

2008 U.S. OPEN ECONOMIC IMPACT ANALYSIS



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Center for Hospitality and Tourism Research**





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I. Executive Summary

1. Economic Impact

This report estimates the economic impact on San Diego County of the U.S. Open Golf Championship, which was held at Torrey Pines Golf Course in San Diego California from June 9-16, 2008.¹ Attendance figures, a survey of spectators and an economic multiplier were used to assess the total financial economic impact from the event. Total financial economic impact is defined in this report as the expenditure of money over the period of the event, as a result of the event. More specifically, this report identifies monies that were spent in San Diego, which might not have been generated if the Open had never taken place. Two areas traditionally make up total impact; direct and indirect impact. Direct economic impact is based on non-local spending by those who came specifically for the U.S. Open on items such as lodging, shopping, food and beverage, and transportation. This direct spending, in turn causes a multiplier spending effect in the local community, which is labeled as “indirect” impact.

The direct impact figures represented here are the result of a survey of 1,450 spectators conducted during the championship. The indirect impact is assessed using the RIMS II economic multiplier for Southern California sporting events provided by the Bureau of Economic Analysis.² Total direct impact was estimated to be \$73.62 million which in turn created an indirect impact of \$68.46 million, for an estimated total financial economic impact of \$142.08 million.

The 2008 U.S. Open had the 2nd highest attendance in Open history.³ There were a total of 273,832 unique gate entries to the championship over a 7-day period.⁴ In addition, 21,597 entries were recorded for the championship play-off taking place on Monday, June 16th for a total of 295,429 entries. That is, people who entered the gates of the championship one time (unique) per day. Although, it is reasonable to assume that some economic impact resulted from the play-off day (i.e. food and beverage sales, possibly additional lodging), the entry numbers were not included in this analysis. Some spending that resulted from the play-off is already included in the survey data collected and reasonable lodging spending was impossible to attain. Therefore, we have used the more conservative total of 273,832 to assess total non-local spending.

The majority of entries (57.8%) took place from Friday to Sunday. Non-local attendees represented the greater part of spectators (64%) for a total of 175,252 entries with locals accounting for 98,579 entries. Again, these numbers do not represent the total of “individuals” who attended during the week, but the sum of unique gate entries for the week. Non-local individuals attended the championship an average of 2.8 days for a total of 62,590 spectators while, local attendees attended an average of 2.2 days accounting for 44,808 spectators.

Some 94% or 58,835 of out-of-town attendees reported that attending the U.S. Open was the primary reason for their trip to San Diego. This number is



important as only those who came primarily for the event represent economic impact on San Diego as previously defined. Fully 60% of these non-locals stayed in hotels during their visit for a median of 4 nights at an average daily rate of \$199.00. A total of 74,318 room nights were sold over the 7-day period.

According to Smith Travel Research, the San Diego lodging market experienced several increases during the week of the Open. In comparison to the same week in 2007, the average daily rate (ADR) increased by 17.7%, occupancy increased by 4% and revenue per available room (REVPAR) increased by 22.5%.⁵ The majority of the non-local individuals felt it was likely that they would return to both the U.S. Open (85%) and San Diego (97%) in the future.

2. Other Impact

In addition to the direct and indirect financial impact of non-local attendees, other economic impact figures help to illustrate the financial effect of the U.S. Open on the San Diego economy. These figures consist of goods and services purchased locally as a result of the championship as well as opportunities for volunteerism and charitable contributions.

In terms of direct expenditures in San Diego, a total of \$7.7 million was spent on products, services and rentals with another \$1.83 million spent with a Los Angeles firm with offices in San Diego. In addition, local products were purchased to generate a total of \$8.55 million in food and beverage sales.⁶

The scale and popularity of the U.S. Open is demonstrated by \$11 million in logo sales at the Torrey Pines Pro Shop previous to the start of the event. In addition, \$14.5 million in merchandise sales took place during the event plus another \$2.37 million in corporate merchandise and uniforms for staff and volunteers. A total of 5,775 volunteers logged 110,000 work hours, 70% of which (4,042) came from San Diego.⁷

Other monies were generated as a result of the U.S. Open. For example, \$2.8 million was generated to help renovate Torrey Pines.⁸ This was the result of \$3.8 million paid by the Friends of Torrey Pines which was offset by a \$950,000 reimbursement by the City of San Diego. In addition, approximately \$229,000 was raised in charitable contributions. In relation to the local municipalities, several impacts exist such as the "bed" or transient occupancy tax of 10.5% (City of San Diego rate) which potentially generated revenue of \$1,552,866. Sales tax totaled \$1,617,956 and a new 2% Tourism Marketing District Tax on City of San Diego hotel rooms with more than 70 rooms potentially generated \$295,784.

A final impact of the U.S. Open on San Diego is the notable amount of television coverage highlighting the destination. Reports indicate that some ratings for the 2008 U.S. Open were the best in recent history with numbers comparable to the Academy Awards and 2006 Olympic Games.⁹



3. U.S. Open Summary Table

	2008
Dates	June 9-16
Winner	Tiger Woods
Championship Weather	Some Early Fog, Sunny, 59° - 73°
Total Economic Impact	\$142.08M
<i>Direct Impact</i>	\$73.62M
<i>Indirect Impact</i>	\$68.46M
Total Room Nights	74,318
TOT Contribution	\$1,552,866
TMD Estimate (Tourism Marketing District)	\$295,784
Sales Tax (Local)	\$1,617,955
Total Gate Entries (Incl. play-off)	295,429
Total Gate Entries (7-Day)	273,832
<i>Estimated Non -Local Attendees</i>	62,590 (64%)
<i>Estimated Local Attendees</i>	35,207 (36%)



