frequency, membership status, golf trip frequency, how long they have played golf for
 - trip details
 - number of nights, number of rounds and courses played
 - purpose of trip, repeat visit or first time, composition and size of group
 - visitor spend
 - golf related spend (predominantly green fees), food and drink, travel, accommodation etc.
 - golf experience
 - how did they book their golf, what capacity are they playing in (e.g. members guest, visitor, overseas member etc.), booking process
 - rating of the course, clubhouse, professional shops etc.
 - other aspects of trip
 - type and rating of accommodation
 - type and rating of travel in and to Scotland
 - research undertaken before trip
 - overall quality of experience e.g. value for money, whether trip met expectations, the best and worst aspects of their trip, would they recommend Scotland as a golfing destination.
- 9.16 If accurate estimates of the total number of visiting golfers and their average spend while in Scotland were available, calculating economic impact of golf tourism becomes more accurate.

GTM Framework summary actions



Source: SQW

GTM course survey

- assessment of key courses, including overseas membership
- discussion to review how GTM participation can be strengthened and how it could be used
- set up to collect monthly data on:
 - number of rounds
 - number played by visitors
 - visitor green fees
 - visitor origin
 - overseas members rounds
- benchmarking and feedback - promote and feedback as part of benchmarking

Visitor survey

- commission a survey of visiting golfers across a sample of courses
- design questionnaire to cover the data identified above
- results should be weighted to reflect the estimates of numbers at certain types of courses and to provide average values that fit with categories used in the GTM

- promote and feedback as part of benchmarking.

Annex A: Model tables

US Market

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	17,000	17,170	17,342	17,515	17,690	17,867	18,046	18,226	18,409	18,593	18,779
Events	0	3,195	2,277	1,160	3,548	7,367	8,775	5,124	5,240	2,682	4,123
Access	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	0	0	0	0	0	0	0	0	0	0
Regional marketing	0	23	23	23	23	23	23	23	23	23	23
Total	17,563	20,950	22,454	21,510	24,073	28,695	30,281	26,810	27,109	24,735	26,362

Growth **50.1%**
AER **4.1%**

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Events	0	2,102	1,103	0	2,237	4,594	4,638	2,343	2,369	1,198	2,426
Access	0	0	500	500	500	500	500	500	500	500	500
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	0	0	0	0	0	0	0	0	0	0
Regional marketing	0	11	11	11	11	11	11	11	11	11	11
Total	17,563	19,675	20,427	19,324	21,560	24,543	24,587	22,292	22,317	21,147	22,375

Growth **27.4%**
AER **2.5%**

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	17,000	16,830	16,662	16,495	16,330	16,167	16,005	15,845	15,687	15,530	15,374
Events	0	1,039	0	0	1,064	2,160	2,154	0	1,073	0	1,069
Access	0	0	0	0	0	0	0	0	0	0	0
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	0	0	0	0	0	0	0	0	0	0
Regional marketing	0	3	3	3	3	3	3	3	3	3	3
Total	17,563	18,434	18,477	18,310	19,209	20,767	20,600	18,285	19,200	17,970	18,884

Growth **7.5%**
AER **0.7%**

Scotland Market

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	41,800	42,218	42,640	43,067	43,497	43,932	44,372	44,815	45,263	45,716	46,173
<i>Events</i>	0	2,662	1,897	967	2,956	6,139	7,312	4,270	4,367	2,235	3,436
<i>Access</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
<i>E-booking</i>	0	159	317	476	634	793	793	793	793	793	793
<i>Regional marketing</i>	0	80	80	80	80	80	80	80	80	80	80
Total	42,363	45,681	46,747	46,401	48,980	53,381	54,994	52,395	52,940	51,261	52,919

