

Economic Impact of the Sanderson Farms Championship

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Background and Description

Sponsored by Sanderson Farms and the PGA Tour, the 2016 Sanderson Farms Championship was held at the Country Club of Jackson in Jackson, Mississippi, from October 24 to 30. The Championship rounds were held Thursday to Sunday. Other events conducted in addition to the professional golf rounds included a pro-am tournament, Women's Day activities and youth clinics. Century Club Charities, Inc., and the Sanderson Farms Championship donated a record \$1.2 million to the Friends of Children's Hospital organization and \$200,000 to other area charities.

The event was shown on the Golf Channel in the US and broadcasted in over 220 countries worldwide. The findings in this report do not factor into the significance of the economic impact and value added of advertising exposure garnered through the Golf Channel and other media outlets.

Purpose and Methodology of the Study

The primary purpose of this study is to determine the economic contribution of the 2016 Sanderson Farms Championship to the Jackson area. The economic impact was decomposed into six components – attendee spending, spending on instate vendors, tournament lodging and dining for the players, charitable contributions and spending on tournament administrative activities. With the exception of attendee spending, the other components were estimated utilizing a priori knowledge provided by Century Club Charities, Inc., and these spending patterns will be reported as aggregate spending in subsequent sections of this report.

To obtain estimates of attendee spending, a survey approach was developed and implemented to estimate spending patterns for the economic impact analysis. This methodology consisted of a visitor intercept survey to obtain information from spectators at the tournament. Two-hundred twenty (220) paper surveys were completed through face-to-face contact with participants by the staff of the MSU Extension Center for Economic Education and Financial Literacy (out of 27,000 ticketed and 3,000 non-ticketed spectators). Survey participants could enter a drawing for a Yeti cooler that was given out the last day of the tournament.

The visitor intercept survey consisted of nine questions concerning spectators' residency, method of transportation if they were from outside the area, types of activities in which they participated during their visit, length of stay in the local area, number of persons in their traveling party, their lodging type, and the approximate spending per party for various spending categories while at the tournament. This

information was used to develop the spending profile of tournament spectators. A copy of the survey instrument is included as Appendix C.

The survey process was implemented at the one main entry point to the tournament. The interview team was set up at a booth located in the North Park mall parking lot at the hub of shuttle bus operations. Buses typically ran every fifteen minutes. The interview team would interview people waiting for the shuttle and also ride the buses to complete interviews while in transit to and from the tournament.

In order to complete as many survey instruments as possible, the survey process coincided with the peak spectator attendance and provided a representative framework for developing the spending profile and other key statistics. The peak attendance times for conducting the interviews were early in the morning when the tournament first opened and at the end of the day when spectators were leaving.

On approaching the spectators, survey teams explained who they were, what they were doing, gave a brief explanation of the survey and its purpose, and asked whether the spectators were willing to be interviewed. The survey was administered to as many spectators as possible who consented to participate.

The information gathered during the interview dates and times were recorded in an Excel spreadsheet and analyzed. Key findings are shown in Appendix A of the report. Survey results were used to estimate the number of in-state and out-of-state visitors to the tournament, including the number of overnight visitors for estimating the economic impact of the 2016 Sanderson Farms Championship.

Results. There were 220 surveys completed. On day one (Thursday, October 27), 75 surveys were completed. On day 2 (Friday, October 28), 55 surveys were completed. On day three (Saturday, October 29), 65 surveys were completed. On day four (Sunday, October 30), 25 surveys were completed. Appendix B contains summary statistics.

Summary of Analysis

Given the type of event and the type of information that is needed, it was determined that an input-output model would be the best option for deriving estimates of the economic impact of the tournament and related activities. To this end, the IMPLAN software was chosen as the best fit for the project. As more fully explained in Appendix D, this software and accompanying data sets provide quality estimates of the direct spending and spillover effects of specific economic events.

Approximately 19 percent of spectators were from out-of-state and 17 percent were from in-state but did not live close enough to the Jackson area to stay at home while attending the tournament. Spending by these non-locals represents “new dollars” into the regional economy. Furthermore, the 64 percent of local residents (local is determined by those that stayed at home while attending the tournament) are likely to spend extra dollars while attending the tournament and further contribute to the spillover effects of the event.

