Golfer Consumer Attitudes & Travel Insights 2013

Sports Illustrated GOLF GROUP

SPORTS& LEISURE RESEARCH GROUP

January 2013

Agenda

- Two Minute Take-Aways
- Golfer expectations for 2013: perceptions, participation, spending and retail channel preferences
- Golfer attitudes in 2013, five year trends and their implications for the industry
- A focus on golfer travel: Inside the decision process

Two Minute Take-Aways

- **Full Steam Ahead?** After a post recession flatness, US golfers appear more poised to play and spend on golf than they have in the past three years. Driving the optimism are "more playing partners" and game improvement.
- **Or is it Baby Steps?** Golfers feel industry player development momentum, but concurrent increases in family pressures and child centricity may only take us so far.
- **Custom Fitting and Technology Innovation Spur Retail:** The messages are resonating and 2013 looks good, particularly for irons and a number of product categories. Per cap spending continues upward, but at a perceived discount from expectations
- **Private Clubs Reverse Course…For the Better:** The bloodbath of recent years has abated in terms of rampant attrition. Though there is still work to be done
- **Are Golfers More Resilient than the Average American?** Golfers' personal optimism belies their still negative perceptions of the overall U.S. economy
- **A More Captivating TOUR:** Perceived popularity of the PGA TOUR is at an all time high as golf fans begin to embrace the influx of new and international talent and turn to new media in a world that moves ever faster

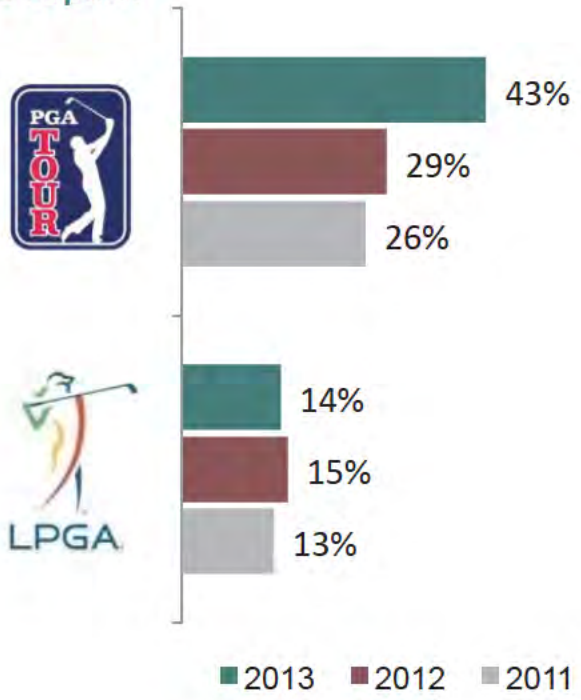
Background, Objectives and Methodology

- Winter 2013 SLRG Sports Omnibus
  - Assess the attitudes and perceptions of golfers
- Initiated by Sports and Leisure Research Group in 2009
- 2013 online survey of over 1,200 golfer respondents
  - Fielded January 3-4, 2013
  - All golfers played a minimum of twice per month in season during 2012

Tour Popularity and Fans: Huge Boost in PGA TOUR Popularity

Indicate whether you feel this sport has become more popular, less popular or stayed the same over the past two-three years

More Popular



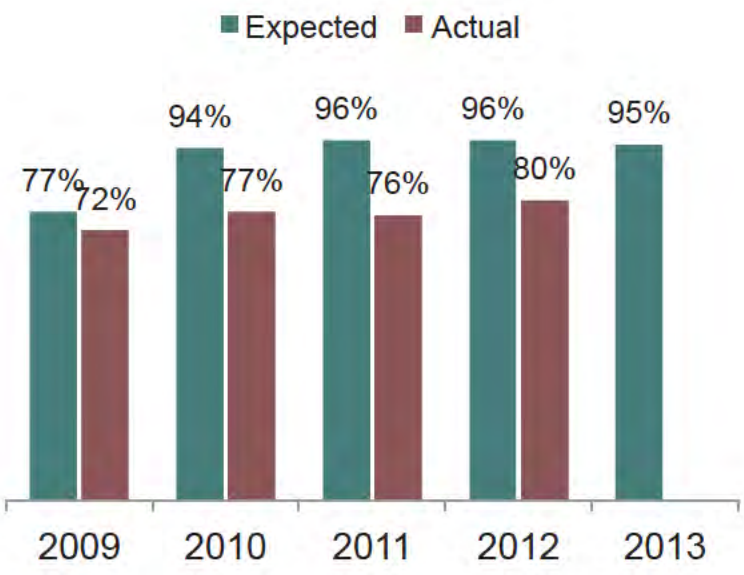
I watch and follow closely

Older players, lower handicappers and more avid players continue to out-index golfers in general

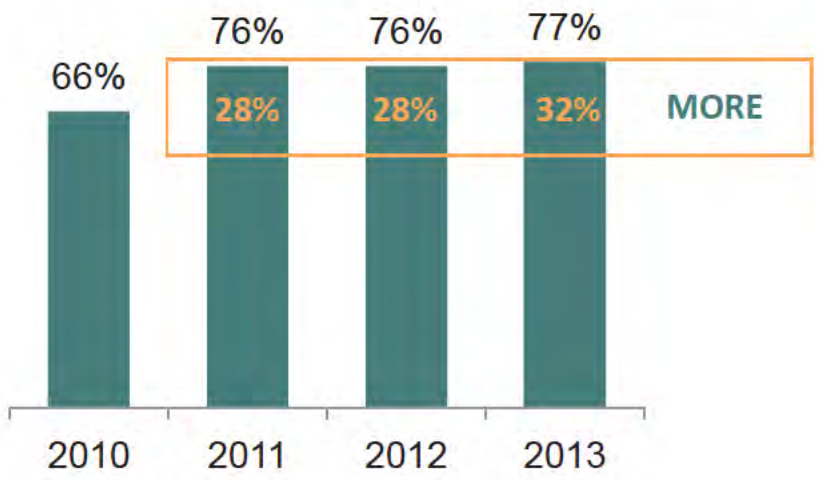
Golfer Awakening?

