

**ECONOMIC  
IMPACT  
ANALYSIS**

**An Extension  
Community  
Economics Program**



**UNIVERSITY OF MINNESOTA  
EXTENSION**

**Economic Impact of the  
3M Championship Golf  
Tournament:  
2010**



**Prepared by:**

**Brigid Tuck and David Nelson**

**with assistance from:**

**Claudia Cody**

**University of Minnesota Extension Center for Community Vitality**

**March 2011**

**Economic Impact of the 3M Championship Golf Tournament: 2010**  
**Table of Contents**

<b>Title</b>	<b>Page</b>
<b>Introduction</b>	1
<b>Highlights</b>	2
<b>Profile of the Study Area Economy</b>	3
<b>Economic Impact</b>	5
Direct Impacts	5
Indirect and Induced Impacts	10
Total Impacts	11
Sensitivity Analysis	12
A Note on the Analysis	13
<b>Methodology</b>	14
<b>Conclusions</b>	16
<b>References</b>	17
<b>Appendix: Visitor Survey</b>	18

This report is the result of collaboration among the University of Minnesota, the City of Blaine, and Twin Cities Gateway. The University of Minnesota Extension Center for Community Vitality provided researchers, input, and resources for the project. Primary researchers were Brigid Tuck and David Nelson of Community Vitality. George Morse and Bill Lazarus, Department of Applied Economics, and Bruce Sorte, Extension peer reviewed the report. The City of Blaine and Twin Cities Gateway provided funding for the research. Twin Cities Gateway is the regional visitors' bureau representing the member cities of Anoka, Blaine, Coon Rapids, Fridley, Ham Lake, Lino Lakes, Mounds View, New Brighton, and Shoreview. Pro Links Sports served an important role in ground-truthing of the data.

Copyright © 2011, Regents of the University of Minnesota. All rights reserved.

In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Please contact your University of Minnesota Extension office or the Distribution Center at (800) 876-8636.

The University of Minnesota Extension is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

## INTRODUCTION

The 3M Championship Golf tournament is held annually at TPC Twin Cities golf course in Blaine, Minnesota. The seven-day event is one of nearly 30 annual stops on professional golf's Champions Tour. The event has drawn over 100,000 entrants during the week and has 130 corporate sponsors. Players who have competed in this event through the years include Bernhard Langer, Arnold Palmer, Tom Watson, Jay Haas, Nick Price, Mark O'Meara, Peter Jacobsen, Loren Roberts, Tom Kite, Hale Irwin, Chi Chi Rodriguez, Craig Stadler, Fuzzy Zoeller, Curtis Strange, and Ben Crenshaw.

Historically, the City of Blaine is one of the sponsors of the tournament. The tournament brings a host of benefits for the city. Among those benefits are: the draw of thousands of attendees, the exposure of the city to corporate guests, photo shots of Blaine on the Golf Channel broadcast of the event, and mentions of Blaine in media reports of the tournament. However, to date, a quantified analysis of the economic impact of the tournament has not been performed.

To determine the economic impact of the tournament, the City of Blaine and the Twin Cities Gateway regional visitors' bureau engaged in University of Minnesota Extension's Economic Impact Analysis (EIA) program. This program uses input-output methodology to help communities make informed economic decisions. This report was prepared for the City of Blaine and Twin Cities Gateway by University of Minnesota. In addition to this written report, the EIA program team is prepared to lead an open meeting in the presentation and facilitated discussion of this report.

The question posed to University of Minnesota Extension was "What is the economic impact of the 3M Championship Golf Tournament?". A true economic impact study has at its core a "what if" question. An event economic impact study, by its strictest definition, answers the question "what if" this event did not occur. To properly answer that question, the analyst must make assumptions regarding a whole host of human behaviors. For example, if the 3M Golf Championship was not played in Blaine, would another golf tournament come in? Would Minnesota golf fans travel elsewhere to attend a golf event? Would vendors go elsewhere that weekend, could they remain profitable? Given the complexity of the issues surrounding event economic impact studies, analysts sometimes have to move away from a pure economic impact study and consider the economic contribution. Economic contribution studies illustrate the linkages between an event and the local economy and thus are slightly broader than an economic impact study would be. This study makes every attempt to answer the "what if" question, but in certain cases, cannot adequately foreshadow human behavior, and therefore, at times uses the broader economic contribution.

## Highlights of the Economic Impact of the 3M Championship Golf Tournament: 2010

The following statements summarize the results of a University of Minnesota analysis of the economic impact of the 2010 3M Championship Golf Tournament.