The estimated average spending per party per day was approximately \$940 for in-state spectators and \$1,270 for out-of-state spectators. This included spending on meals, lodging, fuel, clothing,

merchandise, tickets, and miscellaneous. The average length of stay per non-local party was just under 3 days at the tournament.

Approximately \$15.9 million were spent direct expenditures for the entire event; approximately \$11 million of the direct expenditures was spend by residents of Mississippi, and \$3 million was spent by out-of-state visitors.

Although the direct expenditures were substantial, they only tell part of the story. Spending by tournament spectators stimulated a temporary increase in final demand, and made it necessary for local businesses to purchase additional inputs and hire more workers. These indirect impacts were accompanied by increased income, and consequently increased spending by employees.

The overall impacts include the direct expenditures as well as the indirect and induced expenditures.

Indirect expenditures include the business' purchase of goods and services from supporting sectors located in Mississippi. ***Induced*** expenditures include the additional spending of earning by households of employees and business owners.

Overall Effect = Direct Expenditures + Indirect Expenditures + Induced Expenditures

Using conventional input-output methodology and the IMPLAN modeling system, the indirect expenditures were estimated at approximately \$5.2 million dollars, and the induced expenditures were estimated at almost \$4.9 million dollars. The total impact of the Sanderson Farms Championship on the Mississippi economy in terms of gross output or sales is estimated to be just over \$26 million dollars.

The total impact on Total Value Added (TVA) was estimated at \$14.4 million. TVA is more accurate as a measure of the economic impacts than spending, because it reflects the actual returns to the factors of production (i.e., land, labor, capital, and management) in the form of rents, wages, interest and profits. Total Value Added includes \$9.1 million directly, and an additional \$2.6 million through indirect and \$2.7 through induced impacts.

This economic activity supported 306 jobs in Mississippi, including 226 jobs directly attributable to the event itself, and another 80 jobs throughout the rest of the economy through indirect (40 jobs) and induced (40 jobs) effects.

The positive impact on jobs in the state, even if temporary, was accompanied by an increase in labor income, which includes wages, salaries and proprietor's income. It was estimated that the total impact of the Sanderson Farm Championship Classic on labor income in Mississippi was \$8.4 million. This included \$5.5 million income directly attributable to the event itself, and an additional \$2.8 million income that resulted from indirect and induced impacts.

It was also estimated that sales tax collections in Mississippi arising from the Sanderson Farm Championship were just over \$2 million. See Table 1 for more details on the economic impact.

The top sectors affected by the Sanderson Farms Championship were hotels and motels, retail stores (including clothing; food and beverage; general merchandise; and gasoline stations), and spectator sports companies. See Table 2 for more detail on the impact on specific sectors.

Table 1. Economic Impact of 2016 Sanderson Farm Championship (dollar values in \$1,000)

Impact Type	Employment	Labor Income	Total Value	
			Added	Output
Direct	226.3	\$5,564	\$9,113	\$15,957
Indirect	40.0	\$1,452	\$2,620	\$5,218
Induced	39.7	\$1,369	\$2,668	\$4,918
Total	306.0	\$8,387	\$14,401	\$26,094

Table 2. Top Five Sectors Impacted by Expenditures at the 2016 Sanderson Farm Championship (dollar values in \$1,000)

IMPLAN		Employment	Labor Income	Total Value	
Sector	Description			Added	Output
403	Retail—Clothing	62.3	\$1,195	\$2,905	\$4,785
501	Full-Service Rest.	90.7	\$1,652	\$1,807	\$3,830
499	Hotels & Motels	28.2	\$847	\$1,577	\$2,687
502	Limited-Service Rest	21.3	\$332	\$735	\$1,460
482	Hospitals	10.5	\$606	\$738	\$1,438

Appendix A

Items of Interest

- 70% of the out of state visitors who responded to this survey question said they came to the tournament to view golf.
- 36% of the out of state visitors who responded to this survey question purchased the “Good Any Day Ticket”.
- 84% of the out of state visitors who responded to this survey question said viewing golf was their main reason for attending the tournament.
- 67% of the out of state visitors who responded to this survey question stayed in commercial lodging facilities.
- 72% of the out of state visitors who answered the survey question about transportation arrived by personal automobile. 5 of those arrived by chartered transportation.
- The cities of Brandon, Clinton, Jackson, Madison, and Ridgeland account for 83 of the in-state visitors.

