

**Economic Impact of the American Express Championship Golf Tournament  
at San Francisco, California, 2005**

By

Tom Stevens, Alan Hodges and David Mulkey

January 23, 2006

University of Florida, Institute of Food and Agricultural Sciences,  
Food and Resource Economics Department  
Gainesville, Florida

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## **Executive Summary**

From October 4<sup>th</sup> through 9<sup>th</sup>, 2005, San Francisco, California hosted the seventh American Express Championship Golf Tournament at its Harding Park Golf Course. The University of Florida was asked by PGA Tour, Inc. to estimate the economic impacts of this event for the nine-county Bay Area of California, which includes San Francisco, San Mateo, Alameda, Contra Costa, Santa Clara, Marin, Sonoma, Solano, and Napa Counties. EventCorp Services Inc. of British Columbia, Canada was contracted by PGA Tour to conduct an on-site survey of attendee characteristics, behaviors and expenditures. Slightly over two-thousand usable questionnaires were completed and summary statistics on attendee place of residence, length of stay, on- and off-site expenditures and overnight accommodations were computed from these questionnaires. An estimated 47,000 individuals attended the event for an average of two days. In addition, there were 582 players, caddies, officials, TV crew-members and marketing clients who participated in the event. It was estimated that 8,775 attendees and participants to the event resided outside the study area and thus contributed “new” dollars to the Bay area’s economy. Based on EventCorp Services’ survey findings, average on-site expenditures by all 47,582 attendees and participants were estimated to be \$84.23 per day, and totaled \$8.2 million for the event. Approximately 79.5 percent, or \$6.5 million of total on-site expenditures were estimated to originate from local attendees, with the remaining \$1.7 million originating from non-local attendees and participants. Total off-site expenditures by the 8,775 non-local attendees and participants were estimated at \$12.7 million. All together, expenditures by participants, associates and attendees are estimated to total \$20.9 million, which includes \$14.3 million in “new” dollars to the area. To estimate the economic impacts of the Tournament for the region, categorized expenditure estimates were entered into the appropriate industry sectors of an IMPLAN input-output model of the study area. The results of this model analysis show that the total output impact of the 2005 American Express Championship Golf Tournament at San Francisco, California was \$31.6 million in economic output or gross sales revenues, \$20.2 million in value-added impact, \$14.0 million in labor income, \$2.0 million in indirect business taxes, and the creation of 369 full and part-time jobs for the nine-county region. Induced effects, which result from subsequent expenditures of earnings by households of employees and proprietors, represented the largest source of economic impact due to non-local attendees and participants to the event. Economic impact analysis provides a more comprehensive assessment of how an industry or economic event affects a regional economy, beyond its direct impacts (gross revenues or sales). Not only can economic impacts be estimated for specific types of businesses and institutions in the region, but additional impacts (indirect and induced) can be estimated as these revenues filter-out or multiply through the economy. Estimating the size of these economic indicators makes it possible to evaluate and compare the impact of the American Express Championship Golf Tournament to the regional economy as a whole and other industries or sectors within that economy

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## **Introduction**

The American Express Championship is part of the World Golf Championship (WGC) series of tournaments established in 1999 by a federation of professional golf tours from around the world. Participating Tours include the U.S. PGA Tour, and the Professional Golf Tours of Canada, Europe, Southern Africa, Asia and Australia. These events feature top ranked professional golfers from around the world and first place prize money exceeding one million dollars. The American Express Championship is one of four annual WGC tournaments. It has been previously hosted in Spain and Ireland, as well as in St. Louis and Atlanta in the U.S. The seventh American Express event was held at the Harding Park Golf Course in San Francisco, California from October 4<sup>th</sup> through 9<sup>th</sup>, 2005. The PGA TOUR, Inc. of the United States requested the Food and Resource Economics Department (FRED) at the University of Florida to estimate the economic impacts of this event for the Bay Area of California. Economic impact analysis can provide a more comprehensive assessment of how such events or activities affect different types of businesses and institutions within a regional economy, and the region as a whole.

## **Procedure**

EventCorp Services Inc. was hired by the PGA TOUR to conduct an on-site survey of tournament attendees in order to obtain data on attendee characteristics, behaviors and expenditures. Slightly over two-thousand usable questionnaires were completed during this survey. Summary statistics on attendee place of residence, length of stay, on- and off-site expenditures and overnight accommodations were provided by EventCorp Services.<sup>1</sup> As with

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<sup>1</sup> EventCorp Services Inc. "Response Data Summary Report of I Count Survey Service, conducted for the PGA TOUR Inc. at the World Golf Championships, American Express Championship" October 5-9, 2005.

all empirical analysis, the accuracy of the results depend on the accuracy of the data. EventCorp Services reported that confidence intervals for the survey results ranged from 2.2 to 5.0 percent. However, FRED was not provided access to primary survey data and was unable to verify these estimates.

Because spending by individuals from outside the region provides “new” money to the local economy, data on attendees’ place of residence is important to economic impact analysis. These new or outside dollars generate additional multiplier effects as local businesses purchase inputs and pay wages or salaries, employees spend earnings, and governments collect taxes. In contrast, spending by local or resident attendees within a regional economy does not necessarily constitute a change in total spending within the region. Information on the nature of spending that occurs with the event is also important because activity in different sectors of the economy entails different amounts and types of labor and material inputs. If certain inputs (or employees) must be imported (or commute) from outside the region, then those expenditures represent dollars leaving the economy and the overall economic impact of that activity will be reduced. Generally, business activities that are more labor and/or management intensive will generate greater regional economic impacts than those which are relatively more capital or resource intensive.