II. Data Collection Methodology

1. The Survey

- To determine the amount of spending connected to the U.S. Open, the research methodology and reporting was developed based on traditional models and similar studies conducted locally.¹⁰ An intercept-survey of spectators took place during 3 days (Wednesday, Saturday and Sunday) of the 2008 championship. The survey solicited responses regarding spectator characteristics and spending behavior. A 28-item survey was created for this purpose and included items such as spectator place of residence, lodging accommodations and expenditures, food and beverage, entertainment, shopping and transportation expenditures as well as travel accommodations and basic demographics.
- The survey process included face-to-face interviews with randomly-selected spectators. Three teams of interviewers (10 Wednesday, 24 Saturday and 20 Sunday) were trained on interview techniques and the data collection process to minimize response bias. The goal of the survey was to gain as accurate a picture as possible of spectator characteristics and behaviors while in San Diego. A detailed manual was created which mapped out the data collection procedure and each interviewer was asked to review the manual before the training. A 45-minute training session was conducted with the interviewers, which included detailed item discussion, interview practice and role playing as well as a Q&A session. Supervisors who have conducted similar studies previously were used as trainers to help during the practice sessions. Particular attention was paid to ensuring valid and reliable responses. This included random selection of attendees, avoiding leading questions and avoiding suggesting answers. Interviewers were asked to protect the anonymity of the attendee by notifying respondents that participation was voluntary.
- The San Diego State data collectors were assigned to various locations across Torrey Pines Golf Course to survey those watching the championship as well as those waiting in concession lines and in line to enter. Over the three-day data collection period surveys were conducted over some 8 different locations including concession areas, the merchandise pavilion, grandstands, the main entrance and various galleries.

2. The Responses

- The target sample for the study was a total of 1,500 usable surveys. Some 1,450 interviews were conducted for during the championship resulting in 96.7% of the desired total.



III. U.S. Open Analysis

1. Economic Impact of the U.S. Open

- As mentioned in the Executive Summary, the total financial impact of the Open is calculated by assessing visitor spending as a result of the event (direct impact) and applying a multiplier (indirect impact). The tables below provide a breakdown of each category of spending and the total economic impact of the event.

2008 U.S. Open Direct Economic Impact		
Spending Category	Spending (\$ Million)	Spending (Rounded Percent)
Lodging	14.79	20%
Food & Beverage	17.65	24%
Entertainment	11.77	16%
Shopping	23.53	32%
Transportation	5.88	8%
Total	73.62	100%

2008 U.S. Open Estimated Economic Impact			
Total Economic Impact (Millions of \$)	Direct Economic Impact (Millions of \$)	Indirect Economic Impact (Millions of \$)	Visitor Room Nights
142.08	73.62	68.46	74,318

- An average of \$107.00 and a median of \$75.00 was spent on food and beverage per person, per day during the average stay in San Diego. In addition, spectators spent an average of \$126.00 and a median of \$100.00 on shopping and souvenirs, an average of \$82.00 and median of \$50.00 and entertainment and an average of \$45.00 and median of \$25.00 on transportation and parking.



2. Other Impact

- In addition to the direct and indirect financial impact of non-local attendees, other economic impact figures help to illustrate outcomes of the U.S. Open on the San Diego economy. These figures consist of goods and services purchased locally as a result of the championship, as well as opportunities for volunteerism and charitable contributions.

Purchased Goods

- To provide the enormous amounts of food and beverages served during the U.S. Open, catering organizations needed to purchase local products. Record sales numbers were generated during the 2008 Open including \$4.4 million in corporate food and beverage sales, \$3.75 million in concession sales and \$425,000 in player, staff and volunteer meals. These numbers should be considered as above and beyond food and beverage revenue generated by the Hilton La Jolla Torrey Pines (\$1.2million) or Lodge at Torrey Pines (\$1.1million).
- In addition, construction and landscaping materials were needed for the preparation of Torrey Pines golf course. Local lumber purchases totaled \$200,000 and paint purchases totaled \$34,000 and other design products and rentals totaled \$120,000. Additionally, local landscaping products were purchased in the amount of \$178,000.
- Finally, above and beyond the aforementioned product purchases, a total of \$680,000 was spent locally on fuel.

Purchased Services/Rentals

- A variety of services were purchased or employed locally in both preparation and execution of the 2008 U.S. Open. These services range from staff lodging to construction services and equipment & facility rentals. For example, the USGA needed staff accommodations for up to two years prior to the start of the championship. A total of \$641,500 was spent on lodging for USGA staff. In addition, accommodations and car rentals for national contractors totaled \$161,000.
- Local construction services were employed prior to, and during the open. A total of \$240,000 was spent on plumbing and electrical work and \$400,000 was spent on road work. Other services included private security at \$50,000 and addition police and fire services at \$650,000 and signage at \$55,000.
- Rental fees represented significant spending in the local economy as well. Five hundred thousand dollars was spent on golf rental fees at Torrey Pines, \$346,000 on trailer rentals and \$775,000 for parking fees. Shuttle costs were \$2,250,000 with the majority of vehicles being provided locally, while miscellaneous rentals were \$419,500. Finally, some \$1,830,000 was spent on tent rentals to a Los Angeles firm with offices located in San Diego.



Volunteers & Charitable Contributions

- As a result of the U.S. Open significant volunteer opportunities were created for the local population. Some 5,775 volunteers were used during the open with 70% or 4,042 coming from San Diego.
- Other monies were generated as a result of the U.S. Open. For example, approximately \$2,800,000 was generated to help renovate Torrey Pines over the past 7 years. This was the result of \$3.8 million paid by the Friends of Torrey Pines which was offset by a \$950,000 reimbursement by the City of San Diego. It is anticipated that \$300,000-\$500,000 will be spent on repairing the irrigation system at Balboa Golf Course as gift to the City from the Friends of Torrey Pines. In addition, \$229,000 was raised in charitable contributions as a result of the U.S. Open. These monies came in the form of ticket donations, host committee fund raisers and live auctions designed to support Pro Kids, San Diego Amateur Athletic foundation and Junior Golf.

Other Sales & Taxes

- Although some of the following numbers may not represent local economic impact, they help to illustrate the scale of the U.S. Open and the relative success of the event in San Diego. As mentioned above, one local sale number that had a direct impact on San Diego was \$11,000,000 in logo merchandise sold at the Torrey Pines Pro Shop previous to the start of the Open. In addition a record sales figure of \$14,500,000 was generated in merchandise sales. Further, some \$2,370,000 was spent on corporate merchandise and uniforms.
- Lastly, in relation to the municipalities, several impacts exist in addition to the extra fire and police services previously mentioned. For example, applying the Transient Occupancy Taxes (TOT) at the City of San Diego's rate of 10.5% potentially \$1,552,866 was generated. It should be noted that TOT rates vary by location. Sales tax on food and beverage, entertainment and transportation expenditures totaled \$1,617,956. In addition, a new 2% tax was added in the City of San Diego for hotels with more than 70 rooms. This could potentially generate Tourism Marketing District (TMD) funds of approximately \$295,784 to help promote San Diego tourism.

