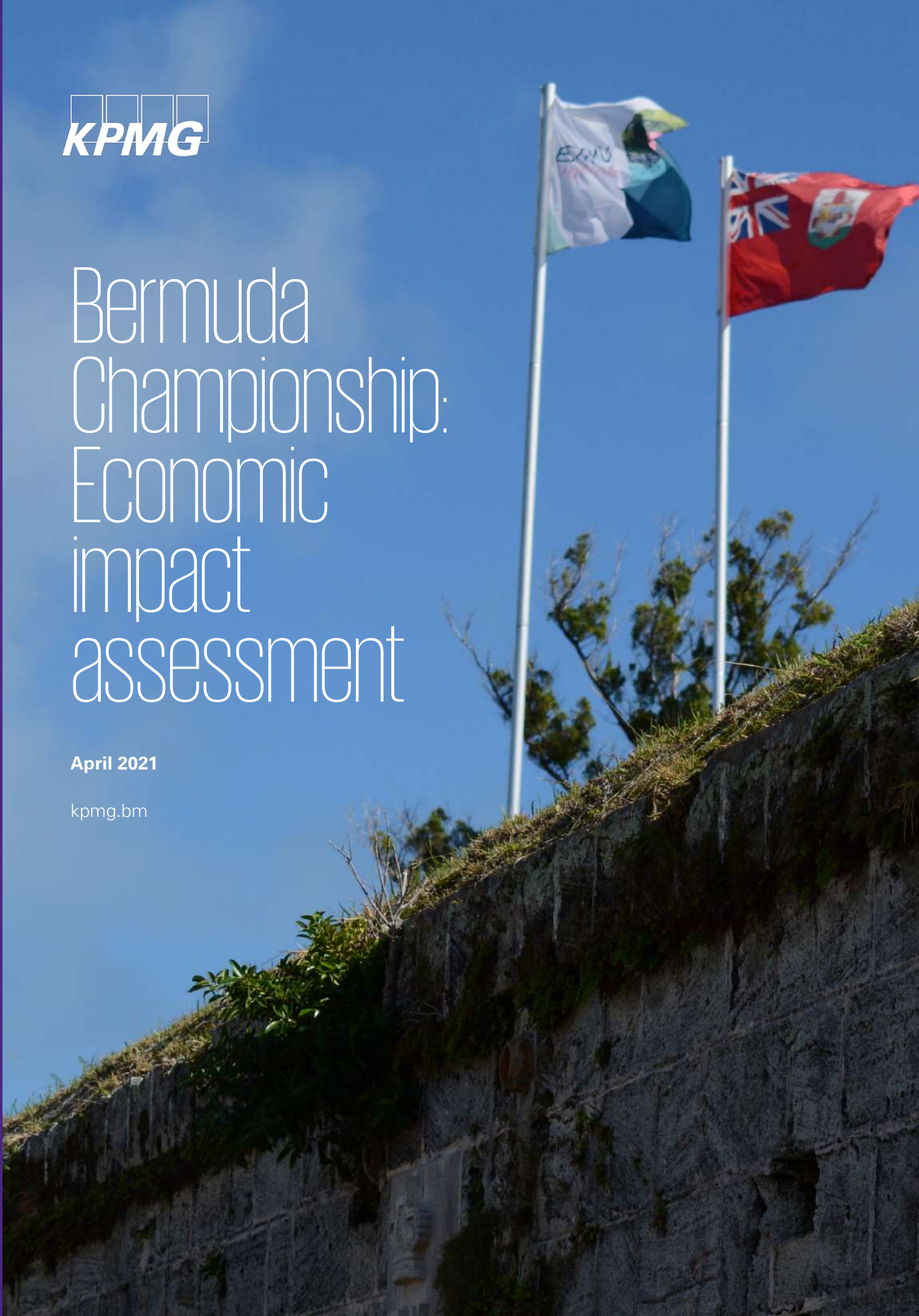




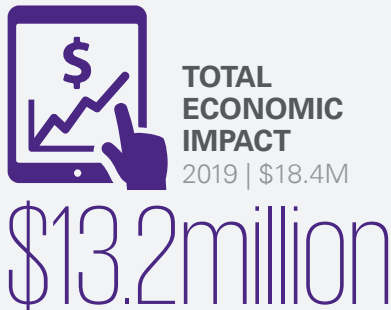
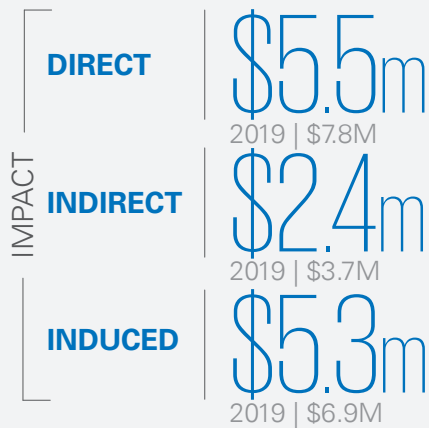
Bermuda Championship: Economic impact assessment

