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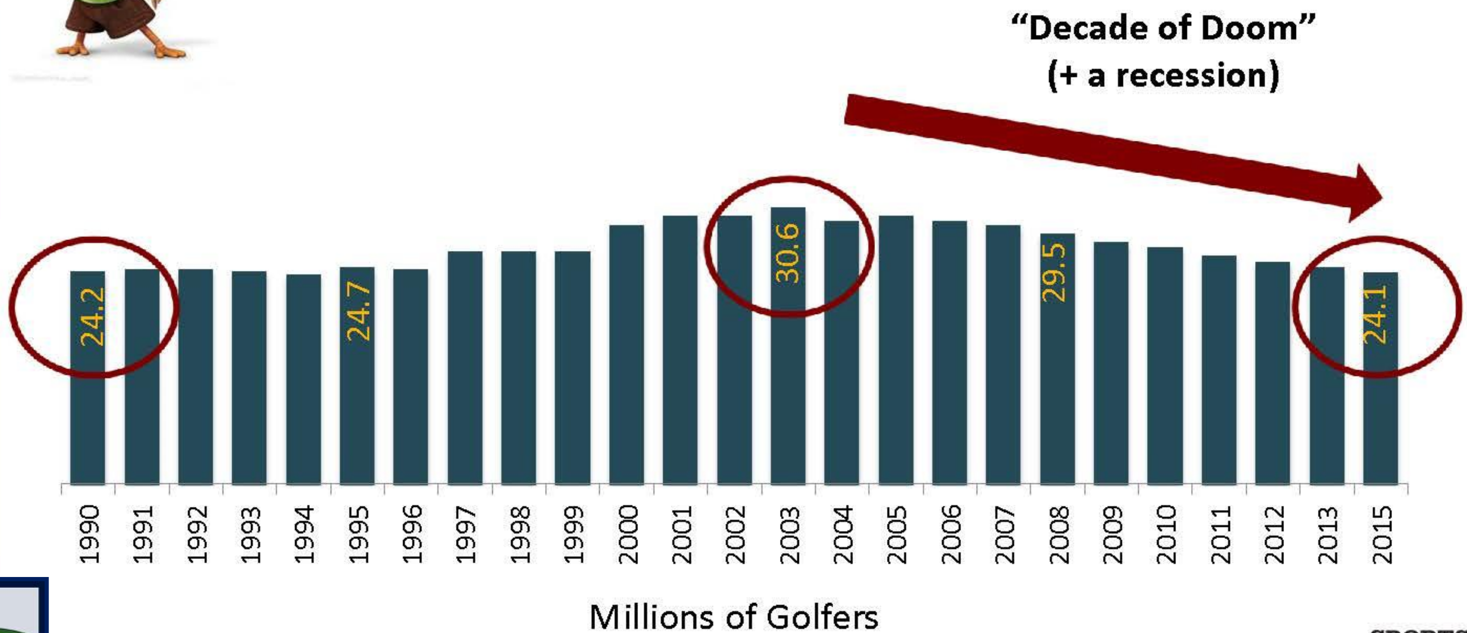
A DESIGN ON GOLF'S NEAR TERM FUTURE
Thought Starters for the ASGCA

IS THE SKY REALLY FALLING?



