The Economic Contribution of San Diego County's Sports and Active Lifestyle Industry 2018

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Executive Summary

San Diego's Sports and Active Lifestyle (SAL) industry is defined by a diverse collection of thriving businesses whose products and services cater to customers that participate in the county's sporting, active lifestyle, and leisure activities.

Key Research Findings

1. San Diego County's SAL Industry generated an estimated $5.7 billion in revenue in 2017.

2. A projected 58,000 jobs are dependent on San Diego County's SAL Industry.

3. San Diego County's SAL Industry generated an estimated $2.3 billion in labor income in 2017

4. San Diego County's SAL Industry contributed an estimated $3.6 billion to San Diego County's Gross Regional Product (GRP).

5. The total economic output of San Diego County's SAL Industry was about $6.3 billion.

About San Diego Sport Innovators (SDSI)

SDSI is a non-profit organization of like-minded individuals on a mission to establish San Diego as the home of SAL Industry. SDSI supports healthy living companies and contributes to San Diego's SAL industry by creating jobs, fostering innovation, providing business mentorship, and building communities.

SDSI Springboard Program

SDSI's Springboard program aids startup companies by providing them with a 20-week mentoring program to create sustainable and scalable businesses. This program helps to bridge the gap between dreams and business plans by matching startups with SAL-experienced mentors that know the industry inside and out. To date, SDSI's Springboard program has 82 graduates, with 87% of graduates remaining in business after graduation.

FIGURE 1: SDSI SPRINGBOARD DETAILS

SDSI SPRINGBOARD		
% Graduates With Female Executives	% Graduates Still In Business	Number of San Diego SAL Industry Jobs Created
46%	87%	500 Jobs

Defining San Diego County's SAL Industry

The North American Industry Classification System (NAICS) and Standard Industry Classification (SIC) identify businesses based on their activity, classifying firms in a standardized way to collect and organize business data. Firms are issued a primary NAICS and SIC code based on the activity that generates the most revenue for the company. The Sports and Active Lifestyle (SAL) industry is defined by businesses whose principal activities provide products or services that enable people to participate in sporting and active lifestyle activities.

Lifestyles of Health and Sustainability (LOHAS) is a rapidly-growing movement whose participants value a lifestyle based on personal health, environmental sustainability, social ethics, and morality. Markets that make up LOHAS include Sustainable Economy, Healthy Lifestyles, Personal Development, and Ecological Lifestyles. In many ways, the San Diego SAL industry is the economic manifestation of the LOHAS movement.

The Economic Contribution of San Diego County's SAL Industry

The economic contribution of San Diego County's SAL Industry was calculated using IMPLAN® input/output modeling software. This modeling software uses the following multiplier effects to calculate industry economic contribution:

1. *Direct Effects* result from a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy.

2. *Indirect Effects* result from the inter-industry impacts of the input-output analysis, including activity like business-to-business purchases and purchases made by down stream businesses in the region of study.

3. *Induced Effects* result from the impacts of household spending by the employees generated by the direct and indirect impacts.

4. *Total Effects* result from the combined measurement of the direct, indirect, and induced effects.

The economic contribution of San Diego County's SAL Industry was measured in these impact categories:

1. *Employment* measures the total number of employees needed to support the economic activities in the region of study.

2. *Labor Income* measures all forms of employment income, including wages, benefits, and proprietor income.

3. *Value Added* measures an industry's economic contribution in the form of compensation of employees, taxes on production and imports (minus subsidies), and gross operating surplus. The resulting figure indicates the net contribution of an industry to Gross Regional Product (GRP).

4. *Total Output* measures the total value of an industry's production and activity with in the region of study.

FIGURE 2: SAN DIEGO COUTY SAL INDUSTRY ECONOMIC CONTRIBUTION

Impact Type	Employment	Labor Income ($)	Value Added ($)	Total Output ($)
Direct Effect	39,094	1,327,459,290	1,990,354,076	3,605,811,208
Indirect Effect	9,363	511,726,018	847,834,545	1,403,263,666
Induced Effect	9,206	443,569,621	791,271,814	1,307,088,366
Total Effect	57,664	2,282,754,929	3,629,460,435	6,316,163,240

