

## Economic Impact Study of Golf in Canada

A ground-breaking study conducted by the National Allied Golf Associations (NAGA)

### Highlights

**MAY 29, 2014** - Based on a nation-wide survey of nearly 15,000 golfers<sup>i</sup> and over 300 golf courses<sup>ii</sup> in 10 provinces and three territories, the **Economic Impact Study (EIS) of Golf in Canada** (“Measuring the game of golf in Canada”) provides a comprehensive update to the landmark study of the economic impact of the golf industry in Canada which was conducted by SNG Solutions Inc. in 2008-09 (2009 Study).

This study provides quantitative evidence updated in 2014 of the economic significance of Golf to the Canadian, provincial and territorial economies, through primary research provided by golfers and course operators across Canada. The results demonstrate the substantial role golf has in the economy of Canada in terms of:

Golf’s “Gross Domestic Product” in Canada – including all goods and services that are directly and indirectly related to the game, with analysis of who benefits from golf, and to what extent; and,

Other spin-off economic impacts such as jobs and household income at the national, provincial and territorial scales.

### Economic Impact of Golf in Canada – summary

The golf industry in Canada accounts for about \$19.7 billion in **direct spending** on:

- memberships and green fees (\$5.0 billion);
- golf equipment (\$3.2 billion);
- golf apparel (\$0.86 billion);
- charitable contributions at events (\$0.53 billion);
- spending by Canadian golfers on other golf related goods and services (such as instructions, publications, pay TV, transportation and fuel to their home courses, etc.) (\$2.5 billion);
- golf related travel by Canadian golfers in Canada, excluding their home course (\$1.5 billion);
- golf related travel and on-course spending outside of Canada by Canadian golfers (\$4.6 billion);
- golf related travel in Canada by foreign golfers \$1.2 billion (not including on-course spending); and
- capital additions and improvements at courses ( \$0.4 billion).

Based on direct, indirect and induced impacts, Canada’s 2013 golf cluster economic impact accounts for about \$14.3 billion of Canada’s **Gross Domestic Product** (GDP), up from \$12.2 billion in 2008.

**Other economic contributions** of golf in Canada include:

300,100 jobs (340,000 from the 2009 Study);

\$8.3 billion in household income (\$8.2 billion from the 2009 Study);

\$1.4 billion in property and other indirect taxes (\$1.3 billion from the 2009 Study); and,

\$2.2 billion in federal and provincial income taxes (\$2.6 billion from the 2009 Study).

Golf in Canada generates an estimated \$36.8 billion in total **gross production** (see end notes for definitions) through the combination of direct, indirect and induced spending impacts.

The total direct economic activity (total direct sales, golf related travel, capital spending) resulting from the Canadian Golf Industry is estimated at \$19.7 billion. Direct revenues generated directly by golf courses and their facilities, and stand-alone driving and practice ranges (\$5.0 billion) rivals the revenues generated by all other participation sports and recreation facilities combined (\$4.8 billion) in Canada<sup>iii</sup>.

Additional key benefits and impacts of golf in Canada include:

**Environmental Benefits** – Over 175,000 hectares of green space managed by approximately 2,308 golf course operators, including 30,000 hectares of unmanaged wildlife habitat under golf course stewardship.

**Golf Participation** –SNG estimates, based on starts reported by operators and rounds played reported by Canadian golfers, that approximately 60 million rounds of golf were played in 2013 (approximately 70 million in 2008).

A recent study by NAVICOM reports that there are close to 5.7 million golfers in Canada.<sup>iv</sup>

**Employment Opportunities** – The Canadian Golf Industry provides an excellent employment opportunity, with as many as 37% of those working at Canadian golf courses being students.