- The tournament operator, visitors, and vendors of the 2010 3M Championship Golf Tournament spent \$11.1 million in the region while hosting and attending the event. Of this, \$9.1 million went for local purchases, creating a total of \$18.7 million in economic impact. The industries with the highest share of output impacts include food services and drinking places and hotels and motels.
- In order to create this output, an estimated 192 full- and part-time jobs were created. 122 of these jobs were directly created by operator, visitor, and vendor spending and another 70 due to the “ripple” effects of the spending. The industries with the highest share of employment impacts include food services and drinking places and hotels and motels. These jobs may be part-time jobs during the event (such as customer service positions with the vendors) or full-time, year-round jobs (such as management and advertising with the operator).
- The 192 jobs paid \$7.0 million in labor income. Of this \$3.7 million was directly created as a result of spending by 3M Championship Golf Tournament attendees, vendors, and operators. Labor income is a component of total output.
- These results are dependent on attendance and spending estimates. Varying those estimates by 25 percent results in the total economic impact varying from \$17 to \$20.5 million.
- In addition, corporate sponsors spend \$3 to \$6 million in corporate marketing campaigns that are a significant tertiary benefit of the event, but are not included above, as they are not a transaction of the event itself.

Prepared by: University of Minnesota Extension Center for Community Vitality  
March 2011. ©2011 Regents of the University of Minnesota. All rights reserved.