Once estimates of the types and amounts of attendee expenditures are calculated, these numbers can be entered into an input-output model of the regional economy to estimate economic impacts. The Food and Resource Economics Department uses the IMPLAN PRO<sup>2</sup> (IMPLAN) software package to construct regional input-output models and calculate economic impacts. IMPLAN is licensed to the University of Florida by the Minnesota IMPLAN Group, Inc. Estimated impacts generated by models built using IMPLAN include changes in output, earnings or income, profits, employment and taxes for as many as 509 industry and institutional sectors of a regional economy.

PGA TOUR estimated that total spectator attendance (ticket sales) to the event was 94,000. Respondents to the EventCorp survey indicated that the number of days they were likely to attend the event was, on average, 2.0. By dividing total ticket sales by this average, one can

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<sup>2</sup> Minnesota IMPLAN Group (MIG), 2004. IMPLAN, Economic Impact and Social Accounting Software, and data for California. Stillwater, MN. [www.implan.com](http://www.implan.com). The most current release of the IMPLAN software package, which was used at the time of this analysis, was based on 2003 data.

infer that there were approximately 47,000 attendees to the tournament event (Table 1). Data on the number of players, caddies, officials, marketing clients, and TV crew were also provided by PGA TOUR (Table 2). Statistics on attendees' place of residence, primary purpose in traveling to the area, duration of attendance, and type of overnight accommodations were extracted from the survey report and are presented in Table 1. The right-hand column shows the reported or estimated number of attendees for each category.

**Table 1. Categorical Analysis of Spectator Attendance for the American Express Championship Golf Tournament, San Francisco, California, October 2005**

<b>Statistic</b>	<b>Survey Responses</b>		<b>Estimated Attendees</b>
	<b>Number or Average</b>	<b>Percent</b>	
<b>Total Attendance (tickets sold for one day)</b>			94,000
<b>Average Days Attended per Attendee</b>	2.0		
<b>Estimated Number of Attendees</b>			47,000
<b>Total number of completed questionnaires</b>	2,004		
<b>Place of Residence</b>	1,800	100.00%	47,000
Local: Inside Bay area	1,487	82.61%	38,827
Non-local: Outside of Bay area	313	17.39%	8,173
<b>Purpose for Attending by Non-locals</b>	313	100.00%	8,173
Primary Purpose to Attend Tournament	231	73.80%	6,032
Coincidental Attendance	82	26.20%	2,141
<b>Primary Purpose Overnight Stay</b>	231	100.00%	6,032
Did stay overnight in area	145	62.77%	3,786
Did not stay or undecided to stay overnight	86	37.23%	2,246
Average number of nights stayed	4.20		
<b>Type of Overnight Accommodation</b>	144	100.00%	3,786
Stayed with family or friends	39	27.08%	1,025
Stayed in Commercial Accommodations	105	72.92%	2,761
<b>Coincidental Non-local attendees</b>	82	100.00%	2,141
Who stayed overnight	*	62.77%	1,344
And lodged at commercial facilities	*	72.92%	980

\* Based on the proportion estimated for Primary non-local attendees.

**Table 2. Participants and Event Associates at the American Express Championship Golf Tournament, San Francisco, California, October 2005**

<b>Participants, officials, directors, and TV crew</b>	<b>Number</b>	<b>Avg. Stay Days/Nights</b>	<b>Total Stay Days/Nights</b>
Players	71	6	426
Caddies	71	6	426
Family	100	6	600
Rules officials	40	7	280
TV crew & talent	250	7	1,750
Marketing clients	50	3	150
<b>Total or Average</b>	<b>582</b>	<b>6.24</b>	<b>3,632</b>

The economic region or study area for this analysis is the nine county area surrounding San Francisco County, California, as was specified in the PGA/Event Corps' survey instrument. These nine counties include San Francisco, San Mateo, Alameda, Contra Costa, Santa Clara, Marin, Sonoma, Solano, and Napa (Figure 1). Details on the population, employment and personal income among these counties are provided in Appendix Table A1. An estimated 6.85 million people resided in this region in 2004 (Census Bureau). The regional economy is reported to have generated over 4.32 million jobs and total personal income of nearly \$308 billion in 2003 (Bureau of Economic Analysis). In terms of population, jobs and personal income, Santa Clara is the largest county within this region, with approximately one quarter of both its population and economic activity. Alameda County is the region's second largest, hosting approximately 20 percent of its population and economic activity.

**Figure 1. The Nine County “Bay Area” Region of California used for the Economic Impact Analysis of the American Express Championship Golf Tournament Held in San Francisco, California, October 2005 <sup>1</sup>.**



<sup>1</sup> As specified in EventCorp Services’ “Response Data Summary Report of I Count Survey Service, conducted for the PGA TOUR Inc. at the World Golf Championships, American Express Championship” October 5-9, 2005.

Tournament attendees that resided within these nine counties were deemed to be “locals” and all others, “non-locals”. As a result, about 17.4 percent or 8,173 of event attendees were estimated to reside outside the region or study area (Table 1). If non-local attendees came to the area primarily to attend the tournament, then all of their off-site, as well as on-site, expenditures were included in the estimation of economic impacts. It turns out that about 74 percent of non-local attendees came primarily to attend the golf tournament. Non-local attendees who came to the area for other reasons, were designated as “coincidental” attendees. In this case, the inclusion of off-site expenditures was limited to the average number of days attended (2.0), instead of the average number of nights stayed (4.2) by non-locals who stayed overnight. The average off-site expenditures of coincidental attendees staying overnight were estimated as a proportion (2.0/4.2 or 47.6 percent) of the expenditures estimated for primary attendees who stayed overnight. Lodging was included in off-site expenditures for the proportion of non-local

attendees staying overnight in commercial facilities. It was assumed that coincidental non-local attendees stayed overnight, and utilized commercial facilities, in the same proportion as primary attendees (Table 1).