FIGURE 3: SAN DIEGO COUNTY SAL INDUSTRY LABOR INCOME, VALUE ADDED, AND TOTAL OUTPUT 2017

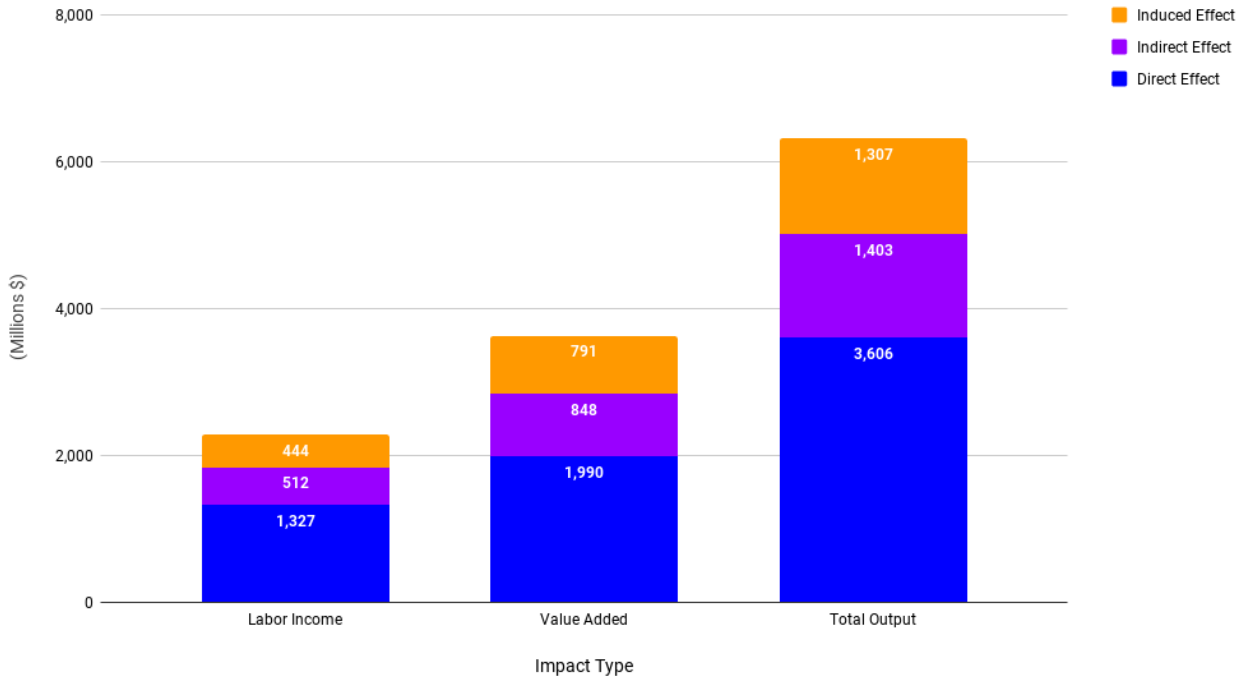


FIGURE 4: SAN DIEGO COUNTY