3. U.S. Open Attendance

- As previously mentioned, the 2008 U.S. Open had the 2nd highest attendance in championship history.¹¹ There were a total of 295,429 unique gate entries over an 8-day period.¹² Some 273,832 entries, which took place over the first seven days was the main focus of this study. Since non-locals attended the championship an average of 2.8 days, we estimate a total of 62,590 out-of-town spectators attended the Open. Local residents attended an average of 2.2 days accounting for 44,808 spectators.

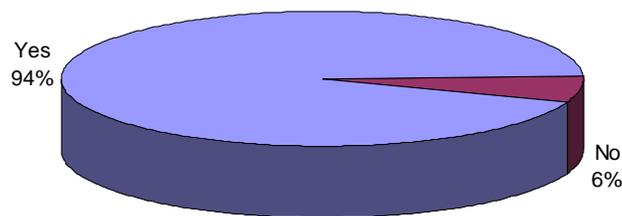


Local vs. Non-Local Spectators		
	Percentage	Actual
Local (San Diego)	36%	35,207
Non-local	64%	62,590
Total	100%	97,797

- Results of the survey indicate that some 94% of non-local attendees or 58,835 spectators came to San Diego primarily to attend the U.S. Open.

Is the U.S. Open the main reason for your visit?

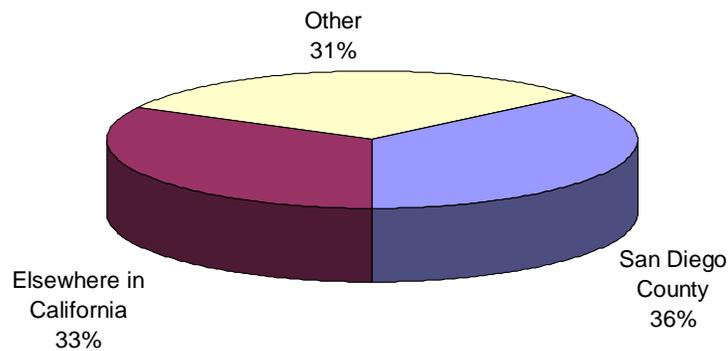
(Among those residing outside San Diego County, N=916)



- A predominant number of attendees to the Open came from outside San Diego.

Where do you live: in San Diego County, elsewhere in California, or somewhere else?

(N=1,387)



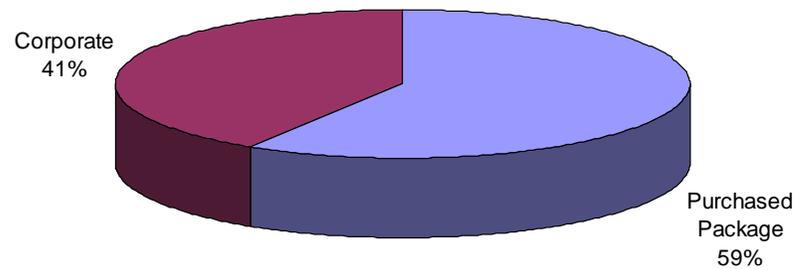


4. Packages

- Some 12% of U.S. Open spectators attended the championship as part of a package. A package is considered a purchase that includes tickets as well as lodging, some food and beverage and perhaps transportation. Packages can be purchased through third-party travel companies or provided by corporate clients. More than half of these estimated 7,511 spectators purchased a package at a mean cost of \$812.00.

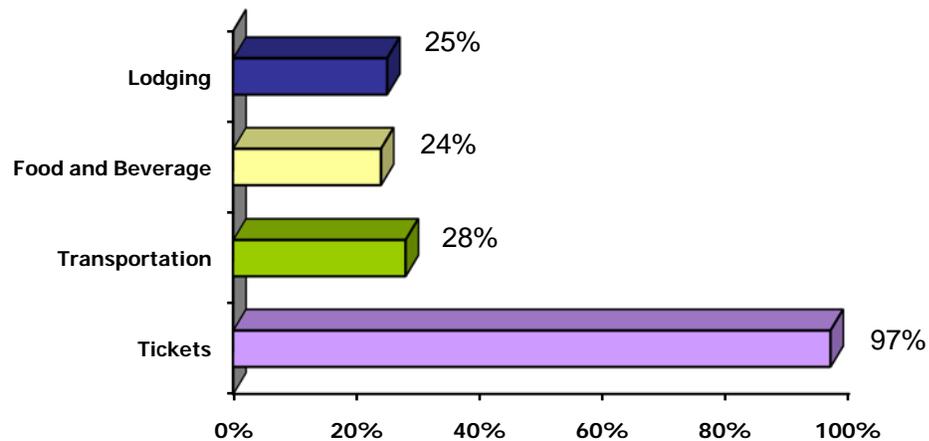
If yes, was it purchased or a corporate gift?

(Among those who purchased a package, N=94)



What did the package include?

(Among those with a package, N=91)



Average cost of purchased package \$812

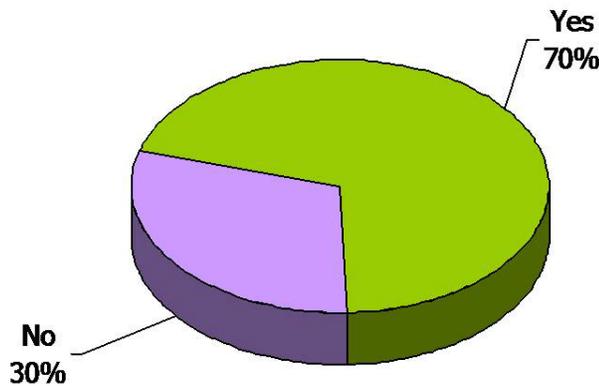


5. Accommodations

- Some 60% of non-local U.S. Open spectators stayed in a hotel during their visit with an average of 4 room nights at \$199.00 per night.
- Non-local respondents came in relatively large groups with an average number of 3.5 per group.
- An estimated 74,318 hotel room nights were sold as a result of the U.S. Open.

