

**The U.S. Open Championships at Pinehurst Resort  
June 2014**

Impact on the North Carolina Economy

A Special Report

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## Executive Summary

Major sporting events, such as the 2014 U.S. Open Championships, bring new economic activity to the host community and region. The U.S. Open Championships were both held at Pinehurst Resort, NC during a two week period in June. Holding these events creates additional demand for services as well as goods from a wide host of local businesses. This report includes an estimation of the effects on the regional economy as well as the broader economy of North Carolina. Effects resulting from the direct spending on staging these events, and the participant (visitor) spending are included. These estimates are based on best estimates of pre-event spending (USGA and vendors) and survey responses from a representative sample of participants.

The staging of the U.S. Open Championships back to back at the same course, Pinehurst No. 2, is a first for the United States Golf Association. This report includes the estimates of direct economic impact for spending during the championships separately; however, the pre-event spending contributes to setting up and staging of both events. Due to this USGA strategy, holding both championships back to back, the pre-event spending is reported as part of the combined impacts of the two weeks of golf at Pinehurst Resort. This pre-event spending includes expenditures by USGA, media spending estimates, as well as spending by vendors. This pre-event spending by USGA, out-of-state corporate hosts, vendors, and media were considered as new dollars spent in North Carolina and the Piedmont region. Spending by the communities or in-state corporate hosts that was directly tied to the staging of the events was considered costs for holding the events.

### Survey Responses and Direct Expenditures

At all entry gates to the events, tickets, badges, corporate credentials and other forms of entry identification were scanned to track daily attendance. The scanned security system allowed for multiple entries at various entry points without duplicate counting of individual attendees. This system allowed for multiple scans of an individual ticket on a given day which provided for accurate daily attendance. There were 340,834 unique gate scans for the U.S. Open Championships over the two weeks.

#### 2014 U.S. Open Championships Scans by Ticket/Credential

Number of unique daily scans	U.S. Open	Percent
	Championships	
Badges	82,871	24.3%
Corporate	34,543	10.1%
Regular Tickets	222,561	65.3%
Other	859	0.3%
Total Scans	340,834	

Each respondent to the survey was asked how many days, including today, would they likely be at the U.S. Open Championships. These responses were used to calculate the average number of days at the U.S. Open Championships per respondent. The average attendee spent 3.13 days at the U.S. Open Championship and 2.14 days at the U.S. Women's Open. For both championships, respondents were asked if they planned to attend or had they attended the other

Open. With a high response from both sets of respondents (U.S. Open n= 8,213; U.S. Women’s Open n= 2,548) about 40 percent of respondents attended both championships at least one day. The average number of days attending the other championship was 2.9 days for the U.S. Open respondents and 2.8 days for the U.S. Women’s Open respondents.

The averages for number of days were then used to calculate an estimate of the number of attendees to the championships. For the U.S. Open the estimated number of attendees was 85,501 (+/- 1,854) and 34,147 (+/- 957) attendees for the U.S. Women’s Open. Given this estimate of attendance and the usable responses (8,383) for the U.S. Open, this represents a 9.8 percent response rate. A response rate of 7.3 percent was calculated for the U.S. Women’s Open.

There were three groups who had expenditures which contributed to the estimates of direct spending for this analysis. First, the United States Golf Association (USGA) expenditures contributed prior to and during both championships. The vendors who contracted with the USGA to service the championships also spent money in the local economy. Finally, the visitors to the 2014 U.S. Open Championships spent money for activities and services associated with their visits. Spending by visitors on site and for tickets to the championships were not included due to double counting in the first instance and lack of impact for the second. The total estimated direct spending associated with these three groups was \$140,345,794 for the set-up, operations, and visitor attendance to the championships. The following table provides the details of these direct spending estimates by spending categories.

2014 U.S. Open Championships NC 26 county regional spending estimates by category

<b>Category</b>	<b>Average Visitor Spending</b>	<b>Estimated Total Spending*</b>
Hotel/Motel	\$ 538.62	\$ 27,081,172
Other Accommodation	\$ 305.59	\$ 12,267,063
Restaurant	\$ 199.01	\$ 17,522,731
Food & Liquor Store	\$ 162.94	\$ 18,090,001
Shopping Retail	\$ 227.01	\$ 20,529,487
Services**		\$ 10,565,442
Construction Materials**		\$ 328,626
Ground Transport	\$ 166.79	\$ 15,847,871
Recreation Activities	\$ 204.37	\$ 18,113,401
<b>Total Spending</b>		<b>\$ 140,345,794</b>

\*USGA, Vendor, and Visitor spending

\*\*USGA and Vendor spending in these categories only

**Impact of Direct Expenditures on 26 County Regional Economy**

The economic impacts resulting from all spending within the 26 county region prior to and during the U.S. Open Championships is reported in the table below. These impacts are from direct spending estimates by USGA, vendors, and visitors to the region for the purpose of attending one or both of the U.S. Opens. These impact effects are calculated as the effects resulting from the direct spending, spending for local production (goods and labor) which are termed indirect effects, and the induced effects resulting from local households spending additional income locally. The total value added was calculated as the sum of the total addition

to payrolls resulting from direct impact, the increases to proprietor incomes, changes to other property type incomes (rents), as well as production and imports. The total direct effect output is the direct spending amounts minus the leakage from the regional economy. The total output effect from all spending for the 2014 U.S. Open Championships was \$238.348 million. This spending created 2,898 job equivalents with a total labor income of \$98.852 million. Total value added to the regional economy was \$148.453 million.

#### 2014 U.S. Open Championships 26 County Regional economic impact for all spending

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	2,152	\$63,362,590	\$86,038,977	\$140,079,666
Indirect Effect	312	\$15,989,872	\$26,701,933	\$ 42,704,416
Induced Effect	434	\$19,499,169	\$35,711,876	\$ 55,564,350
<b>Total Effect</b>	<b>2,898</b>	<b>\$98,851,632</b>	<b>\$148,452,786</b>	<b>\$238,348,433</b>

Source: 2014 Minnesota IMPLAN Group, Inc.

In addition to the economic impact effects, estimates of taxes collected from these transactions generated additional resources in the regional economy. Local and state taxes generated from these transactions included over \$142 thousand for employee and employer contributions to state unemployment insurance and \$8.759 million to social security. Total taxes on production and imports resulted in \$12.756 million in revenue. These taxes include sales tax, import taxes and state and federal fees. Taxes paid by corporations include taxes paid on corporate profits and on dividends and were calculated at \$2.426 million. Total estimated tax revenues generated as a result of the 2014 U.S. Open Championships was over \$32.014 million.

#### 2014 U.S. Open Championships 26 County Regional tax impacts for all spending

Tax Type	Tax on					Totals
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
State and Local Taxes	\$142,304		\$11,072,984	\$2,600,683	\$205,007	\$14,020,978
Federal Taxes	\$8,758,886	\$345,942	\$1,683,282	\$4,983,786	\$2,220,646	\$17,992,542
<b>Total Tax Impacts</b>	<b>\$8,901,190</b>	<b>\$345,942</b>	<b>\$12,756,266</b>	<b>\$7,584,469</b>	<b>\$2,425,653</b>	<b>\$32,013,520</b>

Source: 2014 Minnesota IMPLAN Group, Inc.