SAL INDUSTRY EMPLOYMENT 2017

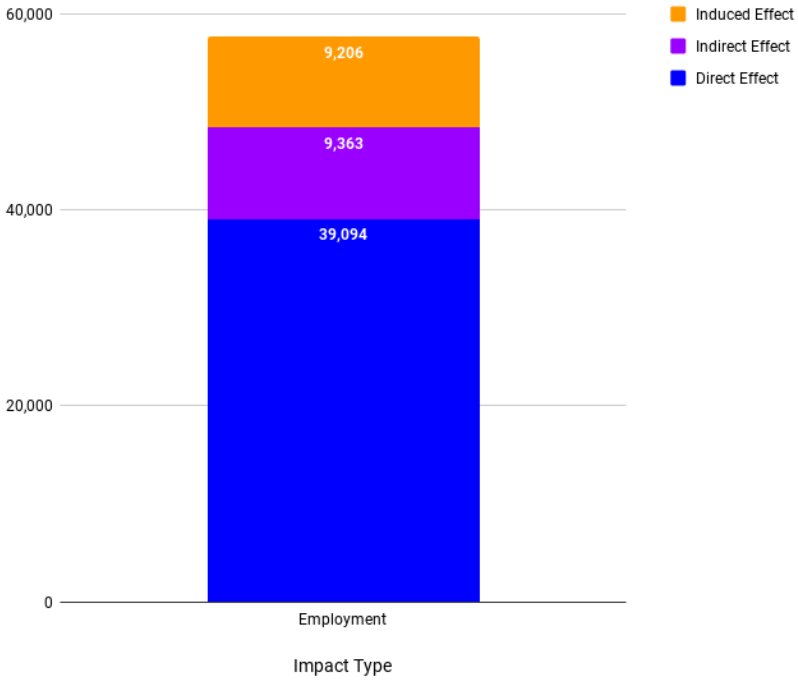
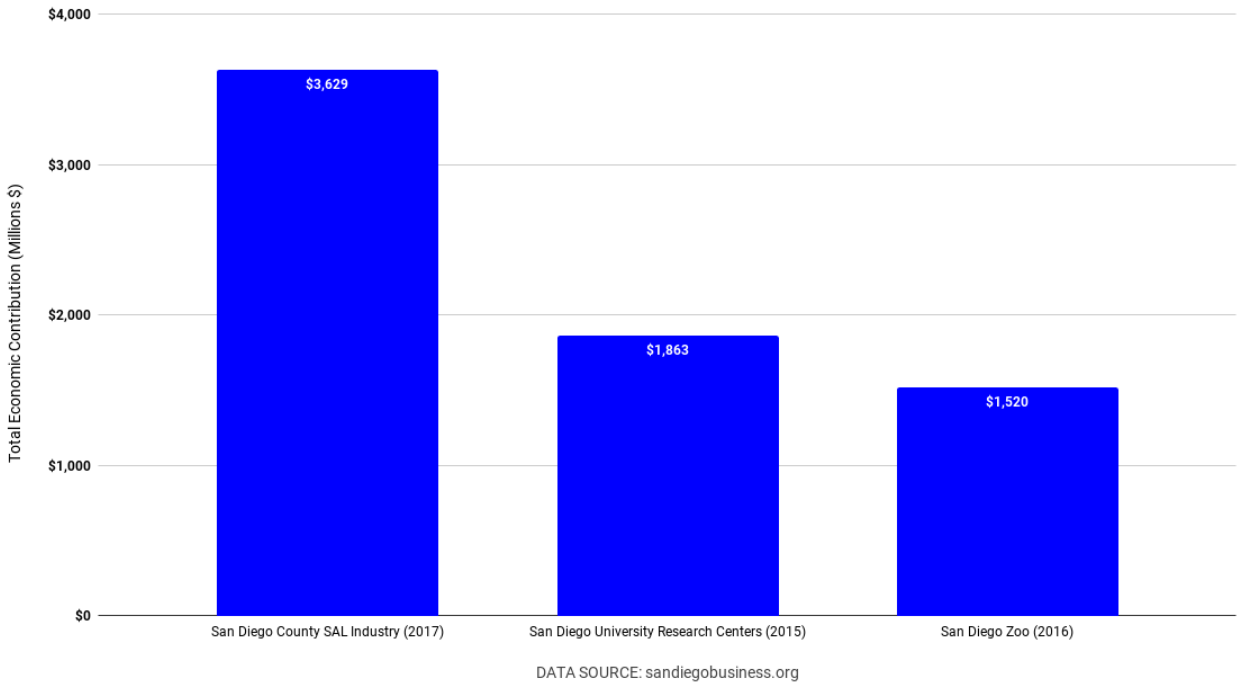
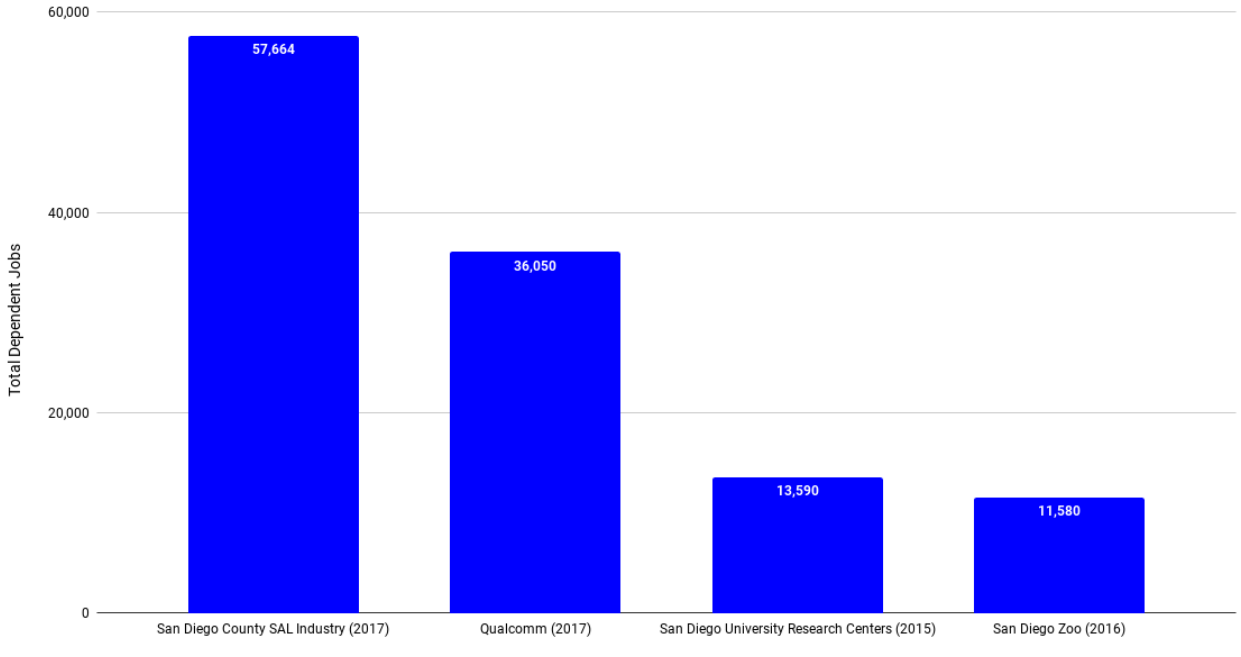


