A DESIGN ON GOLF’S NEAR TERM FUTURE
Thought Starters for the ASGCA

Presented by:
Jon Last, President
Sports & Leisure Research Group
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Lester George, A.S.G.C.A.
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IS THE SKY REALLY FALLING?

“Decade of Doom”
(+ a recession)

Source: NGF

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IS THE SKY REALLY FALLING?

- 32 wins between 1999-2003
- 7 Majors
- "Tiger Slam"

Tiger Bubble

Source: NGF

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Behavioral Segments Define a Re-Prioritization of the Market

**Golf’s Most Coveted Audience:**

- **Private Elite:**
  Meet Brett. He’s a member of an upper echelon club, plays often and significantly outspends all golfers on a per capita basis. His affluence allows him to spend on quality. *Estimated Market Size: 550,000 men*

- **Equipment Junkie:**
  Clint is an avid golfer and equipment savvy, he spends the most on new golf equipment. He’s also the most passionate about the game and its core values. *Estimated Market Size: 1,100,000 men*

- **Generation Next:**
  Chris has yet to hit 30 - but is on the fast track both in terms of his game and career. Although he’s not quite an avid golfer, he takes the game just as seriously as other top segments – and wants an authentic experience. *Estimated Market Size: 475,000 men*

- **Golf’s Sweet Spot:**
  Glenn is golf’s workhorse. He’s a committed core golfer who loves the game and has made it a central part of his lifestyle. His golf spending is sizable but less than other top groups. *Estimated Market Size: 3,000,000 men*

- **The Public Player:**
  You’ll find him playing regularly, but exclusively on America’s daily fee and municipal courses. *Estimated Market Size: 3,300,000 men*

- **Priority Juggler:**
  An occasional golfer who plays a few times per year, while balancing family, career and other higher priority leisure pursuits. *Estimated Market Size: 6,600,000 men*
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Golf’s Most Coveted Customers Share A Defining Commitment to the Game

- 9.9 Million Adult Male Golfers
- 70% of Adult Male Golfers

5.1 Million Adult Male Golfers

Golf’s Most Coveted Audience: 30% of the Adult Male Market
- 66% of all rounds played
- 77% of all playing fees paid
- 74% of all golf equipment spending
- 77% of all golf related travel spending

- They share an appreciation and reverence for the game’s core values
- They seek an authentic golf experience and don’t chase fads
- They are engaged across multiple media channels

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Opportunity Segments

MEDIUM TERM

- Future customers and opportunity segments that the golf industry has not universally embraced
  - The “Next Generation”
  - Women
  - Minorities
Challenges and Pitfalls

MACRO TRENDS

- Extension of individuals’ retirement dates
- Higher costs of medical and long term care
- Stagnation of real wages
- Changing nature of work accelerated by artificial intelligence and technology
- Placing a greater premium on experiences rather than purchases

Golf needs to be looked upon as an experience; it’s not just competitive with other sports, but a variety of other ways to spend time and money.

- Time constraints remains as important as money in driving the value proposition of the golf experience.
- However, when target consumers raise the objection of time constraints it is often a veiled surrogate for the fact that other experiences deliver a better return on that time investment

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Boomer Values Meet New Definitions for Retirement

Implications for Marketers

ZOOMING AHEAD vs. COCOONING: MEETING IN THE MIDDLE

- Become part of the community
- Become part of the conversation
- Leagues and family golf = increased participation
- Be authentic and relevant
- Structured “Experiences Light”
What about Those Millennials?

- Boomers and Millennials aren’t as different as some might lead you to believe!

**AS YOUNG ADULTS**

<table>
<thead>
<tr>
<th>Boomers</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualistic self expression through civil disobedience</td>
<td>Individualistic self expression through social media sharing and citizen journalism</td>
</tr>
<tr>
<td>“Don’t work for ‘the man’”</td>
<td>Frustration with “under-employment”, “I should be running the company by the time I’m 35”</td>
</tr>
<tr>
<td>The power of community</td>
<td>The power of community</td>
</tr>
</tbody>
</table>

**LATER IN LIFE**

<table>
<thead>
<tr>
<th>Boomers</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self actualization through collection of experiences and a redefinition of retirement</td>
<td>Similar generational values=???</td>
</tr>
<tr>
<td>Golf as a manifestation of community</td>
<td></td>
</tr>
</tbody>
</table>
When Will We Truly Embrace Women?

SLRG Women’s Golf Research Reveals Three Over Arching Conclusions

• For the golf experience to be perceived as worth both the time and money, it must satisfy women’s needs on three key dimensions:

  It must be an enjoyable social occasion
  It should leave them with a sense of accomplishment
  It should not be fraught with unnecessary physical and emotional stress
What is the New Value Proposition? Is it Different Than Tradition?

