



# Bermuda Championship: Economic impact assessment

**April 2020**

[kpmg.bm](http://kpmg.bm)



# Summary

**DIRECT**  
IMPACT

\$7.8m

**INDIRECT**  
IMPACT

\$3.7m

**INDUCED**  
IMPACT

\$6.9m



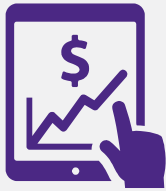
2,132  
VISITORS



10,660  
SPECTATORS



8,528  
RESIDENTS



**TOTAL**  
**ECONOMIC**  
**IMPACT**

\$18.4million



120  
GOLFERS



45+

CHILDREN IN THE  
JUNIOR CLINIC



\$2.6 million  
SPENT IN BERMUDA  
TO HOST THE EVENT



\$1.7 million  
SPENT LOCALLY  
TO PREPARE  
THE COURSE

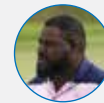


584  
VOLUNTEERS



26  
COORDINATORS

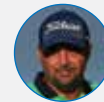
## BERMUDIAN PLAYERS



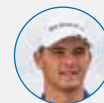
Daniel  
AUGUSTUS IV



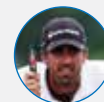
Dwayne  
PEARMAN



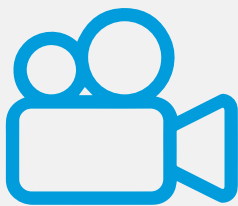
Jarryd  
DILLAS



Kenny  
LESEUR



Michael  
SIMS



**TANGIBLE**  
VALUE OF  
MEDIA EXPOSURE

\$3.5m

**INTANGIBLE**  
VALUE OF  
MEDIA EXPOSURE

\$700k

# Contents

Executive summary	4
Economic impact	5
PGA TOUR organising body and sponsors	7
Government of Bermuda	7
Golfers, media and sponsors	8
Spectators	9
Qualitative effects	13
Brand exposure	14
Media exposure	15
Customer and community engagement	16
Bermuda Climate Risk Forum	16
Legacy effects	17
Approach and Methodology	18
Glossary	19





# Executive summary

KPMG Advisory Limited (“KPMG”) was engaged by the Bermuda Tourism Authority (“BTA”) to estimate the economic impact of the 2019 PGA TOUR Bermuda Championship (“Championship”) on the Bermuda economy. Factors taken into consideration include: expenditure on the island by event organisers and visitors as well as capital investments necessary to prepare the island for the event.

Total attendance over the four days of the championship was approximately 10,660, with 20% being overseas visitors and the remaining 80% being Bermuda residents. The event had an estimated direct economic impact of \$7.8 million which generated additional \$10.6 million impact on the economy through indirect and induced effect. In addition, Bermuda achieved international media exposure valued at \$4.2 million.

Apart from the quantitative economic impact there were a number of legacy benefits such as popularisation of golf and youth sports, involvement of hundreds of volunteers and promotion of the island as a year-round tourist destination.



# Economic impact

**\$18.4 million**  
is estimated as the overall impact on Bermuda's GDP



## BTA'S SUMMARY RESPONSE:

The 2019 Bermuda Championship was the island's first PGA TOUR event and proved a successful inaugural launch to the Bermuda Tourism Authority's five-year title sponsorship. The championship fulfills the role of a "pinnacle" event for our golf pillar, one of our four focus sports that aligns with the National Tourism Plan. The BTA set its sights on this partnership because of the significant economic benefits the event generates for Bermuda's economy, as well as the worldwide exposure to an audience that aligns strongly with our visitor targets.

The 2019 championship stimulated visitor arrivals and spending, bringing players, families and fans to the island. Television coverage—amid a week of spectacular weather—also allowed TV viewers to witness the beauty of Bermuda. The fact this event is staged in non-summer months is an added bonus, fulfilling our goal to bring greater balance to the tourism calendar. Advertising and content integration during and around the event invited viewers to travel to the island to experience Bermuda first-hand and the Bermuda story was further told via digital, social media, public relations, and onsite branding. Over time, the championship promises to leave infrastructure benefits and a sustainable legacy.




# Estimated economic impact


This additional on-island expenditure was analysed using the Government of Bermuda, Department of Statistics Bermuda - Tourism Satellite Account input-output model to estimate the indirect and induced output. This output was then converted to calculate overall impact on GDP.


Six spending groups were identified as being responsible for the majority of incremental on-island expenditure:

 PGA TOUR organising body and sponsors

 Government of Bermuda


 Overseas professional golfers (including golfers' contingents)


 Overseas spectators visiting specifically for the Bermuda Championship (referred to as "Foreign spectators (Sports)")

 Overseas spectators not visiting specifically for the Bermuda Championship (referred to as "Foreign spectators (Leisure)")


 Local spectators and volunteers




The overall impact on Bermuda's GDP as a result of hosting the Championship was estimated at \$18.4 million. This is the result of additional on-island spending of \$7.8 million from the six spending groups, which then permeates into the economy, through value-chain spending (indirect effects) of \$3.7 million, and further rounds of spending (induced effects) of \$6.9 million. This is based on historical spending data and does not include legacy tourism effects.