FIGURE 5: COMPARISON OF BUSINESS/INDUSTRY TOTAL SAN DIEGO GRP CONTRIBUTION



DATA SOURCE: sandiegobusiness.org

FIGURE 6: COMPARISON OF TOTAL SAN DIEGO COUNTY JOBS DEPENDENT UPON BUSINESS/INDUSTRY ACTIVITY 2017



DATA SOURCE: sandiegobusiness.org

Supporting Factors of San Diego County's SAL Industry

San Diego County is home to a flourishing, active culture and economy thanks to its young, wealthy, and educated population. San Diego County's climate and geography uniquely enables its inhabitants to participate in a variety of active lifestyle pursuits. Uninhibited by the restrictions of poor weather and overdeveloped urban landscapes, San Diego County's recreational sport culture continues to thrive. The region's active, wellness-driven way of life creates a sport culture driven by active participation in physical activity. The drive to spectate as well as participate makes San Diego County an excellent city for sports and active lifestyle activities.

The following tables illustrate some of the factors that help to drive and support San Diego County's SAL Industry:

DEMOGRAPHIC		
Median Age	% Population Age 18 - 34	Median Household Income
35.7 National Rank: 1st (2016) SOURCE: sandiegobusiness.org	**27.1%** National Rank: 1st (2016) SOURCE: sandiegobusiness.org	**$66,529** National Average: $59,039 SOURCE: U.S. Census Bureau

ECONOMIC		
Unemployment Rate	Gross Regional Product	Economic Impact of Tourism
3.2% 18% Below National Rate SOURCE: Bureau of Labor Statistics	**$215.3 Billion** National Rank: 17th (2016) SOURCE: bea.gov	**$17.9 Billion** SOURCE: San Diego Tourism Authority

TALENT		
% Population With Bachelor's Degree or Higher	% Population With Advanced Degree or Higher	% College Graduates With Science or Engineering Major
37.4% National Rank: 11th (2016) SOURCE: sandiegobusiness.org	**14%** National Rank: 12th (2016) SOURCE: sandiegobusiness.org	**42%** National Rank: 4th (2016) SOURCE: sandiegobusiness.org

QUALITY OF LIFE		
Annual Sunshine Hours	% Population Without Health Insurance	Comfort Index Score
3,055 Hours National Rank: 4th SOURCE: sandiegobusiness.org	**8.1%** 2% Below National Average SOURCE: cdc.gov	**82/100** 52% Above National Average SOURCE: Sperling's Best Places

Business Environment

The General Business Confidence Index is a semiannual survey completed by a CSUSM Senior Experience team of students, on behalf of the San Diego Business Journal, designed to measure and quantify business owners' expectations for growth and development. The regional growth and positive business outlook depicted by these survey results demonstrates that the confidence in San Diego County businesses is high.