Are you staying in a hotel?

(Among those staying one night or more in San Diego, N=729)



Hotel Cost per Night

(Among those staying in a hotel, N=417)



Mean Hotel Cost = \$199.00

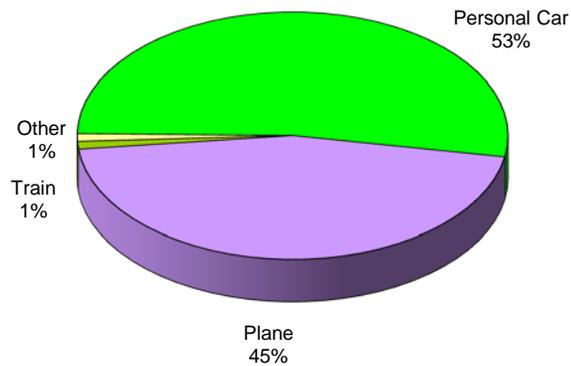


6. Transportation

- More than half of the non-local spectators at the U.S. Open traveled by car to get to San Diego:

How did you travel to San Diego?

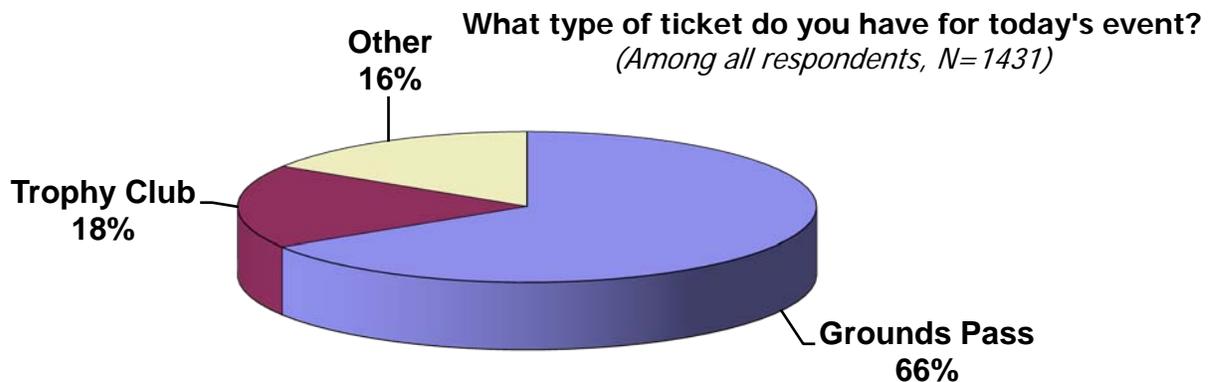
(Among those staying one night or more in San Diego, N=921)



- Some 59% of attendees used a personal car during their visit while 30% used a rental car.

7. Tickets

- Championship attendees received an average of 3 tickets per group with grounds ticket passes the primary means of attending.

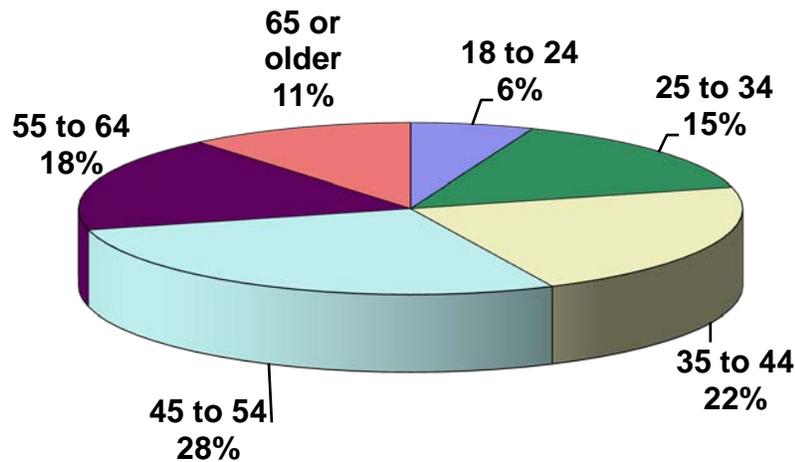




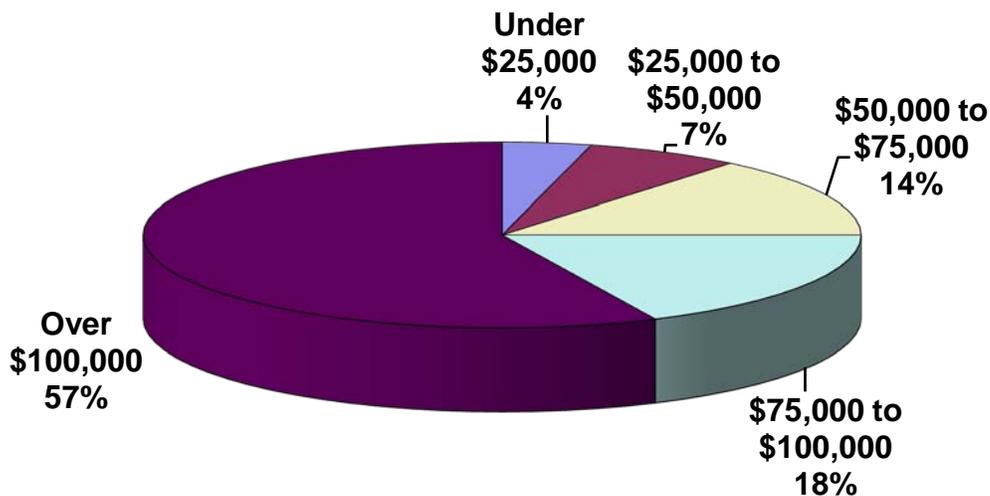
8. Visitor Demographics

- Both age and income level data were collected during the championship as well. Some 73% of attendees were male.
- The following graphs summarize age and income characteristics for survey respondents.