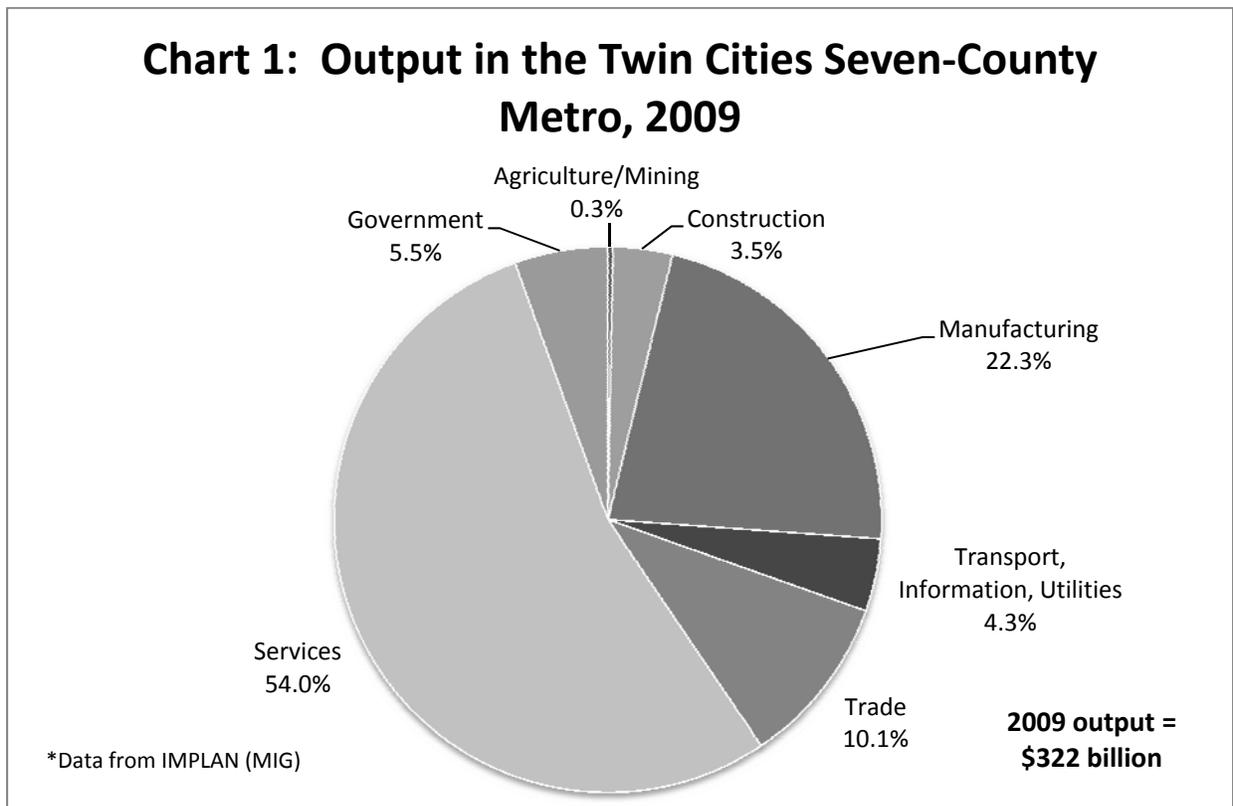


UNIVERSITY OF MINNESOTA | EXTENSION

## STUDY AREA

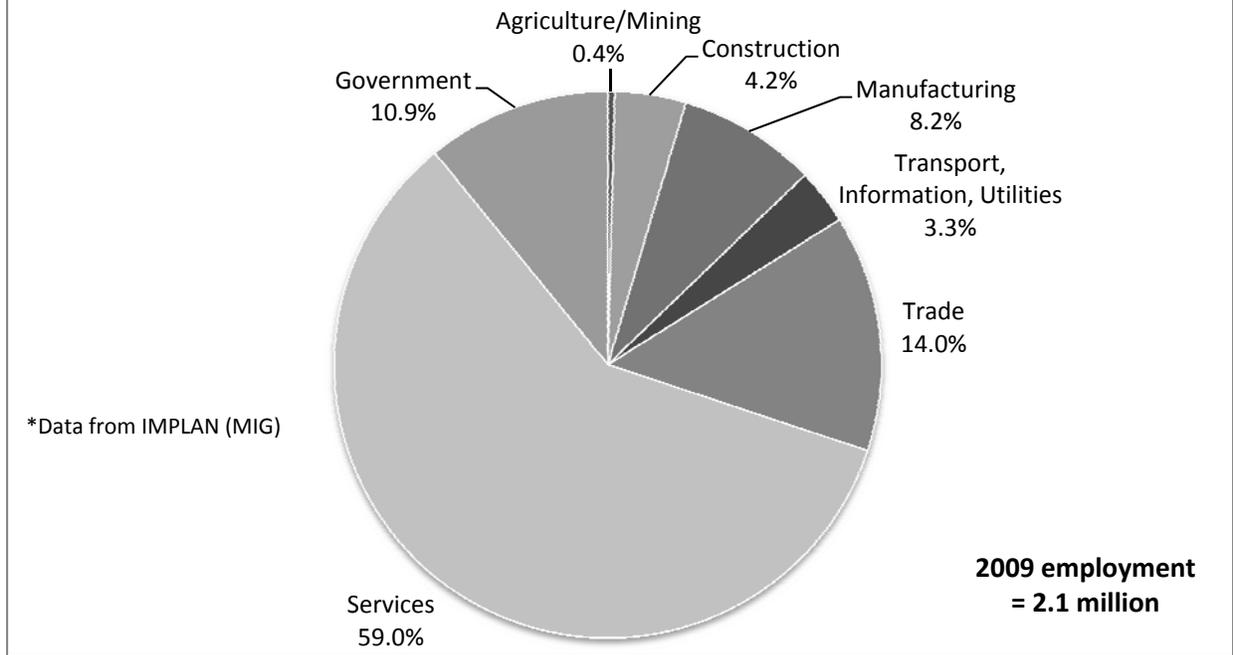
The study area for this analysis is the Minneapolis-St. Paul, Minnesota seven-county metropolitan area including Anoka, Hennepin, Ramsey, Carver, Scott, Dakota, and Washington counties. The study area is intended to capture the majority of the attributable economic activity as benefiting local residents. The seven counties in consideration are the core of the Twin Cities and generate a significant share of the state's total economic output. In 2009, total output in region totaled \$322 billion dollars, or 65 percent of Minnesota's output. There were 2.1 million people employed in the region receiving a total of \$111 billion of labor income.

Chart 1 illustrates output by major industry classifications. Output in the seven-county metro is comprised heavily of services (54 percent) and manufacturing (22 percent).



Employment by major industry classification is shown in Chart 2. Like output, the majority share of employment is in the services industry (59 percent). In terms of employment though, manufacturing is only 8 percent while trade jumps to 14 percent. This may partially be explained by how the model treats employment data. In the model, one job is one job, regardless if it is part-time or full-time, seasonal or year round. Therefore, industries which may have a high percentage of part-time employees (such as retail trade) may have a higher share of total employment than industries with primarily full-time employees, such as manufacturing. Manufacturing is also less labor-intensive; It can produce a high volume of output with fewer employees.

**Chart 2: Employment in the Twin Cities Seven-County Metro, 2009**



The top ten industries by employment are shown in Table 1. Food services and drinking places is the largest industry employer in the metro. The definition of employment may explain the high numbers. Management of companies and enterprises is the industry in which corporate headquarters are categorized.

Industry	Employment (Full-and Part-Time)
Food services and drinking places	115,315
Real estate establishments	107,956
State & local government, education	100,444
Wholesale trade businesses	92,090
State & local government, non-education	83,693
Management of companies and enterprises	60,699
Offices of physicians, dentists, and other health practitioners	50,847
Employment services	49,762
Private hospitals	44,744
Securities, commodity contracts, investments, and related activities	44,583

\*Data from IMPLAN (MIG, Inc)

## ECONOMIC IMPACT

An economic impact is equal to the summation of direct, indirect, and induced effects. The direct effect is the initial change triggered by an economic event. This could be the opening of a new business, the closing of a plant, or the staging of a festival or event. The direct effect triggers additional economic activity to occur, therefore setting off a ripple in the local economy. These ripples fall into two categories, indirect effects (created by business-to-business transactions) and induced effects (created by consumer-to-business transactions). In an economic impact analysis, researchers quantify the direct effects. An input-output model then measures the indirect and induced impacts. In this study, researchers “ground-truthed” the direct effect using primary and secondary data collection. The input-output model used was IMPLAN (MIG, Inc).