April 2021

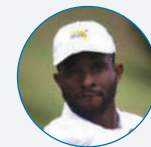
kpmg.bm



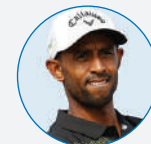
2020 summary



BERMUDIAN PLAYERS



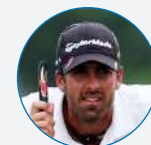
Anthony
PHIPPS



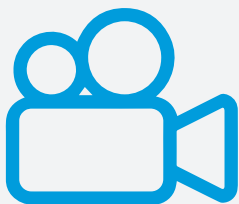
Camiko
SMITH




\$150,000
TO BERMUDA CHARITIES



Michael
SIMS



TANGIBLE
VALUE OF MEDIA EXPOSURE
\$12.8m  **300%**
2019 | \$3.5M OVERALL INCREASE

INTANGIBLE
VALUE OF MEDIA EXPOSURE
\$2.8m
2019 | \$700K

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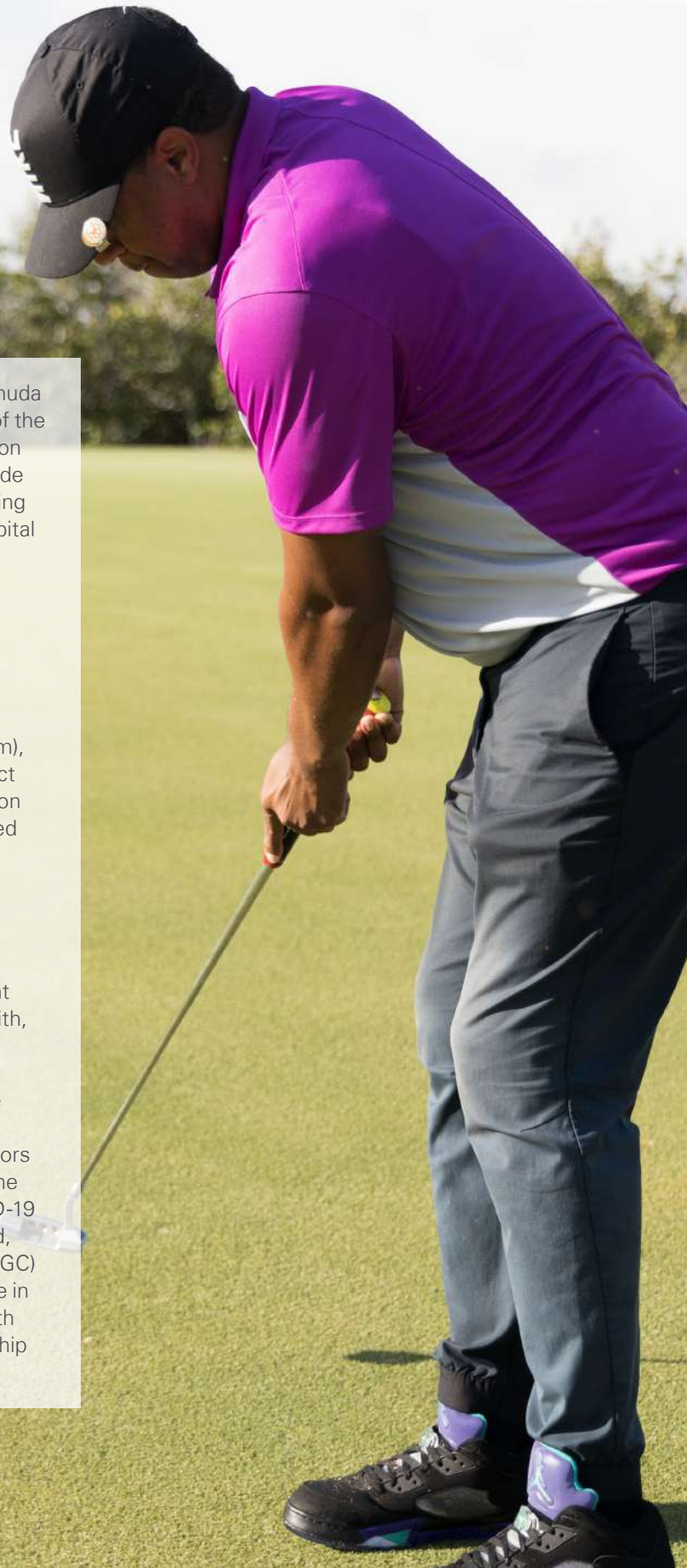
Executive summary

KPMG Advisory Limited ("KPMG") was engaged by the Bermuda Tourism Authority ("BTA") to estimate the economic impact of the 2020 PGA TOUR Bermuda Championship ("Championship") on the Bermuda economy. Factors taken into consideration include on-island expenditure by event organisers and visitors (including incremental expenditure by Bermuda residents) as well as capital investments necessary to prepare for the event.

Total attendance over the four days of the Championship was approximately 3,800 spectators (2019: 10,660). Survey data indicates that approximately 9.8% (2019: 20.0%) of the spectators were overseas visitors with the remaining 90.2% (2019: 80.0%) being Bermudian residents. The event had an estimated direct economic impact of \$5.5 million (2019: \$7.8m), which generated an additional \$7.7 million (2019: \$10.6) impact on the economy through indirect and induced effect. In addition to that, Bermuda achieved international media exposure valued at \$15.6 million (2019: \$4.2m).

Apart from the quantitative economic impact, there were intangible legacy and community benefits, which build upon the successes of last year's tournament. These legacy and community benefits include charitable giving, the involvement of hundreds of volunteers, and Bermudian golfer, Camiko Smith, making his PGA TOUR debut.

As expected, the on-going COVID-19 pandemic impacted the Championship. Global travel and Bermuda social-distancing restrictions contributed to the reduction in the number of visitors and spectators in attendance. The 2020 Championship was the first in-person PGA TOUR event since the onset of the COVID-19 pandemic and the sole PGA TOUR event during that weekend, owing to the cancellation of the World Golf Championship (WGC) event in Shanghai. As a result, there was a significant increase in total media value generated of almost 300% as compared with 2019. Consequently, total media benefit from the Championship increased from \$22.6 million in 2019 to \$28.8 million in 2020.



Economic impact

BTA'S SUMMARY RESPONSE:

Despite the coronavirus pandemic's devastating blow on global travel, Bermuda earned a hard-fought win with the staging of the Bermuda Championship in 2020. While spectator numbers dipped to nearly a third of 2019 figures (and of those, over 90% were local residents), the opportunity to host a competitive field of top-ranked international golfers earned the destination valuable media coverage, four times greater than the 2019 event. The island netted an estimated \$13.2M in total economic value as a result of the Bermuda Championship event. Even with a significant reduction in the number of visiting spectators, the economic impact maintained more than 70% of the 2019 figure.