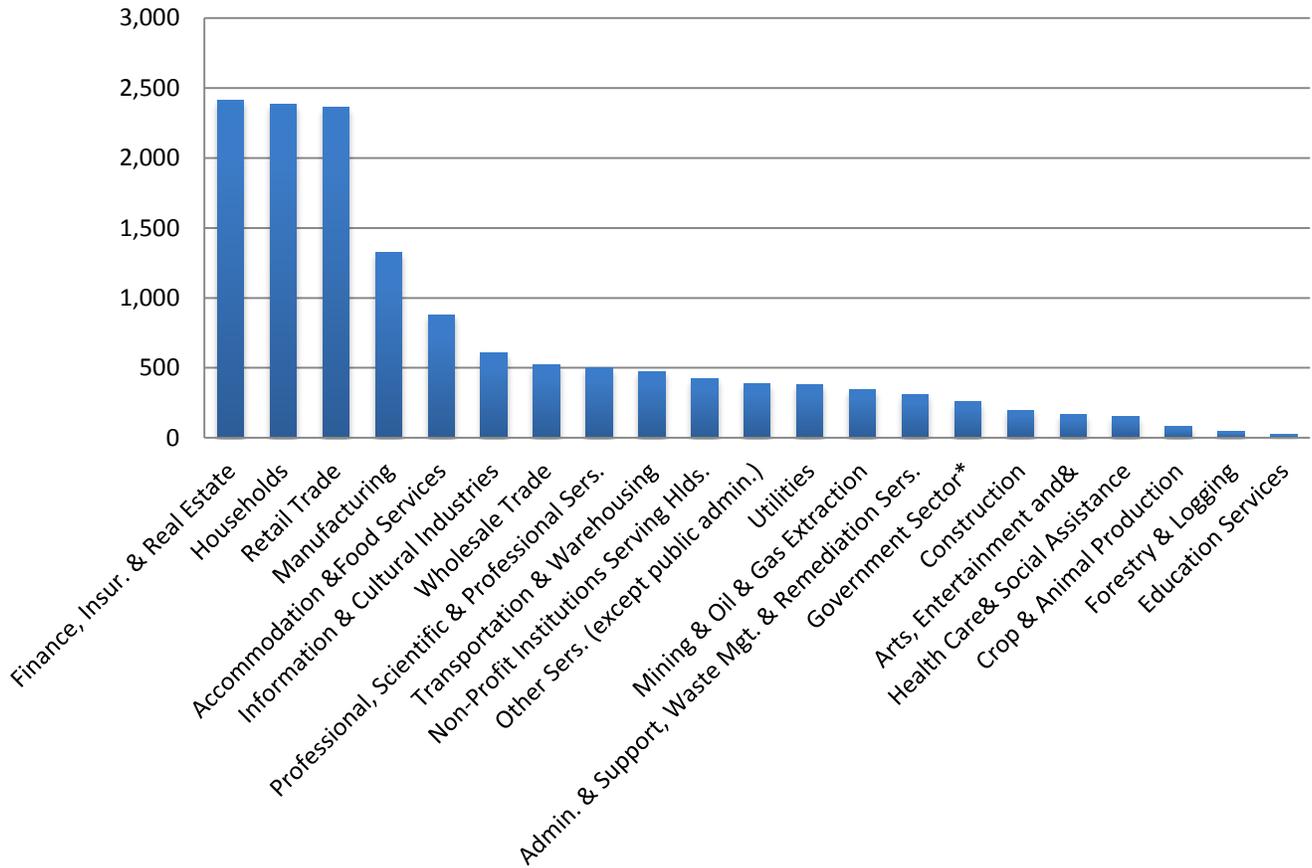
**Charitable Activity** – In 2013 there were nearly 37,000 charitable events hosted at Canadian courses (25,000 in 2008). Using conservative estimates, these events raise more than \$533 million (\$473 million in 2008 dollars) for charitable causes across Canada.

**Golf Tourism** – Canadian travellers make more than 1 million trips involving golf<sup>v</sup>, spending \$2.5 billion annually on golf-related travel within Canada (including on-course spending at courses visited). Foreign visiting golfers spent \$1.6 billion on golf related travel and on-course spending.

Aside from households, which command 16.7% of the gross GDP effects of golf, Canada's Finance, Insurance & Real Estate, Retail Trade and Manufacturing sectors are impacted the most by Canadian golf, commanding 16.9%, 16.6% and 9.3% respectively of Golf's GDP impacts in Canada.

From many perspectives, the game of Golf is a significant contributor to the economies of each province and for Canada overall.

**Golf Related Annual Impacts, Total Canadian GDP Effected by Economic Sector (\$ millions 2013\$)**



**Golf Big Picture – comparing 2014 to 2009 study findings**

Without doubt, the 2014 study of the Economic Impact of Golf in Canada will be compared to economic impact findings from the 2009 study (note that the 2009 study is largely based on data collected in 2008 and the 2014 study is based on data collected in 2013).

Since the release of the 2009 study, the Canadian economy had endured with the rest of the global economy what has since become known and referred to as the Global Economic Crisis. What started out as a mortgage crisis in the US quickly spread throughout the global financial system, exposing the risks, weaknesses, and interconnectedness of the global economy. Estimates from the time suggest trillions of dollars in financial losses – the greatest single event financial loss in history – leaving no sector of the economy untouched.

It is in this very challenging context that the results of the 2014 Economic Impact of Golf in Canada study must be considered. On the surface, and in terms of the major summary statistics presented in this report, it would seem that the Canadian Golf Economy has remained relatively unchanged between 2008 and 2013.

In reality, the Canada Golf Economy has more likely recovered to pre-Global Economic Crisis levels, maintaining some of the key metrics in terms of revenues and level of play, in the wake of both the 2008 global recession and the ongoing demographic shift that has been taking place in golf since about 2000.

NAGA's Golf Behavior Study highlights the equilibrium that the industry has attained. "Among the population of approximately 5.7 million golfers, the number of people entering the game is equal to the number of people leaving the game (18% or approximately 1.026 million people). There are some golfers playing more, playing less or playing the same amount of golf, but overall there is no growth in the number of people playing" (NAVICOM, 2012).<sup>vi</sup>

The Golf Behavior Study also highlights that golfers are playing fewer rounds, with the majority of rounds being played by a limited number of avid golfers, the rate of youth being introduced to the game of golf is less today than it has been for previous generations.