### Direct Impacts

The following section details how University of Minnesota researchers calculated the direct effects of the 2010 3M Championship Golf Tournament. The direct effects stem from three sources: operations of the event, visitors to the event, and vendors at the event.

#### Operations:

Links Sports operated the 2010 3M Championship Golf Tournament. As the operator, Pro Links Sports arranged sponsorships, reserved the TPC golf course, recruited players, advertised the event, and hired vendors, among other tasks. To do this, Pro Links Sports expended \$6.6 million dollars in 2009-2010.

Table 2 details how these expenditures were distributed.

Payroll (includes taxes and benefits)	\$823,747
Total Purse	\$1,719,395
Property Taxes	\$47,859
Office Rent	\$132,000
Gross Concession/Catering Expenses	\$601,372
State Income Taxes on Concessions	\$41,368
Television Production (Advertising)	\$536,039
Course Rent	\$75,000
Television/Radio/Newspaper Advertising	\$700,000
Hospitality/Outings	\$321,173
Merchandise	\$153,218
Advertising Production/Printing	\$48,114
Office Expenses/Utilities	\$68,059
Miscellaneous	\$1,378,856
TOTAL	\$6,646,201

\*Data provided by Pro Links Sports

Since the study area is the seven-county metro, only expenditures that can reasonably be considered spent in the study area can be included in the economic impact. Money immediately removed from the

local economy is a “leakage” and has no impact on the study area. Of the \$6.6 million spent to operate the tournament, \$1.7 million went to the purse, or payouts to the winners of the tournament. Since the majority, if not all, the professional golfers are not residents of the seven-county metro, the analysis assumes that money was not spent locally. The analysis will assume the remainder of expenditures were made within the seven-county metro. Therefore, the direct effect of the operations for the 2010 event was \$4.9 million.

#### Visitors:

The 3M Championship Golf Tournament drew thousands of people to the TPC golf course in Blaine in August 2010. The people present at that event can be divided into three groups: the general public that entered the course through the gates, the guests of the major sponsors, and the players. Each of these groups creates an economic activity in the region through their spending while in the region to attend the event. Only the visitors from outside the region generate an economic impact, however. These visitors represent “new money” or money that would not have existed in the economy in the absence of the event. Local residents would likely have spent their money locally on another similar activity had the event not occurred and therefore do not represent a change in total spending in the area.

#### General Public Expenditures:

To get a measure of the direct impact of the general public entering through the gates of the event, the University of Minnesota, the City of Blaine, and Twin Cities Gateway partnered to conduct a survey at the event this year. A staffed table was set up near the entrance to the course. Those entering were asked to complete a one-page survey regarding their expenditures for the event.<sup>1</sup> A screening question was asked to determine if the survey participant was a resident or non-resident. Participants were given a small token as a thank you for completing the survey. In the end, 489 usable surveys were collected, yielding a 95 percent confidence level with plus or minus 5 percent sampling error.

Of the 489 useable surveys, local residents (those living in the seven-county metro) completed 346 of them or 71 percent. Attendees residing outside the seven-county metro (non-residents) completed the remaining 143 surveys, or 29 percent. For the remainder of this study, it will be assumed that 71 percent of total general attendance was residents and 29 percent non-residents.

The 3M Championship Golf Tournament does not charge an entrance fee. Therefore, an exact attendance count for the seven-day event does not exist. Pro Links Sports, the event organizer, did provide University of Minnesota with estimated attendance for each day of the event. Table 3 lists these estimates. Attendance at the event early in the week was relatively light. By the weekend, attendance increased significantly, as the tournament got into full swing.

---

<sup>1</sup> See appendix for a copy of the survey.

Date	Estimated Attendance
August 2, 2010 (Monday)	2,000
August 3, 2010 (Tuesday)	2,000
August 4, 2010 (Wednesday)	5,000
August 5, 2010 (Thursday)	7,500
August 6, 2010 (Friday)	25,000
August 7, 2010 (Saturday)	35,000
August 8, 2010 (Sunday)	35,000
Total Number of Entrants	111,000

\*Estimates provided by Pro Links Sports

The daily estimates account for the number of people presumed to have entered the event. They do not account for the same person attending the event on more than one day. To get an estimate of how many people were repeat visitors during the event, the survey of public attendees asked “How many days do you plan on attending the 3M Championship Golf Tournament?”. On average, both residents and non-residents planned to attend 1.7 days of the tournament. Given this, if there were 111,000 entrants during the seven-day event, these entrants would represent 65,294 different individuals. Of these, 46,359 (71 percent) were residents and 18,935 (29 percent) were non-residents (Table 4).