Age of Respondents



Income of Respondents





9. Tourism Intentions

- On average 97% of respondents indicated that they would likely return to San Diego and 85% suggested they would attend the U.S. Open again in the future.

10. Media Exposure

- The U.S. Open generated visibility for San Diego which could contribute to future economic impact.
- Through its network telecast, the following ratings were reported:¹³

Eastern (Daylight Savings Time) Ratings		
Thursday	ESPN	1.8 (avg.)
Friday	ESPN	1.8 (avg.)
Saturday	NBC	5.3
Sunday	NBC	8.5
Monday (play-off)	ESPN/NBC	4.2/7.6

- According to ESPN, the coverage of the first two rounds of the U.S. Open were the most-viewed combined telecasts since 2000. During the Open, ESPN.com generated more than 5.1 million visits and 36.7 million page views up 256% and 282% from 2007 respectively.
- NBC reports that coverage of Saturdays' third round of the U.S. Open was the highest rated in six years. In addition the Sunday final round rating was up 21% from 2007 peaking at 13.5 on the 18th hole. An eastern time rating of 11.4 from 7-9 was the best in that time period since the last Academy Awards telecast.
- NBC reports that the Monday play-off between Tiger Woods and Rocco Mediate earned the best U.S. Open ratings (7.6) in 30 years.

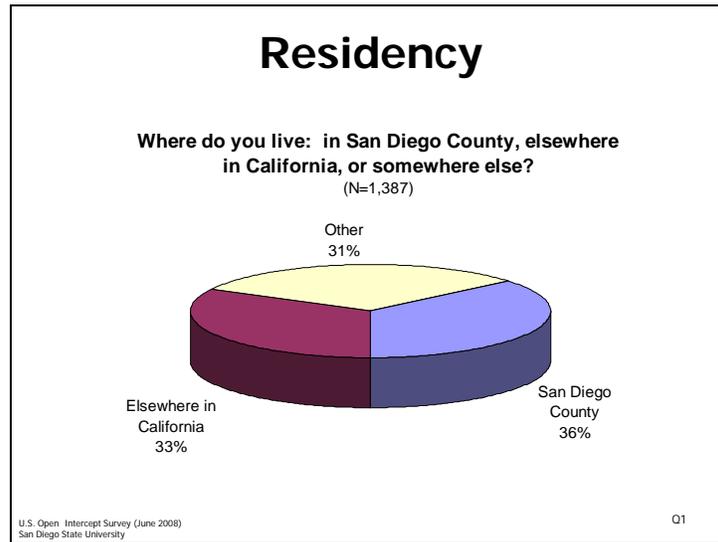
**11. Championship Weather¹⁴**

Tournament Weather		
Day	Temp (F)	Sky
Monday	60-68°	Haze
Tuesday	59-65°	Early Fog & Haze
Wednesday	60-66°	Sunny
Thursday	62-68°	Sunny
Friday	60-70°	Sunny
Saturday	63-70°	Early Fog & Haze
Sunday	62-73°	Early Fog & Sunny
Monday	61-72°	Early Fog & Sunny



IV. Selected U.S. Open Charts (Slideshow)

Slide 1

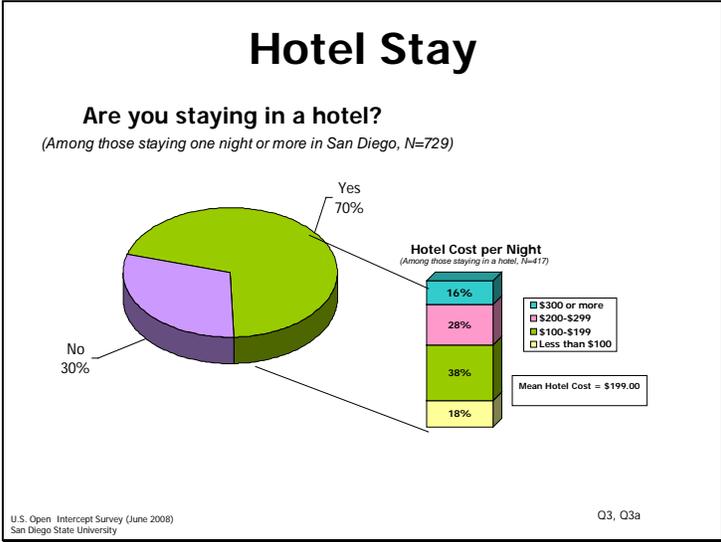


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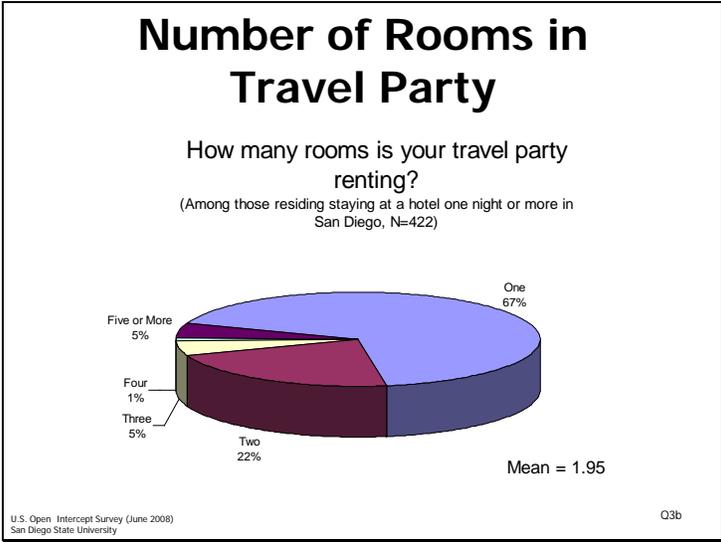