Source: NGF

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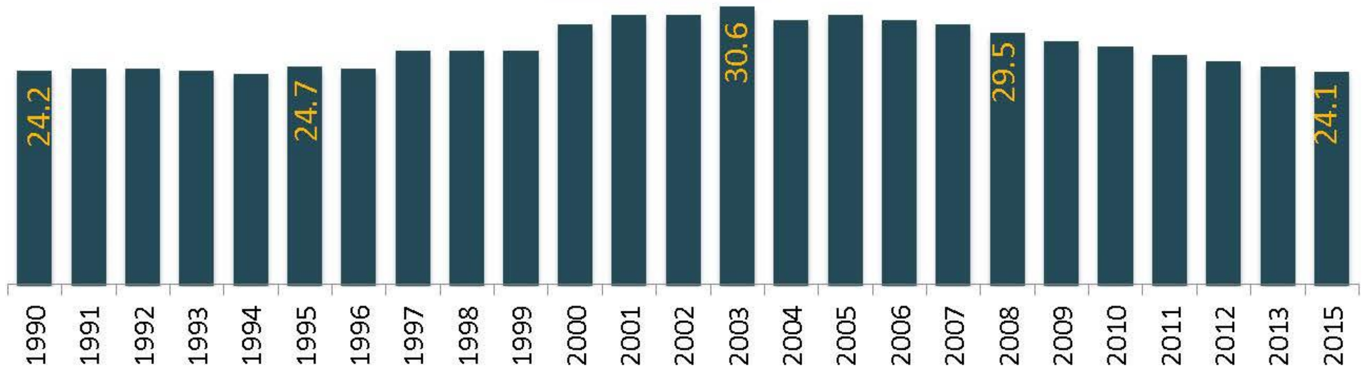
IS THE SKY REALLY FALLING?

Tiger Bubble

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



Millions of Golfers

Source: NGF

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Behavioral Segments Define a Re-Prioritization of the Market

Golf's Most Coveted Audience:

Estimated Market Size: 5,125,000 men

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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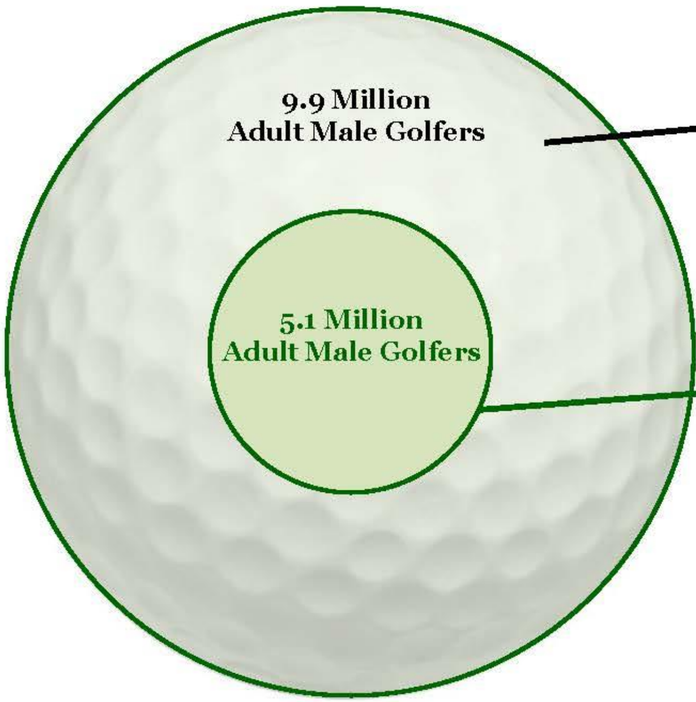
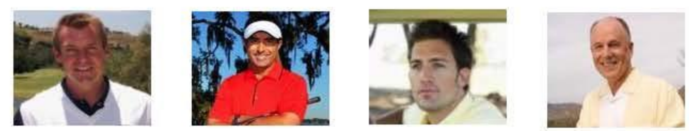
Golf's Most Coveted Customers Share A Defining Commitment to the Game



70% of 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



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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"

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What about Those Millennials?

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


MediaPost News Events Awards More

MARKETING:sports

From The 'Me' Generation To The 'Pay Attention to Me' Generation

by Jon Last, 4 hours ago Comment

Last month in this space, I spoke to a need for sports marketers to think about multi-generational approaches in their brand development and communications strategies. Noting that the sheer size of Boomers and Millennials have created an almost singular focus on these two generations, at vastly different life stages, I drew parallels across them, culled from some of our recent fan and consumer research. Subsequently, in framing remarks for a recent conference presentation, I've thought further about how, what on the surface appears to be dichotomous

AS YOUNG ADULTS

Boomers	Millennials
Individualistic self expression through civil disobedience	Individualistic self expression through social media sharing and citizen journalism
"Don't work for 'the man'"	Frustration with "under-employment", "I should be running the company by the time I'm 35"
The power of community	The power of community