\$13.2 million



is estimated as the overall impact on Bermuda's GDP.









Estimated economic impact

The approach adopted to estimate the economic impact of the PGA TOUR Bermuda Championship 2020 follows standard best practice methodologies, considering Gross Domestic Product (GDP) as a measure gauging economic success. Since GDP only considers one facet of well-being, other qualitative effects (such as sustainability, legacy impacts, and brand value) are considered. The economic impact was estimated by first considering the actual spend that occurred in Bermuda as a direct result of Bermuda hosting the event. This is in line with the concept of additionality, where activities (economic or otherwise) are compared to a hypothetical counterfactual scenario/reality where the event does not take place. This is the same approach as was used to estimate the impact of the 2019 Championship.

The additional on-island expenditure was then 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 most of the additional on-island expenditure:

-  Championship organising body — Bruno Events
-  Government of Bermuda
-  PGA TOUR golfers from overseas (including golfers' contingents)
-  Overseas spectators visiting specifically for the Bermuda Championship (referred to as "Foreign spectators (Golf)")
-  Overseas spectators not visiting specifically for the Bermuda Championship (referred to as "Foreign spectators (Non-Golf)")
-  Local spectators

The overall impact on Bermuda's GDP as a result of hosting the Championship was estimated at \$13.2 million. This is the result of additional on-island spending of \$5.5 million from the six spending groups, which then permeates into the economy, through value chain spending (indirect effects) of \$2.4 million, and further rounds of spending (induced effects) of \$5.3 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 \$2.7 million in Bermuda to host the event – resulting in an additional \$3.5 million of indirect and induced spending in the Bermudian economy¹.

The next largest impact comes from the golfers, media and corporate supporters. A total of 132 golfers participated in the Championship accompanied by an additional 359 individuals including corporate supporters, media personnel, TV production crew, caddies, and vendors, amongst others. In total, the golfers and supporting crew generated \$1.4 million in additional spending. The incremental spending contributed an additional \$2.0 million to the Bermudian economy through additional indirect and induced spending down the supply chain for a total, with a combined GDP effect of \$3.4 million.

Two other important contributors to the economic impact are the Government of Bermuda and Championship spectators.

The impact from the Government of Bermuda includes spending by the Ministries of Public Works, and Tourism and Transport on preparing for, and helping run, the event. This includes expenditure by the Port Royal Golf Course to prepare the site for the Championship. This combined spend amounted to just under \$0.9 million of direct spending to prepare the site for the tournament, generating an additional \$1.5 million through indirect and induced effects as a result of extra spending power².

Championship spectators consisted of individuals from three primary groups: overseas visitors who travelled to Bermuda specifically to watch the Bermuda Championship ("Golf" visitors); overseas visitors who happened to be in Bermuda during the Championship ("Non-Golf" visitors); and local spectators. In total, the additional relevant expenditure of these groups amounted to \$0.4 million, which in turn generated \$0.6 million in indirect and induced economic impacts, for a total combined GDP effect of around \$1.0 million.

Following the success of the 2020 Bermuda Championship, PGA TOUR Charities donated \$0.15 million to local Bermudian Charities. This, in conjunction with the Bermuda Championship's BF&M Volunteer Programme, saw Bermudian Charities take in contributions of around \$0.15 million. This in turn, generated around \$0.1 million of indirect and induced spending, for a total economic contribution of \$0.34 million.

¹ Payments to non-Bermudian companies were excluded as these constitute direct imports.

² 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.



\$2.7 million

spent in Bermuda
by event organisers



132

Golfers



359

Caddies, crews,
media, sponsors, etc.



\$1.4 million

additional spending by
golfers and supporting crew



Championship organising body — Bruno Events

Bruno Events was responsible for the organisation of the Championship. Actual on-island expenditure totalled approximately \$2.7 million, consisting of, among other things, hospitality operations, media operations, transportation, procurement of supplies (such as furniture and fittings, audio visual and I.T. equipment), and office and administrative expenses. Mapping these expenditures to broad expenditure categories contributed an additional \$3.4 million of Indirect and Induced effects estimated for a total economic contribution of \$6.1 million.



Government of Bermuda

In preparing the Port Royal and Ocean View Golf Courses, the Government of Bermuda contributed \$1.2 million, comprising: operational costs, wages to staff, procurement of supplies, and related equipment (including shipping), and repairs and maintenance, amongst other expenditure categories. Deducting imports, the direct economic contribution of expenditure was estimated at \$0.9 million, leading to \$1.5 million in indirect and induced effects, for a total economic contribution of \$2.4 million.

BERMUDA
TOURISM AUTHORITY

BTA sponsorship

BTA incurred costs of \$3.81 million related to the sponsorship (\$3.76 million) and activation (\$0.05 million) of the Championship.