Details of the estimation of on-site expenditures by locals and non-locals at the event are provided in Table 3. For on-site expenditures, the survey questionnaire asked respondents to select from nine different ranges of expenditures incurred per day for themselves and separately for others in their party. EventCorp routinely adjusts the results for these questions downward because they have found that, at certain types of events, respondents frequently confuse the difference between spending on themselves and others, and consequently over-report their actual expenditures. In the case of American Express Championship, average on-site expenditures were not adjusted because the composition of attendees to the tournament was not as family oriented as events that EventCorp used to calibrate their adjustment procedure. According to the survey results for this event, less than one-fourth of attendees came with their spouse, and less than one-eighth came with a son or daughter.

**Table 3. Estimated On-site Expenditures by Attendees and Participants of American Express Championship Golf Tournament, San Francisco, California, October, 2005.**

	<b>Number</b>	<b>Avg. Days attended</b>	<b>Expenditures @ \$84/day</b>	<b>Percent of Total</b>
<b>Locals <sup>1</sup></b>	<b>38,827</b>	<b>2.0</b>	<b>\$6,540,761</b>	<b>79.54%</b>
Primary Nonlocals <sup>2</sup>	6,032	2.0	\$1,016,083	12.36%
Coincidental Nonlocals <sup>3</sup>	2,141	2.0	\$360,688	4.39%
Participants, officials, etc.	582	6.2	\$305,920	3.72%
<b>Nonlocal Total</b>	<b>8,775</b>	<b>2.28</b>	<b>\$1,682,691</b>	<b>20.46%</b>
<b>Grand Total</b>	<b>47,582</b>	<b>2.06</b>	<b>\$8,223,451</b>	<b>100.00%</b>

Source: PGA TOUR (Championship Management Division) and EventCorp Services Inc.

1. Local attendees' home residence was located in the nine county region of the Bay Area, California.
2. Primary attendees are non-local attendees whose primary purpose for traveling to the area was to attend the event.
3. Coincidental attendees are non-local attendees who traveled to the area for some other reason than to attend the event.



Based on the survey results, on-site expenditures for all types of attendees averaged \$84.23 per day and, on average, attendees came to the tournament for 2.0 days. Total on-site expenditures were calculated by multiplying attendees' average daily expenditures, by the average number of days attended, times the estimated number of attendees for each classification, and then summing the class sub-totals. Approximately 79.5 percent, or \$6.54 million (Mn.) of total on-site expenditures were estimated to originate from local attendees, compared to \$1.68 Mn., or 20.5 percent, from non-local attendees and participants (Table 3).

About one-eighth, or \$1.02 Mn., of on-site spending, originated from primary non-local attendees. Non-local coincidental attendees contributed around 4.4 percent of on-site expenditures, with the remaining 3.7 percent (\$0.31 Mn.) coming from tournament participants, officials, directors, and their family and friends. All together, estimated on-site expenditures from local and non-local sources totaled approximately \$8.22 Mn. (Table 3).

The survey questionnaire combined on-site expenditures for food, beverage, admission, parking and merchandise. For purposes of estimating their economic impacts, this \$8.22 Mn. in expenditures was equally divided between the following NAICS<sup>3</sup> business sectors: Food Services and Drinking Places (NAICS 722), Spectator Sports (NAICS 7112), and Sporting Goods, Hobby, Book and Music Stores (NAICS 451).

An analysis of off-site expenditures by non-local attendees is presented in Table 4. Off-site expenditures by local attendees were not solicited in the survey questionnaire, because such spending could not be directly attributed to the occurrence of the tournament event. Estimated off-site expenditures by non-local attendees were approximately \$11.1 Mn. for the tournament. Almost 86 percent, or \$9.46 Mn. of these expenditures were made by attendees who visited the area primarily to attend the event. Non-locals who attended the tournament coincidentally, contributed only about 14.5 percent, or \$1.6 Mn., to total off-site expenditures. This is due to the smaller number non-locals attending the event coincidentally and the shorter length of stay attributed to their attendance.

Expenditures by players, caddies, their family and friends, rules officials, TV crews, and marketing clients also contributed to the economic impact of the event. Since no specific data on the expenditures of this group were collected during the event, the average daily expenditures

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<sup>3</sup> NAICS is the North American Industry Classification System: see <http://www.census.gov/epcd/www/naics.html> for details. IMPLAN PRO uses a similar industry classification system.

for primary non-local attendees were used as a proxy. The PGA TOUR, Inc. was able to provide data on the number of individuals and length of stay for this group. With this information, expenditures for lodging, restaurants, retail stores, transportation and other recreation were estimated by dividing the average expenditures of primary non-local spectators (Table 4), by their average length of stay (4.2), and then multiplying by total number of days that these participants and tournament associates were at the event (3,632, from Table 2). The intermediate and final results of these calculations are shown in Table 5. By this method, total expenditures by this group were estimated to total \$1.61 million.

**Table 4. Estimated Off-site Expenditures by Non-local Attendees of American Express Championship Golf Tournament, San Francisco, California, October, 2005.**<sup>1</sup>

<b>Expenditure Category</b>	<b>Expenditures Per Attendee</b>	<b>Number of Attendees</b>	<b>Total Expenditures</b>
<b>Primary non-local attendees<sup>2</sup></b>			
<b>Expenditures</b>			
Commercial lodging	\$565	2,761	\$1,559,799
Restaurants, bars and lounges	\$380	6,032	\$2,292,033
Food stores	\$228	6,032	\$1,375,220
Retail stores	\$283	6,032	\$1,706,962
Transportation	\$205	6,032	\$1,236,492
Other recreation	\$213	6,032	\$1,284,745
<b>Total</b>			<b>\$9,455,251</b>
<b>Coincidental non-local attendees<sup>3</sup></b>			
<b>Expenditures<sup>4</sup></b>			
Commercial lodging	\$269	980	\$263,664
Restaurants, bars and lounges	\$181	2,141	\$387,439
Food stores	\$109	2,141	\$232,463
Retail stores	\$135	2,141	\$288,540
Transportation	\$98	2,141	\$209,013
Other recreation	\$101	2,141	\$217,170
<b>Total</b>			<b>\$1,598,290</b>
<b>Total off-site expenditures by non-locals</b>			<b>\$11,053,541</b>

Source: PGA TOUR (Championship Management Division) and EventCorp Services Inc.