The biggest share of the economic impact stems from spending by the  organising body, Bruno Events, who spent \$2.6 million in Bermuda to host the event – resulting in an additional \$3.4 million of indirect and induced spending in the Bermudian economy.<sup>1</sup>

The next largest impact was from the  Government of Bermuda. This includes spending by the Ministries of Public Works, and Tourism and Transport on preparing for, and helping run the event – for example by providing additional buses and transport to and from Port Royal. Expenditure also includes amounts spent by the Port Royal Golf Course to prepare the site for the Championship. This combined spend amounted to just over \$1.7 million to prepare the site for the tournament, generating an additional \$2.3 million through upstream supplies procurement and induced effects as a result of extra spending power.<sup>2</sup>

Other important contributors to the economic impact are the golfers, media and corporate sponsors, as well as Bermuda Championship spectators.

 A total of 120 golfers participated in the Championship accompanied by 375 individuals including corporate supporters, media personnel, TV production crew, caddies, and vendors, among others. In total, golfers and supporting crew generated \$1.4 million in additional spending. The incremental spending contributed an additional \$2 million to the Bermudian economy through additional indirect and induced spending through the supply chain for a total, for a combined GDP effect of \$3.4 million.

Championship spectators consisted of individuals from three primary groups, overseas visitors who travelled to Bermuda specifically to watch the  Bermuda Championship ("Sports" visitors),  overseas visitors who happened to be in Bermuda during the championship ("Leisure" visitors), and  local spectators. In total, the additional expenditure of these groups amounts to \$2.1 million, which in turn generated \$2.9 million in indirect and induced economic impacts, for a total combined GDP effect of \$5 million.

<sup>1</sup> Payments to non-Bermudian companies were excluded as these constitute direct imports.

<sup>2</sup> Since economic impact assessments are compiled on a cash basis and not on an accrual basis, expenditure on tangible assets is not amortised but is considered in its entirety at time of payment.



\$2.6 million

spent in Bermuda  
to host the event



\$1.7 million

spent to prepare the site



120  
Golfers



375

Caddies, crews,  
media, sponsors, etc.



\$1.4 million

additional spending by  
golfers and supporting crew



## PGA TOUR organising body and sponsors

Bruno Events was responsible for the organisation of the Championship. Actual on-island expenditure totalled approximately \$2.6 million, consisting of, inter alia, hospitality operations, media operations, transportation, procurement of supplies (such as golf-related equipment, audio visual and I.T. equipment), and office and administrative expenses. Mapping these expenditures to broad expenditure categories in order to estimate indirect and induced effects yielded an additional \$3.4 million, for a total of \$6 million.



## Government of Bermuda

In preparing the Port Royal Golf Course, the Government of Bermuda contributed \$2.9 million, comprising: operational costs, wages to staff, procurement of sand, bunker lines, related equipment (including shipping), and repairs and maintenance, amongst other expenditure categories. Not all of the Government's expenditure contributed to the Bermudian economy – deducting imports, the direct economic contribution of expenditure was estimated at around \$1.7 million, leading to \$2.3 million in indirect and induced effects, for a total economic contribution of \$4 million.



## Golfers, media and sponsors

A key aspect of the analysis is centred around the economic impacts resulting from the presence of tournament golfers, and supporting personnel required to organise the Championship. Data provided by the event organisers (Bruno Events) is the basis for the estimation of the direct economic impact of hosting the event.