Non traditional entry ramps – We need to be willing to go out of our comfort zones
- 9 hole rounds
- Foot golf?
- Golf boards?
- TopGolf as a model for the practice range
- Haggin Oak’s “Drive in” movie nights with golf carts

Millennials are still coming to the game...despite what the press tries to sensationalize
- Key SLRG “Next Generation segment” values the authentic golf experience
- Wanting to escape the frenetic pace of their day to day lives
- Values the tradition, heritage, and honesty of the game—forced “hipness” is transparent and not what they seek in a golf experience.
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The Private Club of the Future—Adapting To New Realities

More New Paradigms for the Golf Club/Facility of the Future

- Personal Concierges
- Portability
- Social Spaces
- The Health Club Model
- Family Programming
- Create the ultimate Community—Literally and Figuratively
What Golfers Seek In Resort/Vacation Golf Can Inform New Facility Development

- Family Trips Vs Buddy Trips: Having Your cake and eating it too
  - Different type of experiences for most: With friends no burden of needing to intersperse family activities or keep non golfers busy and happy
  - Generally seen as mutually exclusive, though the opportunity to fit golf into family travel, remains an elusive but coveted opportunity for destinations
  - Family golf trips skew significantly more to resort settings with pools and other water features, on-property dining and cultural offerings beyond the golf course
  - Buddy trips still subscribe often to 36+ holes per day; steak or barbeque dinner; cards, cigars, scotch and other “guys night out” activities; sleep and repeat
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Federal Regulatory Issues Are Of Greater Concern Than State Or Local Issues

- Though Public Facilities take greater issue than private facilities with local regulations

Q. You indicated that regulatory issues had a significant impact on the financial health of your facility. From which government jurisdiction would you most attribute the imposition of these regulations?

PUBLIC
- Federal government: 44%
- State government: 19%
- Local government: 38%

PRIVATE
- Federal government: 46%
- State government: 36%
- Local government: 18%
External Factors as Problematic as Cost Pressures For Facility Management

Q. Most significant issues that can impact the sustainability and financial health of your golf facility

- Competing priorities for customers' leisure time
- Maintenance costs (water, inputs, labor)
- The overall economy
- The local economy
- Declining consumer interest in golf
- Time it takes to complete a round of golf
- Water (availability, cost, regulation) and capital project costs and debt
- Competition from other area facilities
- Regulatory issues
- Length/difficulty of the course

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Golf Facility Market Trend Watch

Labor Issues Create Greater Cost Concerns Than Water Or Inputs

Q. You indicated that maintenance costs had a significant impact on the financial health of your facility. To which aspect of maintenance costs would you most attribute this impact?

PUBLIC
- Labor: 69%
- Water: 19%
- Inputs: 12%

PRIVATE
- Labor: 71%
- Water: 17%
- Inputs: 12%

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...And Labor, By Far Has The Single Biggest Impact On Course Maintenance Budgets

Q. Which of the following has the biggest impact on your course maintenance budget?

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>71%</td>
<td>80%</td>
</tr>
<tr>
<td>Equipment</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Water costs</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Plant protectants (chemicals, fertilizer, nutrients)</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Competitive practices of other local golf facilities</td>
<td>2%</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>2%</td>
</tr>
</tbody>
</table>
Finding and retaining available labor and quality labor are equally challenging for the majority of respondents.

- Finding quality help is particularly challenging.

Q. In thinking about labor issues that your golf facility encounters, what do you see as the biggest challenge?

- 21% Both are equally challenging
- 28% Finding and retaining quality labor
- 67% Finding and retaining available labor
Increasing Revenue Is A Significantly Higher Near Term Priority Than Improving Customer Satisfaction Or Decreasing Costs

Q. Thinking about priorities for managing your golf operation, which of the following would be the single most important for you in the near term?

PUBLIC
- Increasing revenue: 69%
- Improving customer satisfaction: 23%
- Decreasing costs: 8%

PRIVATE
- Increasing revenue: 53%
- Improving customer satisfaction: 41%
- Decreasing costs: 6%
Most Important Offerings For Customers Of A Golf Facility—as Evaluated By Superintendents And Other Facility Operators—It’s All About The Green Complex

Q. Importance you feel each of the following aspects of the golf specific offerings at your facility or typical facility, are to its customers.