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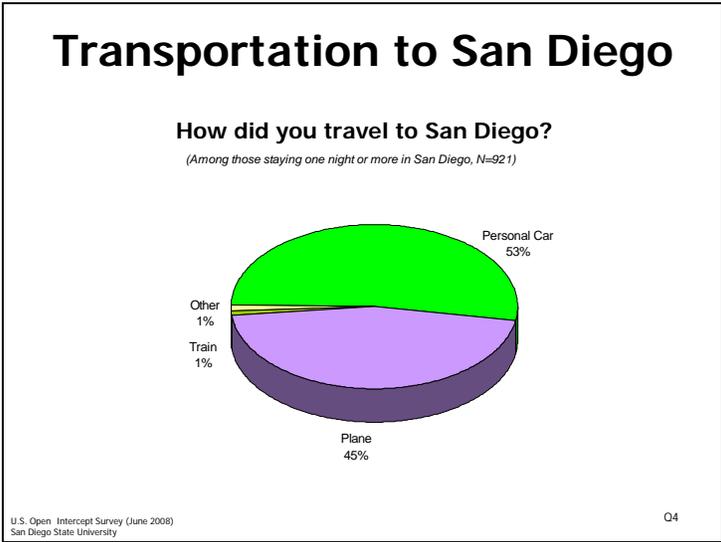


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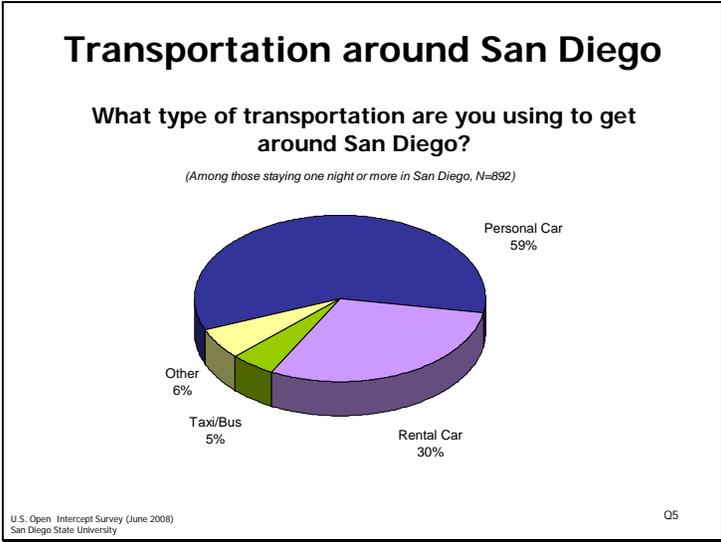




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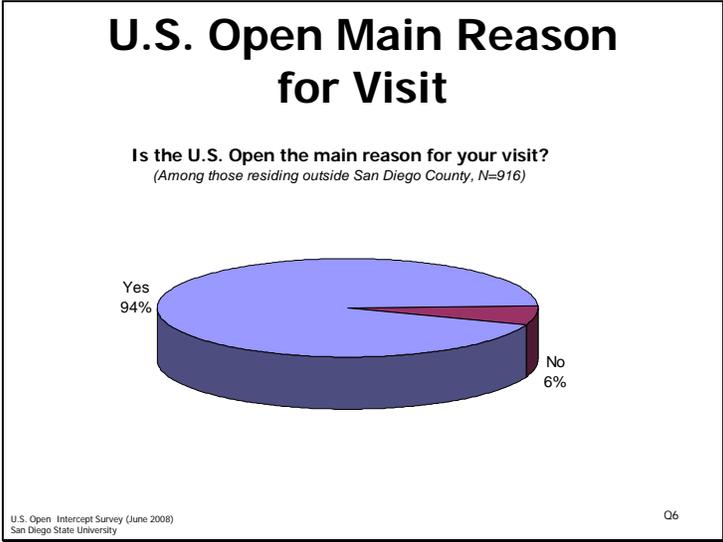


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Slide 7



Slide 8





Slide 9



Slide 10

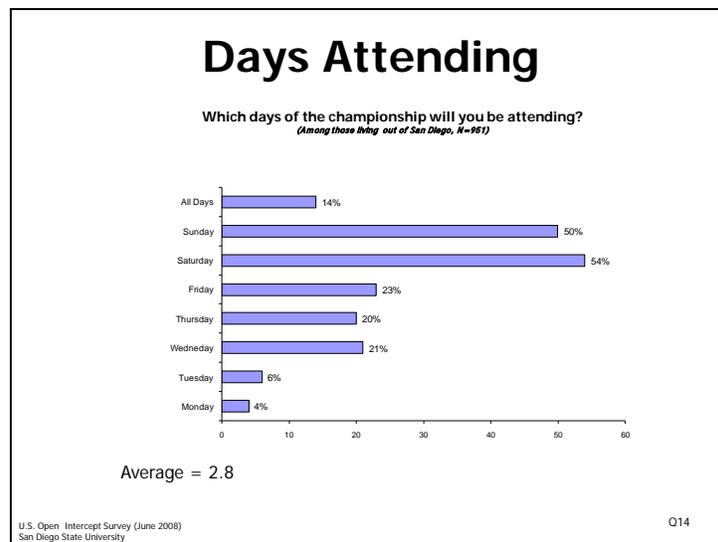




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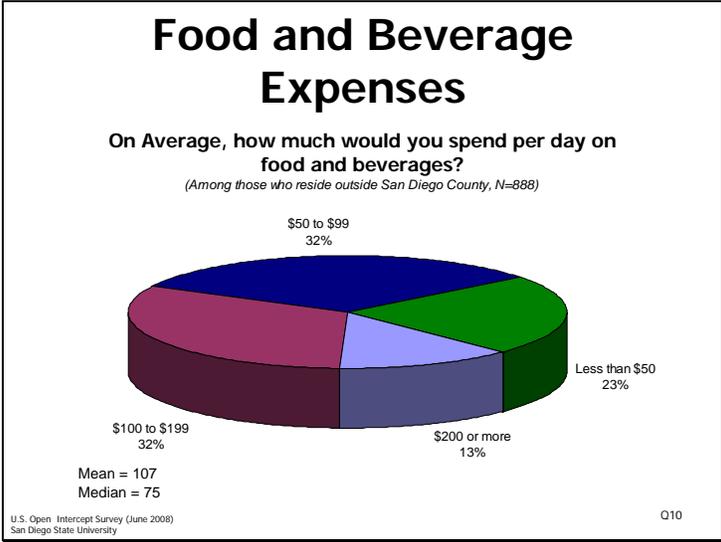