1. Non-Local attendees' home residence was located outside the nine county region of the Bay Area of California.
2. Primary attendees are non-local attendees whose primary purpose for traveling to the area was to attend the event.
3. Coincidental attendees are non-local attendees who did not travel to the area primarily to attend the event.
4. Off-site expenditures by non-local coincidental attendees was restricted to the average number of days attended (2.0), instead of the average number of nights stayed (4.2) for primary non-locals. Therefore the average off-site expenditures for coincidental attendees staying overnight were estimated as a proportion (2.0/4.2 or 47.6 percent) of the expenditures estimated for primary attendees who stayed overnight.

**Table 5. Estimated Off-site Expenditures by Non-local Participants and Tournament Associates at the American Express Championship Golf Tournament, San Francisco, California, October 2005.**

<b>Expenditure Category</b>	<b>Expenditures per Attendee <sup>1</sup></b>	<b>Expenditure per Day <sup>2</sup></b>	<b>Total Expenditures <sup>3</sup></b>
Commercial lodging	\$565	\$134.52	\$488,590
Restaurants, bars and lounges	\$380	\$90.48	\$328,610
Food stores	\$228	\$54.29	\$197,166
Retail stores	\$283	\$67.38	\$244,728
Transportation	\$205	\$48.81	\$177,276
Other recreation	\$205	\$48.81	\$177,276
<b>Total</b>	<b>\$1,866</b>	<b>\$444.29</b>	<b>\$1,613,646</b>

1. Based on average expenditures by primary non-local attendees, staying overnight in commercial lodging.

2. Equals Expenditures per Attendee divided by 4.2 ( the average length of stay in days).

3. Equals Expenditures per Day times 3,632,

Expenditures by all types of attendees and participants at the tournament are summarized in Table 6. All together, expenditures by participants, associates and attendees are estimated to total \$20.9 Mn.. Approximately \$8.22 Mn. or 39.3 percent of these expenditures occurred on site. Off-site expenditures from all sources added up to \$12.7 Mn., and were about 54 percent greater than on-site expenditures. About 31 percent, or \$6.54 Mn., of expenditures associated with the tournament originated from attendees that reside within the Bay Area of California. Spending by attendees and participants from outside the Bay Area was nearly 2.2 times greater, totaling over \$14.3 Mn.. In other words, nearly 69 percent of all spending associated with the Tournament originated from outside the region. This substantial proportion of outside or new dollars is important because these expenditures generate additional economic activity through multiplier effects within the region.

**Table 6. Summary of Expenditures by Attendees and Participants at the American Express Championship Golf Tournament, San Francisco, California, October 2005.**

<b>Category</b>	<b>Amount</b>	<b>Percent</b>
<b>On-site expenditures</b>		
by local attendees	\$6,540,761	31.31%
by non-local attendees and participants	\$1,682,691	8.05%
<b>Total on-site expenditures</b>	<b>\$8,223,451</b>	<b>39.36%</b>
<b>Off-site Expenditures</b>		
by non-local attendees	\$11,053,541	52.91%
by non-local participants & associates	\$1,613,646	7.72%
<b>Total off-site expenditures</b>	<b>\$12,667,186</b>	<b>60.64%</b>
<b>Total expenditures by locals</b>	<b>\$6,540,761</b>	<b>31.31%</b>
<b>Total expenditures by non-locals</b>	<b>\$14,349,877</b>	<b>68.69%</b>
<b>Total expenditures of all types</b>	<b>\$20,890,638</b>	<b>100.00%</b>

To estimate the economic impacts of the Tournament on the Bay Area of California, an input-output model of the region was constructed using the IMPLAN PRO software and associated databases. This model included institutional sectors for households, state, local and federal government, and capital accounts, which allows for the estimation of impacts from taxes, government disbursements, and investment. The expenditures calculated in Tables 3, 4 and 5 were then assigned to the appropriate IMPLAN sectors and entered into the impact analysis module of the software. The allocations of expenditures to IMPLAN sectors are shown in Table 7.

The first three columns of Table 7 show the economic sector name and number assigned to each expenditure category. The Expenditure Value column (column 4) shows the total expenditures estimated for each sector. It should be noted that transportation expenditures estimated from the survey were divided equally among three related IMPLAN modeling sectors; Transit and Ground Passenger Transportation, Automotive Equipment Rental and Leasing, and Gasoline Stations. Similarly, on-site expenditures were allocated equally between Spectator Sports; Sporting Goods, Hobby, Book and Music Stores; and Restaurants, Bars and Lounges. Only the direct impacts resulting from these expenditures by local residents were included in the calculation of total economic impacts for the event. It should be noted that expenditures due to the sale of manufactured items by retail stores are usually margined so that the production of these goods is not attributed to the local economy. More detailed IMPLAN impact modeling parameters are provided in Table A2 and associated narrative in the Appendix of this report.