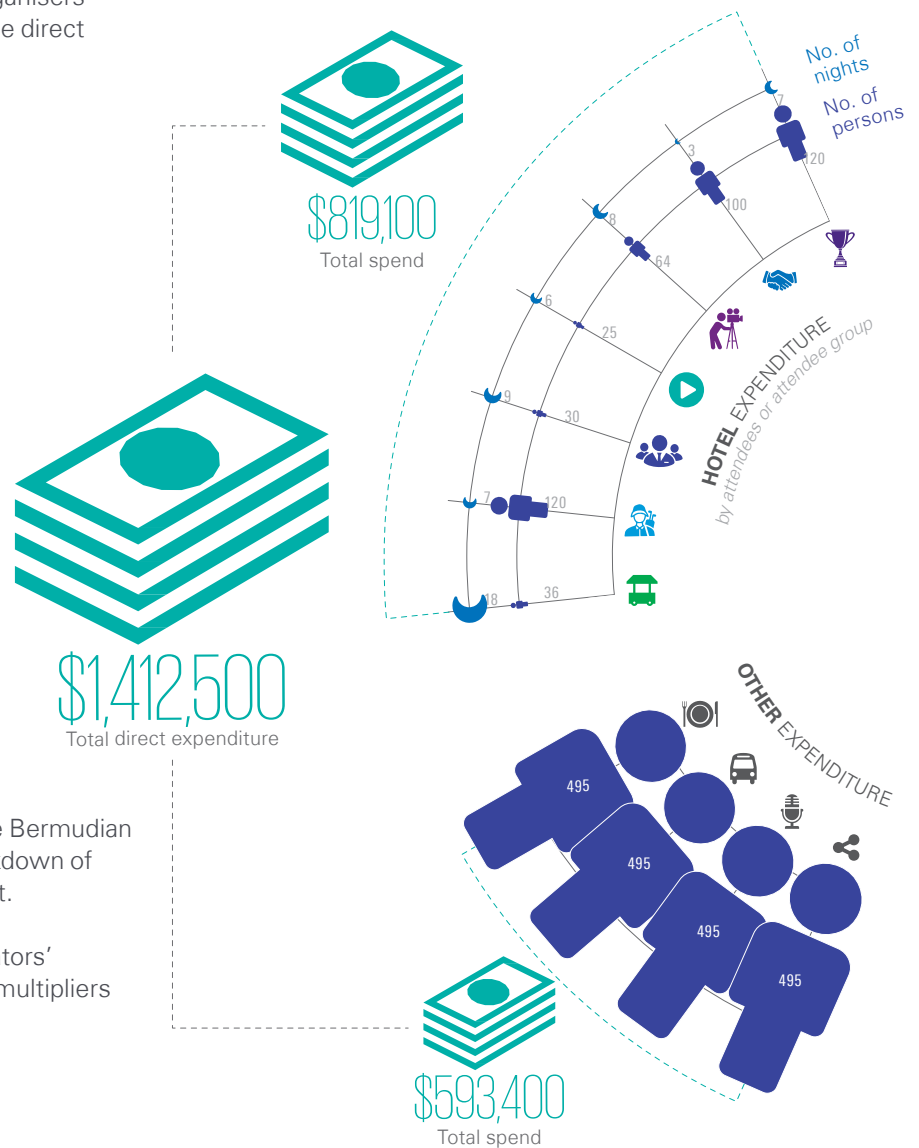
The core attendees identified include the following:

- Bermuda Championship players
- Guests of corporate sponsors
- Talent, crew and other staff involved in television production for the event
- Other media representatives, for various print, radio, television, and other publications
- PGA TOUR officials, staff, and guests
- Championship players' caddies
- Vendors directly involved in the competition

All the above attendees had a direct impact on the Bermudian economy during their time at the event. The breakdown of reported expenditure items is provided to the right.

The direct, indirect and induced impacts of spectators' expenditure is estimated using Type I and Type II multipliers as defined in Approach and methodology.

### Direct economic impact of core attendees



ICON DESCRIPTION

- Offsite food and beverage
- Entertainment
- Transportation
- Miscellaneous

\*notes and assumptions can be found in the glossary



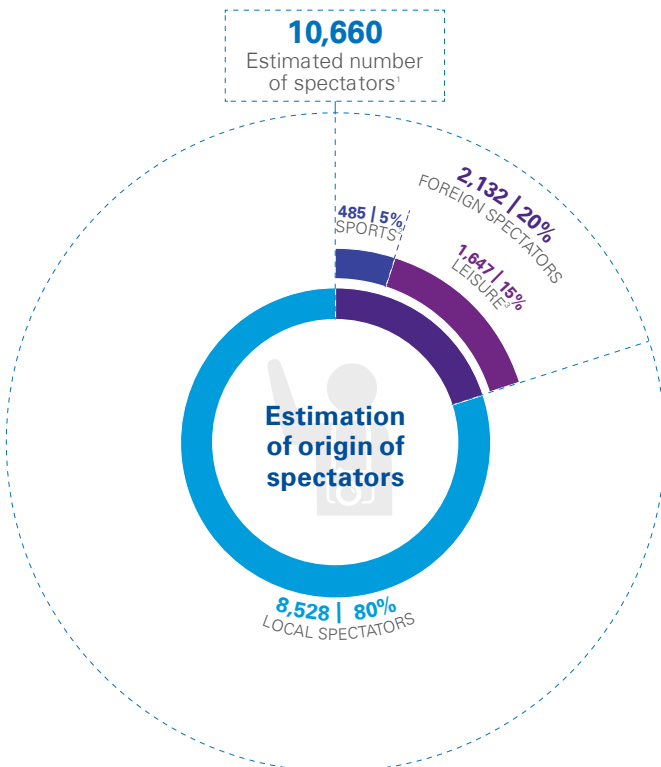


## Spectators

The next significant source of expenditure relating to the Championship stems from the spectators attending the event. The event attracted resident and foreign spectators, some of whom had travelled to Bermuda specifically to watch the tournament.