Total Entrants	111,000
Average Stay	1.7 days
Estimated Number of Individuals in Attendance	65,294
Estimated Resident Individuals in Attendance (71%)	46,359
Estimated Non-Resident Individuals in Attendance (29%)	18,935

\*Estimates by University of Minnesota Extension

Only non-residents bring new dollars into the local economy. Spending at the tournament by residents would likely have occurred in the seven-county metro, albeit on a different activity, had the event not been held. Likewise, non-residents who attended the event because they were in the region for another reason and just happened to attend the tournament do not contribute to the economic impact. They would have spent their money in the region regardless if the event had been held or not held. Therefore, non-resident survey respondents were asked, “Is the golf tournament your primary reason for being in the Twin Cities today?”. Eighty-percent of non-residents indicated the golf tournament was indeed their primary purpose. Conversely, 20 percent of non-resident attendees did not contribute to the economic impact of the golf tournament. Therefore, the total number of non-residents individuals in attendance primarily for the tournament was 15,148.

Survey results reveal that non-residents spent an average of \$185 per party during their stay in the Twin Cities (Table 5). Non-residents reported spending an average of \$62.30 on food and beverage, making it the single largest expenditure category. Lodging was the second largest expenditure at \$54 per party followed by retail shopping at \$35 per party.

Category	Amount Spent Per Party
Food and Beverage	\$62.30
Lodging	54.20
Retail Shopping	35.10
Transportation	20.80
Entertainment	11.60
Other	1.10
Total	\$185.10

\*Estimates by University of Minnesota Extension

Non-residents stated that, on average, they had 2.1 people in their travel party. Of the party, two people, on average, attended the event. Therefore, 15,148 non-residents attending the tournament would represent 7,574 travel parties in the region exclusively due to the tournament.

At an average of \$185 of spending per party, these 7,574 parties brought an estimated \$1.4 million in economic activity to the region during the golf tournament. The breakdown of this spending is shown in Table 6.

Category	Amount Spent Per Party
Food and Beverage	\$471,860
Lodging	410,511
Retail Shopping	265,847
Transportation	157,539
Entertainment	87,858
Other	8,331
Total	\$1,401,947

\*Estimates by University of Minnesota Extension

#### Sponsored Guests:

The 3M Championship Golf Tournament is a pro-am event. As a result, sponsors bring in guests to enjoy golfing with a professional and for entertainment at the event. Most guests are from outside the metro area and outside of Minnesota. Therefore, these guests have an economic impact. Several sponsors provided to the University of Minnesota an average expenditure per guest.

According to Pro Links Sports, approximately 4,400 sponsored guests attended the tournament. Some of these guests were hosted entirely by the sponsors for the week while others were simply invited to visit the sponsor tent during the event. The sponsors reported spending very different amounts of money per attendee depending on the type of person attending, the length of the stay, whether or not they golfed, and the sponsor. These wide variations coupled with limited specific information make estimating total expenditures by sponsored guests difficult. Ground-truthing reveals two tiers of spending. Two sponsors reported spending \$350 and \$560 per guest respectively, for an average of

\$455. The \$560, it was noted, was for guests who did not golf. Two sponsors reported spending \$1,500 and \$2,000 (average of \$1,750) with the \$2,000 being for non-local guests who do golf. According to Links Sports, 716 amateurs golfed in the tournament. At \$1,750 per golfer, they contributed an estimated \$1.3 million in spending to the local economy. The remainder of sponsored guests did not golf, thus it estimated they spent the \$455 per person while attending the event resulting in \$1.7 million in local spending. In total, sponsored guests spent an estimated \$3 million dollars in restaurants, at hotels, and in retail establishments while in the Twin Cities for the 3M Championship tournament (Table 7).

In regards to sponsored guests, please note that notwithstanding the accounting of \$3.0 million in corporate sponsored guests of the tournament in the input –output model; corporate promotion marketing activities that amount to an additional \$3.0 - \$6.0 million occurred in the local economy. These funds were part of corporate marketing, were spent in the local economy during the same dates as the 3M Championship Golf Tournament, and would not have been spent in the local area were it not for the 3M Championship Golf Tournament. This is a significant tertiary benefit of the tournament event.

Table 7: Total Spending By Sponsored Guests Attending the 3M Championship Golf Tournament	
Guest Type	Total Spending
Golfing	\$1.3 million
Non-Golfing	\$1.7 million
Total	\$3 million

\*Estimates by University of Minnesota Extension

Players:

The final group of visitors associated with the 3M Championship Golf Tournament are the players and their traveling companions. Ninety professional golfers participated in the 2010 event. These players brought along with them an average of 3 to 5 companions. These companions include caddies, spouses, and other family members and friends. To be conservative, this analysis assumed 90 players came plus 180 additional attendees (90 times 3), for a total of 360 player-associated visitors. As part of the ground-truthing procedures for this analysis, a select few of these individuals were interviewed via email about their expenditures for the event. Based on data from these interviews, the average spending per player-associated visitor is \$1,325 per person for the week. Thus, total spending by player-associated visitors for the 2010 3M Championship Golf Tournament was estimated at \$476,100.