Growth **24.9%**
AER **2.2%**

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800
<i>Events</i>	0	1,751	919	0	1,864	3,828	3,865	1,952	1,974	998	2,022
<i>Access</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
<i>E-booking</i>	0	79	159	238	317	396	396	396	396	396	396
<i>Regional marketing</i>	0	40	40	40	40	40	40	40	40	40	40
Total	42,363	44,233	44,730	43,890	45,833	48,502	48,539	46,626	46,647	45,672	46,696

Growth **10.2%**
AER **1.0%**

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	41,800	41,382	40,968	40,558	40,153	39,751	39,354	38,960	38,571	38,185	37,803
<i>Events</i>	0	865	0	0	886	1,800	1,795	0	894	0	891
<i>Access</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
<i>E-booking</i>	0	32	63	95	127	159	159	159	159	159	159
<i>Regional marketing</i>	0	10	10	10	10	10	10	10	10	10	10
Total	42,363	42,852	42,854	42,476	42,989	44,157	43,755	41,566	42,071	40,791	41,300

Growth **-2.5%**
AER **-0.3%**

Rest of UK market

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	57,000	57,570	58,146	58,727	59,314	59,908	60,507	61,112	61,723	62,340	62,963
Events	0	2,662	1,897	967	2,956	6,139	7,312	4,270	4,367	2,235	3,436
Access	0	0	0	0	0	0	0	0	0	0	0
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	127	254	381	507	634	634	634	634	634	634
Regional marketing	0	80	80	80	80	80	80	80	80	80	80
Total	57,563	61,001	62,189	61,967	64,670	69,198	70,970	68,533	69,241	67,726	69,550

Growth **20.8%**
AER **1.9%**

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Events	0	1,751	919	0	1,864	3,828	3,865	1,952	1,974	998	2,022
Access	0	0	0	0	0	0	0	0	0	0	0
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	63	127	190	254	317	317	317	317	317	317
Regional marketing	0	40	40	40	40	40	40	40	40	40	40
Total	57,563	59,417	59,898	59,043	60,970	63,623	63,660	61,747	61,768	60,793	61,816

Growth **7.4%**
AER **0.7%**

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tourism growth	57,000	56,430	55,866	55,307	54,754	54,206	53,664	53,128	52,596	52,070	51,550
Events	0	865	0	0	886	1,800	1,795	0	894	0	891
Access	0	0	0	0	0	0	0	0	0	0	0
Competition	0	0	0	0	0	0	0	0	0	0	0
New courses	563	563	1,813	1,813	1,813	2,438	2,438	2,438	2,438	2,438	2,438
E-booking	0	25	51	76	101	127	127	127	127	127	127
Regional marketing	0	10	10	10	10	10	10	10	10	10	10
Total	57,563	57,893	57,739	57,206	57,564	58,581	58,034	55,702	56,065	54,645	55,015

Growth **-4.4%**
AER **-0.5%**

European Market

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	13,500	14,175	14,884	15,628	16,409	17,230	18,091	18,996	19,946	20,943	21,990
<i>Events</i>	0	1,065	759	387	1,183	2,456	2,925	1,708	1,747	894	1,374
<i>Access</i>	0	0	500	500	500	500	500	500	500	500	500
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	225	225	725	725	725	975	975	975	975	975	975
<i>E-booking</i>	0	32	63	95	127	159	159	159	159	159	159
<i>Regional marketing</i>	0	23	23	23	23	23	23	23	23	23	23
Total	13,725	15,519	16,954	17,358	18,966	21,342	22,673	22,360	23,349	23,493	25,021
<i>Growth</i>	82.3%										
<i>AER</i>	6.2%										

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	13,500	13,905	14,322	14,752	15,194	15,650	16,120	16,603	17,101	17,614	18,143
<i>Events</i>	0	701	368	0	746	1,531	1,546	781	790	399	809
<i>Access</i>	0	0	250	250	250	250	250	250	250	250	250
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	225	225	725	725	725	975	975	975	975	975	975
<i>E-booking</i>	0	16	32	48	63	79	79	79	79	79	79
<i>Regional marketing</i>	0	11	11	11	11	11	11	11	11	11	11
Total	13,725	14,858	15,708	15,786	16,990	18,497	18,981	18,700	19,207	19,329	20,267
<i>Growth</i>	47.7%										
<i>AER</i>	4.0%										