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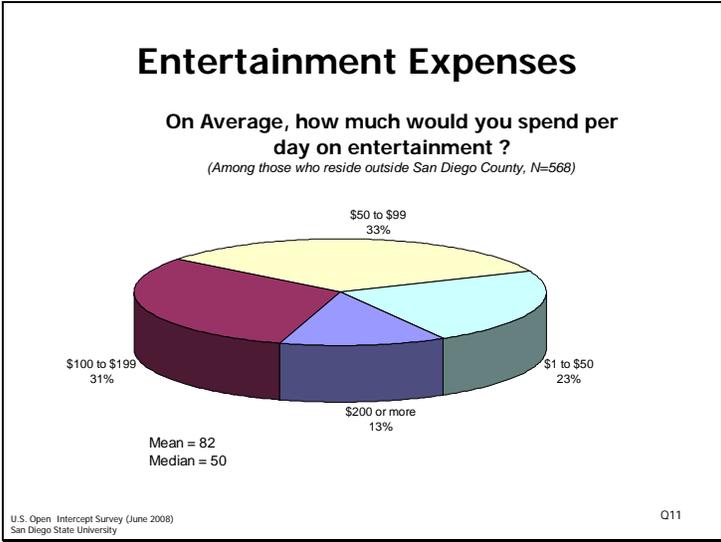




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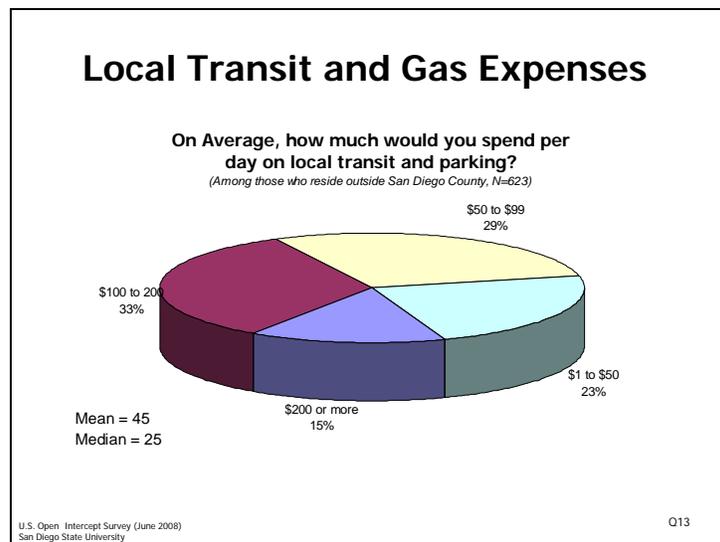




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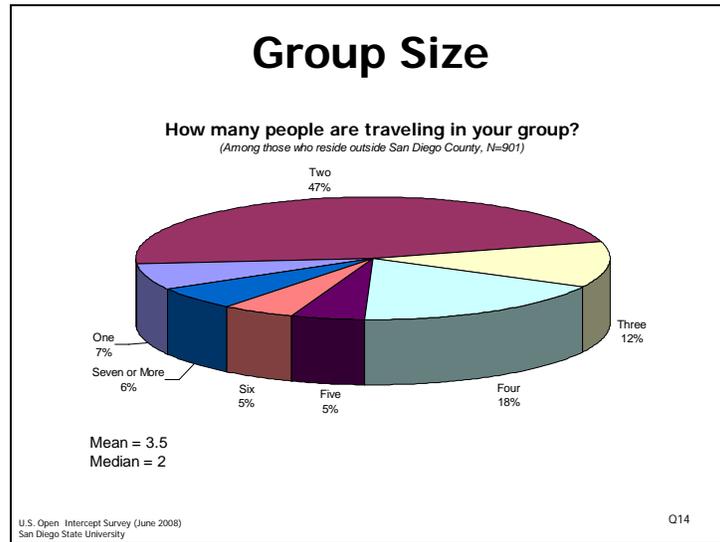


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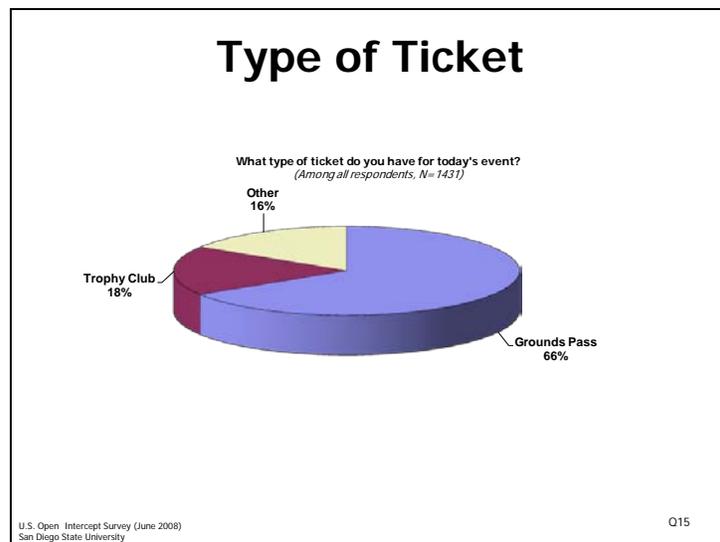




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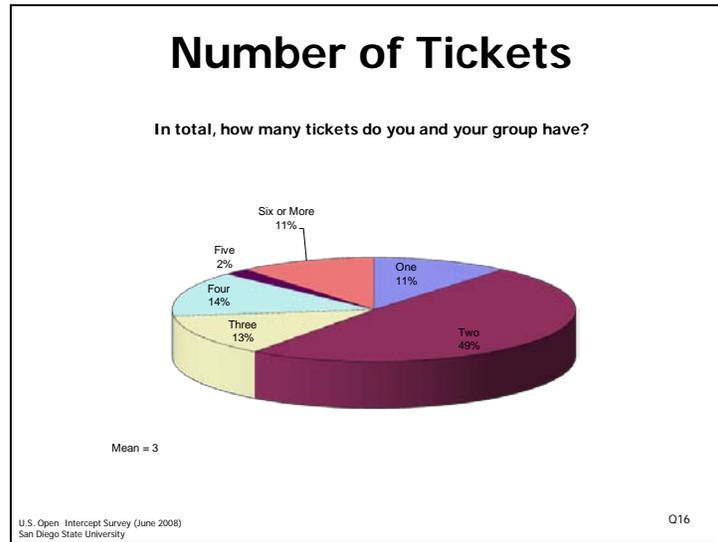