Total Visitor Spending:

Table 8 summarizes spending by each visitor group. General public attendees were estimated to spend \$1.4 million, sponsored guests \$3 million, and player-associated visitors \$476,000. All together, visitors to the 3M Golf Championship Tournament in August 2010 were estimated to spend \$4.9 million in the region.

Visitor Type	Total Spending
General Public Attendees	\$1.4 million
Sponsored Guests	\$3.0 million
Players and Associated Visitors	\$476,000
Total	\$4.9 million

\*Estimates by University of Minnesota Extension

Vendors:

Twenty-five vendors were present at the 3M Championship Golf Tournament. All vendors were considered to be contributing to the economic impact, thus using the more broad economic contribution definition. Two vendors were interviewed for this study. Total expenditures for the 25 vendors are shown in Table 9. The totals are based on the average expenditures reported in the vendor interview. On average, each vendor has 19 employees.

Category	Average Expenditures
Lodging	\$625,000
Equipment Rentals	\$250,000
Supplies	\$275,000
Food and Beverage	\$125,000
Other	\$50,000
Total	\$1,325,000

\*Estimates by University of Minnesota Extension

Total Direct Effect:

The total direct effect of the 3M Championship Golf Tournament is shown in Table 10. The tournament organizers spent \$4.9 million, visitors contributed \$4.9 million, and vendors \$1.3 million for a total of \$11.1 million in new, direct spending in the seven-county regional economy. Spending by visitors is subjected to an input-output technique called “marginizing”. In marginizing, retail spending dollars are allocated to the components of the purchase and only those components produced locally are counted in the economic impact. For example, a person in the metro for the tournament may spend an afternoon shopping at Golf Galaxy. If he/she buys a new set of golf tees manufactured overseas, only a small portion of the sale (the retail mark-up) has a local impact. The rest of the impact occurs in the overseas country that produced the tees. The input-output software used in this analysis automatically performs the marginizing calculations. The marginizing calculations will reduce the value of the direct impact.

Category	Impact
Operations	\$4.9 million
Visitors (requires margining)	\$4.9 million
Vendors	\$1.3 million
Total	\$11.1 million

\*Estimates by the University of Minnesota Extension

**Indirect and Induced Impacts**

Now that the direct impacts are quantified, the data can be entered into an input-output model. Input-output models trace the flow of dollars throughout a local economy and can capture the indirect and induced, or ripple effects, of an economic activity. The input-output modeling software and data from IMPLAN (MIG, Inc) was used in this report.

Indirect effects are those associated with a change in economic activity due to spending for goods and services. In this case, these are the changes in the local economy occurring because businesses need to purchase goods and services from each other in order to provide goods and services to the visitors and vendors at the 3M Championship. These are business-to-business impacts.

Induced effects are those associated with a change in economic activity due to spending by the employees of businesses frequented by golf attendees and vendors. As the businesses increase sales, they also need to increase employment. These employees then spend their money in the local economy triggering further impacts. These are business-to-consumer impacts.

**Total Impacts**

Table 11 shows the total economic impact of the 3M Championship Golf Tournament held in August 2010. As explained above, vendors, visitors, and the tournament operator spent a total of \$11.1 million in the region during the tournament. After margining, the IMPLAN model estimates that visitors, vendors, and the tournament operator spent \$9.1 million for local purchases including 122 jobs and \$3.7 million in labor income. The 122 jobs include employees of the tournament operator, the vendors and their employees, and workers in the service industries supporting the event. Some of these jobs may be full-time, year round positions (such as the management and marketing positions with the tournament organizer) while others might be part-time, temporary jobs created during the 7-days of the event (such as the customer service jobs with the vendors). It should be noted these jobs are not measured in full-time equivalents (FTE's).

Because of this spending, businesses in the seven counties received an additional \$4.0 million in business-to-business sales (indirect effects) and \$5.6 million in business-to-consumer sales (induced effects). Those businesses also created 70 new jobs to fulfill those sales.

Therefore, in total, the 3M Championship Golf Tournament added \$18.7 million to the seven-county economy in 2010. This included \$7.0 million in labor income payments. The 3M Championship also

contributed to 192 jobs in the regional economy. See Table 11. Again, some of these jobs may be temporary, supported during the event, while others may be permanent.

	Direct (#)	Indirect	Induced	Total
Output (millions)	\$9.1	\$4.0	\$5.6	\$18.7
Employment	122	28	42	192
Labor Income (millions)	\$3.7	\$1.4	\$1.9	\$7.0

\*Estimates by University of Minnesota Extension  
#After margining.

The top industries impacted by the golf tournament are shown in Tables 12 and 13. Table 12 depicts the top three industries in terms of output, while Table 13 shows it in terms of employment. The 3M Championship creates the most output in the food services and drinking places, hotels and motels, and advertising industries. Since the primary driver of the economic impact is the visitors to the event, it is logical that the dining and lodging industries would experience the most benefit from the event.