The estimate of spectators and their spending is derived from a mixed methods approach—sourced from the event organisers (Bruno Events) and the results of a survey carried out by KPMG at the Championship.

Data collected through KPMG’s spectator survey was used to estimate the proportion of overseas spectators visiting specifically to attend the Championship, as well as those attending because they happened to be in Bermuda at the time. Local spectators were assumed to comprise the remainder from Bruno Events’ estimate of total spectators.



<sup>1</sup>Source: Estimate from Bruno Events



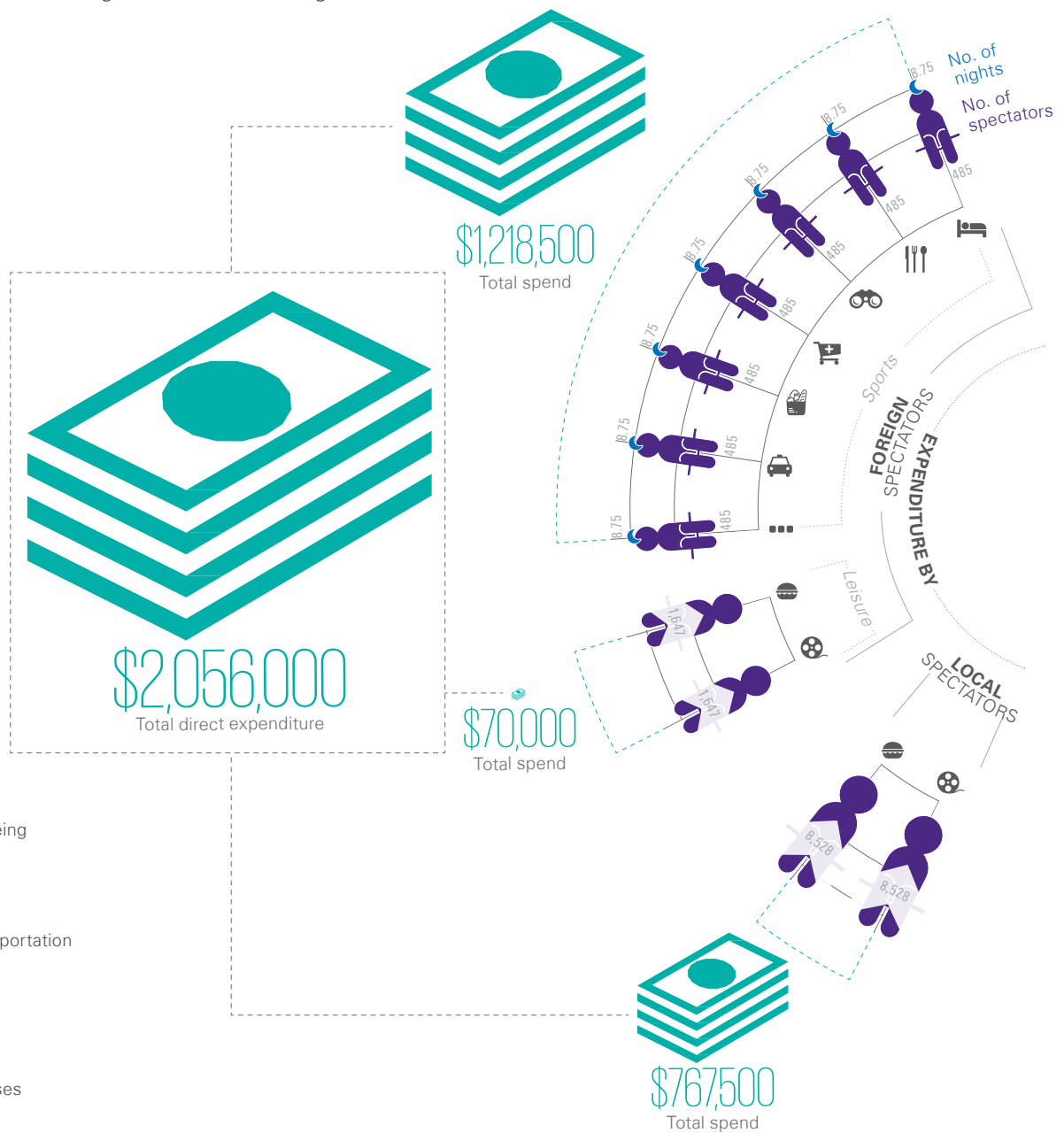
Estimates were developed for the average spend per day by all groups of spectators. Spend for foreign spectators visiting specifically for the Championship includes a broad range of expenditure related to their stay in Bermuda. In the case of foreign spectators who did not visit specifically to attend the Championship, as well as local spectators, only additional expenditure incurred as a consequence of attending the Championship was considered. The source for expenditure estimates for foreign spectators visiting specifically for the Championship is Bermuda Championship Visitor Expenditure Estimates commissioned by the BTA. Expenditure estimates for other foreign spectators and local spectators are based on the results of the Spectator Survey carried out by KPMG representing 110 respondents. The number of nights spent by foreign spectators visiting Bermuda specifically for the Championship was estimated at 8.5 nights. This is the average

of two sources: KPMG's Spectator Survey and the Expenditure Estimates. It was assumed expenditures by other foreign spectators as well as local spectators was a one-off additional expense. Furthermore, the split in expenditure between food and entertainment for foreign "leisure" spectators was assumed to be equal to that of local spectators.

