

A Satellite Account For Golf In The UK

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Aim

The purpose of this research was to quantify the economic importance of golf in the United Kingdom. The principal challenge for work of this type is that sport generally and golf specifically are not recognised as industries in their own right within the System of National Accounts (European Communities et al., 2009) adopted by most developed nations. Consequently, measuring the economic significance of golf requires the use of a Satellite Account methodology, whereby economic activity linked to the economy but not part of the core UK national accounts is identified within the System of National Accounts and reported separately. There are three key measures used when assessing the economic scale of an industry: first, consumer spending; second, Gross Value Added; and, third employment. The aim of this research was to quantify these measures for golf.

Literature review

There have been various attempts to quantify the economic importance of activities that are not recognised formally as industries. These include the environment, tourism, and the activities of households (Office for National Statistics, n.d.). In the UK the Department for Culture Media and Sport has been instrumental in the production of a Satellite Account for Sport since 2011 (DCMS, 2011). Part of the rationale for the Sport Satellite Account was to measure the economic impact of hosting the London 2012 Olympic and Paralympic Games. As a result, from the 2004–2006 baseline there has been a regular series of updates in the lead up to and aftermath of London 2012 (DCMS, 2015, 2017). These reports have been awarded ‘official statistics’ status, which means that they passed the strict quality control protocols to validate their veracity. In 2014, the latest data that were available for this study, consumer spending on sport in the UK was £31.0 billion (2.7% of all UK consumer spending); Gross Value Added was £29.8 billion (2.0%); and employment (measured as Full Time Equivalents) was 700,000 (3.1%). The contribution to knowledge of this research was to measure the economic importance of a specific sport within the framework of a Satellite Account for sport as a whole.

Methodology

Our analysis is consistent with the ‘Vilnius definition’ of sport, which articulates the consensus reached at European Union level. The economic model employed uses, where possible, variables from official statistics as its basic inputs. It divides the sports economy into six sectors which are analysed separately to ensure that there is no double counting. The methodology measures the income and expenditure flows between different industries to identify the golf-specific components of these flows.

Three main sources were used to acquire the relevant data:

- National data sets (for example national level sports participation surveys to measure demand, and the International Passenger Survey to quantify golf tourism);
- Analysis of company accounts (over 2,500 golf-related businesses); and
- Bespoke surveys and interviews with key golf organisations.

The only aggregation which takes place is for profits, wages and jobs per sector, which in turn generate the Gross Value Added and employment estimates.

Results

The golf industry in the UK proved to be measurable and significant within the context of sport as illustrated in the three key indicators discussed below.

Consumer spending

Consumer spending on golf in the UK was found to be £4.303 billion which is equivalent to £1,108 per adult golfer in the UK. The greatest single source of this consumer expenditure (£2.253 billion, or 52%) is consumption associated with the UK’s near 3,000 golf clubs.

Gross Value Added (GVA)

The Gross Value Added of the golf industry in the UK was £2.045 billion in 2014 with the largest single area being golf clubs, including their food and beverage operations at £623m (30%).

Employment

The golf industry provides employment for 54,190 full-time equivalent employees and these roles are carried out by 74,480 different people when adjusted for part-time workers. Golf clubs are the most significant employers in the sector (17,780 FTE, 33%).

There are regional variations in the economic importance of golf in the UK, with Scotland (the 'home of golf'), having a disproportionately large share of the industry, given its population base.

Within sport as a whole, golf proved to be worth 14% of consumer expenditure, 7% of GVA and 8% of employment. At the heart of the industry is a thriving club sector. However, the sport's presence in tourism, hospitality, construction, equipment, clothing, and events are all notable areas of golf's economic impact. This new insight into golf provides the sport's authorities with a new vocabulary with which to speak to Government.

References

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