In spite of these challenging overarching conditions, the Canadian Golf Industry has "maintained the base" economic impact demonstrated in 2008. The 2014 study (based on 2013 data) shows that:

- While rounds played are down (26,100 per course in 2013 from 28,700 in 2008), revenues are equivalent to 2008 levels.
- 2013 operating expenditures are in line with 2008 spending.
- Capital spending (e.g., course improvements, infrastructure) in 2013, at \$650 million, nearly \$140 million more than the \$511 million (2013\$) in 2008.
- Courses are providing their services with fewer workers, with employment down in 2013 by as much as 20% from 2008 levels and courses employer fewer students (37% from 43% in 2008).
- Canadian golfers increased their spending on golf and golf related travel outside of Canada from \$1.9 billion (2013\$) in 2008 to \$4.6 billion in 2013.
- For their part, golfers still managed to spend slightly more on golf in Canada: \$15.6 billion (2013\$) in 2013 compared to \$14 billion (2013\$) in 2008.

The following report provides an overview of the methodology and key findings from the 2014 study of the Economic Impact of Golf in Canada in 2013.

## About the Study

This study is a follow-up to the 2009 ground-breaking study conducted by Strategic Networks Group, Inc. (SNG), led by Thomas McGuire, VP SNG Solutions, and was based almost entirely on primary research of the supply (golf courses) and demand (golfers) of golf in Canada through a nation-wide survey process managed by SNG's VP of Operations, Gary Dunmore. SNG also used a newly built customized inter-regional input-output impact model, developed by noted economists Dr. William Schaffer, Professor Emeritus, Georgia Institute of Technology, and John Jozsa, Jozsa Management & Economics - both associates of SNG. This input-output (I-O) model was customized to track golf-industry related economic activity across Canada.

SNG's project team for this study included Michael Curri (President of SNG), Thomas McGuire (SNG's VP SNG Solutions and Project Manager for this study), Gary Dunmore (SNG's VP of Operations), Thibaud Chatel (SNG's Analyst), John Jozsa (SNG Associate), and Dr. William Schaffer (Associate of SNG and Professor Emeritus, Georgia Institute of Technology).

## About NAGA

The National Allied Golf Association (NAGA) is an organization whose purpose is to improve golf across all sectors in Canada. NAGA's objective is to ensure a strong future for Canadian golf.

## Acknowledgements

There are many contributors to this study that must be acknowledged. This includes the NAGA Board of Directors and the NAGA association presidents, as well as the many golfers across Canada who offered their time and completed surveys on their experiences with golf. A special thanks is owed to the Canadian course operators who participated in this study by sharing information about their operations through the survey, in-depth interviews and the pre-testing of earlier versions of the operator survey.

## Contact information

### National Allied Golf Associations (NAGA)

Jeff Calderwood, NAGA Chair

613-226-3616 ext. 20

[jcalderwood@ngcoa.ca](mailto:jcalderwood@ngcoa.ca)

### Strategic Networks Group, Inc. (SNG)

Thomas McGuire

VP SNG Solutions Inc.

[m McGuire@sngroup.com](mailto:m McGuire@sngroup.com)

+1.902.431.6972

Michael Curri

President, SNG Solutions Inc.

[mcurri@sngroup.com](mailto:mcurri@sngroup.com)

+1.613.277.2588

## Endnotes

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- <sup>i</sup> The golfer survey results are accurate to +/- 0.98 percentage points, 19 times out of 20. Survey data is extrapolated to Canada based on an estimated population of 5.9M golfers.
- <sup>ii</sup> The course survey results are accurate to +/- 4.61 percentage points, 19 times out of 20. Survey data is extrapolated to Canada based on an estimated population of 2,301 courses.
- <sup>iii</sup> These recreational facilities include skiing, fitness and recreational sports centres, amusement parks and arcades, and all other amusement and recreation industries, except gambling. Source: Statistics Canada. Table 361-0015 - Amusement and recreation, summary statistics, by North American Industry Classification System (NAICS), annual, CANSIM.
- <sup>iv</sup> CANADIAN GOLF CONSUMER BEHAVIOUR STUDY, Conducted by NAVICOM on behalf of the National Allied Golf Associations, FINDINGS REPORT (Published September 12, 2012)
- <sup>v</sup> Canadian Travel Market, Golfing While on Trips Of One or More Nights: A Profile Report, October 3, 2007; [www.tourism.gov.on.ca/english/research/travel\\_activities/CDN\\_TAMS\\_2006\\_Golf\\_Oct2007.pdf](http://www.tourism.gov.on.ca/english/research/travel_activities/CDN_TAMS_2006_Golf_Oct2007.pdf)
- <sup>vi</sup> FINDINGS REPORT: CANADIAN GOLF CONSUMER BEHAVIOUR STUDY; Conducted by NAVICOM on behalf of the National Allied Golf Associations; Published September 12, 2012)