Appendix B

Survey Results

Number of survey respondents unless otherwise indicated

Table 3. In-State and Out-of-State Survey Participants

# of Surveys	In-State	Out-of-State	No Response
220	154 (70%)	42 (19%)	24 (11%)

Table 4. Main Reason for Being at the Tournament

Reason	Total	In-State	Out-of-State
Watch Golf Tournament	163	125	38
A Social Event	29	23	6
Women's Day	2	1	1
Hospitality Guest	14	8	6
Nothing Better to Do	5	2	3

Table 5. Tournament Package Purchased by Survey Respondents at Sanderson Farms Championship

Type	Total	In-State	Out-of-State
Wednesday Ticket	4	2	2
Good Any Day Ticket	81	61	20
Weekly Ticket Pack	16	6	10
Given a Ticket	84	69	15
BankPlus Any Day Ticket	15	10	5
BankPlus Weekly Pass	4	2	2
Veteran Any Day Ticket	9	7	2

Table 6. Number of Spectators by Residency and Primary Reason for being in the Area was Attending Golf Event, 2016

Response	Total	In-State	Out-of-State
Yes	113	76	37
No	88	81	7
No Reason Given	19		

Table 7. Residency of Survey Respondents at Sanderson Farms Championship, 2016

State	Participants
Alabama	3
Arizona	1
Arkansas	1
Colorado	1
Florida	3
Georgia	1
Illinois	1
Indiana	1
Louisiana	8
Mississippi	163
Nebraska	1
Nevada	2
New Jersey	1
Ohio	1
Oklahoma	1
Tennessee	2
Texas	1
Not Available	11

Table 8. Lodging Arrangements of Spectators at Sanderson Farms Championship, 2016

Lodging Type	Total	In-State	Out-of-State
Home	141	134	7
Hotel/Motel	37	4	33
Family/Friends	18	11	7
RV	1	1	0
Other	6	4	2

Table 9. Mode of Transportation by In-State and Out-of-State Spectators at Sanderson Farms Championship, 2016

Method	Total	In-State	Out-of-State
Personal Automobile	168	134	34
Airplane	3	0	3
Rental Car	2	0	2
Chartered Transportation	8	3	5
RV/Van	3	2	1
Other	4	2	2

Table 10. Average Daily Expenditure Per Party Per Day at Sanderson Farms Championship, 2016

	In-State	Out of State
Meals	\$158	\$191
Hotel/Motel	\$222	\$328
Bed & Breakfast	\$278	\$297
Rental Car	\$125	\$160
Fuel	\$28	\$70
Clothing	\$68	\$145
Souvenirs/General Merchandise	\$37	\$45
Other	\$24	\$34

Appendix C

Survey



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Thank you for taking time to participate in this important, confidential survey to determine the economic impact of the 2016 Sanderson Farms Championship. Please contact Dr. Becky Smith at becky.smith@msstate.edu with any inquiries.

1. Is attending this event your primary reason for being in the area? Yes No

2. Of the many activities at the Championship, what has attracted you and your party?

Watch Golf Tournament	A Social Event	Nothing better to do
John Soules Foods Pro-Am	Women's Day	BCBS Youth Clinic
Allen Exploration Pro-Am	Hospitality Guest	BankPlus Junior Pro-Am

3. How many and which kind of tickets did your party purchase?

Type of Ticket	How many?	Type of Ticket	How many?
Wednesday Ticket (\$15)		BankPlus Fan Pavilion Any Day Ticket (\$40)	
Good Any Day Ticket (\$25)		BankPlus Fun Pavilion Weekly Pass (\$90)	
Weekly Ticket Pack (\$50)		Veteran Any Day Ticket (\$15)	
Given a ticket			

4. On average, how much will you and your party spend *per day* while attending the event?

Type of Expenditure	\$	Type of Expenditure	\$
Meals		Clothing	
Rental Car		Souvenirs	
Fuel		General Merchandise	
Hotel/Motel		Other	
Bed & Breakfast			

5. What other activities will people in your party do while you are in the area and approximately how much will be spent?