Golfers, media and sponsors

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

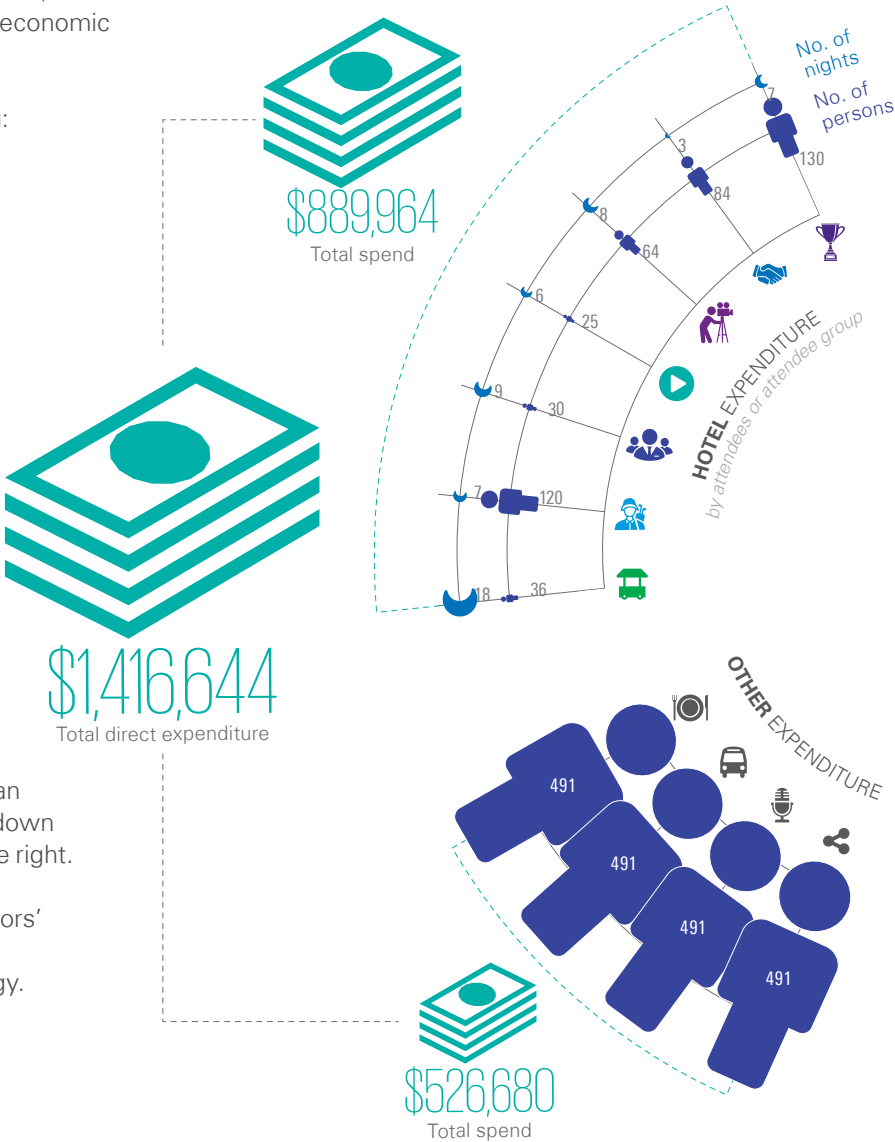
The core attendees identified include the following:

- Bermuda Championship PGA TOUR 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

The attendees had a direct impact on the Bermudian economy during their time at the event. The breakdown of the 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	ICON	DESCRIPTION
	Offsite food and beverage		Entertainment
	Transportation		Miscellaneous

*notes and assumptions can be found in the glossary



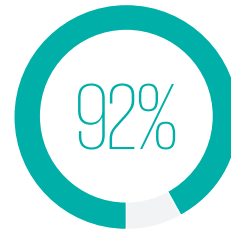
Spectators

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.

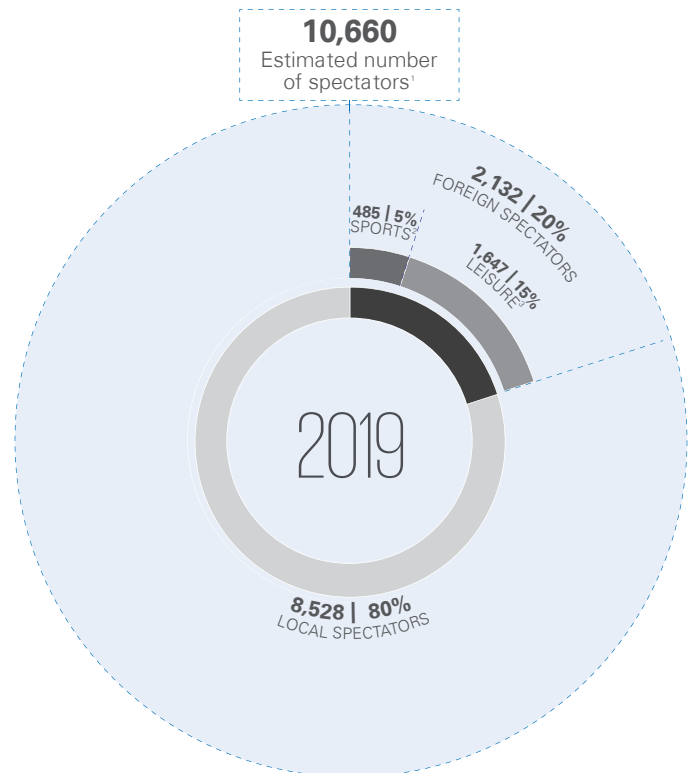
Data collected through the Bruno Events Online Survey was used to estimate the proportion of overseas spectators visiting specifically to attend the Championship, and those visiting as they happened to be in Bermuda at the time. Local spectators were assumed to comprise the remainder from Bruno Events' estimate of total spectators.

A mixed approach was used to attain the average per day spending of spectators depending into which spectator category they fell. These categories are foreign spectators and local spectators.

Although foreign visitors comprised approximately 10% of total spectators, they **contributed around 92% of total direct expenditure by all spectators.**



Estimation of origin of spectators



¹ Source: Estimate from Bruno Events

Expenditure estimates for foreign spectators visiting Bermuda specifically for the Championship were attained through the Bermuda Championship Visitor Expenditure Estimates commissioned by the BTA. The expenditure for this group is considered ‘additional spending’ and has a direct impact on economic activity. The report breaks down the average spend of spectators into seven spending categories. These are: lodging/accommodations, restaurants and dining out, entertainment & sightseeing, shopping/any retail purchases, groceries, transportation costs and other forms of spending. The report also estimates the average length of stay at seven nights for foreign spectators visiting specifically for the Championship. These figures were then combined with the estimated number of golf-specific foreign spectators (187 spectators based on Bruno Spectator Survey) to determine the economic impact of this group’s spending.

In the case of foreign spectators (Non-Golf), as well as local spectators, only additional expenditure incurred as a consequence of attending the Championship was considered. For both spectator groups only spending on food and on-site entertainment is considered given other expenses (lodgings, groceries, transport, etc.) cannot be directly attributed to the Championship.