**Table 7. Allocation of Expenditures to Industry Sectors for the American Express Championship Golf Tournament, San Francisco, California, October, 2005.**

Industry Sector Name	Sector Numbers		Expenditure Value
	IMPLAN	NAICS	
<b>Spending by locals</b>			
Sporting goods, hobby, & book stores	409	451	\$2,180,254
Spectator sports	472	7112	\$2,180,254
Food services and drinking places	481	722	\$2,180,254
<b>Sub-total</b>			<b>\$6,540,761</b>
<b>Spending by non-locals</b>			
Transit & ground passenger transport.	395	485	\$540,927
Food and beverage stores	405	445	\$1,804,849
Gasoline stations	407	447	\$540,927
Sporting goods, hobby, & book stores	409	451	\$560,897
Miscellaneous store retailers	411	453	\$2,240,229
Automotive equipment rental and leasing	432	5321	\$540,927
Spectator sports	472	7112	\$560,897
Amusement, gambling, & recreation	478	713	\$1,679,191
Hotels & motels, including casino hotels	479	7211	\$2,312,054
Food services and drinking places	481	722	\$3,568,979
<b>Sub-total</b>			<b>\$14,349,877</b>
<b>Total</b>			<b>\$20,890,638</b>

## Results

The estimated economic impacts for the 2005 American Express Championship golf tournament are summarized in Table 8. Output, value-added, labor income, indirect business taxes and employment impacts are given in individual rows. Direct, indirect, induced and total economic impacts are given in separately labeled columns. Direct impacts are those directly attributable to the revenues generated by businesses that produce the event and serve tournament attendees and participants, basically measuring the value of production or services. For the Tournament, direct impacts result from both local and non-local attendee expenditures, but only non-local expenditures generate indirect and induced impacts. Indirect impacts count the expenditures made by directly impacted businesses to purchase inputs, and the increased output

**Table 8. Economic Impacts of Attendee Expenditures from American Express Championship Golf Tournament, San Francisco, California, October, 2005. <sup>a</sup>**

Impact Type/Level	Units	Impacts from Local Revenues	Impacts from Non-Local Revenues			Impacts from All Revenues
		Direct	Direct	Indirect	Induced	Total
<b>Output</b>	<b>\$ Million</b>	5.185	10.942	3.369	12.086	31.582
<b>Value Added</b>		3.663	6.891	1.970	7.697	20.221
<b>Labor Income</b>		2.877	4.486	1.242	5.367	13.973
<b>Indirect Bus. Taxes</b>		0.436	0.867	0.162	0.533	1.998
<b>Employment</b>	<b>Jobs</b>	88	163	23	95	369

<sup>a</sup>Total impacts equal the sum of direct, indirect and induced impacts. Output, value added, labor income, indirect taxes and employment represent different measures of economic activity and cannot be added together.

and purchases of their suppliers. Induced effects include the economic impacts from the increased spending by the households of employees and owners of directly and indirectly affected businesses. The total impact is the sum of the direct, indirect and induced effects and measures the complete impact of an activity as it ripples through the regional economy. All results are stated in (2005) dollars.

Output impacts represent the total value of sales or revenues for goods and services generated by the region’s businesses as a result of the event. The direct output impacts generated by the tournament totaled \$16.13 Mn., which includes \$5.19 Mn. from expenditures by locals and \$10.94 Mn. due to spending by non-locals. Indirect output impacts were almost \$3.37 Mn. Induced output impacts were the largest of the three effects, totaling \$12.09 Mn. The total output impact of the Tournament for the Bay Area of California is the sum of the direct, indirect and induced output impacts, and is estimated to be \$31.58 Mn. in 2005 dollars.

Value-added impacts represent labor income, business proprietor’s income, other property related income and indirect business taxes that are generated by the event. This measure of economic impact on the Bay Area as a result of the Tournament was estimated to total \$20.22 Mn. The labor income component of the value-added impact was estimated at \$13.97 Mn. Indirect business taxes are estimates of how much excise, property, and sales taxes, as well as business and licensing fees were generated as a result of the tournament. This does not include taxes on income or profits. It is estimated that the Tournament resulted in an increase of nearly \$2.00 Mn. in indirect business tax revenues for all forms of government in 2005.

The Employment impacts presented in Table 8 represent the number of full and part-time jobs resulting from the Tournament. These are based on industry-average output per worker statistics for each industry sector. A total of 369 jobs were estimated to be created through the direct, indirect and induced effects of the Tournament on the Bay Area economy.

More detailed economic impact estimates for two digit NAICS sector codes are provided in Appendix Tables A3 through A7, for output, value added, labor income, indirect business taxes and employment. The four largest two-digit NAICS industry sectors impacted by the Tournament, in terms of output or sales, were Accommodation and Food Services, Entertainment and Recreation, Retail Trade, and Manufacturing (Table A3). Accommodation and Food Services, garnered 27.2 percent, or more than \$8.60 Mn. of the event's total output impact. Arts, Entertainment and Recreation was the second largest impacted sector with 14.7 percent or \$4.64 Mn. in output impacts. It was followed by the Retail Trade sector with an estimated \$3.54 Mn. in sales, and Manufacturing at \$2.19 Mn.

The distribution of value added impacts across industry sectors is presented in Table A4, and is similar to output impacts. It shows the same top four sectors, but the impacts are not so dominated by Accommodations and Food Services, which captured 24.3 percent or \$4.92 Mn. of the total value added impacts, compared to 17.2 percent (\$3.49 Mn) for Arts, Entertainment and Recreation. Value added impacts for Retail Trade ranked third at \$2.71 Mn. and the Government sector experienced the fourth largest value-added impact from the Tournament at \$1.89 Mn or 9.3 percent of the total. Because labor income comprises about 69 percent of value added impacts in this analysis, it is not unexpected that the distribution of these impacts are quite similar to those for value added (Table A5). For indirect business taxes, the Accommodation and Food Services sectors provided the greatest contribution (\$569,787) to government revenues as a result of the Tournament. The Retail Trade sector was the second largest generator of indirect business taxes at nearly \$519 thousand. Arts, Entertainment and Recreation came in third for the category, and Wholesale trade was the fourth largest contributor. Altogether, nearly \$2 million dollars in indirect business taxes were generated by the American Express Championship Tournament (Table A6). One-hundred and forty jobs or nearly 37.7 percent of the total employment impacts associate with the American Express Championship occurred in the Accommodation and Food Services sector (Table A7). The next largest employment impact took place in the Retail Trade sector, which experienced the creation of an additional 64 jobs

(17.3 percent of the total) in the region. Arts, Entertainment and Recreation, and Government saw the third and fourth largest employment impacts resulting from the Tournament.