LATER IN LIFE

Boomers	Millennials
Self actualization through collection of experiences and a redefinition of retirement	Similar generational values=???
Golf as a manifestation of community	

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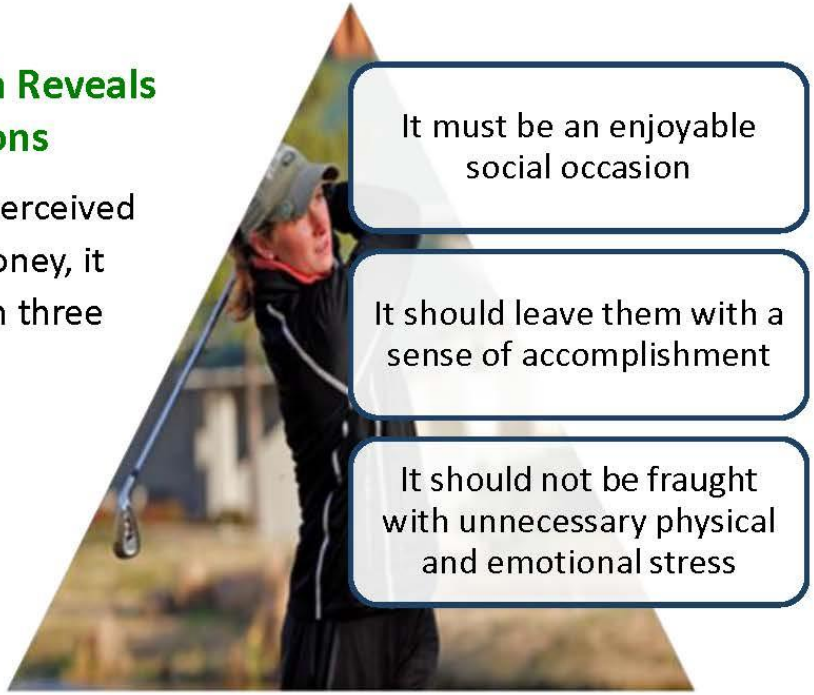
When Will We Truly Embrace Women?

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:



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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

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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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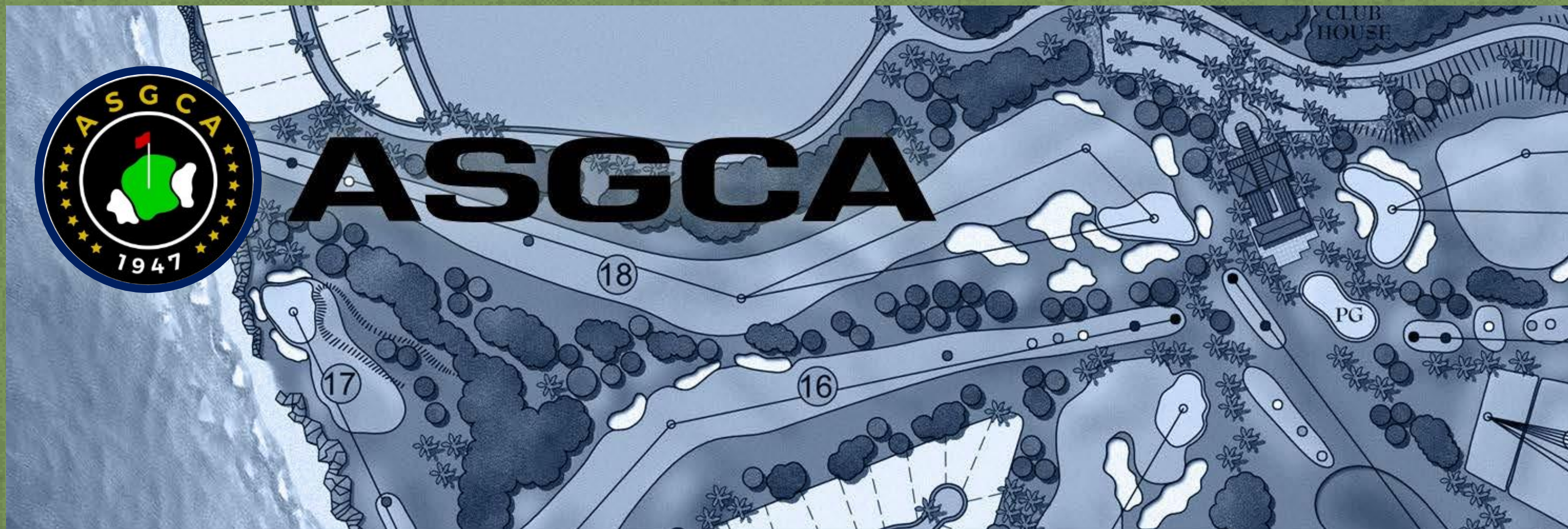