Type of Expenditure	\$	Type of Expenditure	\$

6. How many people are in your party (include anyone traveling with you, even if they did not come to the golf tournament)?

7. Where do you live?

City/State/Zip: _____

8. Where are you staying while attending this event?

Home
Family/Friends
Hotel/Motel
Other:

10. How did you get here?

Personal automobile
Chartered transportation
RV/Van
Other:

9. If staying away from home, how many days will you spend in the area? _____

YETI Cooler Drawing	Name:	Best Contact Info – Phone or Email

Appendix D

Technical Appendix – Economic Modeling

One of the best known and most widely used methods for estimating economic impacts is input-output analysis. Input-output analysis is an analytical framework that was developed by Wassily Leontief, who won the Nobel Prize in Economics in 1973. Leontief's method uses observed economic data and a matrix of transactions between industries. The transactions in the matrix represent a distribution of a producer's output throughout the economy, and the composition of inputs required by a particular industry to produce its output.

In the model, a change to final demand can be traced through the economy in the form of commodity flows from producers to intermediate and final consumers. Changes in final demand drive the model; industries producing goods and services to meet changes in final demand purchase inputs from other industries. These inter-industry purchases stimulate further spending by input suppliers, which stimulates further spending yet again.

Initial levels of spending are considered direct effects. Additional spending is accumulated in the model and observed in the form of indirect and induced effects; indirect effects represent inter-industry purchasing; induced effects reflect increases in household spending.

2015 IMPLAN data and input-output relationships were used for the state of Mississippi. IMPLAN Professional 3.0 is a computer-based input-output modeling system (Minnesota IMPLAN Group, Inc.) that was used to estimate the economic impacts of this project. IMPLAN consists of more than 536 different economic sectors. After creating an IMPLAN model for the State of Mississippi, the data for the 2016 Sanderson Farms Championship scenarios were analyzed. Direct effects were bridged to IMPLAN based using the North American Industry Classification System (NAICS), a federally approved standard for classifying business establishments in the United State, for each activity.

Sanderson Farms Tournament IMPLAN Assumptions

Five activities were created:

1. Attendees
 - 27,000 ticketed attendees
 - 3,000 non-ticketed attendees
 - Spending patterns were based on on-site survey results (averages)
 - Attendees were broken into four categories
 - Stay at home
 - Stay with family/friends
 - Stay at hotel/motel
 - Stay other
 - The following sectors were used to account for spending
 - 501 – Full-service restaurants
 - 502 – Limited-service restaurants
 - 402 – Gasoline stores

- 499 – Hotels and motels, including casino hotels
 - 403 – Clothing and clothing accessories stores (used as a proxy for purchasing clothing items)
 - 405 – Retail - General merchandise stores (used as a proxy for purchasing souvenirs and other general merchandise)
2. Instate Vendors
- Individual expenditure patterns were broken into the following sectors
 - Fencing vendor – Sector 471 (Waste management and remediation services)
 - Green Oak nurseries – Sector 6 (Greenhouse, nursery, and floriculture production)
 - Cline Tours – Sector 412 (Transit and ground passenger transportation)
 - Ecology Service – Sector 455 (Environmental and other technical consulting services)
 - Mod Space – Sector 443 (General and consumer goods rental except video tapes and discs)
 - United Rentals – Sector 445 (Commercial and industrial machinery and equipment rental and leasing)
 - Security – Sector 467 (Investigation and security services)
 - Bathrooms – Sector 471 (Waste management and remediation services)
 - Soft drinks/water – Sector 106 (Bottled and canned soft drinks and water)
 - Golf carts – Sector 443 (General and consumer goods rental except video tapes and discs)
 - Hotel rooms paid by tournament – Sector 499 (Hotels and motels, including casino hotels)
3. Tournament Lodging/Dining
- The following sectors were used to account for spending
 - 501 – Full-service restaurants
 - 499 – Hotels and motels, including casino hotels
4. Office
- Sector 491 – Promoters of performing arts and sports and agents for public figures
5. Charitable Contributions
- Sector 482 – Hospitals
 - Sector 514 – Grantmaking, giving, and social advocacy organizations