Although foreign visitors comprised approximately 22% of total spectators, they contributed 89% of total direct expenditure by all spectators.

The direct, indirect and induced impacts of spectators' expenditure is estimated using Type I and Type II multipliers.

### Direct economic impact of spectators



ICON DESCRIPTION

- Entertainment and sightseeing
- Entertainment (Other)
- Food
- Gas, parking and local transportation
- Groceries
- Lodging/accommodations
- Restaurants and dining out
- Shopping/any retail purchases
- Other



### Spectator survey

KPMG conducted a survey among spectators who attended the Championship. The survey collected primary information regarding the composition of the spectator group and gained insight into their expenditure.

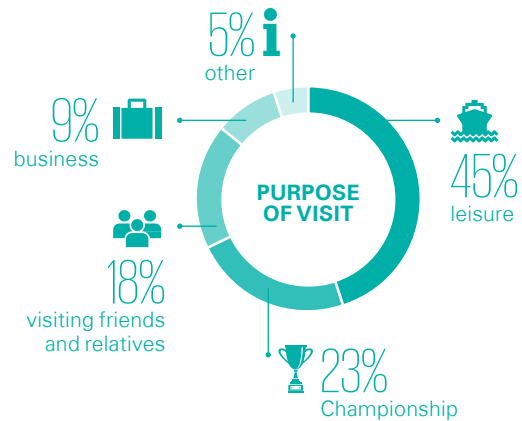
### Country of residency

The majority (80%) of respondents identified themselves as residents of Bermuda. Amongst those visiting from overseas, Canada, the US and the UK featured as the three most common source markets, consistent with general trends seen in tourism to Bermuda.



### Purpose of visit

Forty-five percent of overseas visitors stated that the main reason for their visit to Bermuda was for leisure. Twenty-three percent of visitors cited the Championship as the reason for their visit, while 32% cited the purpose of their trip to be visiting friends and family, or for business.



### Trends amongst resident spectators

Local spectators were asked to confirm if they chose to attend the Championship in addition to other entertainment or instead of another activity. The purpose for this question was to determine if local attendance generated additional expenditure, or potentially detracted from normal expenditure patterns.

Survey results showed that 53% of local respondents attended the Championship in addition to their usual entertainment, while 47% attended the Championship instead of some other activity.

Expenditure by local spectators who attended the Championship in addition to their usual entertainment averaged \$207 (and a median expenditure of \$140). Aside from the cost of tickets (the economic impact of which is reflected in the event organiser’s expenditure), the average and median additional expenditures were \$117 and \$90 respectively.

Sixty-five percent of residents who attended the Championship instead of another activity, reported spending more than they usually would have; 6% spent less; 21% spent around the same; and around 9% spent nothing, most likely having their expenditure covered by another party. Respondents who reported increased spending, on average spent \$105 more than they otherwise would have, while those who spent less, on average spent \$80 less than they would have.

Although some locals did indeed spend less than they otherwise would have, the majority of those attending spent the same or a greater amount. This implies that amongst this cohort, Championship attendance resulted in increased economic output.



#### ADDITIONAL OR SUBSTITUTE ENTERTAINMENT





# Qualitative effects

In addition to the economic impact quantified in the previous section, there are qualitative impacts of the Championship which cannot be quantified in monetary terms. This section identifies and analyses the significant qualitative impacts.



I'll definitely walk away and tell people how beautiful Bermuda is. It's an amazing island out in the middle of the ocean that's not that difficult to get to, worth the visit, people are really nice (...) It's a place you want to go on vacation. It's a place you want to visit.



**Brendon Todd** *winner*





“

This is a great first time here, love being here. I think all the players have enjoyed what the Island has to offer.



**Rob Oppenheim** *player*

”

## Brand exposure

Sports tourism is a component of Bermuda’s National Tourism Plan. The BTA’s goal is to establish Bermuda as a vertically integrated destination of choice for four sports: golf, tennis, sailing and endurance sports. An indicator of success in sports tourism is hosting a pinnacle event (such as the Championship), the organisation of conferences or meetings related to the sport, and the attraction of tourists visiting to participate in the sport. As such, the benefits of the Championship in developing Bermuda’s brand as a destination for sports tourism, and golf tourism are relevant in assessing impact.

The Championship was televised for a total of 26.9 hours of coverage, including 15 hours of live coverage broadcast to 221 countries and territories. Live TV coverage extended seven hours longer than contracted because of the considerable number of viewers, surpassing 2.9 million.