The implicit multipliers for non-local expenditures associated with the Tournament are presented in Table 8. The magnitude of these multipliers for total impacts range from 2.473 for Labor Income, to 1.724 for Employment. Direct multipliers are equal to one by definition. The induced multipliers shown in the table are substantially larger than those for indirect impacts. This is typical of more service related activities such as sporting events and tourism.

**Table 8. Implicit Multipliers for Economic Impacts of Non-local Expenditures Associated with the American Express Championship Golf Tournament, San Francisco, California, October, 2005.**

<b>Impact Type/Effect</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Output</b>	1.000	0.308	1.104	<b>2.412</b>
<b>Total Value Added</b>	1.000	0.286	1.117	<b>2.403</b>
<b>Labor Income</b>	1.000	0.277	1.196	<b>2.473</b>
<b>Indirect Business Taxes</b>	1.000	0.187	0.615	<b>1.802</b>
<b>Employment</b>	1.000	0.141	0.583	<b>1.724</b>

Economic impact analysis provides a more comprehensive assessment of how an industry or economic event affects a regional economy, beyond its direct impacts (gross revenues or sales). Not only can economic impacts be estimated for specific types of businesses and institutions in the region, but additional impacts (indirect and induced) can be estimated as these revenues filter-out or multiply through the economy. This occurs as businesses purchase inputs and pay their employees, and as owner and employee households spend their earnings from those businesses. Output, value added, income and jobs are basic units for measuring economic activity. Estimating the size of these economic indicators makes it possible to evaluate and compare the impact of American Express Championship Golf Tournament to the whole economy and other industries or sectors within that economy.



**References:**

Minnesota IMPLAN Group (MIG), 2004. IMPLAN Pro, Economic Impact and Social Accounting Software and Data for California Counties. Stillwater, MN.

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<http://www.bea.doc.gov/bea/regional/reis/default.cfm#a>

U.S. Department of Commerce, Bureau of Census, County Population Datasets, (2005)  
<http://www.census.gov/popest/counties/files/CO-EST2004-ALLDATA.csv>

**Tournament references:**

<http://www.pgatour.com/>

<http://www.worldgolfchampionships.com/info/overview>

<http://www.harding-park.com/view.asp?id=129&page=1726>

## Appendix

**Table A1. Population, Employment and Personal Income for the Nine Counties of the Bay Area, California, 2003/2004.**

	<b>Estimated Population year 2004</b>	<b>Share of Region</b>	<b>Employment 2003</b>	<b>Share of Region</b>	<b>Personal Income 2003</b>	<b>Share of Region</b>
<b>County</b>	<b>Persons</b>	<b>Percent</b>	<b>Jobs</b>	<b>Percent</b>	<b>\$Billion</b>	<b>Percent</b>
San Francisco	744,230	10.9%	693,665	16.1%	41.90	13.6%
San Mateo	699,216	10.2%	451,703	10.5%	36.94	12.0%
Alameda	1,455,235	21.2%	883,685	20.5%	56.19	18.3%
Contra Costa	1,009,144	14.7%	483,340	11.2%	43.95	14.3%
Santa Clara	1,685,188	24.6%	1,093,140	25.3%	78.17	25.4%
Marin	246,045	3.6%	180,638	4.2%	16.19	5.3%
Sonoma	468,450	6.8%	273,435	6.3%	17.04	5.5%
Solano	412,970	6.0%	172,213	4.0%	12.46	4.1%
Napa	132,339	1.9%	87,882	2.0%	5.05	1.6%
<b>Total</b>	<b>6,852,817</b>	<b>100.0%</b>	<b>4,319,701</b>	<b>100.0%</b>	<b>\$307.89</b>	<b>100.0%</b>

Sources: U.S. Dept of Commerce, Census Bureau, Population Division.  
<http://www.census.gov/popest/counties/files/CO-EST2004-ALLDATA.csv>

U.S. Dept of Commerce, Bureau of Economic Analysis, Regional Economic Accounts  
<http://www.bea.doc.gov/bea/regional/reis/default.cfm#a>

**Table A2. IMPLAN Sector Allocations and Modeling Parameters for the American Express Championship Golf Tournament, San Francisco, California, October, 2005.**

IMPLAN Sector Name	IMPLAN Sector Number	NAICS Sector Number	Expenditure Value	Basis	Margin	Deflator
<b>Spending by locals</b>						
Sporting goods, hobby, & book stores	409	451	\$2,180,254	Commodity	0.378	
Spectator sports	472	7112	\$2,180,254	Industry		1.041
Restaurants, bars and lounges	481	722	\$2,180,254	Industry		1.046
<b>Sub-total</b>			<b>\$6,540,761</b>			
<b>Spending by non-locals</b>						
Transit & ground passenger transportation	395	485	\$540,927	Industry		1.053
Food and beverage stores	405	445	\$1,804,849	Commodity	0.275	
Gasoline stations	407	447	\$540,927	Commodity	0.208	
Sporting goods, hobby, & book stores	409	451	\$560,897	Commodity	0.378	
Miscellaneous store retailers	411	453	\$2,240,229	Commodity	0.410	
Automotive equipment rental and leasing	432	5321	\$540,927	Industry		1.068
Spectator sports	472	7112	\$560,897	Industry		1.041
Amusement, gambling, & recreation	478	713	\$1,679,191	Industry		1.031
Hotels and motels, including casino hotels	479	7211	\$2,312,054	Industry		1.061
Food services and drinking places	481	722	\$3,568,979	Industry		1.046
<b>Sub-total</b>			<b>\$14,349,877</b>			
<b>Total</b>			<b>\$20,890,638</b>			

The Basis modeling parameter shown in the fifth column of Table A2 is either Industry or Commodity. A Commodity basis is usually applied to expenditures on merchandise goods that undergo little or no transformation at the point of sale and are produced predominately by one sector. In this case Food and Beverage Stores, Gasoline Stations, Sporting Goods Stores and Miscellaneous Store Retailers were given a commodity basis. Typically, commodity based purchases are “margined”, which assigns the appropriate proportion (less than 100 percent) of expenditures that are used to purchase products from the manufacturers, with the remainder allocated to transportation and trade sectors. It is assumed that all of the expenditures for the Industry based sectors occur to that specific sector within the region.