Regarding foreign spectators (Non-Golf), the Spectator Survey indicated that there were no respondents from this group who attended the event in addition to another activity. As such, this group’s spending is not considered in the impact assessment as it cannot be directly attributed to the Championship.

Direct economic impact of spectators

ICON DESCRIPTION

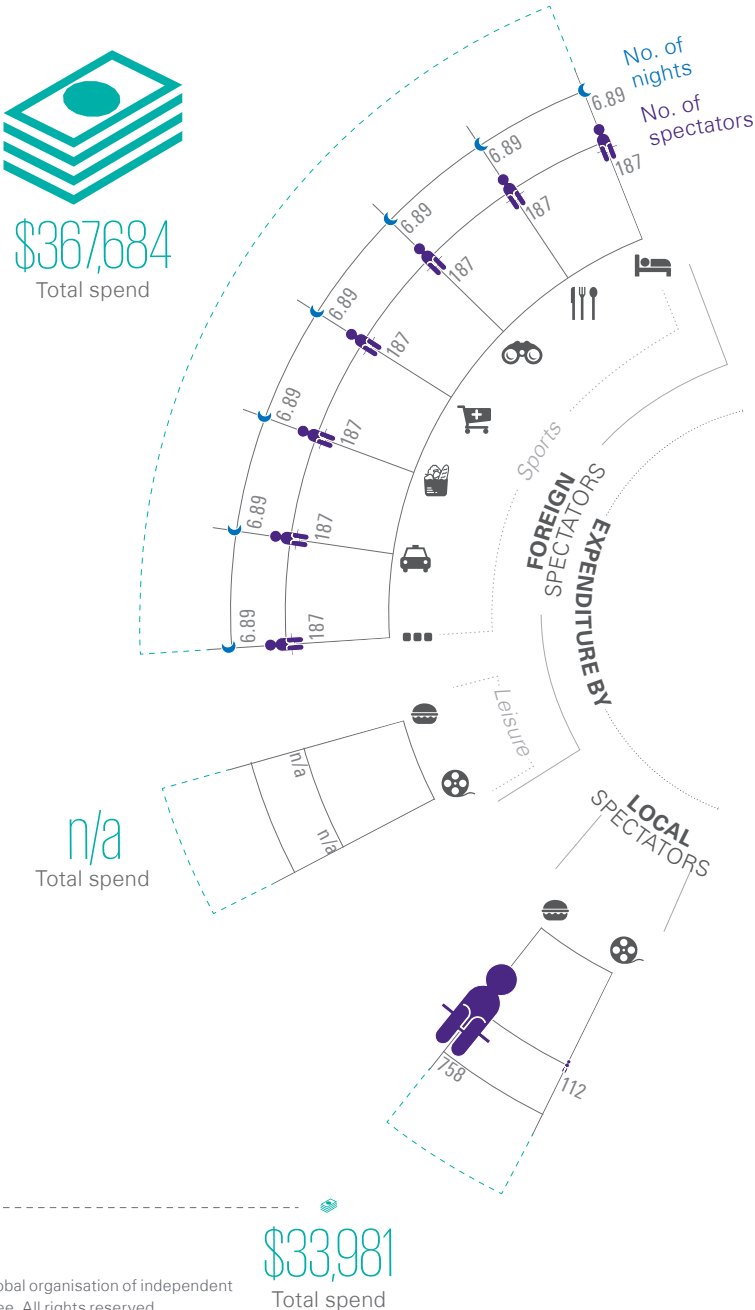
- Entertainment and sightseeing
- Entertainment (Other)
- Food
- Gas, parking and local transportation
- Groceries
- Lodging/accommodations
- Restaurants and dining out
- Shopping/any retail purchases
- Other



Expenditure estimates for local spectators are based on the results of the Spectator Survey. Using survey data, we were able to estimate the additional median spending of residents on food and entertainment at the Championship, given that not all local spectators would have spent money. It is estimated that around 758 local spectators spent money on food, while 112 locals spent money on entertainment at the Championship.

Although foreign visitors comprised approximately 10% of total spectators, they contributed around 92% of total direct expenditure by all spectators. This is because majority of their spending is incremental and would not have taken place if the Championship had not been hosted in Bermuda.

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



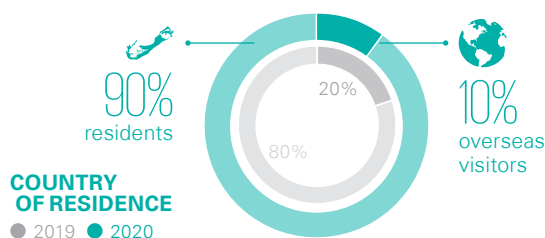


Spectator survey

The Bruno Events team conducted a survey amongst spectators who attended the Championship. The survey collected primary information regarding the composition of the spectator group and gained insight into their expenditure. A total of 122 respondents participated in the survey.

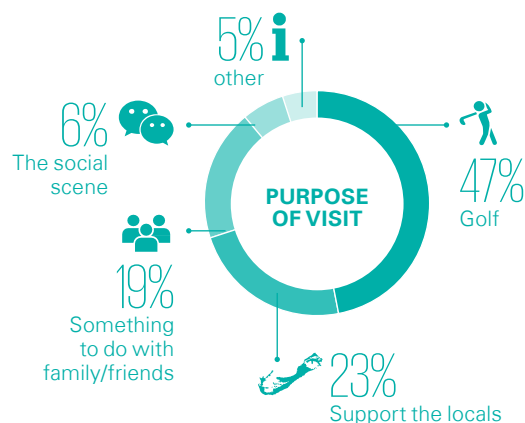
Country of residency

Based on the spectator survey, the majority (90%) of respondents identified themselves as residents of Bermuda. Amongst the 10% of spectators visiting from overseas, the USA, Canada, and the UK featured as the three most common source markets, consistent with general trends seen in tourism to Bermuda. In 2019, overseas spectators comprised 20% of overall spectators at the Championship. The global impact of COVID-19 on international travel in 2020 had a significant impact on the number of overseas spectators.