- Golfers remain optimistic about intended participation increases in 2013. In 2012, they really meant it….And the outlook for retail also shows positive directional movement.

Do you expect to/Did you actually play the same amount or more in…?



Do you expect to spend the same amount or more next year?



Why Golfers Are Playing More

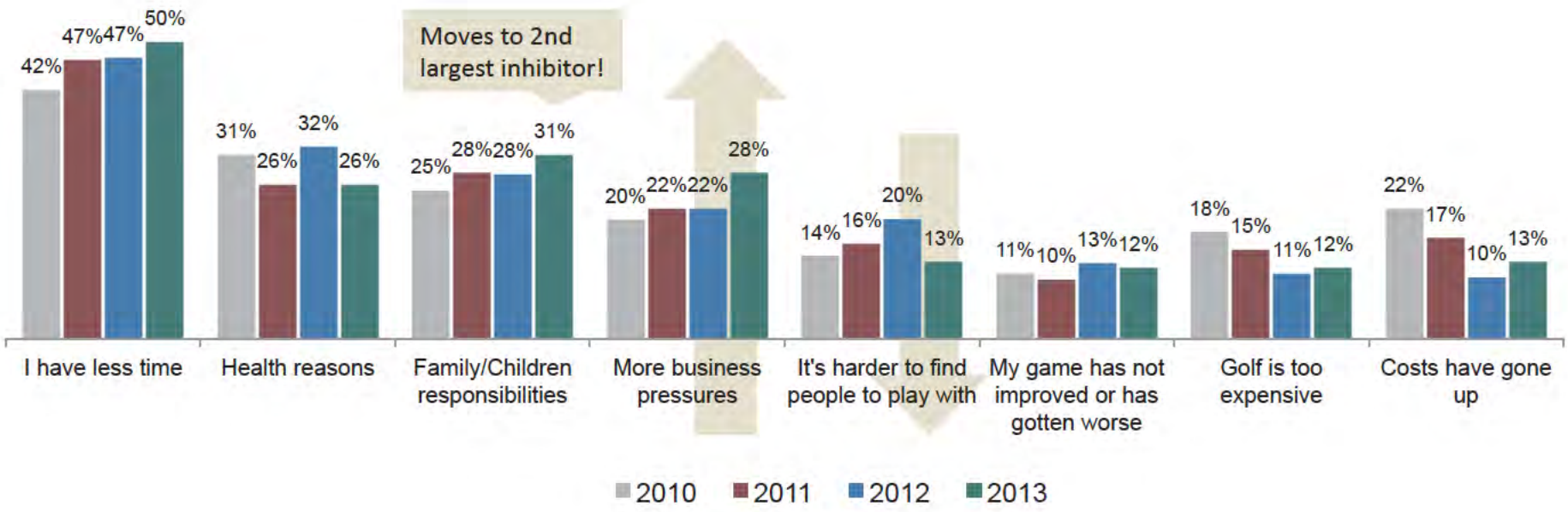
- Its about people : Playing partners and business golf are on the rise. But what about family?

Stable reasons cited: I have reduced business pressures (21%), I've recently bought new equipment (17%), My health has improved (14%), There is better value in the marketplace (9%), I've joined a golf league or local program (14%)

Top response for <35 years old (56%), public golfers and lower income players

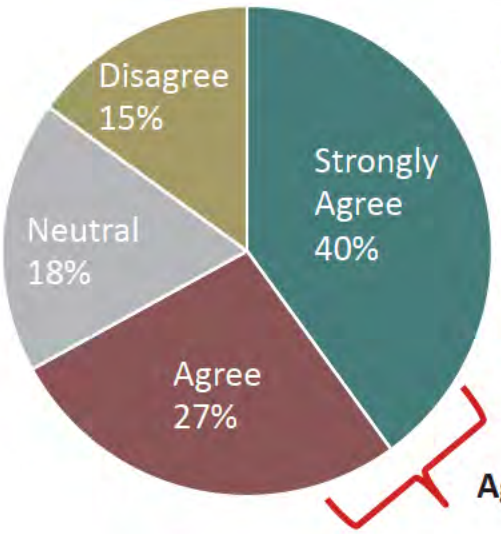
Why Golfers Are Playing Less

- We need to work harder at integrating the family into the golf experience



A Light at the end of the tunnel? Golfers are Feeling Some Positive Movement in Industry Focus on Participation Growth