Deflators, shown in the far right-hand column, are used to bring the value of the spending estimates into alignment with price levels on which the input-output model is based. The current version of IMPLAN is based on economic data for the year 2003. Consequently, all expenditures estimates were deflated to 2003 values at the rates specific to each sector. To make the results meaningful, the estimated impacts are “re-inflated” to 2005 prices.

**Table A3. Output Impacts of Attendee Expenditures from the American Express Championship Golf Tournament, San Francisco, California, October, 2005, by Two-digit Aggregate Sectors.**

IMPLAN Sector number	NAICS Sector number	Industry Name	Impacts				Relative size	
			Direct \$	Indirect \$	Induced \$	Total \$	Share %	Rank order
479	72	Accommodation & food services	8,061,287	72,491	463,191	8,596,970	27.2	1
475	71	Arts- entertainment & recreation	4,420,342	105,912	118,219	4,644,472	14.7	2
401	44-45	Retail trade	2,562,171	74,023	901,964	3,538,158	11.2	3
46	31-33	Manufacturing	0	441,811	1,747,458	2,189,269	6.9	4
495	92	Government & non NAICs	1,359	87,797	2,076,249	2,165,405	6.9	5
437	54	Professional- scientific & tech svcs	0	426,107	1,195,378	1,621,485	5.1	6
431	53	Real estate & rental	540,927	455,839	519,897	1,516,663	4.8	7
33	23	Construction	0	109,039	1,087,735	1,196,774	3.8	8
464	62	Health & social services	0	697	1,024,580	1,025,277	3.2	9
425	52	Finance & insurance	0	267,391	720,579	987,969	3.1	10
391	48-49	Transportation & Warehousing	540,927	165,612	223,002	929,541	2.9	11
390	42	Wholesale Trade	0	245,422	501,225	746,647	2.4	12
413	51	Information	0	245,843	396,187	642,031	2.0	13
482	81	Other services	0	125,250	426,163	551,414	1.7	14
452	56	Administrative & waste services	0	259,687	255,581	515,269	1.6	15
451	55	Management of companies	0	167,164	111,581	278,745	0.9	16
30	22	Utilities	0	91,832	133,212	225,044	0.7	17
461	61	Educational svcs	0	1,549	152,534	154,084	0.5	18
1	11	Ag, Forestry, Fish & Hunting	0	22,055	21,142	43,198	0.1	19
19	21	Mining	0	3,588	9,738	13,326	0.0	20
		<b>Total</b>	<b>16,127,013</b>	<b>3,369,112</b>	<b>12,085,615</b>	<b>31,581,741</b>	<b>100.0</b>	

**Table A4. Value-added Impacts of Attendee Expenditures from the American Express Championship Golf Tournament, San Francisco, California, October, 2005, by Two-digit Aggregate Sectors.**

IMPLAN Sector number	NAICS Sector number	Industry Name	Impacts				Relative size	
			Direct \$	Indirect \$	Induced \$	Total \$	Share %	Rank order
479	72	Accommodation & food services	4,626,370	40,426	250,122	4,916,919	24.3	1
475	71	Arts- entertainment & recreation	3,338,353	71,367	75,426	3,485,146	17.2	2
401	44-45	Retail trade	1,982,549	55,139	671,951	2,709,639	13.4	3
495	92	Government & non NAICs	909	36,623	1,848,198	1,885,730	9.3	4
437	54	Professional- scientific & tech svcs	0	259,176	847,380	1,106,556	5.5	5
431	53	Real estate & rental	265,068	307,715	349,629	922,412	4.6	6
46	31-33	Manufacturing	0	131,718	562,836	694,554	3.4	7
464	62	Health & social services	0	333	673,080	673,414	3.3	8
425	52	Finance & insurance	0	191,916	444,166	636,081	3.1	9
33	23	Construction	0	61,520	565,862	627,382	3.1	10
391	48-49	Transportation & Warehousing	339,991	107,367	133,919	581,278	2.9	11
390	42	Wholesale Trade	0	186,665	381,226	567,891	2.8	12
413	51	Information	0	125,116	211,036	336,152	1.7	13
482	81	Other services	0	68,678	254,082	322,760	1.6	14
452	56	Administrative & waste services	0	152,816	164,788	317,603	1.6	15
451	55	Management of companies	0	106,884	71,344	178,228	0.9	16
30	22	Utilities	0	56,073	76,804	132,878	0.7	17
461	61	Educational svcs	0	929	97,955	98,884	0.5	18
1	11	Ag, Forestry, Fish & Hunting	0	8,077	12,014	20,092	0.1	19
19	21	Mining	0	1,869	5,258	7,127	0.0	20
		<b>Total</b>	<b>10,553,241</b>	<b>1,970,408</b>	<b>7,697,076</b>	<b>20,220,725</b>	<b>100.0</b>	

**Table A5. Labor Income Impacts of Attendee Expenditures from the American Express Championship Golf Tournament, San Francisco, California, October, 2005, by Two-digit Aggregate Sector.**