Reason for attendance

Respondents were asked to select the reason for their attendance at the Championship and given the option to make multiple selections. The most popular selection was 'I'm an avid golf fan'. This made up 47% of selections. The next was to 'support the local community' with 23% of selections. This was closely followed by 'something to do with family and friends' with 19% of selections. Just 6% of selections opted for 'the social scene' while only 5% chose 'Other' as their reason for attendance.



Trends amongst resident spectators

Local spectators were asked to confirm if they chose to attend the Championship in addition to other entertainment activities 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, resulting in displaced expenditure.

Survey results showed that 33% of local respondents attended the Championship in addition to their usual entertainment, while 67% attended the Championship instead of some other activity. These figures compare with 53% and 47% respectively, the previous year.

Expenditure on tickets and food by local spectators who attended the Championship in addition to their usual entertainment averaged \$105 (median expenditure was \$65). Ignoring the cost of tickets (the economic impact of which is reflected in the event organiser's expenditure), the average and median additional expenditures on food were \$45 and \$30 respectively.



Volunteers were a driving force behind the success of the 2020 Bermuda Championship event, and we were overwhelmed by the support of the community.

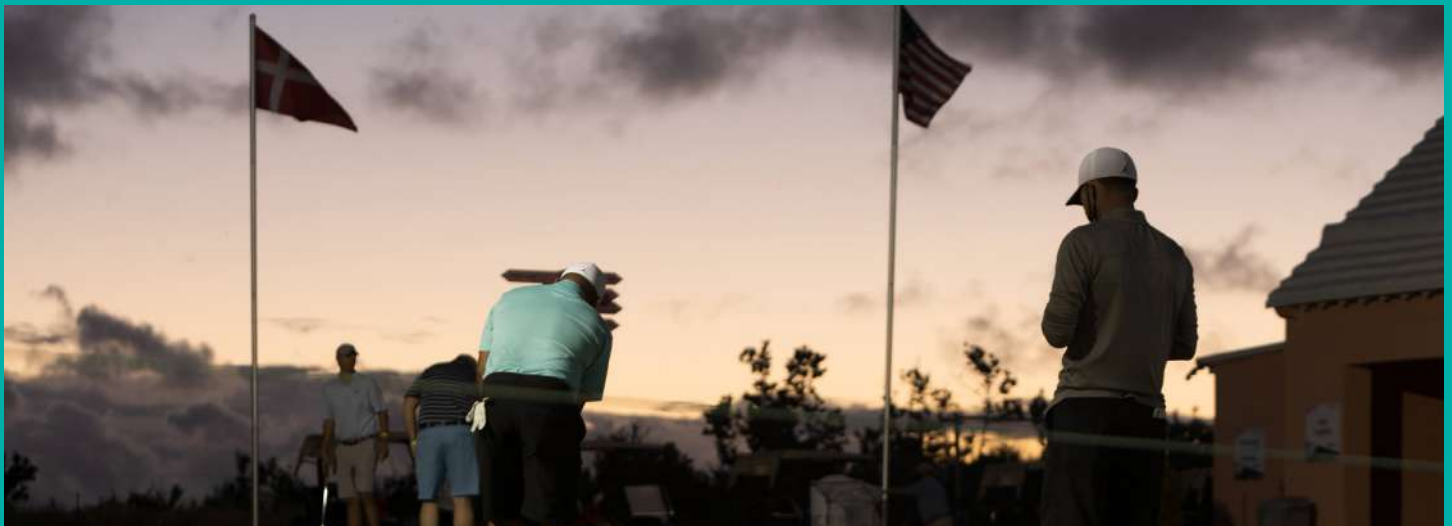
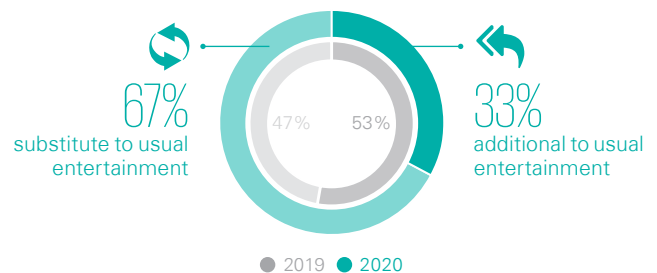
Sean Sovacool *Tournament Director*

The Spectator Survey also recorded entertainment spending. There was a significant drop in the number of individuals who engaged in on-site entertainment. Residents who spent money (in addition to another activity) on on-site entertainment made up 3% of overall spectators in 2020. This compares with 12% in 2019. The fall in the proportion of individuals spending on additional on-site entertainment suggests a possible shift in consumer behaviour away from discretionary activities in response to increased restrictions and measures surrounding COVID-19.

Volunteer contributions

Given the impact of COVID-19, volunteer support was a crucial aspect of the 2020 Championship. Through the Bermuda Championship's BF&M Volunteer Programme, volunteers were recruited, both new and returning, to ensure that all necessary measures were taken so that the event could be carried out as safely as possible. In total, 556 volunteers participated resulting in donations of over \$28,000 to multiple Bermuda-based charities. The PGA TOUR Charities also donated \$122,000 to Bermudian charities. These combined, resulted in a direct impact of \$0.15 million on the Bermudian Economy, leading to \$0.19 million in indirect and induced effects, for a total economic contribution of \$0.34 million

ADDITIONAL OR SUBSTITUTE ENTERTAINMENT



Qualitative effects

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





“

I loved it. I was excited. It's a challenge... we're not playing in the dome, we're on an island in the Atlantic.