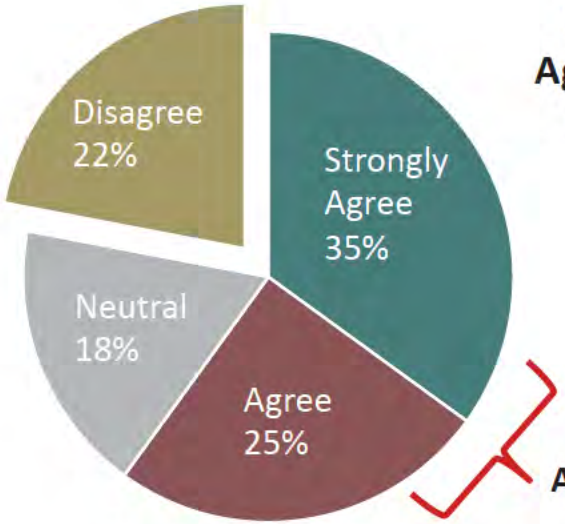
Agreement with statement: "The game of golf is facing major challenges in regards to growing overall participation"



Median Agreement: 7 of 10

Agreement: 67%

2012



Median Agreement: 6 of 10

Agreement: 60%

2013

Perceptions On New Equipment Purchasing

- Innovation messaging rings stronger, while custom fitting / retail begins to improve the buying process

AGREEMENT WITH FOLLOWING STATEMENTS:	2013		2012		2011	
	Top 3 Box	Mean	Top 3 Box	Mean	Top 3 Box	Mean
New golf equipment continues to become more technologically innovative every year	59%	7.7	52%	7.5	56%	7.5
Buying new golf equipment has become a more complicated process in recent years	35%	6.1	36%	6.2	38%	6.2
Buying the right new golf equipment can help me to immediately improve my game	29%	6.2	25%	5.9	30%	6.1
I've found one brand of golf equipment that I plan to stick with, when I make my next purchase	26%	5.1	24%	5.1	24%	5.0
I won't buy new golf equipment without trying it out first on the golf course	22%	5.0	23%	5.1	NA	NA
I'd enjoy golf more if courses weren't as long as they are today	19%	4.5	20%	4.7	NA	NA

Golf Purchasing Trends

- 2013 Looks strong for irons
- Golf Balls, apparel and drivers should continue to be strong
- Some positive movement suggested in footwear as well
- Golf Bags see jump in spending expectations

Key Year-Over-Year Trends

Category Purchasing:

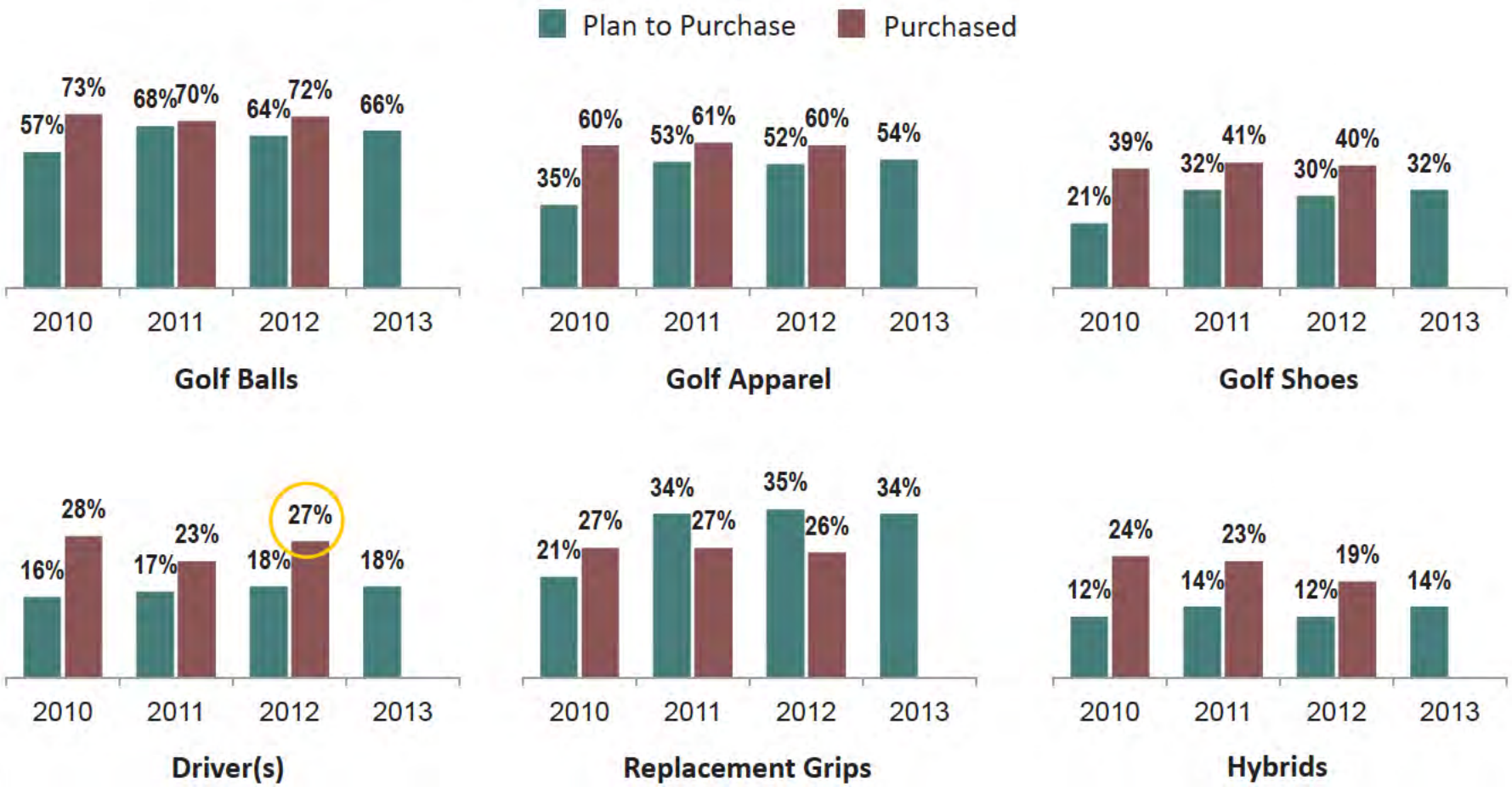
2012 vs. 2011 Meaningful Increases in % Purchasing