FIGURE 7: FUTURE BUSINESS OUTLOOK

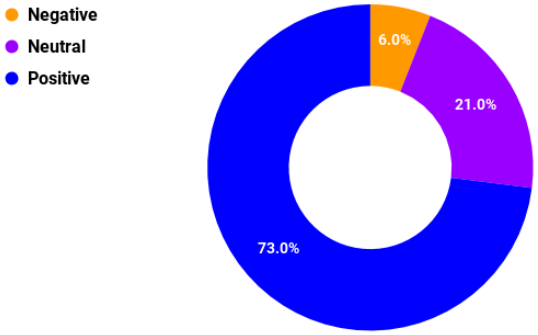


FIGURE 8: PERFORMANCE RELATIVE TO COMPETITION

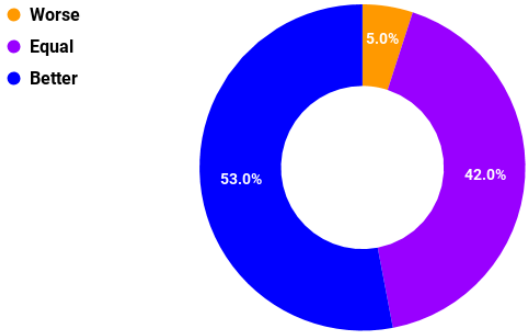


FIGURE 9: 2017 SALES REVENUE GROWTH

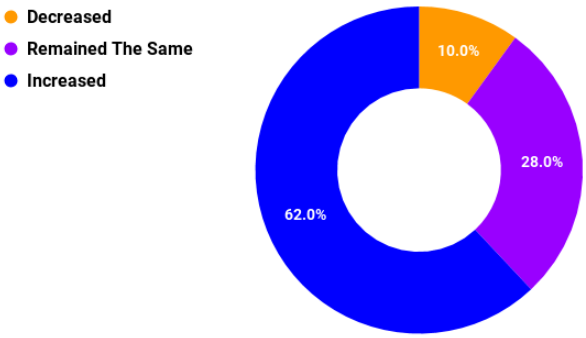


FIGURE 10: 2018 PROJECTED SALES REVENUE CHANGE

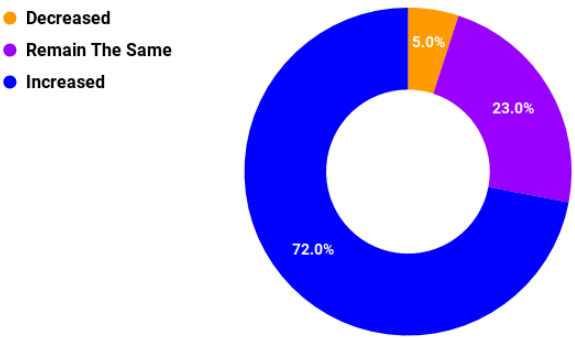


FIGURE 11: 2017 PROFIT GROWTH

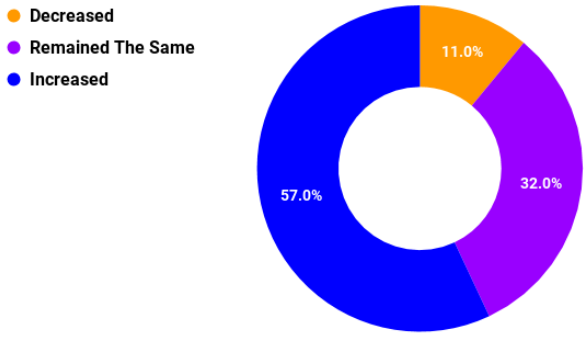


FIGURE 12: 2018 PROJECTED PROFIT CHANGE

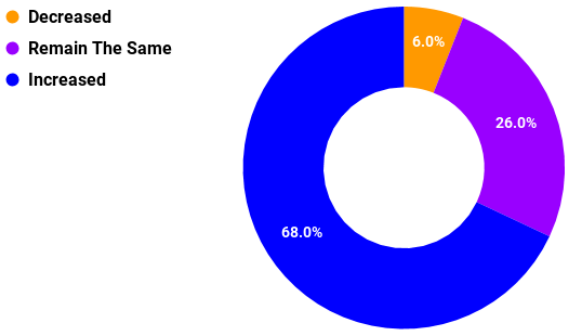


FIGURE 13: 2017 EMPLOYMENT GROWTH

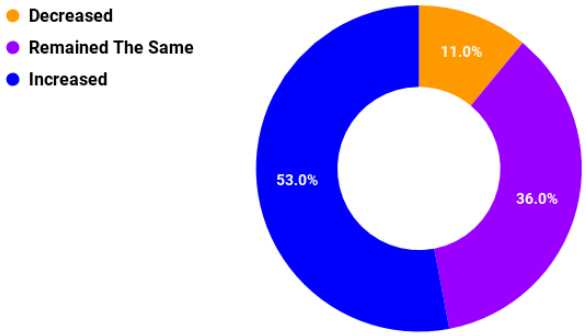
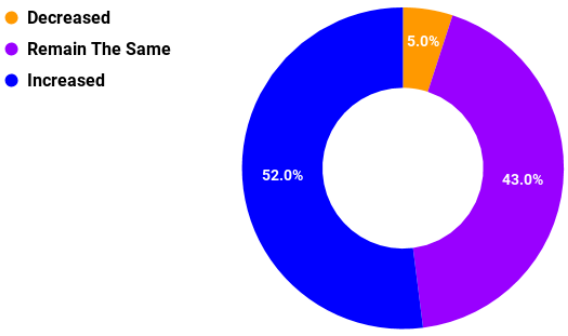
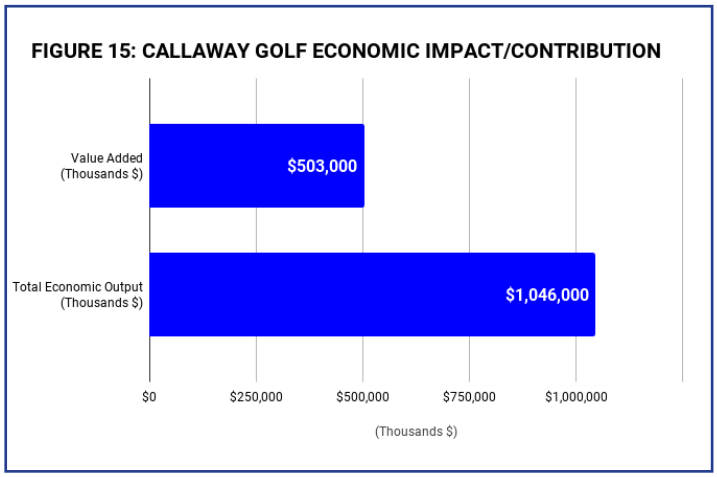