Industry	Output (millions)
Food Services and Drinking Places	\$3.2
Hotels and Motels	\$1.6
Advertising and Related Services	\$1.3

\*Estimates by University of Minnesota Extension

The 3M Championships creates the most employment in the food services and drinking places, hotels and motels, and advertising industries. Again, since the primary economic impact is derived from visitor spending, one would expect these industries to have high impacts. Further, in the model, full- and part-time jobs carry equal weight. Service industries tend to have higher part-time employment further contributing to the high impact.

Industry	Employment (full-and part-time)
Food Services and Drinking Places	55
Hotels and Motels	15
Advertising and Related Services	10

\*Estimates by University of Minnesota Extension

### Sensitivity Analysis

There were a few places in the analysis where data could not be thoroughly ground-truthed and verified. One is in attendance counts. Since paid tickets are not required, there is not a daily attendance count. They are estimates and subject to some variability. There is also some variability around spending by corporate sponsors for their guests. Only a few sponsors provided their spending to

researchers. To address these issues of variability, sensitivity analysis was performed. Sensitivity analysis allows for a key component of the analysis to be changed to study how this change affects the final results. In the first sensitivity analysis, total attendance was varied by plus or minus 25 percent. In the second sensitivity analysis, spending by corporate sponsors was varied by plus or minus 25 percent.

As shown in Table 14, output varies in a range from \$17 million to \$20.5 million depending on assumptions made in the analysis.

Table 14: Sensitivity Analysis – Changes in Output, 3M Golf Championship Tournament		
	25 Percent Lower	25 Percent Higher
Scenario 1: Attendance is Varied	\$17 million	\$20.5 million
Scenario 2: Sponsor Spending is Varied	\$17.5 million	\$19.9 million

\*Estimates by University of Minnesota Extension

**A Note on the Analysis**

Quantifying the economic impact of an event like the 3M Championship Golf Tournament is quite challenging. The variety of groups of attendees with very different spending profiles adds complexity to the ground-truthing process. A lack of paid tickets makes estimating attendance figures difficult. Finally, vendor, operator, and visitor spending are included in the analysis. The researchers are aware there are other activities occurring related to the event. For instance, this study makes no attempt to quantify the value of exposure of Blaine on national television and websites. We also do not include any analysis of spending of the tournament purse and/or of charitable contributions stemming from the event.

## METHODOLOGY

Special models, called input-output models, exist to conduct economic impact analysis. There are several input-output models available. IMPLAN (IMpact Analysis for PLANning, Minnesota IMPLAN Group)<sup>2</sup> is one such model. Many economists use IMPLAN for economic contribution analysis because it can measure output and employment impacts, is available on a county-by-county basis, and is flexible for the user. IMPLAN has some limitations and qualifications, but it is one of the best tools available to economists for input-output modeling. Understanding the IMPLAN tool, its capabilities, and its limitations will help ensure the best results from the model.

One of the most critical aspects of understanding economic impact analysis is the distinction between the “local” and “non-local” economy. The local economy is identified as part of the model-building process. Either the group requesting the study or the analyst defines the local area. Typically, the study area is a county or a group of counties that share economic linkages.

A few definitions are essential in order to properly read the results of an IMPLAN analysis. The terms and their definitions are provided below.

### Output

Output is measured in dollars and is equivalent to total sales. The output measure can include significant “double counting.” Think of corn, for example. The value of the corn is counted when it is sold to the mill, again when it is sold to the dairy farmer, again as part of the price of fluid milk, and yet again when it is sold as cheese. The value of the corn is built into the price of each of these items and then the sales of each of these items are added up to get total sales (or output).

### Employment

Employment includes full- and part-time workers and is measured in annual average jobs, not full-time equivalents (FTE’s). IMPLAN includes total wage and salaried employees, as well as the self-employed, in employment estimates. Because employment is measured in jobs and not in dollar values, it tends to be a very stable metric.

### Labor Income

Labor income measures the value added to the product by the labor component. So, in the corn example when the corn is sold to the mill, a certain percentage of the sale goes to the farmer for his/her labor. Then when the mill sells the corn as feed to the dairy farmer, it includes some markup for its labor costs in the price. When the dairy farmer sells the milk to the cheese manufacturer, he/she includes a value for his/her labor. These individual value increments for labor can be measured, which amounts to labor income. Labor income does *not* include double counting.

### Direct Impact

---

<sup>2</sup> IMPLAN Version 3.0 was used in this analysis. The trade flows model with SAM multipliers was implemented.

Direct impact is equivalent to the initial activity in the economy. In this study, it is spending by the 3M Championship Golf Tournament visitors, operator, and vendors.

#### Indirect Impact

The indirect impact is the summation of changes in the local economy that occur due to **spending for inputs** (goods and services) by the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, this implies a corresponding increase in output by the plant. As the plant increases output, it must also purchase more inputs, such as electricity, steel, and equipment. As the plant increases purchases of these items, its suppliers must also increase production, and so forth. As these ripples move through the economy, they can be captured and measured. Ripples related to the purchase of goods and services are indirect impacts.