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	13,500	13,770	14,045	14,326	14,613	14,905	15,203	15,507	15,817	16,134	16,456
<i>Events</i>	0	346	0	0	355	720	718	0	358	0	356
<i>Access</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	225	225	725	725	725	975	975	975	975	975	975
<i>E-booking</i>	0	6	13	19	25	32	32	32	32	32	32
<i>Regional marketing</i>	0	3	3	3	3	3	3	3	3	3	3
Total	13,725	14,350	14,786	15,073	15,721	16,635	16,931	16,517	17,185	17,143	17,822
<i>Growth</i>	29.9%										
<i>AER</i>	2.6%										

Rest of the World Market

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	7,500	8,063	8,667	9,317	10,016	11,218	12,564	14,072	15,760	17,652	19,770
<i>Events</i>	0	1,065	759	387	1,183	2,456	2,925	1,708	1,747	894	1,374
<i>Access</i>	0	0	500	500	500	500	500	500	500	500	500
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	338	338	1,088	1,088	1,088	1,463	1,463	1,463	1,463	1,463	1,463
<i>E-booking</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Regional marketing</i>	0	23	23	23	23	23	23	23	23	23	23
Total	7,838	9,488	11,036	11,314	12,809	15,659	17,474	17,765	19,492	20,531	23,129

Growth **195.1%**
AER **11.4%**

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	7,500	7,875	8,269	8,682	9,116	10,028	11,031	12,134	13,347	14,682	16,150
<i>Events</i>	0	701	368	0	746	1,531	1,546	781	790	399	809
<i>Access</i>	0	0	250	250	250	250	250	250	250	250	250
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	338	338	1,088	1,088	1,088	1,463	1,463	1,463	1,463	1,463	1,463
<i>E-booking</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Regional marketing</i>	0	11	11	11	11	11	11	11	11	11	11
Total	7,838	8,924	9,985	10,031	11,211	13,283	14,301	14,639	15,861	16,805	18,683

Growth **138.4%**
AER **9.1%**

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Tourism growth</i>	7,500	7,725	7,957	8,195	8,441	8,863	9,307	9,772	10,260	10,773	11,312
<i>Events</i>	0	346	0	0	355	720	718	0	358	0	356
<i>Access</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Competition</i>	0	0	0	0	0	0	0	0	0	0	0
<i>New courses</i>	338	338	1,088	1,088	1,088	1,463	1,463	1,463	1,463	1,463	1,463
<i>E-booking</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Regional marketing</i>	0	3	3	3	3	3	3	3	3	3	3
Total	7,838	8,412	9,047	9,286	9,886	11,049	11,490	11,237	12,083	12,239	13,134

Growth **67.6%**
AER **5.3%**

Summary of all trips from markets

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	17,563	20,950	22,454	21,510	24,073	28,695	30,281	26,810	27,109	24,735	26,362	50%
Scotland	42,363	45,681	46,747	46,401	48,980	53,381	54,994	52,395	52,940	51,261	52,919	25%
Rest of UK	57,563	61,001	62,189	61,967	64,670	69,198	70,970	68,533	69,241	67,726	69,550	21%
Europe	13,725	15,519	16,954	17,358	18,966	21,342	22,673	22,360	23,349	23,493	25,021	82%
RoW	7,838	9,488	11,036	11,314	12,809	15,659	17,474	17,765	19,492	20,531	23,129	195%
High case	139,050	152,639	159,380	158,550	169,499	188,275	196,392	187,862	192,130	187,747	196,981	41.7%