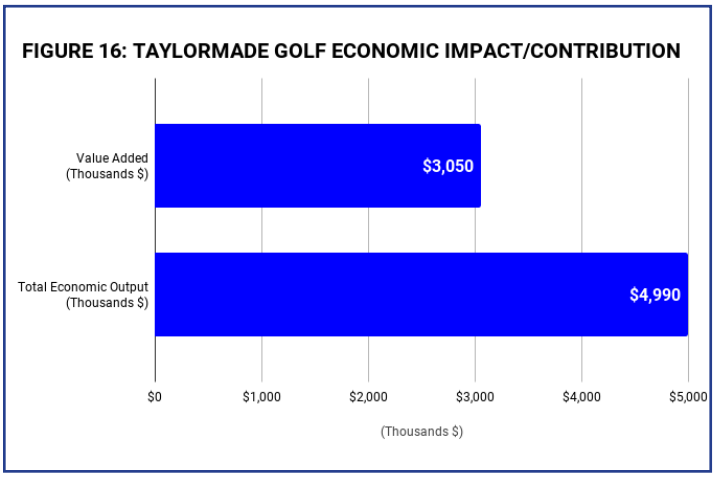
FIGURE 14: 2018 PROJECTED EMPLOYMENT GROWTH

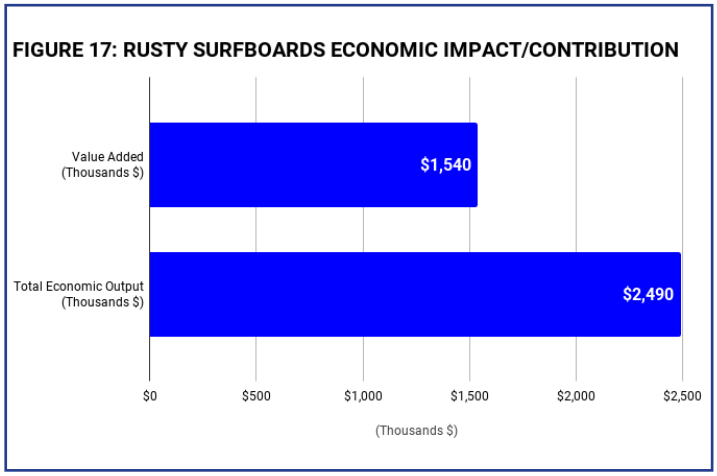


SAL Industry Sample Analysis

The companies below are leaders within the San Diego County's SAL industry and represent a variety of sectors ranging from golf equipment sales to competitive soccer clubs. The following analyses provide a representative look into the San Diego County SAL industry.







