

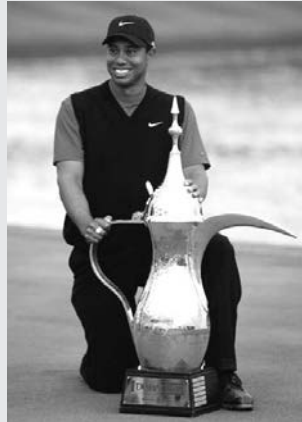
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Golf Events

Spotlight: The draw of Tiger Woods

Tiger Woods after winning the Dubai Desert Classic 2008, courtesy of Tiger Woods Dubai LLC

If anyone doubted the financial and ratings value of Tiger Woods' presence at a tournament, then the slump in viewer numbers and consequent advertising revenue during his forced absence for seven months over 2008/09 proved his unique worth. Ratings fell for TV golf broadcasts and audiences dropped away until his return in February 2009.



Woods had a quicker impact on any sport than any other sporting figure. Following three consecutive US Amateur Golf titles in 1996, he joined the professional PGA Tour. He won his first pro tournament in 1996 just five weeks after joining the tour and won another two weeks later. After being named 1996 PGA Tour Rookie of the Year and Sports Illustrated's Sportsman of the Year, he went on to win four events in 1997 and by 1998 was ranked top golfer on the world golf rankings list.

His dramatic success triggered a surge in TV audience numbers. Audiences increased by nearly 14 per cent for weekend golf telecasts in 1997 and CBS recorded increases of nearly 25 per cent. Sunday ratings for CBS's 1997 Masters Tournament were up 55 per cent from the previous year, broadcasting to an estimated 40 million viewers.

The increase in both viewership and mass appeal of golf was exploited immediately by advertisers and sponsors. Both Nike and Titleist signed Woods to endorsement contracts in 1996, followed by American Express and Rolex. He also took an equity position with The Official All-Star Cafe and signed deals with Golf Digest, Sportsline and Warner Books. Nike invested the most in Woods and it paid off when sales of golf clothing and footwear doubled in 1997 to an estimated \$120 million. Sales in the first quarter of Woods' connection with the company were up 55 per cent across the company. Researchers have found a direct correlation between Tiger's performance at tournaments and increased profits for Nike.

The 2008 US Open saw record numbers of golf fans – unaware that it would be his last performance of the season due to injury. This was the most watched golf broadcast in cable TV history to date, beating the 2008 Masters. ESPN and NBC

shared coverage of the event and ESPN chalked up a 4.2 rating with over 4 million households tuning in. Results were similar online with ESPN.com recording 5.1 million visits (an increase of 256% from 2007) and 36.7 million page views (up 282%). Woods then missed the rest of the 2008 season due to knee surgery and seven months' recuperation.

During his absence, ratings, viewership, advertising and sponsorship all diminished, emphasizing the correlation between golf's popularity and Tiger's presence. In an article for Multichannel News, sports journalist Larry Barrett anticipated Woods' absence having a significant impact on ratings. 'The Golf Channel has historically seen between and 18% and 30% fall-off in events sans Tiger,' he explained. Woods' return in February 2009 at the WGC-Accenture Match Play Championship in Marana, Arizona, was much heralded by TV networks and media in general. Bookmakers were enthusiastic, too, about his return to the sport – betting increases by 20% when Woods is playing.

When Woods is playing, golf attracts a wider demographic among TV audiences. He was the youngest Masters' champion ever and the first of African or Asian heritage. In 2001 he became the first golfer ever to hold all four major professional championships at the same time – the Masters, PGA Championship, British and US Opens. By 2008 he was top of the career money list as well as being the leader in career victories among active players on the PGA Tour. In an article for Canada's National Post, journalist Bruce Arthur compared him to Michael Jordan whose retirement from the NBA in 1998 resulted in a nose-dive in TV ratings. 'In no other sport does one player, one person, so animate his sport,' said Arthur.

Woods continues to draw the crowds. The final round of the 2013 Players Championship at TPC Sawgrass drew the highest television rating for the event in more than 20 years. The TV audience was 7.6 million, and not counting the four majors, this was the highest TV rating for any round, at any event, in six years. The Players was one of five tournaments won by Woods in 2013, and he doubled his prize money with off-course income thanks to sponsor bonuses with Nike and Rolex tied to his wins and a return to the top of the World Golf Rankings. Woods was also busy overseas collecting more than \$10 million in appearance fees from stops in Abu Dhabi, China, Malaysia and Turkey.