- Golf Apparel
- Drivers

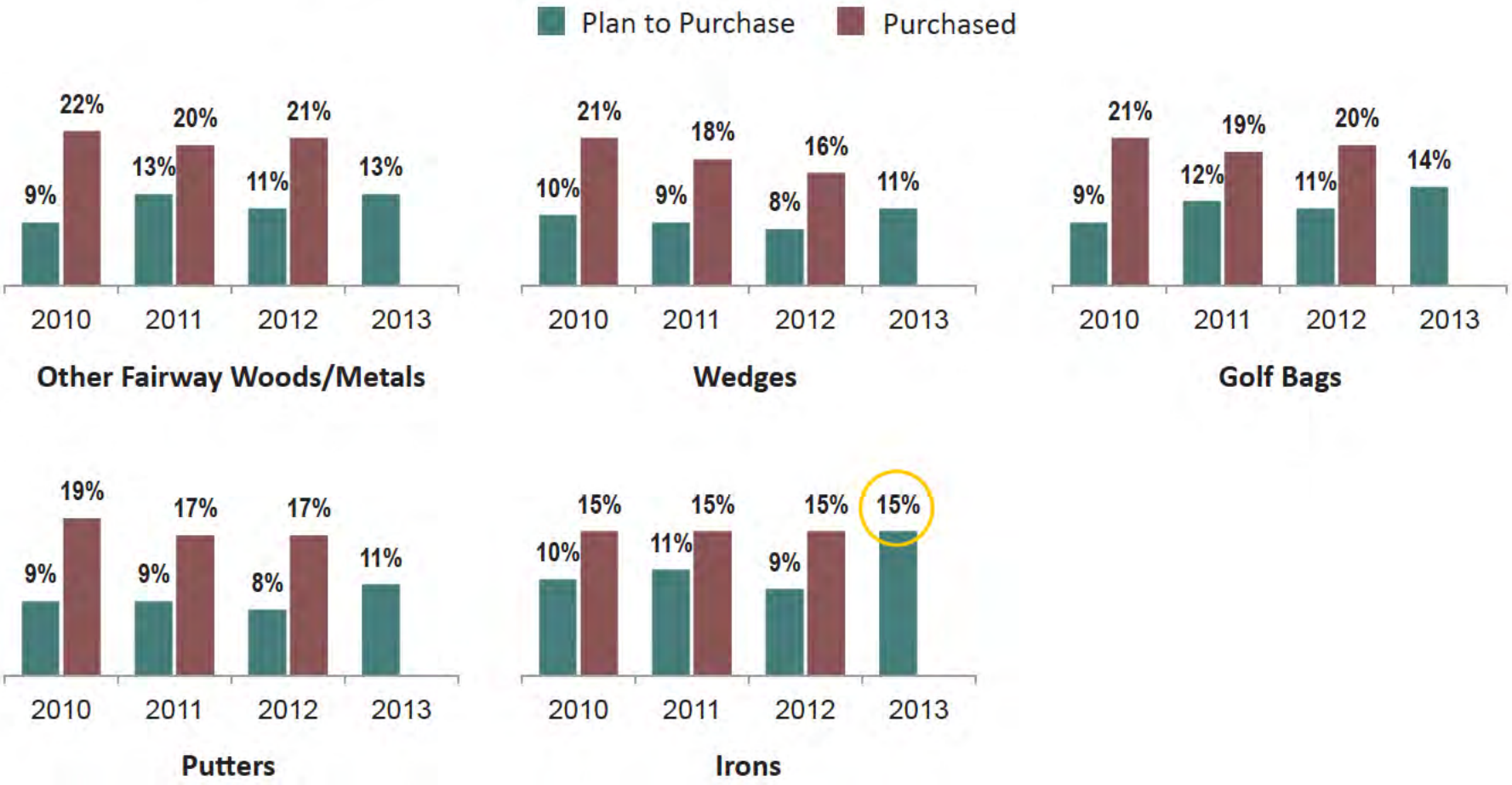
2013 vs. 2012 Meaningful Purchase Expectation Increases