35%

Growth 41.7%
AER 3.5%

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	17,563	19,675	20,427	19,324	21,560	24,543	24,587	22,292	22,317	21,147	22,375	27%
Scotland	42,363	44,233	44,730	43,890	45,833	48,502	48,539	46,626	46,647	45,672	46,696	10%
Rest of UK	57,563	59,417	59,898	59,043	60,970	63,623	63,660	61,747	61,768	60,793	61,816	7%
Europe	13,725	14,858	15,708	15,786	16,990	18,497	18,981	18,700	19,207	19,329	20,267	48%
RoW	7,838	8,924	9,985	10,031	11,211	13,283	14,301	14,639	15,861	16,805	18,683	138%
Base case	139,050	147,107	150,748	148,073	156,564	168,448	170,068	164,003	165,800	163,747	169,837	22.1%

Growth 22.1%
AER 2.0%

LOW	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	17,563	18,434	18,477	18,310	19,209	20,767	20,600	18,285	19,200	17,970	18,884	8%
Scotland	42,363	42,852	42,854	42,476	42,989	44,157	43,755	41,566	42,071	40,791	41,300	-3%
Rest of UK	57,563	57,893	57,739	57,206	57,564	58,581	58,034	55,702	56,065	54,645	55,015	-4%
Europe	13,725	14,350	14,786	15,073	15,721	16,635	16,931	16,517	17,185	17,143	17,822	30%
RoW	7,838	8,412	9,047	9,286	9,886	11,049	11,490	11,237	12,083	12,239	13,134	68%
Low case	139,050	141,941	142,903	142,351	145,369	151,188	150,810	143,308	146,603	142,788	146,156	5.1%

Growth 5.1%
AER 0.5%

Summary of expenditure from all markets

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	35,125,000	41,900,000	44,907,556	43,020,929	48,146,279	57,389,382	60,562,084	53,620,086	54,217,408	49,469,941	52,723,320	50%
Scotland	21,181,250	22,840,460	23,373,364	23,200,542	24,489,959	26,690,747	27,496,941	26,197,358	26,469,934	25,630,493	26,459,391	25%
Rest of UK	40,293,750	42,700,845	43,532,176	43,376,565	45,269,174	48,438,798	49,679,298	47,972,827	48,468,508	47,408,507	48,685,333	21%
Europe	10,980,000	12,415,491	13,563,082	13,886,008	15,173,169	17,073,485	18,138,058	17,887,988	18,678,862	18,794,602	20,016,523	82%
RoW	11,756,250	14,231,477	16,554,547	16,971,241	19,213,191	23,488,398	26,211,468	26,647,276	29,238,396	30,796,358	34,694,036	195%
High case (£m)	119.3	134.1	141.9	140.5	152.3	173.1	182.1	172.3	177.1	172.1	182.6	53.0%

Growth 53.0%
AER 4.3%

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	35,125,000	39,350,793	40,853,802	38,647,727	43,120,984	49,085,802	49,174,140	44,583,534	44,634,878	42,294,019	44,750,209	27%
Scotland	21,181,250	22,116,416	22,365,017	21,945,059	22,916,628	24,251,023	24,269,427	23,313,051	23,323,747	22,836,068	23,347,775	10%
Rest of UK	40,293,750	41,591,883	41,928,825	41,329,784	42,678,882	44,535,935	44,561,700	43,222,774	43,237,749	42,554,998	43,271,387	7%
Europe	10,980,000	11,886,185	12,566,324	12,628,598	13,591,761	14,797,753	15,185,136	14,959,928	15,365,253	15,463,572	16,213,811	48%
RoW	11,756,250	13,386,562	14,977,939	15,046,577	16,816,055	19,924,704	21,450,977	21,957,934	23,790,838	25,207,699	28,024,030	138%
Base case (£m)	119.3	128.3	132.7	129.6	139.1	152.6	154.6	148.0	150.4	148.4	155.6	30.4%