<table>
<thead>
<tr>
<th>MOST IMPORTANT</th>
<th>TOTAL</th>
<th>PUBLIC</th>
<th>PRIVATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condition of the greens</td>
<td>97%</td>
<td>96%</td>
<td>97%</td>
</tr>
<tr>
<td>Overall golf course conditions</td>
<td>92%</td>
<td>92%</td>
<td>94%</td>
</tr>
<tr>
<td>Consistency of the greens</td>
<td>92%</td>
<td>93%</td>
<td>91%</td>
</tr>
<tr>
<td>Overall courtesy and friendliness of the golf staff</td>
<td>81%</td>
<td>82%</td>
<td>79%</td>
</tr>
<tr>
<td>Condition of the fairways</td>
<td>67%</td>
<td>58%</td>
<td>76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEAST IMPORTANT</th>
<th>TOTAL</th>
<th>PUBLIC</th>
<th>PRIVATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of service in the locker room facilities</td>
<td>24%</td>
<td>13%</td>
<td>33%</td>
</tr>
<tr>
<td>Merchandise quality in the golf shop</td>
<td>23%</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>Attractiveness of the locker room facilities</td>
<td>22%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>Condition of the cart paths</td>
<td>21%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Merchandise selection in the golf shop</td>
<td>20%</td>
<td>19%</td>
<td>24%</td>
</tr>
</tbody>
</table>
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Conditioning Priorities Perceived As Most Important For Golfers

Q. Considering each of the following course conditions, please rank them in order of preference that you believe golfers would have.

- True, consistent greens: 95% (Public), 95% (Private)
- Well-maintained tees and fairways: 78% (Public), 84% (Private)
- Consistently well maintained bunkers: 51% (Public), 70% (Private)
- Fast greens: 59% (Public), 82% (Private)
- Well defined fringe/aprons around the greens: 64% (Public), 71% (Private)
- Firm, fast fairways: 45% (Public), 66% (Private)
- Lush, green, and immaculately maintained facilities: 40% (Public), 53% (Private)
- Consistent, well maintained rough: 35% (Public), 50% (Private)

TOP 3 BOX

Public
Private

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Renovations Are The Most Coveted Enhancement For Facility Operators

Q: Which, if any, of the following potential enhancements would be of significant interest to your guests or members, and/or increase the usage of your operation?

<table>
<thead>
<tr>
<th>Enhancement</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf course renovation</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>Expanded Junior golf programs</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>An enhanced food and beverage experience</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>9-hole golf outing followed by a casual dinner party</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Club house renovation</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>Family programming</td>
<td>27%</td>
<td>28%</td>
</tr>
</tbody>
</table>
Facility Management Is Significantly More Satisfied With Recent Golf Course Renovations Than With Clubhouse Renovations

Q. And overall how satisfied were you with the investment you made on your most recent renovation?

**TOP 3 BOX SUMMARY**

- **Golf course renovation or addition**
  - Public: 80%
  - Private: 76%

- **Club house renovation or addition**
  - Public: 48%
  - Private: 51%

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Attitudinal Variations Between Architects and Superintendents

Q. Please indicate how strongly you agree with the following statements.

<table>
<thead>
<tr>
<th>Architects Top Agreement</th>
<th>Mean Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private clubs will need to evolve over time to continue to be relevant</td>
<td>8.32</td>
</tr>
<tr>
<td>There has been an increase in golf course renovations/remodels over the past two years</td>
<td>7.29</td>
</tr>
<tr>
<td>I’m confident that we will see an increase in golf course reno/remodels over the next two years</td>
<td>6.67</td>
</tr>
<tr>
<td>Golf facilities have made concerted efforts to attract younger members in the past few years</td>
<td>6.64</td>
</tr>
<tr>
<td>Golf facilities have been putting more emphasis on Jr golf programs recently</td>
<td>6.59</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Superintendents Top Agreement</th>
<th>Mean Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private clubs will need to evolve over time to continue to be relevant</td>
<td>7.66</td>
</tr>
<tr>
<td>Golf facilities have made concerted efforts to attract younger members in the past few years</td>
<td>7.18</td>
</tr>
<tr>
<td>Labor laws and government regulation of labor is a bigger concern today than it was a year ago</td>
<td>6.91</td>
</tr>
<tr>
<td>Golf facilities have been putting more emphasis on Jr golf programs recently</td>
<td>6.83</td>
</tr>
<tr>
<td>The overall time required to facilitate a new course construction from concept to completion has increased over the past five years</td>
<td>6.32</td>
</tr>
</tbody>
</table>

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Wifi And Simulators Among Most Desired Facility Amenities

Q. For each of the club facilities and amenities that are not available at your facility or facilities, please evaluate the interest that you would have in adding these over the next year or two.