*The benefits of international sports coverage include:*



Showcasing the Port Royal Golf Club as the venue for a major professional tournament. The event and television exposure raised awareness of the Club amongst professional golfers and enthusiasts watching. Many players, both professional and amateur, mentioned that the golf course was brought up to a high standard and that the scenic views were spectacular.



The positive impact of brand exposure supports the BTA’s objectives of attracting more tourists and targeting golf and sports visitors.



Port Royal Golf Course naturally received a great deal of media exposure. In anticipation of the Championship the Government of Bermuda invested in upgrading the course to PGA TOUR standards. The works included capital investments, such as investment in new sand bunkers, with a life span of five to ten years.



Promotion of Bermuda as a tourism destination, referencing Bermuda along with live coverage of local scenery increases awareness of Bermuda as a vacation destination. A number of corporate sponsors commented that “Bermuda looks great on television”. This sentiment was echoed by hotel industry representatives who reported hearing similar views expressed in conversations they had with visiting golf enthusiasts.

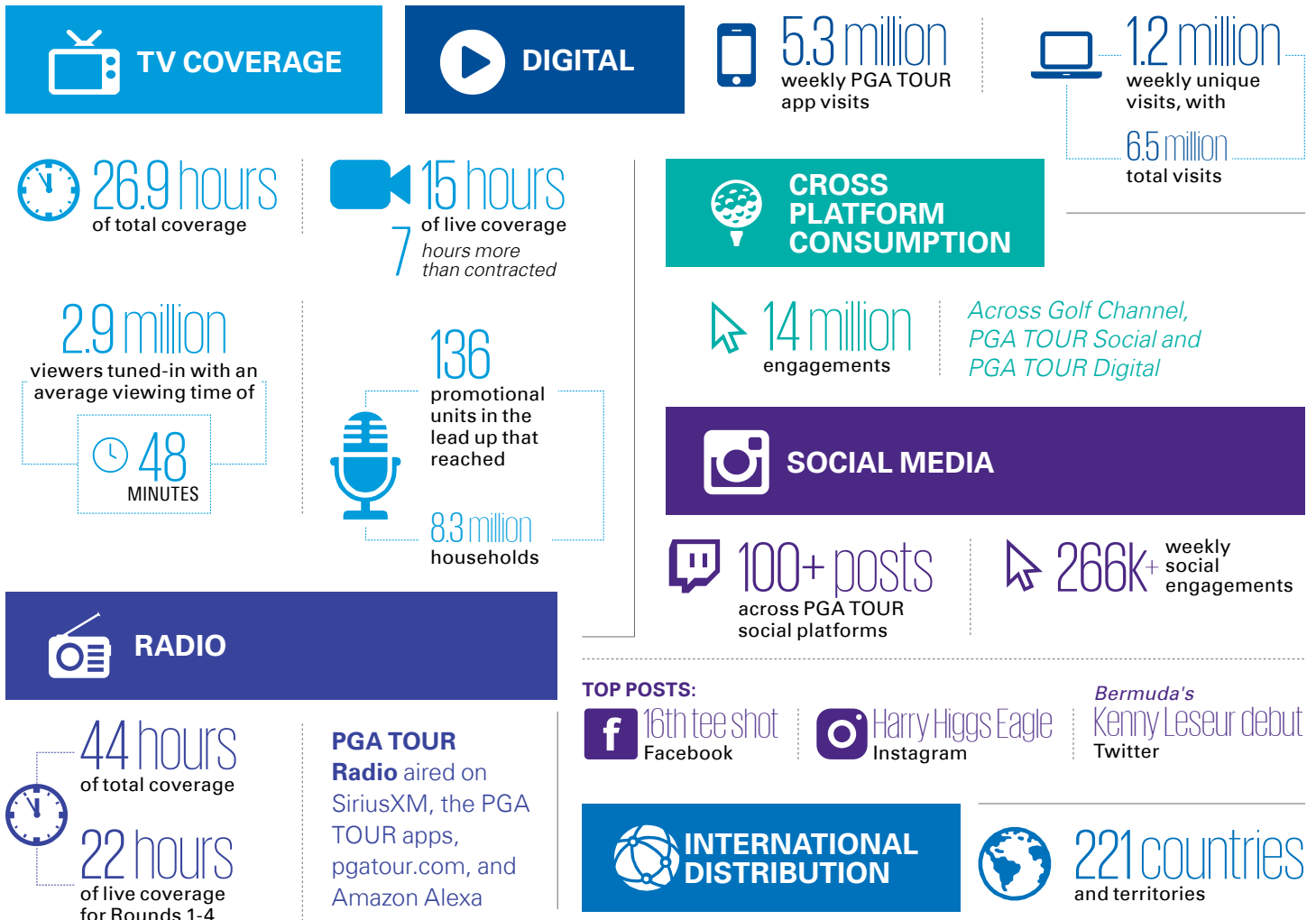
# Media exposure

The media coverage of the Championship engaged viewers across multiple media platforms with TV coverage alone reaching an estimated 2.9 million viewers. There were high levels of engagement on social media with multiple posts trending on Facebook, Instagram and Twitter, such as the debut of Bermudian golfer Kenny Leseur and Harry Higgs' 315-yard tee shot for an eagle.