Growth 30.4%
AER 2.7%

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	35,125,000	36,867,864	36,954,082	36,620,848	38,418,295	41,534,003	41,199,867	36,570,904	38,399,410	35,940,268	37,768,546	8%
Scotland	21,181,250	21,425,824	21,427,024	21,238,040	21,494,301	22,078,625	21,877,618	20,783,169	21,035,328	20,395,514	20,650,187	-3%
Rest of UK	40,293,750	40,525,314	40,417,218	40,043,918	40,295,004	41,006,410	40,623,815	38,991,413	39,245,263	38,251,344	38,510,689	-4%
Europe	10,980,000	11,480,304	11,828,741	12,058,541	12,576,483	13,307,670	13,544,712	13,213,448	13,747,619	13,714,643	14,257,966	30%
RoW	11,756,250	12,617,307	13,570,636	13,928,690	14,829,323	16,572,999	17,235,053	16,855,829	18,125,072	18,358,255	19,700,986	68%
Low case (£m)	119.3	122.9	124.2	123.9	127.6	134.5	134.5	126.4	130.6	126.7	130.9	9.7%

Growth 9.7%
AER 0.9%

Output (including multiplier effects) from all markets

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	57,956,250	69,135,000	74,097,467	70,984,532	79,441,361	94,692,480	99,927,439	88,473,142	89,458,724	81,625,403	86,993,478	50%
Scotland	34,949,063	37,686,759	38,566,051	38,280,895	40,408,432	44,039,733	45,369,953	43,225,641	43,675,391	42,290,313	43,657,995	25%
Rest of UK	66,484,688	70,456,394	71,828,090	71,571,333	74,694,136	79,924,017	81,970,841	79,155,165	79,973,039	78,224,037	80,330,799	21%
Europe	18,117,000	20,485,561	22,379,086	22,911,913	25,035,728	28,171,250	29,927,796	29,515,180	30,820,122	31,011,094	33,027,263	82%
RoW	19,397,813	23,481,938	27,315,003	28,002,547	31,701,765	38,755,857	43,248,921	43,968,005	48,243,353	50,813,991	57,245,160	195%
High case (£m)	196.9	221.2	234.2	231.8	251.3	285.6	300.4	284.3	292.2	284.0	301.3	53.0%
Growth AER	53.0%											4.3%

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	57,956,250	64,928,809	67,408,774	63,768,750	71,149,624	80,991,574	81,137,331	73,562,830	73,647,549	69,785,131	73,837,845	27%
Scotland	34,949,063	36,492,086	36,902,278	36,209,348	37,812,437	40,014,188	40,044,554	38,466,533	38,484,183	37,679,513	38,523,828	10%
Rest of UK	66,484,688	68,626,607	69,182,561	68,194,144	70,420,155	73,484,293	73,526,806	71,317,576	71,342,286	70,215,747	71,397,789	7%
Europe	18,117,000	19,612,205	20,734,435	20,837,186	22,426,405	24,416,292	25,055,475	24,683,882	25,352,668	25,514,894	26,752,788	48%
RoW	19,397,813	22,087,827	24,713,600	24,826,852	27,746,491	32,875,762	35,394,113	36,230,591	39,254,884	41,592,704	46,239,649	138%
Base case (£m)	196.9	211.7	218.9	213.8	229.6	251.8	255.2	244.3	248.1	244.8	256.8	30.4%
Growth AER	30.4%											2.7%

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	57,956,250	60,831,976	60,974,235	60,424,399	63,390,187	68,531,105	67,979,781	60,341,991	63,359,027	59,301,443	62,318,101	8%
Scotland	34,949,063	35,352,610	35,354,590	35,042,766	35,465,597	36,429,731	36,098,069	34,292,229	34,708,291	33,652,598	34,072,809	-3%
Rest of UK	66,484,688	66,866,769	66,688,410	66,072,464	66,486,757	67,660,576	67,029,294	64,335,832	64,754,685	63,114,718	63,542,637	-4%
Europe	18,117,000	18,942,502	19,517,422	19,896,593	20,751,197	21,957,656	22,348,774	21,802,189	22,683,571	22,629,160	23,525,644	30%
RoW	19,397,813	20,818,557	22,391,550	22,982,339	24,468,383	27,345,449	28,437,837	27,812,118	29,906,369	30,291,122	32,506,627	68%
Low case (£m)	196.9	202.8	204.9	204.4	210.6	221.9	221.9	208.6	215.4	209.0	216.0	9.7%
Growth AER	9.7%											0.9%