ASGCA

2018 ASGCA-SLRG

Golf Facility Market Trend Watch

Presented by:

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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 **PRIVATE**

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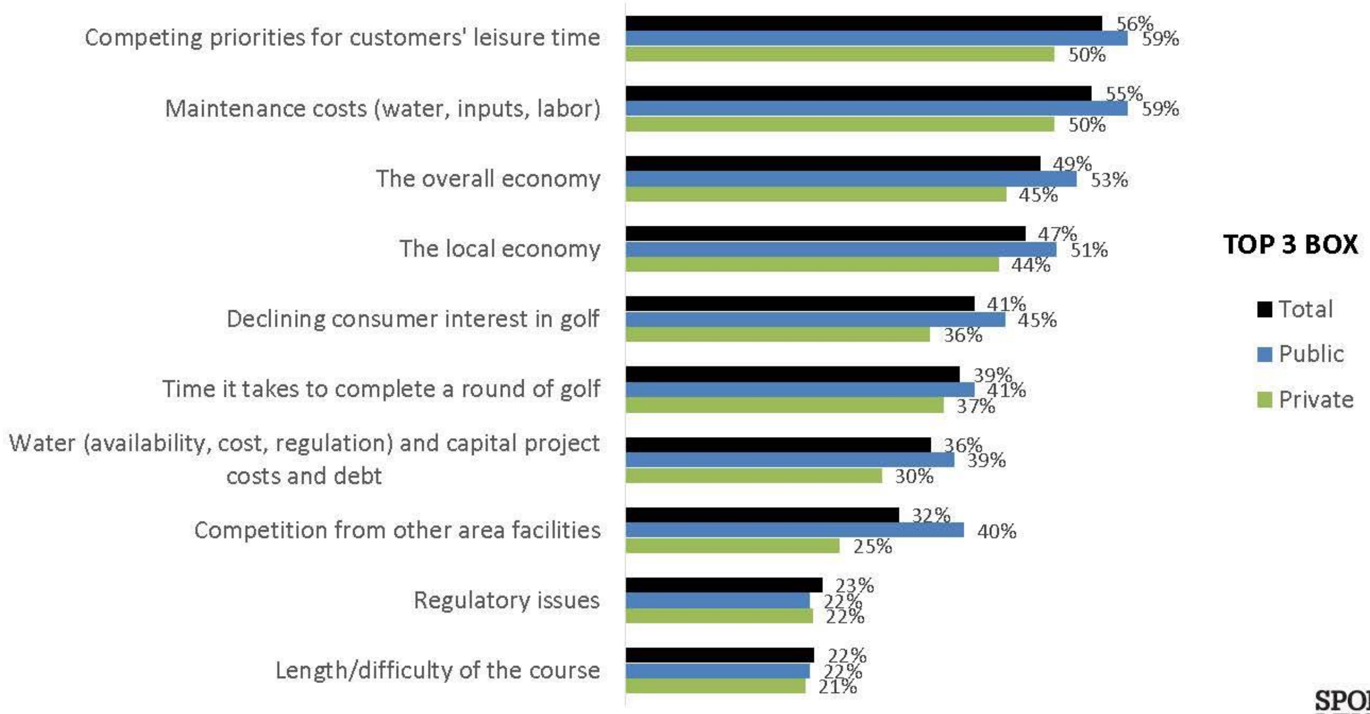
External Factors as Problematic as Cost Pressures For Facility Management