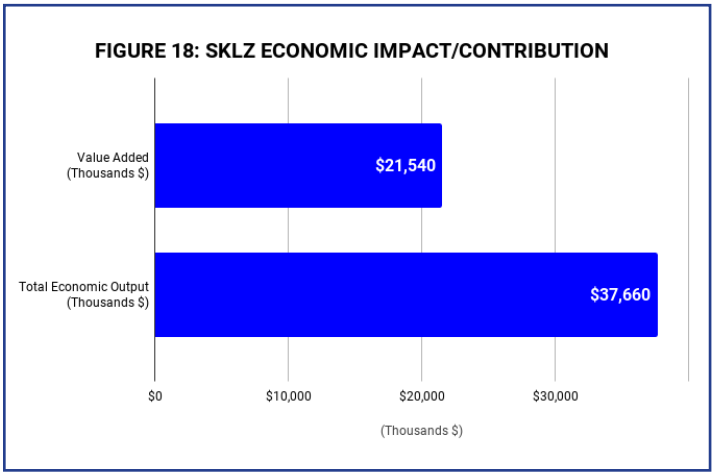


FIGURE 19: SURF CLUB SOCCER ECONOMIC IMPACT/CONTRIBUTION

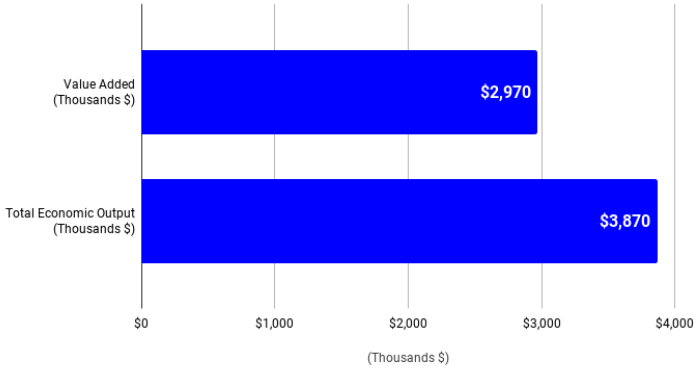


FIGURE 20: JINX ECONOMIC IMPACT/CONTRIBUTION

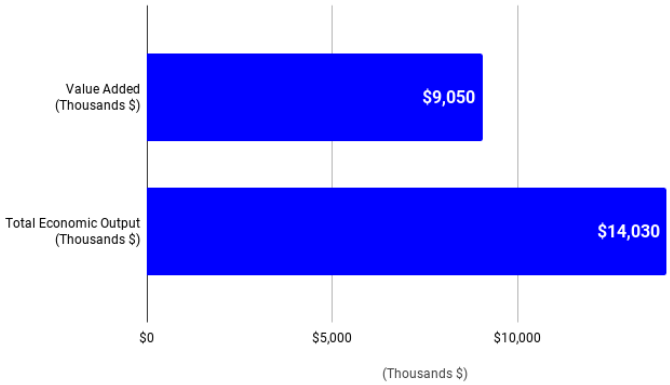


FIGURE 21: PRANA ECONOMIC IMPACT/CONTRIBUTION

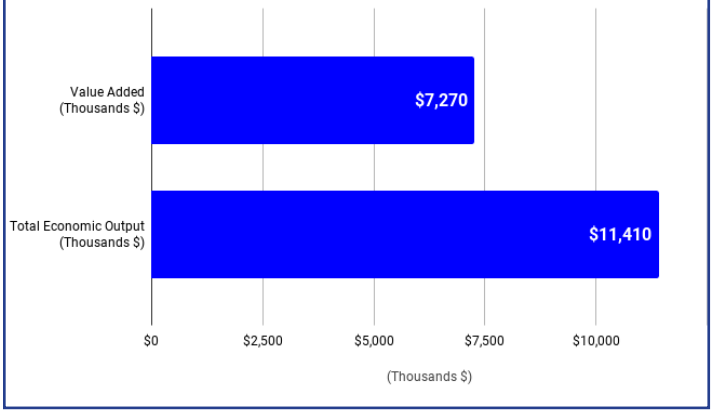
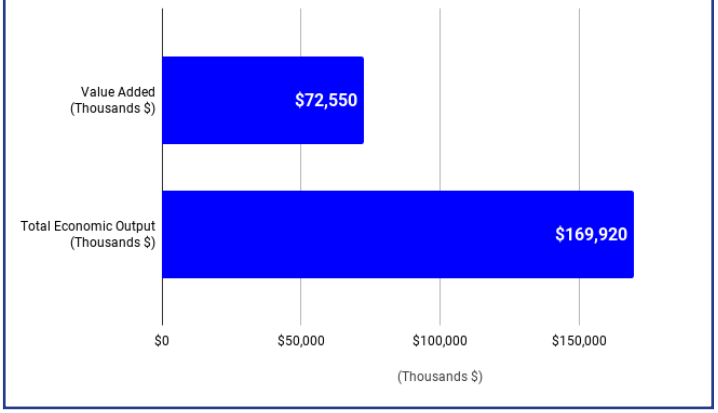


FIGURE 22: YMCA SAN DIEGO ECONOMIC IMPACT/CONTRIBUTION



Research Methodology

1. Primary and secondary sources were used to collect current and historical data on regional industries.

2. County business owner surveys (*n=220*) were analyzed to determine expectations for regional economic growth and development.

3. An economic contribution analysis was developed to quantify the economic output and projected employment impact of the SAL industry.