The PGA TOUR app attracted millions of visits in the lead up to the Championship. During the week of the event alone, 1.2 million visitors followed the Championship on the app.

Equivalent monetary value of the TV and radio publicity was valued at \$4.2 million by the Nielsen Company. This is made of:

- \$3.5 million of brand exposure across TV, social media, and other medial channels, and
- \$700 thousand of intangible value coming from association of Bermuda and PGA TOUR.





## Customer and community engagement

Twenty-six local and international companies participated in the corporate sponsorship programme. It is expected that corporate sponsorship will continue in the future and will be a benefit to Bermuda businesses for business development purposes.

One of the customary benefits enjoyed by corporate sponsors of events, is the receipt of complementary tickets. Most of the tickets, estimated at \$1 million, issued for the Championship were distributed through corporate sponsorships.

The community was involved through the sponsored volunteering programme. Twenty-four local charities deployed over 580 volunteers to help organise and run the event as part of the official volunteering programme.



## Bermuda Climate Risk Forum

In the lead-up to the Championship, BTA presented a half-day, high-profile Bermuda Climate Risk Forum on October 30, 2019, in association with the Championship and the Bermuda Institute of Ocean Sciences (BIOS), which was also a charity beneficiary of the Championship. A total of 150 delegates attended the thought-leadership event, which brought together local and overseas representatives of science, government and industry to highlight policy and pathways to a cleaner environment. Michael Bloomberg, a prominent advocate of environmental causes, was the inaugural event's keynote speaker, along with Bermuda's Premier the Hon. David Burt, JP, MP. The forum will be expanded to a full-day event in 2020 and become an annual feature of the PGA TOUR week. Its aims are to heighten the spotlight on Bermuda during the golf event; create a philanthropic legacy for the Championship; increase attendance and strengthen corporate relationships and support; progress the National Tourism Plan's 'Greener' goals; and elevate the BTA's position as a leader in Bermuda's environmental strategy.

One member of the Chamber of Commerce expressed the view that the Forum could help in persuading multinational companies to hold more board and business meetings on the Island.



We played nine real late last night. We were walking up seven green and it was just incredible, like the whole world just opened up.



Lanto Griffin *player*



The Forum immediately preceded the Championship, thus facilitating delegates' participation in the Championship Pro-am.





## Legacy effects

The long-term impact of hosting the Championship created legacy benefits which the BTA expect will increase over the five-year agreement. Notable legacy impacts include:

### Benefits to local businesses

BTA and the Bermuda Economic Development Corporation hosted a meeting for local businesses and entrepreneurs to provide information on the event, explain the procurement process and invite bids for contracts. Experience gained from the 2019 event may help prepare local businesses interested in creating opportunities in relation to the Championship. BTA anticipates that with more advanced preparation for the 2020 event, and by leveraging the network of local suppliers and relationship with the Chamber of Commerce, local businesses will participate to a greater extent thus retaining a larger share of the economic benefit on the Island.

### Benefits to Bermuda charities

Donations made to supporting charities will help finance a number of good causes, contributing positive impacts to Bermuda. For example, Goslings International's pledge to donate prizes for every Birdie, Eagle or Albatross scored by Bermudian players during the Championship ultimately amounted to \$11,500 donated to the Bermuda Cancer and Health Centre. BIOS, the main event charity partner, received \$124k from the Championship's charitable fund. Additionally \$10k was donated to Bermuda Junior Golf to support youth golf programmes on the island. In total, Bermudian charities received \$185k in donations from the Championship and its organisers.



It does a lot for me as an individual because my dream's always been to play on the PGA TOUR. So, to have this opportunity and the chance to do so is a dream come true and the little boy inside of me is really happy.



**Daniel Augustus** *Bermudian player*



**BF&M believed the community engagement is key and we are proud to support the opportunity to involve as many Bermudians and Bermuda residents as possible.**

The Championship directly aided the support of various charities through the 'give and get' programme. The logistics of an event of this scale mandate the involvement of a substantial number of people on the ground.

As such, the event organisers recruited over 580 local volunteers to assist them. Twenty-four charities, which aided in providing volunteers to the organisers, received donations to further the social causes championed by each charity amounting to a total of \$50,600.

### Impact on professional golf in Bermuda

Feedback from interviews with local stakeholders emphasised that the presence of a PGA TOUR Event in Bermuda would encourage children's interest in playing golf and make them "take golf more seriously".