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



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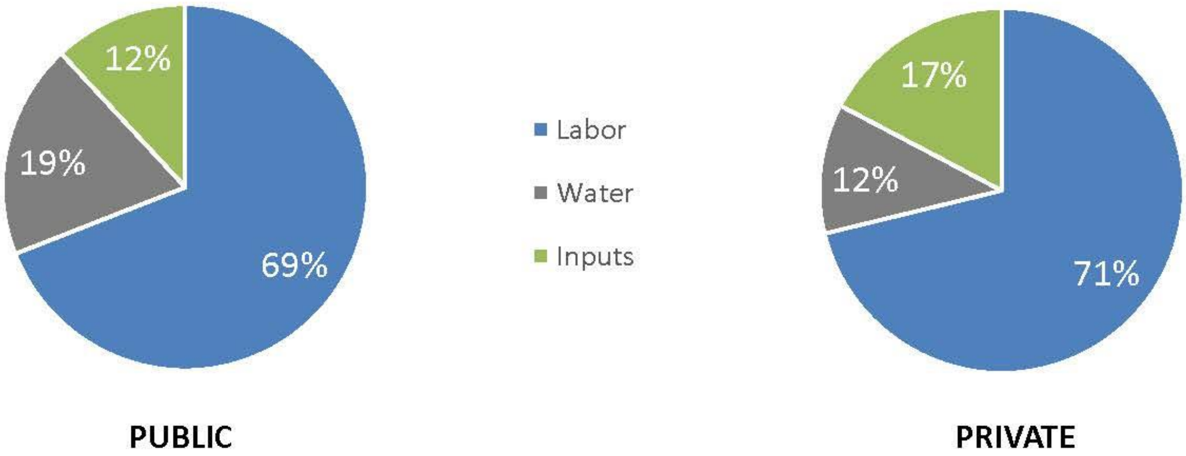
Labor Issues Create Greater Cost Concerns Than Water Or Inputs

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?



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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?

	PUBLIC	PRIVATE
Labor	71%	80%
Equipment	11%	11%
Water costs	11%	3%
Plant protectants (chemicals, fertilizer, nutrients)	5%	5%
Competitive practices of other local golf facilities	2%	-
Insurance	-	2%

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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 a golf facility your golf facility encounters, what do you see as the biggest challenge?

PUBLIC **PRIVATE**

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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 **PRIVATE**

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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.

TOP 3 BOX SUMMARY

MOST IMPORTANT	TOTAL	PUBLIC	PRIVATE
Condition of the greens	97%	96%	97%
Overall golf course conditions	92%	92%	94%
Consistency of the greens	92%	93%	91%
Overall courtesy and friendliness of the golf staff	81%	82%	79%
Condition of the fairways	67%	58%	76%

LEAST IMPORTANT	TOTAL	PUBLIC	PRIVATE
Quality of service in the locker room facilities	24%	13%	33%
Merchandise quality in the golf shop	23%	21%	29%
Attractiveness of the locker room facilities	22%	18%	27%
Condition of the cart paths	21%	25%	18%
Merchandise selection in the golf shop	20%	19%	24%