Summary of net GVA from all markets

High	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	30,119,688	35,929,250	38,508,229	36,890,446	41,285,435	49,211,395	51,931,987	45,979,224	46,491,428	42,420,474	45,210,247	50%
Scotland	18,162,922	19,585,694	20,042,660	19,894,465	21,000,140	22,887,316	23,578,627	22,464,235	22,697,968	21,978,148	22,688,928	25%
Rest of UK	34,551,891	36,615,974	37,328,841	37,195,405	38,818,316	41,536,270	42,599,998	41,136,700	41,561,746	40,652,795	41,747,673	21%
Europe	9,415,350	10,646,284	11,630,343	11,907,252	13,010,992	14,640,513	15,553,385	15,338,950	16,017,124	16,116,372	17,164,169	82%
RoW	10,080,984	12,203,492	14,195,524	14,552,839	16,475,311	20,141,302	22,476,333	22,850,039	25,071,925	26,407,877	29,750,136	195%
High case (£m)	102.3	115.0	121.7	120.4	130.6	148.4	156.1	147.8	151.8	147.6	156.6	53.0%
Growth AER	53.0%											4.3%

Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	30,119,688	33,743,305	35,032,135	33,140,426	36,976,244	42,091,075	42,166,825	38,230,380	38,274,408	36,267,121	38,373,304	27%
Scotland	18,162,922	18,964,827	19,178,002	18,817,888	19,651,009	20,795,252	20,811,034	19,990,941	20,000,113	19,581,929	20,020,717	10%
Rest of UK	34,551,891	35,665,040	35,953,968	35,440,290	36,597,141	38,189,564	38,211,658	37,063,528	37,076,370	36,490,911	37,105,215	7%
Europe	9,415,350	10,192,403	10,775,623	10,829,023	11,654,935	12,689,073	13,021,254	12,828,139	13,175,705	13,260,013	13,903,343	48%
RoW	10,080,984	11,478,977	12,843,583	12,902,440	14,419,767	17,085,434	18,394,213	18,828,928	20,400,644	21,615,602	24,030,606	138%
Base case (£m)	102.3	110.0	113.8	111.1	119.3	130.9	132.6	126.9	128.9	127.2	133.4	30.4%
Growth AER	30.4%											2.7%

Low	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth, base to 2020
US	30,119,688	31,614,194	31,688,125	31,402,377	32,943,688	35,615,408	35,328,886	31,359,550	32,927,494	30,818,780	32,386,528	8%
Scotland	18,162,922	18,372,644	18,373,673	18,211,619	18,431,363	18,932,421	18,760,057	17,821,568	18,037,793	17,489,153	17,707,536	-3%
Rest of UK	34,551,891	34,750,457	34,657,765	34,337,659	34,552,966	35,162,996	34,834,921	33,435,137	33,652,813	32,800,528	33,022,916	-4%
Europe	9,415,350	9,844,361	10,143,145	10,340,199	10,784,334	11,411,327	11,614,590	11,330,532	11,788,583	11,760,306	12,226,206	30%
RoW	10,080,984	10,819,341	11,636,821	11,943,852	12,716,144	14,211,347	14,779,058	14,453,873	15,542,249	15,742,204	16,893,596	68%
Low case (£m)	102.3	105.4	106.5	106.2	109.4	115.3	115.3	108.4	111.9	108.6	112.2	9.7%
Growth AER	9.7%											0.9%