Ryan Arnold *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 PGA TOUR Bermuda Championship), the organisation of conferences or meetings related to the sport, and the attraction of tourists visiting in order to participate in the sport. As such, the benefits of the Bermuda 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 **50 hours** on the Golf Channel, representing an **increase of 86% in coverage**. Two million viewers in the United States tuned in to watch the event, resulting in a 64% lift in US viewership from last year. Globally, the Championship was broadcast to 211 countries and territories with over 430 hours of live broadcast coverage, which showcased Bermuda as a destination for tourism and sport.



PGA TOUR highlights

The Championship was the first PGA TOUR event to be held with fans present since the start of the COVID-19 pandemic. In 2020, the WGC event in Shanghai was cancelled, resulting in the Championship being the sole PGA TOUR event on this particular October weekend. The PGA TOUR schedule changes led to an elevation of the Championship in 2020 and increased TV and broadcast exposure.

Highlights of the 2020 Championship's elevated benefits included:

- A larger field of 132 players (originally 120 players);
- The PGA TOUR funded an additional \$1 million in the purse to \$4 million;
- FedEx Cup Points increase to 500 (originally 300);
- Full field event status with no restrictions; and
- Official invitation to the 2021 Masters Tournament for the event champion.



Media exposure

The Championship garnered an increase in media across multiple TV, broadcast and media platforms. The equivalent monetary value of the TV and radio publicity was valued at \$15.6 million by the Nielsen Company. This is made of:

- \$12.8 million of brand exposure across TV, social media, and other medial channels, and
- \$2.8 million of intangible value coming from association of Bermuda and PGA TOUR.

There were high levels of engagement on social media with multiple posts trending on Facebook, Instagram and Twitter from a variety of high-profile media influencers. Golfing media outlets such as *Golf Digest*, the Golf Channel and several high-profile golfers including Pdraig Harrington, Henrik Stenson and Bermuda's own Camiko Smith promoted the Championship on social media.



The PGA TOUR app attracted millions of visits in the lead up to the Bermuda Championship. During the week of the event alone, there were 2.7 million weekly PGA TOUR app visits.

2020 MEDIA



TV COVERAGE



50 hours
of total coverage
on the Golf Channel
2019 | 26.9 hours

64%↑
US viewership



430 hours
of live coverage
2019 | 15 hours



54 MINUTES
2019 | 48 minutes



SOCIAL MEDIA



249 posts
across PGA TOUR
social platforms
2019 | 100+ posts



1.3 million
weekly social engagements
2019 | 266k+ engagements

TOP POSTS:



View via drone
Facebook



Golf on the water
Instagram



INTERNATIONAL DISTRIBUTION



211 countries and territories
2019 | 221 countries



DIGITAL



2.7 million
weekly PGA TOUR app visits
2019 | 5.3 million



2 million
weekly unique visits
2019 | 1.2 million
5.6 million
total visits
2019 | 6.5 million



RADIO



20+ hours
of live coverage
for Rounds 1-4
2019 | 22 hours

PGA TOUR Radio aired on SiriusXM, the PGA TOUR apps, PGATOUR.COM and Amazon Alexa



CROSS PLATFORM CONSUMPTION



14 million
engagements

Across Golf Channel,
PGA TOUR Social and
PGA TOUR Digital



Customer and community engagement

In 2020, a total of 26 international and Bermuda-based companies participated in the corporate sponsorship programme. Volunteer support played an essential role in hosting the Championship in terms of spectator protocols including temperature checks, mandatory wearing of face masks upon entry and around the golf course, social distancing, etc. The safety measures were well received by spectators with 85% of spectators reporting an “excellent” or “very good” level of comfort with the COVID-19 safety protocols.

“

We believe a successful event can be run with rigorous and appropriate safety measures in place and we look forward to supporting our wonderful volunteers, who play such a critical part in showcasing the beauty of Bermuda to the world.

”

John Wight

*Group Chairman and CEO of BF&M Limited
(the official Volunteer Programme Sponsor)*

BERMUDA
GoToBermuda.com



BERMUDA
CHAMPIONSHIP



Legacy effects

The impact of hosting the Bermuda Championship creates legacy benefits, which the BTA expect will increase over the five-year agreement. Notable legacy impacts include:

Benefits to local businesses

In 2020, the event organiser (Bruno Events) increased its use of Bermuda business partners (and proportion of expenditure) to host the event. Direct expenditure of \$2.7 million in Bermuda resulting in a total economic impact of \$6.1 million.

Benefits to Bermuda charities

Over 24 Bermuda-based registered charities and not-for profit organisations benefited from donated contributions in connection with the Championship. PGA TOUR Charities donated \$122,000 to the Bermuda Golf Association and other Bermuda charities. Almost half of volunteers participated as part of the Volunteer Programme thus generating approximately \$28,000 to the associated charities. For supporting charities, the donations obtained in exchange for their participation are expected to help finance local causes and programmes, contributing positively to Bermuda.

Bermuda Junior Championship

With respect to junior golf in Bermuda, the American Junior Golf Association along with the Bermuda Championship, in association with the Bermuda Tourism Authority announced a partnership to host the inaugural Bermuda Junior Championship starting in December 2021, due to take place at Port Royal Golf Course. The future Junior Championship will contribute to both legacy and economic benefits.



With the announcement of a four-year partnership between the American Junior Golf Association and the Bermuda Tourism Authority, we affirm our position as a leading sports destination with yet another pinnacle Golf Event. The event joins the Bermuda Championship and the Black Golf Summit and Championship for 2021 to create a trifecta of golf events that will attract golf visitors to Bermuda during non-summer months. What's more this partnership aligns with our commitment to community engagement by creating pathways for young Bermudians through sport.



Hazel Clark

*Director of Sports & Business Development,
Bermuda Tourism Authority*



It's something I've wanted to do since I was a kid. Last year I had a good opportunity and I let that get away from me but this year I wasn't letting that happen. It's very exciting and I'm looking forward to it.