#### Induced Impact

The induced impact is the summation of changes in the local economy that occur due to **spending by labor**, that is spending by employees in the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, the new employees will have more money to spend to purchase housing, buy groceries, and go out to dinner. As they spend their new income, more activity occurs in the local economy. This can be quantified and is called the induced impact.

#### Total Impact

The total impact is the summation of the direct, indirect, and induced impacts.

## CONCLUSIONS

The 3M Championship Golf Tournament is hosted annually at TPC Golf Course in Blaine, Minnesota. The tournament is part of professional golf's Champions Tour and is a pro-am event. In 2010, event organizers estimate there were 111,000 entrants during the seven-day event. These entrants include the general public entering through the gates, guests of the event sponsors, and players with their guests. There were also 25 vendors at the tournament.

The tournament organizer, vendors, and visitors spent an estimated \$11.1 million during the tournament. Of this \$9.1 million was spent on locally produced goods and services. Due to this spending, an additional \$9.6 million in economic activity was generated in the study area. Therefore, the 3M Championship Golf Tournament had an \$18.7 million economic impact in 2010. The specific industries with the largest share of total output were food services and drinking places, hotels and motels, and advertising.

In order to produce the \$9.1 million in output, local businesses employed an estimated 122 part- and full-time employees. These jobs may not have been new jobs created solely for this event, but jobs that were supported because of spending during the seven-day tournament. As the spending moved throughout the economy, an additional 70 jobs were supported. Therefore, the 3M Championship Golf Tournament had a 192 job impact in 2010. The specific industries with the largest share of total employment were food services and drinking places, hotels and motels, and advertising.

Finally, the 122 workers directly hired received \$3.7 million in labor income. As the direct spending by the operator, visitors, and vendors trickled through the local economy, an additional \$3.3 million in labor income was created. Therefore, the 3M Championship Golf Tournament had a \$7.0 million labor income impact in 2010.

These results are based on certain assumptions made regarding total attendance at the event and regarding spending by sponsored guests. Allowing those two assumptions to vary by 25 percent either way provides a range of economic impact from \$17 to \$20.5 million of output.

Finally, corporate sponsors report spending \$3 to \$6 million in corporate marketing campaigns around the event. Since these transactions are not a direct expenditure of the event itself, they are not included in the analysis. However, they do represent a significant tertiary benefit to the community.

## REFERENCES

Crompton, John L (2001). A Guide for Undertaking Economic Impact Studies: The Springfest Example.

*Journal of Travel Research, 40, 79-87.*

Stevens, Tom, Alan Hodges, and David Mulkey (2005). Economic Impact of THE PLAYERS Championship

Golf Tournament at Ponte Vedra Beach, Florida, March 2005. *University of Florida, Institute of*

*Food and Agricultural Sciences, Food and Resource Economics Department.*

**APPENDIX: VISITOR SURVEY**

1. How many days do you plan on attending the 3M Championship tournament? \_\_\_\_\_ Days

2. Are you a resident of the city of Blaine? \_\_\_\_\_ Yes \_\_\_\_\_ No

3. Please estimate (predict) how much your household will spend here, on-site at the tournament today?

\$\_\_\_\_\_ Including onsite food, clothing, beverages, sporting goods, memorabilia etc.

4. Do you live in the 7-county metro area (Anoka, Hennepin, Ramsey, Carver, Scott, Dakota, or Washington)?

\_\_\_\_\_ Yes, go to question 12 \_\_\_\_\_ No, go to question 5.

5. Is the golf tournament your *primary* reason for being in the Twin Cities Today?

\_\_\_\_\_ Yes \_\_\_\_\_ No

6. Do you plan to stay overnight in the Metro Area?

\_\_\_\_\_ Yes, go to question 7 \_\_\_\_\_ No, go to question 9

7. Do you plan to stay in a hotel/motel or any other paid-type accommodation (B&B)?

\_\_\_\_\_ Yes \_\_\_\_\_ No

8. How many nights do you plan on staying in the Metro Area on this visit? \_\_\_\_\_ Nights

9. How many people from *your household* traveled with you on this visit? \_\_\_\_\_ Persons

10. How many people from *your household* are attending the tournament? \_\_\_\_\_  
Persons

11. How much do you and your household plan on spending during your visit to the metro area on the following (excluding purchases here, on-site at the tournament grounds)?

Restaurants, food & beverage                      \$\_\_\_\_\_      Hotel/Lodging                                      \$\_\_\_\_\_

Retail Shopping (Target, Golf Galaxy etc.)      \$\_\_\_\_\_      Transportation, gas, public transit                      \$\_\_\_\_\_

Entertainment, movie, amusement                      \$\_\_\_\_\_      Other \_\_\_\_\_                                      \$\_\_\_\_\_

12. Thank you for participating in our survey. Don't forget your free gift!