IMPLAN Sector number	NAICS Sector number	Industry Name	Impacts				Relative size	
			Direct \$	Indirect \$	Induced \$	Total \$	Share %	Rank order
479	72	Accommodation & food services	3,057,192	27,268	172,076	3,256,536	23.3	1
475	71	Arts- entertainment & recreation	2,610,357	58,693	53,557	2,722,607	19.5	2
401	44-45	Retail trade	1,337,278	34,244	417,260	1,788,782	12.8	3
495	92	Government & non NAICs	507	43,472	1,110,658	1,154,636	8.3	4
437	54	Professional- scientific & tech svcs	0	216,532	818,514	1,035,046	7.4	5
464	62	Health & social services	0	290	596,932	597,222	4.3	6
33	23	Construction	0	55,061	463,628	518,688	3.7	7
46	31-33	Manufacturing	0	85,053	414,758	499,811	3.6	8
391	48-49	Transportation & Warehousing	231,828	82,531	100,422	414,781	3.0	9
425	52	Finance & insurance	0	103,342	274,905	378,247	2.7	10
390	42	Wholesale Trade	0	104,586	213,595	318,180	2.3	11
431	53	Real estate & rental	126,090	73,441	91,497	291,027	2.1	12
452	56	Administrative & waste services	0	124,103	135,258	259,361	1.9	13
482	81	Other services	0	48,283	199,604	247,887	1.8	14
413	51	Information	0	76,889	116,284	193,173	1.4	15
451	55	Management of companies	0	82,140	54,828	136,968	1.0	16
461	61	Educational svcs	0	910	96,588	97,499	0.7	17
30	22	Utilities	0	19,349	27,681	47,030	0.3	18
1	11	Ag, Forestry, Fish & Hunting	0	5,174	7,371	12,545	0.1	19
19	21	Mining	0	654	1,963	2,617	0.0	20
		<b>Total</b>	<b>7,363,252</b>	<b>1,242,013</b>	<b>5,367,376</b>	<b>13,972,642</b>	<b>100.0</b>	

**Table A6. Indirect Business Tax Impacts of Attendee Expenditures from the American Express Championship Golf Tournament, San Francisco, California, October, 2005, by Two-digit Aggregate Sectors.**

IMPLAN Sector number	NAICS Sector number	Industry Name	Impacts				Relative size	
			Direct \$	Indirect \$	Induced \$	Total \$	Share %	Rank order
479	72	Accommodation & food services	538,160	4,553	27,073	569,787	28.5	1
401	44-45	Retail trade	378,367	10,655	129,670	518,692	26.0	2
475	71	Arts- entertainment & recreation	361,153	5,769	7,594	374,516	18.7	3
390	42	Wholesale Trade	0	40,359	82,425	122,784	6.1	4
431	53	Real estate & rental	13,455	49,135	56,240	118,829	5.9	5
495	92	Government & non NAICs	0	127	109,798	109,925	5.5	6
425	52	Finance & insurance	0	8,234	20,323	28,558	1.4	7
482	81	Other services	0	6,613	19,889	26,502	1.3	8
30	22	Utilities	0	9,363	13,614	22,977	1.2	9
413	51	Information	0	7,202	14,627	21,829	1.1	10
391	48-49	Transportation & Warehousing	11,923	3,422	6,155	21,500	1.1	11
46	31-33	Manufacturing	0	4,585	14,048	18,632	0.9	12
437	54	Professional- scientific & tech svcs	0	3,882	9,843	13,726	0.7	13
452	56	Administrative & waste services	0	4,440	4,175	8,615	0.4	14
33	23	Construction	0	894	6,874	7,768	0.4	15
464	62	Health & social services	0	5	7,544	7,549	0.4	16
451	55	Management of companies	0	1,766	1,179	2,945	0.1	17
461	61	Educational svcs	0	13	927	940	0.0	18
1	11	Ag, Forestry, Fish & Hunting	0	477	454	931	0.0	19
19	21	Mining	0	209	563	772	0.0	20
		<b>Total</b>	<b>1,303,057</b>	<b>161,704</b>	<b>533,016</b>	<b>1,997,777</b>	<b>100.0</b>	

**Table A7. Employment Impacts of Attendee Expenditures from the American Express Championship Golf Tournament, San Francisco, California, October, 2005, by Two-digit Aggregate Sectors.**

IMPLAN Sector number	NAICS Sector number	Industry Name	Impacts				Relative size	
			Direct \$	Indirect \$	Induced \$	Total \$	Share %	Rank order
479	72	Accommodation & food services	130	1	8	140	37.7	1
401	44-45	Retail trade	52	1	11	64	17.3	2
475	71	Arts- entertainment & recreation	55	2	2	59	16.0	3
495	92	Government & non NAICs	0	1	17	18	4.8	4
391	48-49	Transportation & Warehousing	11	2	2	14	3.9	5
437	54	Professional- scientific & tech svcs	0	3	9	13	3.4	6
464	62	Health & social services	0	0	11	11	3.0	7
33	23	Construction	0	1	7	8	2.2	8
482	81	Other services	0	1	7	8	2.2	9
431	53	Real estate & rental	3	2	3	8	2.1	10
452	56	Administrative & waste services	0	3	4	7	1.9	11
46	31-33	Manufacturing	0	2	4	5	1.5	12
390	42	Wholesale Trade	0	1	3	4	1.1	13
425	52	Finance & insurance	0	1	3	4	1.1	14
461	61	Educational svcs	0	0	3	3	0.7	15
413	51	Information	0	1	1	2	0.5	16
451	55	Management of companies	0	1	1	1	0.4	17
1	11	Ag, Forestry, Fish & Hunting	0	0	0	1	0.2	18
30	22	Utilities	0	0	0	0	0.1	19
19	21	Mining	0	0	0	0	0.0	20
		<b>Total</b>	<b>251</b>	<b>23</b>	<b>95</b>	<b>370</b>	<b>100.0</b>	