<table>
<thead>
<tr>
<th>TOP 5 – PUBLIC</th>
<th>PUBLIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free wifi in the club house or other common areas</td>
<td>31%</td>
</tr>
<tr>
<td>Golf simulators</td>
<td>29%</td>
</tr>
<tr>
<td>Bar and lounge</td>
<td>28%</td>
</tr>
<tr>
<td>Banquet Facilities</td>
<td>21%</td>
</tr>
<tr>
<td>Areas for golfers to re-charge mobile devices</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOP 5 – PRIVATE</th>
<th>PRIVATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free wifi in the club house or other common areas</td>
<td>33%</td>
</tr>
<tr>
<td>Golf simulators</td>
<td>30%</td>
</tr>
<tr>
<td>Areas for golfers to re-charge mobile devices</td>
<td>24%</td>
</tr>
<tr>
<td>Bar and lounge</td>
<td>20%</td>
</tr>
<tr>
<td>Hi-Tech Board Room/meeting room</td>
<td>15%</td>
</tr>
</tbody>
</table>

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**How Important Would Golfers Find The Following Amenities?**

**Q.** Thinking about the needs of today's golfer/your customers or members, please rank the importance you perceive they would place on each of the following amenities or services.

<table>
<thead>
<tr>
<th>SUPERINTENDENTS Top 3 Box Agreement</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>A dedicated short game practice/learning area</td>
<td>55%</td>
</tr>
<tr>
<td>An enhanced practice range</td>
<td>54%</td>
</tr>
<tr>
<td>A re-design of one or more holes on the golf course</td>
<td>42%</td>
</tr>
<tr>
<td>Additional tee box options that allow for a shorter golf course</td>
<td>38%</td>
</tr>
<tr>
<td>Additional, dedicated outdoor event space</td>
<td>28%</td>
</tr>
<tr>
<td>Additional tee box options that allow for a longer golf course</td>
<td>27%</td>
</tr>
</tbody>
</table>
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Golf Facility Market Trend Watch

**How Important Would Golfers Find The Following Amenities?**

**Q.** Thinking about the needs of today's golfer/your customers or members, please rank the importance you perceive they would place on each of the following amenities or services.

<table>
<thead>
<tr>
<th>ARCHITECTS Top 3 Box Agreement</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>A dedicated short game practice/learning area</td>
<td>85%</td>
</tr>
<tr>
<td>An enhanced practice range</td>
<td>81%</td>
</tr>
<tr>
<td>Additional tee box options that allow for a shorter golf course</td>
<td>81%</td>
</tr>
<tr>
<td>A re-design of one or more holes on the golf course</td>
<td>61%</td>
</tr>
<tr>
<td>A state of the art fitness facility and gym</td>
<td>50%</td>
</tr>
<tr>
<td>Additional, dedicated outdoor event space</td>
<td>48%</td>
</tr>
</tbody>
</table>

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Most Important Factors For Facility Management To Pull The Trigger For A Renovation Or Remodel

Q. Importance of each of the following factors for facility management, in pulling the trigger for a renovation/remodel of a golf course(s):

- Confirming the cost of the project: 73%
- Upgrading infrastructure to increase its longevity: 65%
- Understanding the duration of interruption: 65%
- Understanding potential ROI: 65%
- Lowering maintenance costs: 65%
- Understanding pace of play improvements: 65%
- Ability to bring in new members when complete: 64%
- Understanding degree of interruption: 64%
- Reducing irrigation repairs: 63%
- Proving ROI: 62%

- On average, facility operators consider 3.2 years to be a reasonable time frame for which to achieve a positive return on a capital investment of $20,000 or more. Public facilities (3.6 years) are slightly more patient than private facilities (3.0 years)
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Most Important Factors For Facility Management To Pull The Trigger For A Renovation Or Remodel

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member retention</td>
<td>69%</td>
</tr>
<tr>
<td>Upgrading infrastructure to increase its longevity</td>
<td>68%</td>
</tr>
<tr>
<td>Ability to bring in new members when complete</td>
<td>68%</td>
</tr>
<tr>
<td>Confirming the cost of the project</td>
<td>67%</td>
</tr>
<tr>
<td>Securing capital prior to undertaking the project</td>
<td>64%</td>
</tr>
<tr>
<td>Understanding turf benefits of tree management</td>
<td>61%</td>
</tr>
<tr>
<td>Understanding the duration of interruption</td>
<td>60%</td>
</tr>
<tr>
<td>Improving aesthetics</td>
<td>58%</td>
</tr>
<tr>
<td>Understanding degree of interruption</td>
<td>55%</td>
</tr>
<tr>
<td>Understanding local market conditions</td>
<td>54%</td>
</tr>
<tr>
<td>Seeking member approval</td>
<td>54%</td>
</tr>
</tbody>
</table>

*On average, facility operators consider 3.2 years to be a reasonable time frame for which to achieve a positive return on a capital investment of $20,000 or more. Public facilities (3.6 years) are slightly more patient than private facilities (3.0 years)*

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