4. Additional economic contribution analyses were created to examine the economic output and projected employment impacts of select businesses and industries within San Diego County's SAL industry.

Input data were obtained through ReferenceUSA. Data were collected on businesses whose primary SIC code classified them within the SAL Industry definition. Each business's NAICS code equivalent was then identified and used to organize each business by its corresponding IMPLAN sector code.

In order to estimate the economic contribution of San Diego County's SAL Industry, OBRA used the regional input-output modeling software IMPLAN to measure both the cluster's direct and indirect employment and value-add effects.

IMPLAN's model algorithm tracks industry-specific supply-chain and economic spending activities within a defined geographic area. This model is representative of the projected regional economic contribution of San Diego County's SAL Industry.

New SAL Industry activities are introduced into the market regularly. This report attempts to measure the economic contribution of businesses whose primary business outputs directly enable individuals to participate in San Diego County's SAL Industry activities. This study does not analyze businesses who do not meet this criterion.

About This Report

This report was produced by the Office of Business Research & Analysis (OBRA) at California State University San Marcos (CSUSM), which is a joint effort between the College of Business Administration, the department of Economics in the College of Humanities, Arts, Behavioral & Social Sciences (CHABSS), and the University Library.

Data
The data supporting this report were collected from several sources during the beginning of 2018. Each data source has varying effective dates, and every precaution has been taken to ensure comparability and parallelization.

IMPLAN®
IMPLAN® is an advanced input-output modeling software program with regional data and economic multipliers built in. IMPLAN® extracts and measures the flow of dollars from local sources, rather than extrapolating regional data from national averages, to properly incorporate regional trade-flow assumptions and economic multipliers into customizable models to view economic impacts. This study used IMPLAN® to measure the economic contribution of the SAL industry in San Diego County. An economic contribution is the gross change of economic activity ascribed to a specific industry or event. An economic contribution allows us to track the gross economic activity from the specific industry as the dollars cycle through the region's economy. An economic contribution differs from an economic impact analysis, which measures the net change of economic activity and tracks both the new revenues brought into a region by an industry and the revenues that were kept in the region that may have otherwise been lost without the specified industry or event.

ReferenceUSA®
ReferenceUSA is an Infogroup company that hosts an online database containing extensive information on businesses and consumers throughout the region. The database allows users to find specified data, which can be narrowed through a variety of filtered options, about demographic and detailed firm information. ReferenceUSA® collects up-to-date revenue and employment data from businesses through a combination of surveys and direct phone call verification, dating back to its beginning in 1992. For those businesses unable to provide complete data, ReferenceUSA® uses advanced economic modeling techniques to determine figures based on aggregated data from the U.S. Department of Commerce.

SimplyAnalytics®
SimplyAnalytics® is web-based software that specializes in data visualization, mapping, and analytics. As a leading provider of analytics, data visualization, spatial analysis, and GIS software, SimplyAnalytics® caters to educational institutions, businesses, government agencies, and non-profit organizations in the United States. Demographic, business, and census-based data are gathered from a variety of data providers and can be displayed in multiple views including comparison tables, charts, interactive maps, and reports.

About The Publishers

San Diego Sport Innovators (SDSI)

San Diego Sport Innovators started within the CONNECT organization. Recognizing San Diego County's thriving sports industry as a growing vertical in the region, CONNECT SI was formed to create a central platform that brought businesses, entrepreneurs, research, resources and ideas together to move the SAL industry forward. In 2010 CONNECT SI adopted its own name, and branched out as San Diego Sport Innovators or SDSI, as NBA Hall of Famer, Bill Walton, led the organization as Executive Chairman of the Board.

Today, San Diego Sport Innovators mission is to establish San Diego County (and Southern California) as the core of the healthy living, SAL community. Through supporting companies at all stages, SDSI helps create jobs that make San Diego and its residents a healthier, happier place to live.

The Office of Business Research and Analysis (OBRA)

Founded in 2017, the Office of Business Research and Analysis is a joint effort beween the College of Business Administration, the Department of Economics in the College of Humanities, Arts, Behavioral & Social Sciences, and the University Library at California State University San Marcos (CSUSM) to research and report on policy issues, industry impacts, and local economic issues.

California State University San Marcos (CSUSM)

Building on an innovative 29-year history, California State University San Marcos is a forward-focused institution, dedicated to preparing future leaders, building great communities and solving critical issues. Located on a 304-acre hillside overlooking the city of San Marcos, the University is just a short distance from some of Southern California's best beaches and an hour from the US-Mexico border. CSUSM enrollment is over 17,000 and the university is fully accredited by the Western Association of Schools and Colleges.

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