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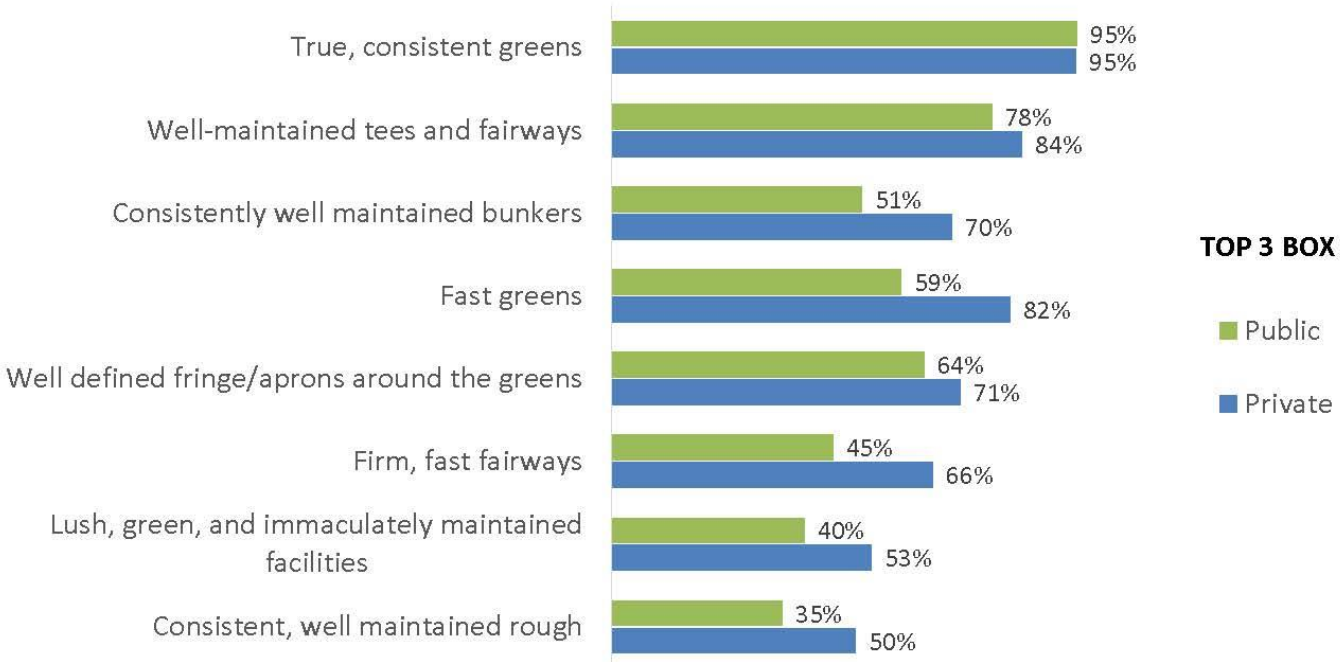
Conditioning Priorities Perceived As Most Important For Golfers

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



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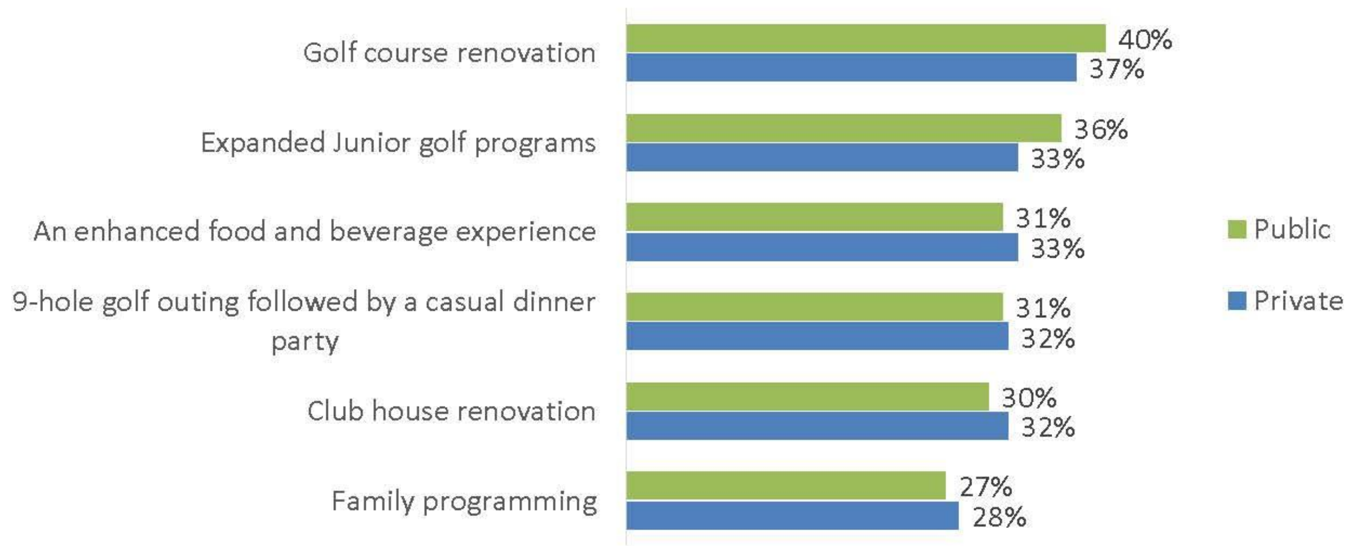
Renovations Are The Most Coveted Enhancement For Facility Operators