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Introduction

The opening Spotlight highlights the contribution that golf events – and their high-profile competitors – can make to the overall golf industry economy. As mentioned in Chapter 1, the golf economy is divided into a number of inter-related subsectors. One of those is golf tournaments and the associated endorsements. In 2011 in Scotland, the financial contribution of this cluster was over \$70 million. In Europe, the Middle East and Africa, golf tournaments and endorsements also generated over \$1 billion in 2006 (KPMG, 2008). Much of this income is generated from players and spectators travelling to golf events, so this sector represents an important part of golf tourism. This chapter begins by looking at the different types of golf events around the world, and then focuses on the spectators that attend these events. The hosting of golf events is the subject of the next part of the chapter, looking at issues related to planning, marketing and operational issues. The chapter concludes with a section on the impact of golf events.

Types of golf events

Major tournaments in the USA including the PGA Tour generated approximately \$1.2 billion in 2011 (SRI, 2011). In 2012, there were over 120 international professional golf tournaments in the Europe, Middle East and Africa region, of which 85 were staged in Europe. In other parts of the world, the Japanese PGA Tour is domestically a hugely popular and rich tour covering over 35 events. Other tours include the Australasian Tour held in countries such as Hong Kong, Malaysia, India, China, the Philippines, Thailand, Australia and New Zealand. The Sunshine Tour meanders through southern Africa during the winter months, November to March. Add to these tours the Ladies Professional Golfers Association (LPGA) Tours of Europe and the USA, the hugely popular Seniors Tour (see the end-of-chapter case study) and a myriad of smaller tours and the result is a continually dynamic world-wide golf tournament. This travelling entourage attracts a large media circus fuelling interest and development of golf in all corners of the globe.

Tournament revenues include fees generated by selling broadcast rights, corporate sponsorship of events, and spectator ticket sales and merchandise purchases. In 1996 when Tiger Woods first turned professional, nine players made over a million dollars on the PGA Tour. In 2012, the same tour boasted 99 millionaires. The total purse in the decade before Tiger's arrival, 1986–96, grew by \$37.5 million. In the ten years after 1996, prize money increased by \$186.1 million. Men on the PGA Tour play for bigger purses than do the women in the LPGA tournaments, but the men play more rounds of golf over longer golf courses in front of more spectators, and exhibit greater levels of skill than do the women. One research study has found that the professional golf industry appears to reward the absolute level of skill with no gender bias (Shmanske, 2000).

Many of these professional tournaments are preceded by a practice day and a Pro-Am event. For spectators these practice days are the prime time for following players, seeking autographs and for taking pictures. Most major tournaments begin on a Monday and run through to the final round on Sunday. The British Open though has a bonus practice round on the first Sunday making for an eight-day event. In 2011, first day practice round tickets at Royal St. George's Golf Club in Sandwich, Kent, England sold for around \$25. Pro-Ams will often feature celebrity golfers. For example, spectators at the 2013 AT&T Pebble Beach National Pro-Am could see Bill Murray, Andy Garcia, Andy Roddick and Ray Romano among others.

The economic downturn in 2008/09 undermined the golf event business as it did every other area of the global economy. Many of the 2009 deals were agreed from budgets set in 2008, but in 2010 budgets were lower, and some events fell victim to this credit crunch. The English Open, for example, was postponed for two years after developers at the host Cornish course ran into financial difficulties. An estimated 40,000 spectators had been expected to attend the event, with millions watching it on television. The British Masters, one of the oldest events on the European golf tour, was also dropped from the 2009 European Tour schedule after it was unable to find a new sponsor. The event, which has been staged every year since 1946, was not on the calendar after Quinn Insurance's sponsorship came to an end and no replacement could be found. It had been planned for 17–20 September at The Belfry, where it had been staged the previous three years.

One of the LPGA tournaments, the Corning Classic, also closed in 2009 due to the downturn in the economy and the upturn in tournament costs (Potter, 2009). The tournament had an operating budget of \$3.5 million, about 70 per cent of it coming from Corning Inc., a maker of glass and ceramic products. This was just one of five tournaments lost by the LPGA in 2009, most of them in small markets. The men's PGA Tour also lost four title sponsors in 2009 because of the economic downturn. At the end of 2009, the consensus view in the sports business was that elite sports properties would remain popular among sponsors and television – in golfing terms that means the majors, the Ryder Cup and a small handful of other events around the world – but that the rest of the market was in freefall. However, in 2014 as the economy moved out of recession, the health of golf tournaments was strong – particularly in the US. Including the 28 regular PGA tour events in 2014, four majors, four WGC events, four FedEx Cup playoff tournaments and the Players Championship, the total prize money available on the PGA Tour added up to about \$300 million in 2014. Adding in \$35 million of FedEx Cup bonus-pool dollars, the total was very close to \$340 million. The issue of whether or not sporting professionals can be defined as tourists has been debated in the sport tourism literature (Hinch and Higham, 2001). However, the UNWTO defines tourists as people who 'travel to and stay in places outside their usual environment not related to the exercise of an activity remunerated from within the place visited'. For the purposes of this book therefore, professionals are not classified as golf tourists as they are normally remunerated for their endeavours. Those travelling to play in amateur events