Prior to the Championship, an aspiring Bermudian professional golfer would have to devote considerable amount of time and money to travel across the world to play in qualifiers and major events.



Having the opportunity to play a major event in Bermuda makes a professional golf career much more accessible to young players.

Another Bermudian player stated that being able to qualify for a local PGA TOUR event meant he was one outstanding game away from achieving recognition. Without the Championship he would have to play a series of outstanding games to just qualify for an event of this magnitude.



# Approach and Methodology

## APPROACH

The approach adopted to estimate the economic impact of the Championship event considered the impact on GDP, which is a standard measure to gauge economic prosperity and success. Since GDP only considers one aspect of general well-being, other qualitative effects, such as sustainability or legacy impact, and value of the Bermuda Brand as a destination, were considered.

The economic impact was estimated by first analysing the actual spend that occurred in Bermuda that would not have otherwise occurred in the absence of Bermuda hosting the PGA TOUR. This is in line with the concept of additionality where the event is compared with a hypothetical scenario with no such event being held.

## METHODOLOGY Multiplier Effects

When a final consumer purchases any good or service, the impact on the economy is greater than the value of the original expenditure.

In the first instance, the payment from buyer to seller will cover the seller's expenses. This is referred to as the 'direct impact', or the first round of spending. It is the demand created by the final consumer.

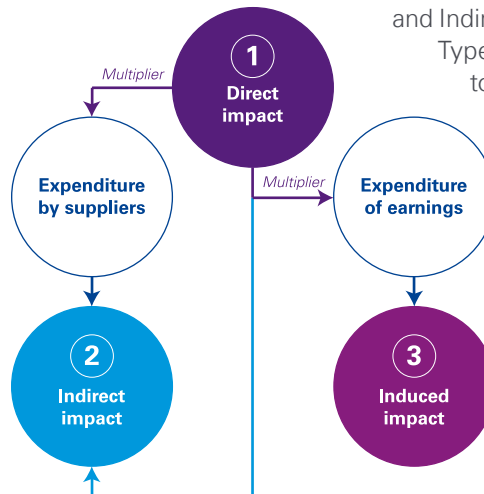
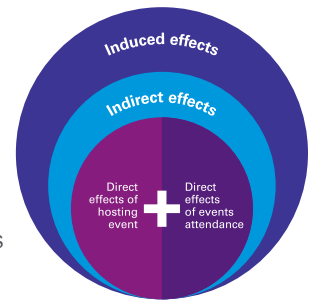
The demand created by consumers, creates new demand upstream for intermediate suppliers. By way of example, restaurant owners would need to engage with their food suppliers, who in turn must buy raw materials from suppliers further up the supply chain. This is called the 'indirect impact' and is measured using 'Type 1' multipliers.

Finally, 'induced impacts', arise as a direct result of additional rounds of spending by agents involved in a transaction. For instance, hotels and restaurants pay wages to their employees. The extent to which such wages are re-injected in the economy depends on the employees' own propensity to consume.

The more employees spend, the greater is the ripple effect in the economy. Induced impact is measured using 'Type 2' multipliers.

In sum, the total economic impact is given by the combination of direct, indirect, and induced impacts.

As part of our analysis, Type I and Type II multipliers were extracted from 2013 Input-Output tables for the Bermudian economy. Input-Output tables provide an estimation of the flows of output from one sector of the economy to all other sectors. Hence, additional expenditure in one sector may result in additional spill-over benefits to other sectors. Type I multiplier is utilised to obtain the combined Direct and Indirect impact, while Type II multiplier is utilised to obtain the combined Direct, Indirect, and Induced impact.



# Glossary

<b>BIOS</b>	Bermuda Institute of Ocean Sciences
<b>BTA</b>	Bermuda Tourism Authority
<b>Championship</b>	PGA TOUR Bermuda Championship
<b>GDP</b>	Gross Domestic Product

*The following notes and assumptions apply to the direct economic impact of core attendees on page 8:*

- *Data used in the table is provided by Bruno Events and is assumed to be an accurate representation of actual expenditure*
- *Offsite food and beverage expenses relate to dining expenditure for core attendees away from the Championship.*
- *Transportation expenditure includes the expected total fares for taxi trips incurred by each core attendee over the course of a week. The frequency reflects the assumed need for a return trip.*
- *Entertainment expenditure includes spending on shopping, shows, tours, and golf entertainment for core attendees.*
- *Miscellaneous expenditure is a provision made for other incidental expenses.*

# Contacts



**Steve Woodward**  
**Managing Director,**  
**Sector Lead KPMG Private Enterprise**  
+1 441 294 2675  
[stevewoodward@kpmg.bm](mailto:stevewoodward@kpmg.bm)



**Lori Rockhead**  
**Director,**  
**Advisory**  
+1 441 294 2656  
[lorirockhead@kpmg.bm](mailto:lorirockhead@kpmg.bm)

© 2020 KPMG, a Bermuda limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The information contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.