- ***Irons***
- Golf Apparel/Shoes/Bags

Golf Purchasing Trends



Golf Purchasing Trends



Per Cap Price Achievement: Key Year-Over-Year Trends

Reported 2012 Per Cap Dollars Spent Higher than Expected 2012 Spending

- Golf Shoes
- Golf Apparel

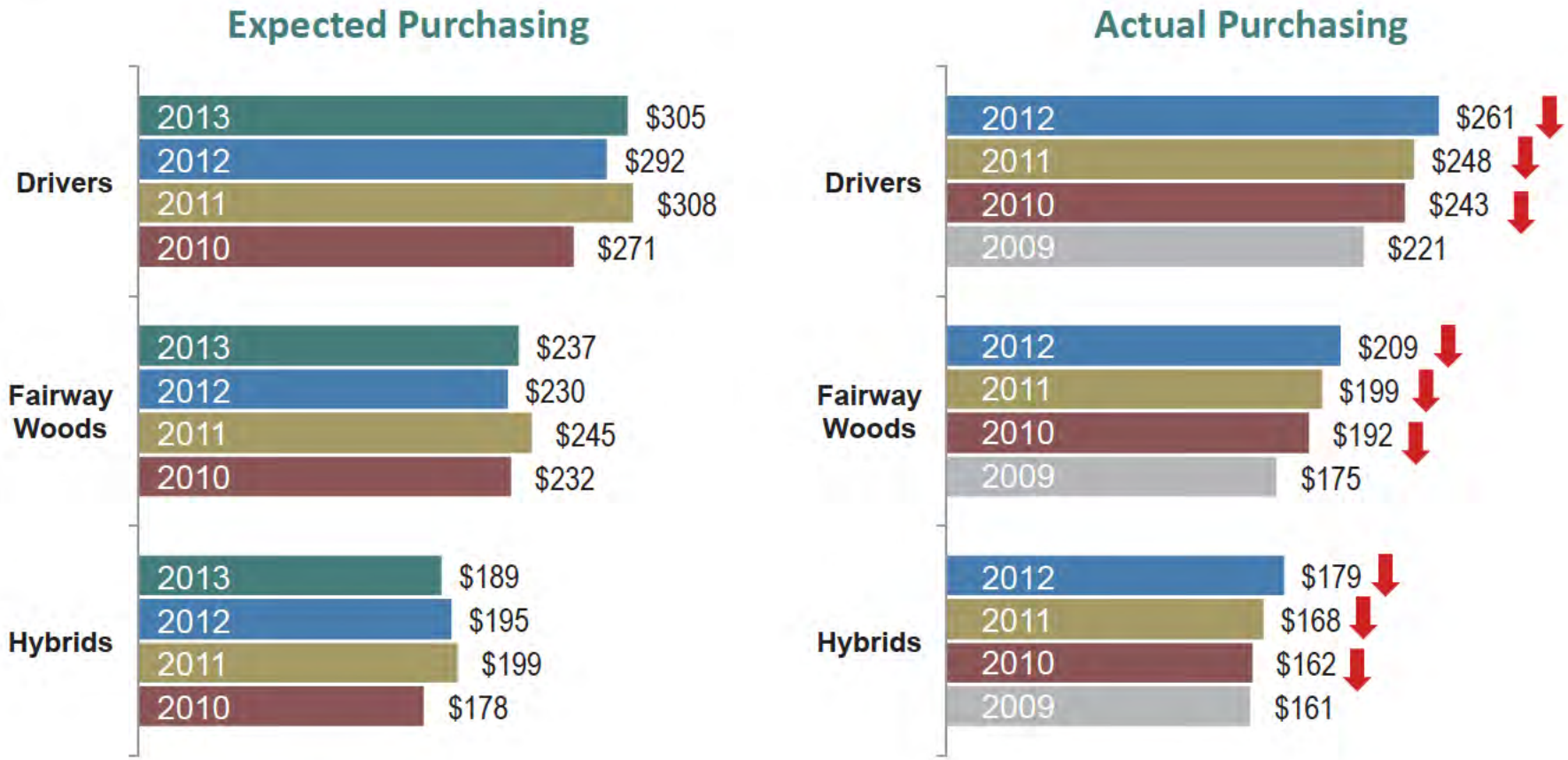
Reported 2012 Per Cap Price Achievement Increases Over YAG

- Replacement Grips (+10.6%)
- Putters (+9.8%)
- Hybrids (+6.5%)
- Drivers (+5.2%)
- Fairways (+5.0%)

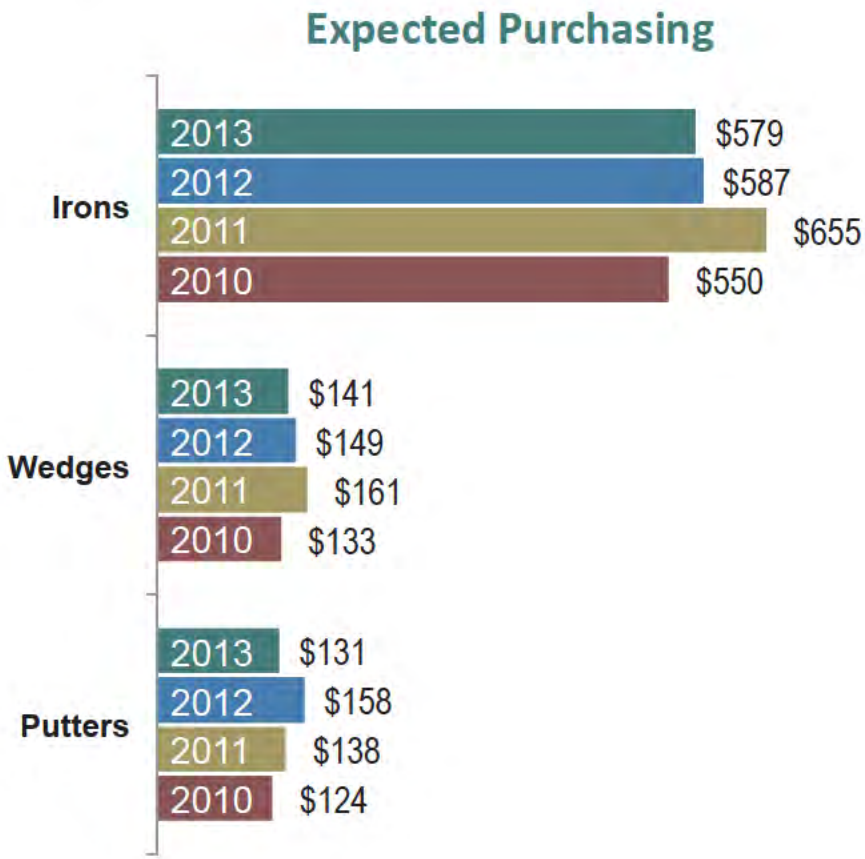
Expected 2013 Year-Over-Year Per Cap Spending Increases