Camiko Smith *Bermudian player*

Impact on tourism

The global pandemic has had a major impact on tourism and travel throughout the world; Bermuda being no exception. The 2020 Championship highlighted Bermuda's robust safety and testing regime and its ability to host an international sporting event safely.



One example of the safety measures taken, visitors and players had **over 1,100 COVID-19 tests, with no positive test results.**

Impact on professional golf in Bermuda

Since 2019, five Bermudian players have played in the Championship. The presence and excitement of the Championship along with the inclusion of local Bermudian players like Camiko Smith, Michael Sims and Anthony Phipps offers a boost of encouragement for aspiring golfers and generates interest amongst Bermuda residents.

The presence of A-list golfers like Irishman Padraig Harrington and Swedish legend Henrik Stenson also contribute to the promotion of Bermuda as a recognisable destination for some of the world's top professionals.

Tournament Director, Sean Sovacool, praised the enthusiasm and support provided by the Bermudian people — "We have been overwhelmed by the response that we've received from the island, which is testament to the high level of interest the locals have for the Championship."



Approach and Methodology

Approach

The approach adopted to estimate the economic impact of the PGA TOUR Bermuda Championship 2020 follows standard best practice methodologies, considering Gross Domestic Product (GDP) as a measure gauging economic success. Since GDP only considers one facet of well-being, other qualitative effects (such as sustainability, legacy impacts, and brand value) are considered.

The economic impact was estimated by first considering the actual spend that occurred in Bermuda as a direct result of Bermuda hosting the event. This is in line with the concept of additionality, where activities (economic or otherwise) are compared to a hypothetical counterfactual scenario/reality where the event does not take place.

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 own

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 I' multipliers.

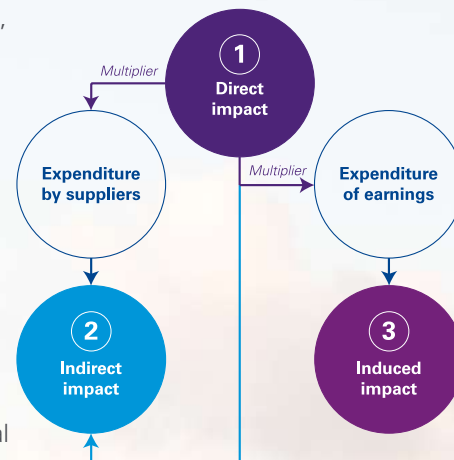
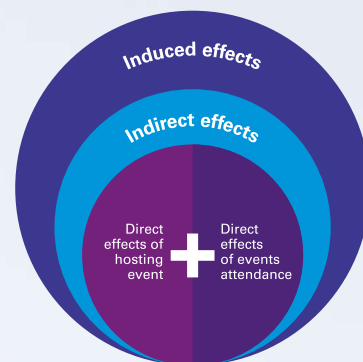
Finally, 'induced impacts', arise as a direct result of additional rounds of spending by agents involved in a transaction. For instance, hotels and restaurants pay wages to their employees. The extent to which such wages are re-injected in the economy depends on the employees' own propensity to consume.

The more employees spend, the greater is the ripple effect in the economy. Induced impact is measured using 'Type II' 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, one can see how 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 output, while Type II multiplier is utilised to obtain the combined Direct, Indirect, and Induced output.



Year-on-Year Impact 2019 vs 2020

COVID-19 has had a significant negative impact on the global economy, with industries such as Tourism and Sports being significantly affected. The PGA TOUR, which embodies these two industries, was no exception. The PGA TOUR closed the Player's Championship in March 2020 as the spread of COVID-19 became rampant. After deciding to host the tournament under strict COVID-19 health and safety protocols, the Bermuda Championship became the first event on the PGA TOUR to allow a limited number of fans to attend following the outbreak of the virus.

The economic implications of the virus are most evident when comparing the total economic impact of the 2020 Championship with the previous year, noting an estimated decline of \$5.2 million or 28%.

As expected, travel restrictions had a significant impact on the number of spectators attending the event. The need to enforce strict social distancing protocols to protect spectators and players in 2020 further limited the number of permitted spectators. Spectator numbers fell from an estimated 10,660 (2019) to 3,800 (2020) with an associated year-on-year decline in spectator spending of around \$1.7 million.

Spending by spectators who visited Bermuda specifically for the Championship decreased \$850,818 compared to 2019. This was mainly driven by the overall fall in foreign spectators. Foreign spectators who attended the event while visiting Bermuda (without regard for the Championship) were not included in the impact assessment as there were no respondents from this group who recorded additional expenditure.

Local spending observed a year-on-year decrease of around \$0.7 million mainly driven by a reduction in the number of local spectators attending the event, 8,528 (2019) to 3,426 (2020) and an overall decrease in spending per head.

The behavioural impact of COVID-19 on spectator spending is also relevant when analysing the year-on-year decreases in economic impact. Measures in place to mitigate the spread of the virus such as temperature checks on entry, requirement of face masks and six-foot social distancing guidelines along with worries of contracting or spreading the virus can significantly restrict movement and change consumer behaviours. It's difficult to determine whether shifts in spending were directly correlated with changing behaviour. It is likely that these measures and health and safety concerns contributed to the decline in economic activity. In particular, the fall from 12% (2019) to 3% (2020) in local spectators' spending on additional on-site entertainment indicates that consumers may have been avoiding forms of discretionary activities which are challenging to host and/or to attend due to social distancing restrictions.

The direct impact of Government spending reduced by around \$0.8 million year-on-year. This is mainly attributed to the investment that took place in 2019 to improve Port Royal Golf course standards for the PGA TOUR and future upcoming tournaments. A large portion of this investment (course equipment, maintenance, supplies and landscape) is expected to last for five or more years.

While year-on-year differences were sizable in some spending categories, the Bermuda economy still reaped the benefits of significant economic contribution, which stimulated economic activity along with a variety of qualitative benefits such as the value of brand exposure, media exposure, charitable benefits, local business benefits and the impact of professional golf on the island.

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