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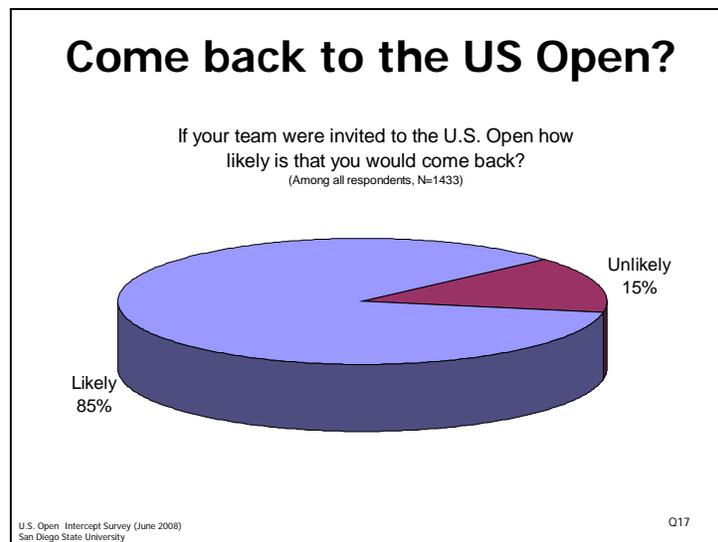




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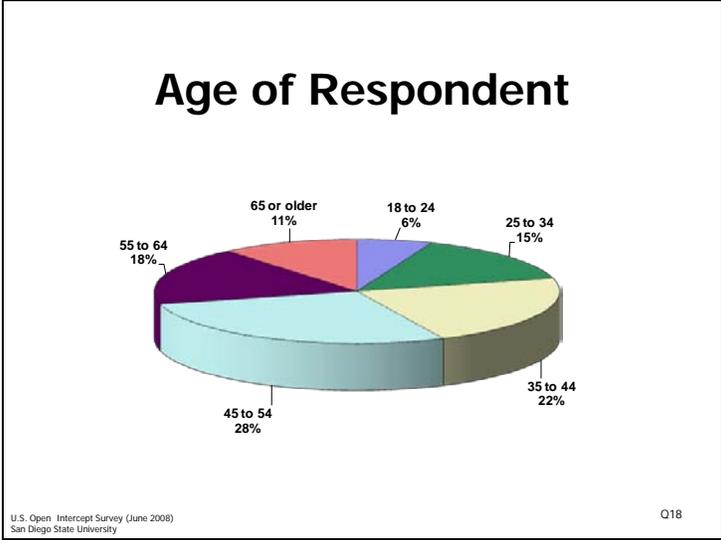


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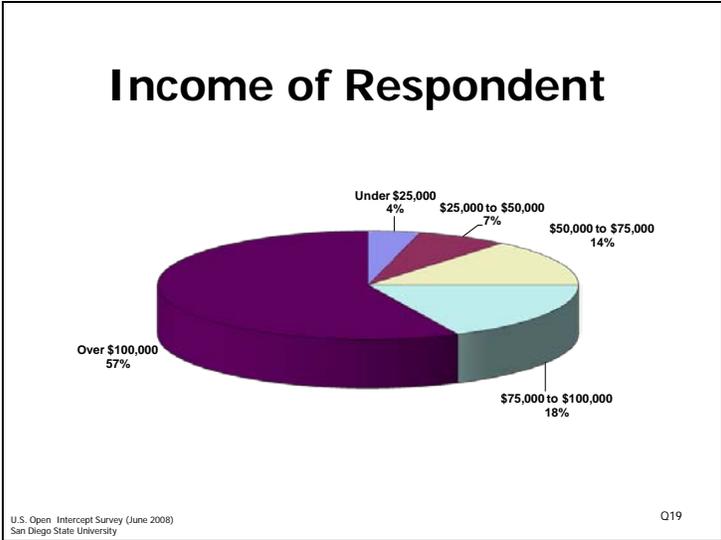


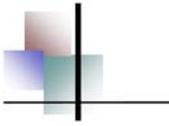


Slide 21



Slide 22





V. References

¹ http://www.usopen.com/en_US/index.html

² <http://www.bea.gov/bea/regional/rims/>

³ USGA Executive Staff, June 2008

⁴ USGA Executive Staff, June 2008

⁵ Smith Travel Research San Diego Convention and Visitor Bureau Report, Weekly Lodging Report, Week: 06/08/2008-06/14/2008

⁶ USGA Executive Staff, June 2008

⁷ USGA Executive Staff, June 2008

⁸ Friends of Torrey Pines

⁹ NBC Press Release, (June 16, 2008), "*Primetime U.S. Open Earns Best Sunday Overnight in Six Years and Third Best in Open History.*"

¹⁰ Doshi, K., Schumacher, D., & Snyder, K. (2001). Report on Economic Impact, National Association of Sports Commissions. Center for Hospitality and Tourism Research, 2007, 2008 Buick Invitational Economic Impact Report, San Diego State University.

¹¹ USGA Executive Staff, June 2008

¹² USGA Executive Staff, June 2008

¹³ NBC Press Release, (June 15, 2008), "*Best Overnight For U.S. Open Third Round in Six Years.*" NBC Press Release, (June 16, 2008), "*Primetime U.S. Open Earns Best Sunday Overnight in Six Years and Third Best in Open History.*" ESPN News Release (June 17, 2008), "*ESPN's U.S. Open Play-off is the Most-Viewed Golf Cable Telecast Ever.*" NBC Press Release, (June 17, 2008), "*U.S. Open Play-off Earns Best Monday Golf Rating in 30 Years.*"

¹⁴ <http://www.weather.gov/climate/index.php?wfo=sgx>