Annex B: List of consultees

Table B-1 : Consultees

Consultee	Organisation
Colin McLeod	Carnoustie Golf Links
Fraser Cromarty	Castle Stuart Golf Links
Allan Minto	Golf East Lothian
Mike Williamson	Golf Tourism Monitor
Nick Hunter	Golf Tourism Scotland
Audrey MacLennan	Highlands and Islands Enterprise
Marc Wexler	Kintyre Development Company
David Roy	Links with History Golf Group
Donald MacDonald	Mar Hall Golf & Spa Resort
Peter Craigan	Morton Golf Holidays
Ian Bunch	Prestwick Golf Club / Golf Tourism Ayrshire
Neil Hampton	Royal Dornoch Golf Club
Willie Mackay	Royal Dornoch Golf Club, Clubgolf Highlands
Gordon Todd	Scottish Enterprise
Hamish Grey	Scottish Golf Union
Andy Salmon	Scottish Golf Union
Ronnie Pook	SIGTOA
Mike Woodcock	St Andrews Golf Development Group
Ian McCaig	West Coast Links Association
Mark McCardie	VisitScotland
Melanie Angus	VisitScotland

Source: SQW

Annex C: GTS Questionnaire

Introduction

Scottish Enterprise and Highlands and Islands Enterprise together with Golf Tourism Scotland and VisitScotland recently commissioned SQW to undertake an assessment of the growth potential of golf tourism in Scotland to 2020. This research will be used to inform delivery of the National Golf Framework, an industry-led strategy for the next decade. As part of this study we are keen to ask GTS members a few questions on expectations regarding the future of golf tourism in Scotland.

1. Overall how do you anticipate **your golf business** changing over the next five years and then from 2016 to 2020.

	2010 - 2015	2016 - 2020
Significant growth		
Some growth		
Stay the same		
Some decline		
Significant decline		

2. The value of golf tourism in Scotland was estimated at £220 million in 2009. Overall how do you anticipate the **overall value of golf tourism in Scotland** changing over the next five years and then from 2016 to 2020.

	2010 - 2015	2016 - 2020
Significant growth		
Some growth		
Stay the same		
Some decline		
Significant decline		

3. It is anticipated that over the next decade tourism expenditure in Scotland will grow by around 3% per annum in real terms. Do you think that the level of golf tourism will tend to follow the overall trends in tourism more generally over the next decade? Why do you think this will be the case?

	Tick one
Will tend to be broadly in line with overall tourism trends	
Growth in golf tourism is unlikely to be as high as for tourism as a whole	
Growth in golf tourism is likely to be greater than for tourism as a whole	
Reasons for this...	

4. What do you think will happen to the number of golf tourists from the following geographic markets over the next ten years?

Please tick one box for each geography and provide any explanation for your response					
	Significant growth	Some growth	Remain the same	Some decline	Significant decline
Scotland					
England/Wales/NI					
Scandinavia					
Germany/ France/ Holland					
Spain/Italy					
USA/Canada					
Japan					
India/China					
Others (please state)					
Please explain...					

5. What factors do you think will contribute to this growth/decline in these markets? Please rank the following on a scale of 1-5 (1= no influence on visitor numbers, 5= significant influence).

Factor	Score for level of influence (1 – 5)
Marketing of Scotland as a golf destination	
Online bookings of tee-times	
Value for money	

Factor	Score for level of influence (1 – 5)
Golf packages	
New courses/ resort developments in Scotland (Trump & others)	
Changes in transport routes to Scotland	
Changes in transport costs (e.g. through carbon taxes)	
Economic conditions in the UK	
Economic conditions overseas	
Exchange rates	
Participation in golf in emerging markets	
Participation in golf in mature markets	
Hosting the Open Championships	
Hosting the Ryder Cup	
Competition from other golf destinations	

6. Can you explain your thinking for the factors that you consider will have the greatest influence on the level of golf tourism in next ten years

7. Are there any other factors that you consider are important in forecasting the level of golf tourism over the next ten years?

8. Thank you for taking part in this short survey