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?

Would be of significant interest SUMMARY



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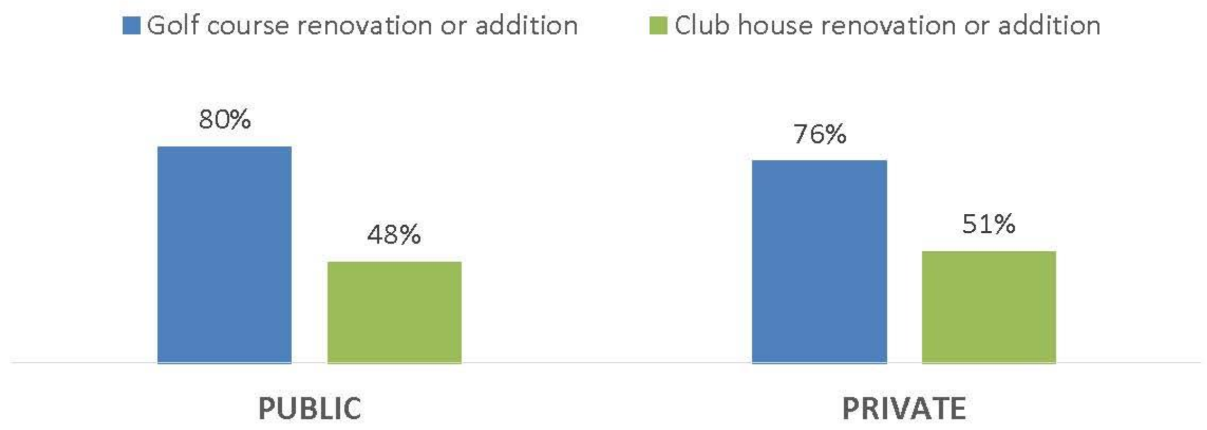
Facility Management Is Significantly More Satisfied With Recent Golf Course Renovations Than With Clubhouse Renovations

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

TOP 3 BOX SUMMARY



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Attitudinal Variations Between Architects and Superintendents

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

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

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

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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.

TOP 3 BOX SUMMARY

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

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

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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.

SUPERINTENDENTS Top 3 Box Agreement	TOTAL
A dedicated short game practice/learning area	55%
An enhanced practice range	54%
A re-design of one or more holes on the golf course	42%
Additional tee box options that allow for a shorter golf course	38%
Additional, dedicated outdoor event space	28%
Additional tee box options that allow for a longer golf course	27%

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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.

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

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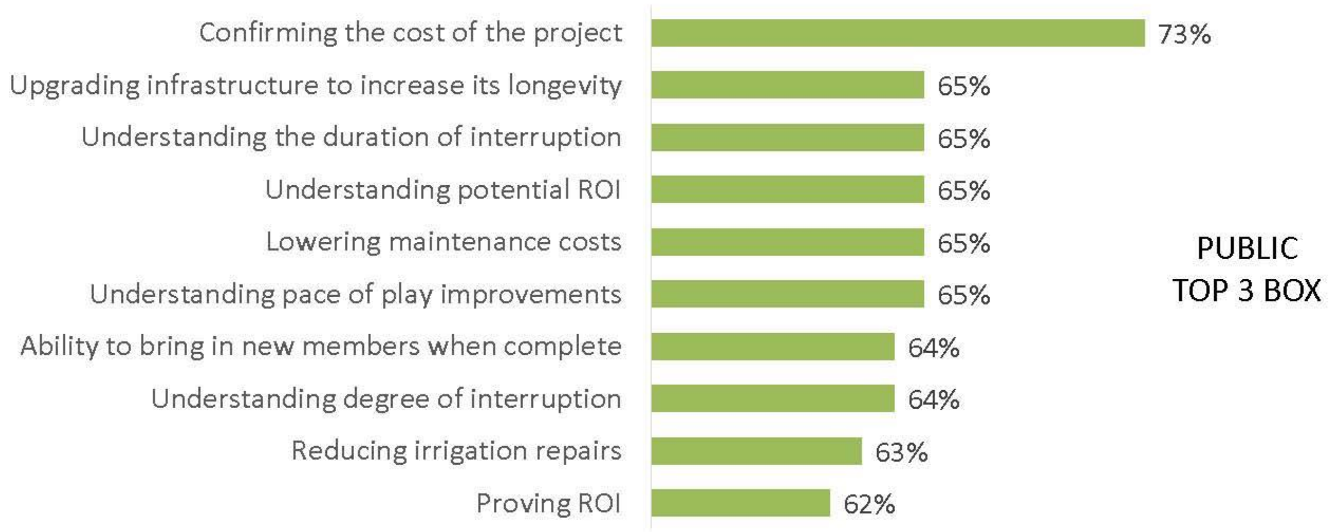
Most Important Factors For Facility Management To Pull The Trigger For A Renovation Or Remodel

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



- 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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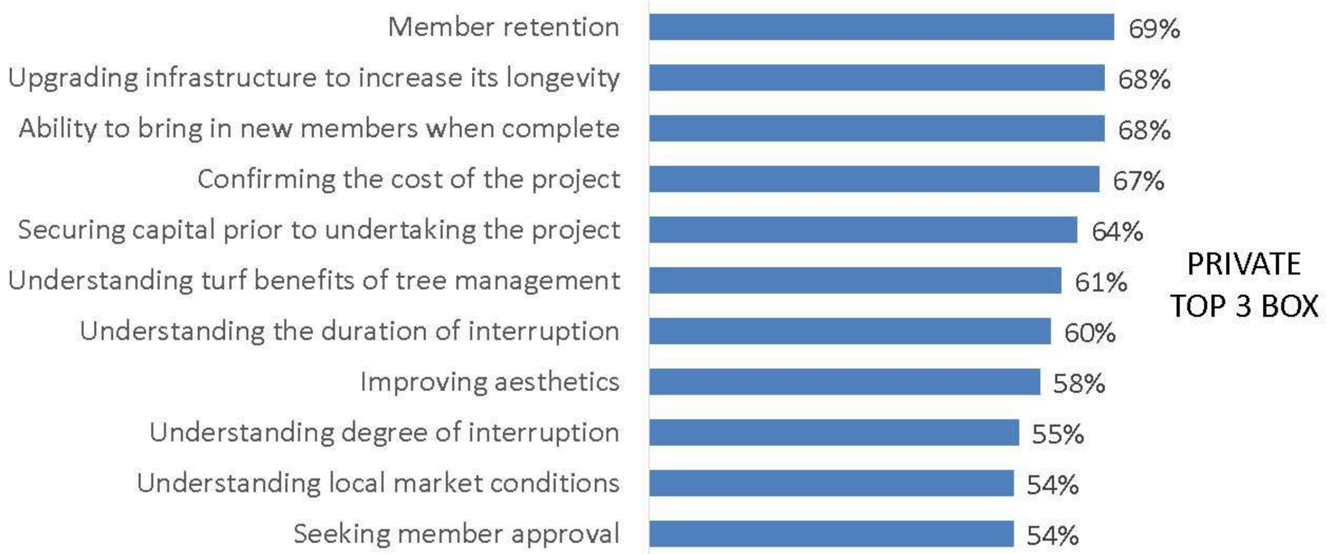

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