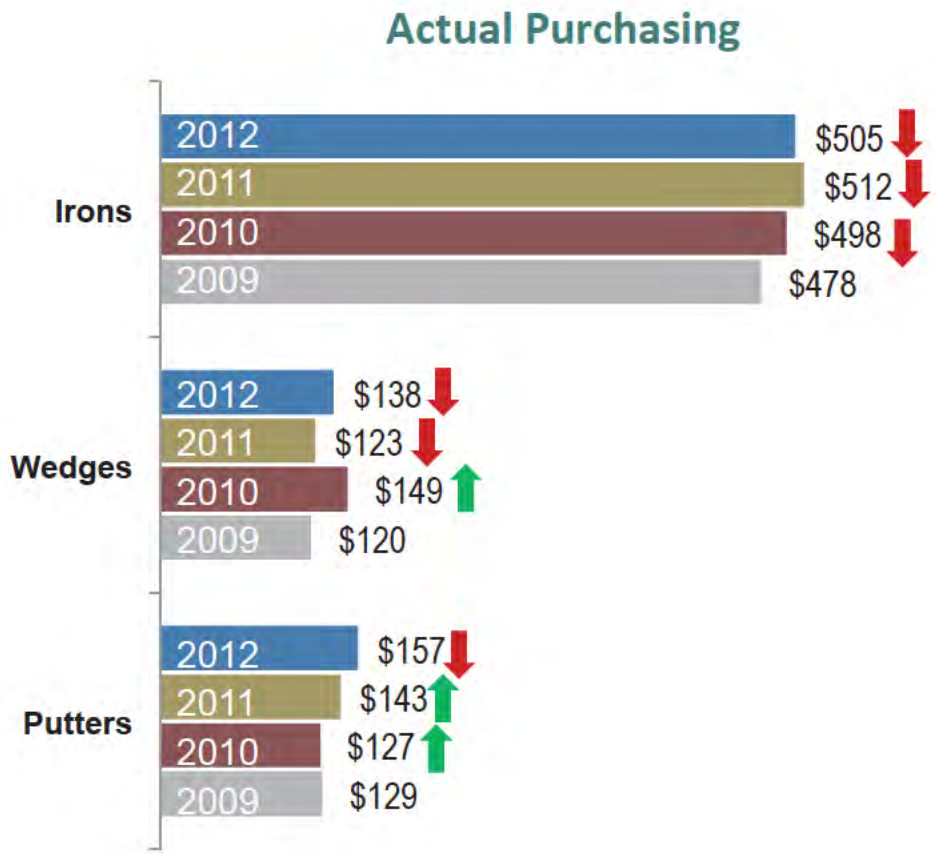
- Golf Bags (+16.7%)
- Replacement Grips (+5.4%)
- Drivers (4.4%)

Spending Levels:



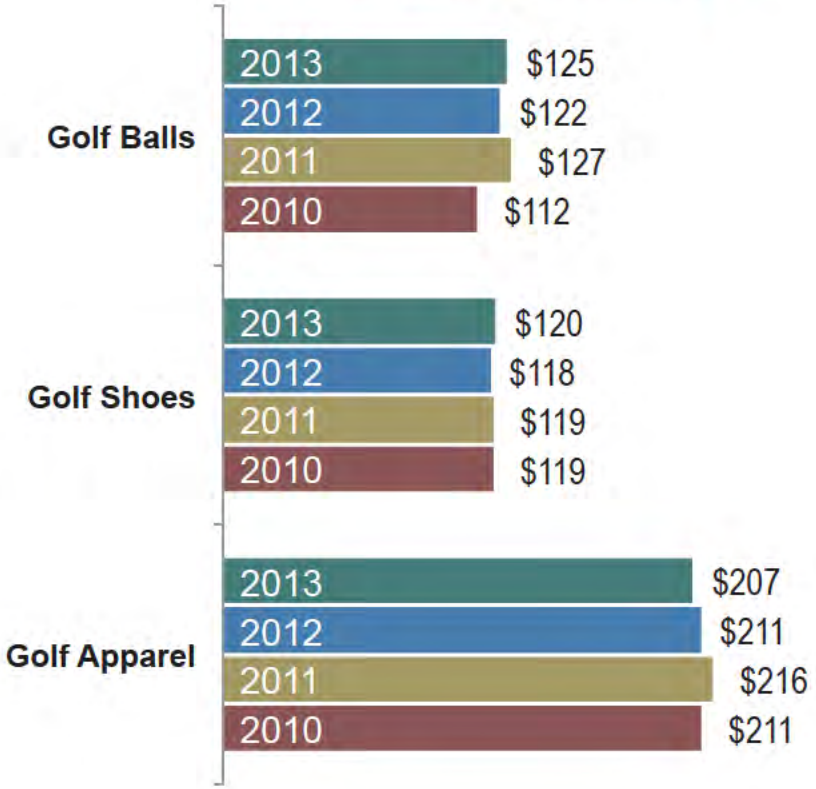
Spending Levels:



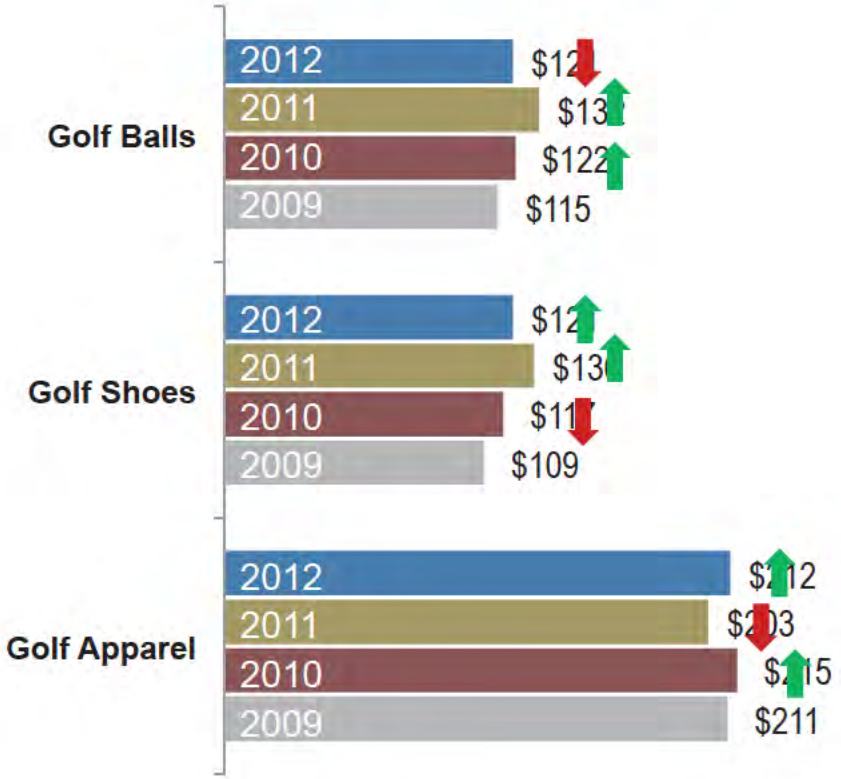


Spending Levels:

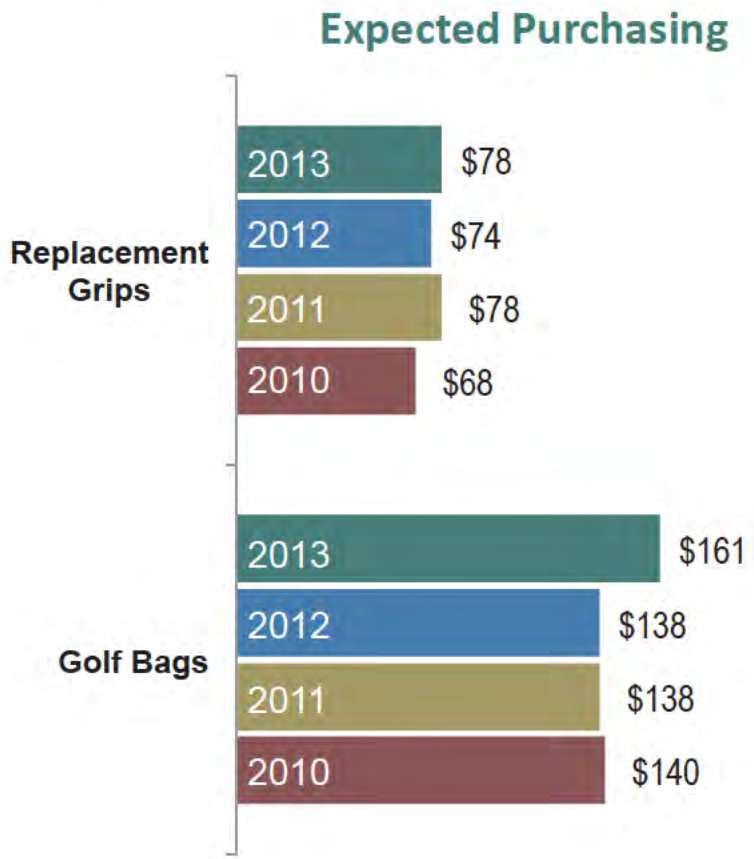
Expected Purchasing

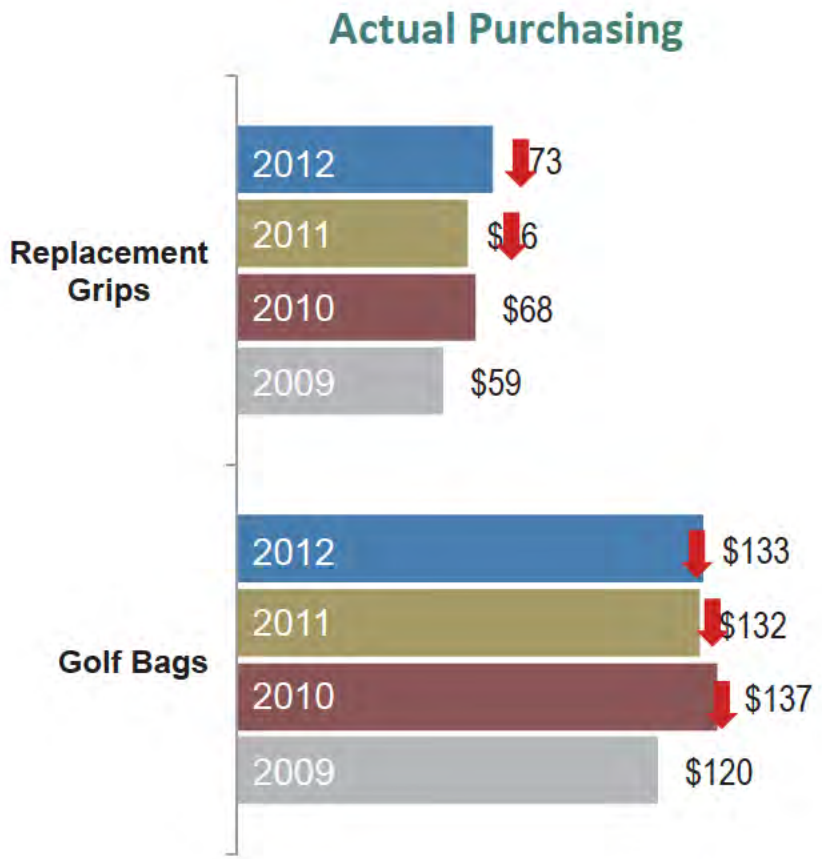


Actual Purchasing

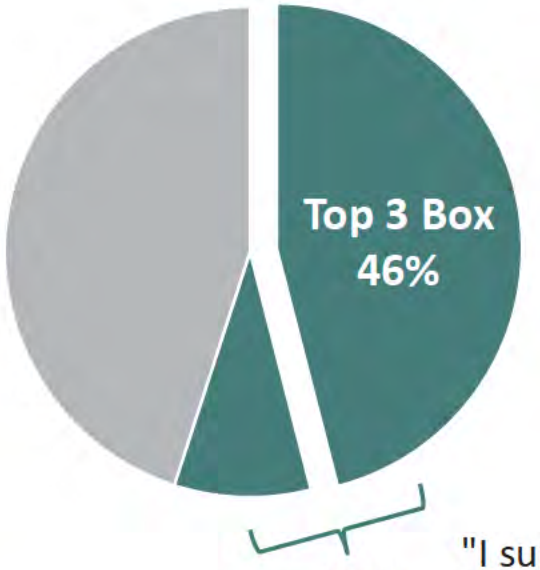


Spending Levels:





Anchoring Ban – A Non Event for Retail?

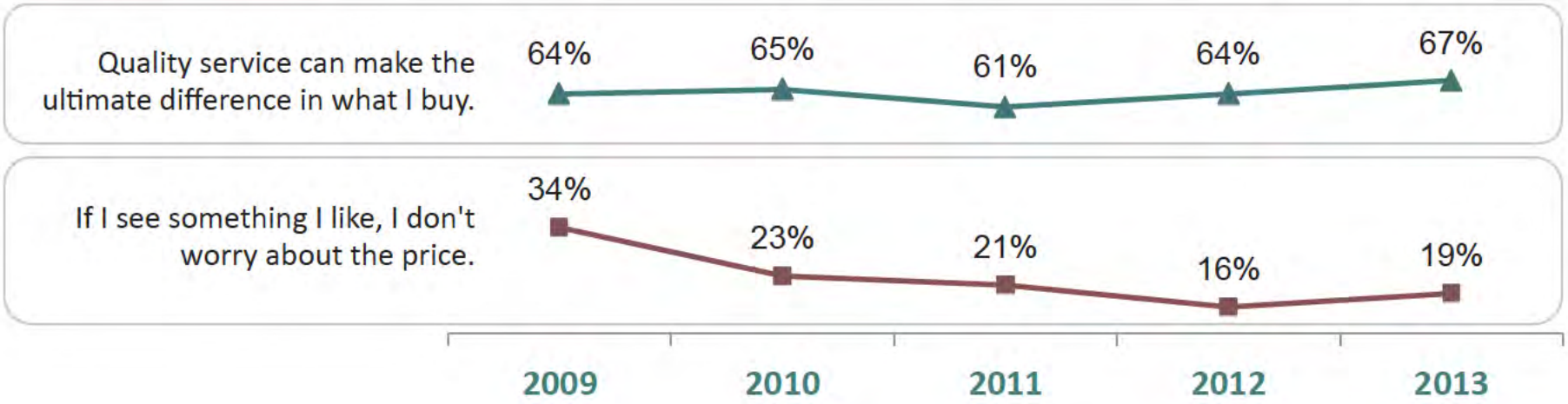


"I support the USGA's position on banning anchoring of long/belly putters on the putting green."

- Less than 0.5% of golfers use a belly putter because they can no longer play or practice with a shorter putter.

Retail Decisions are Still About Value and Service

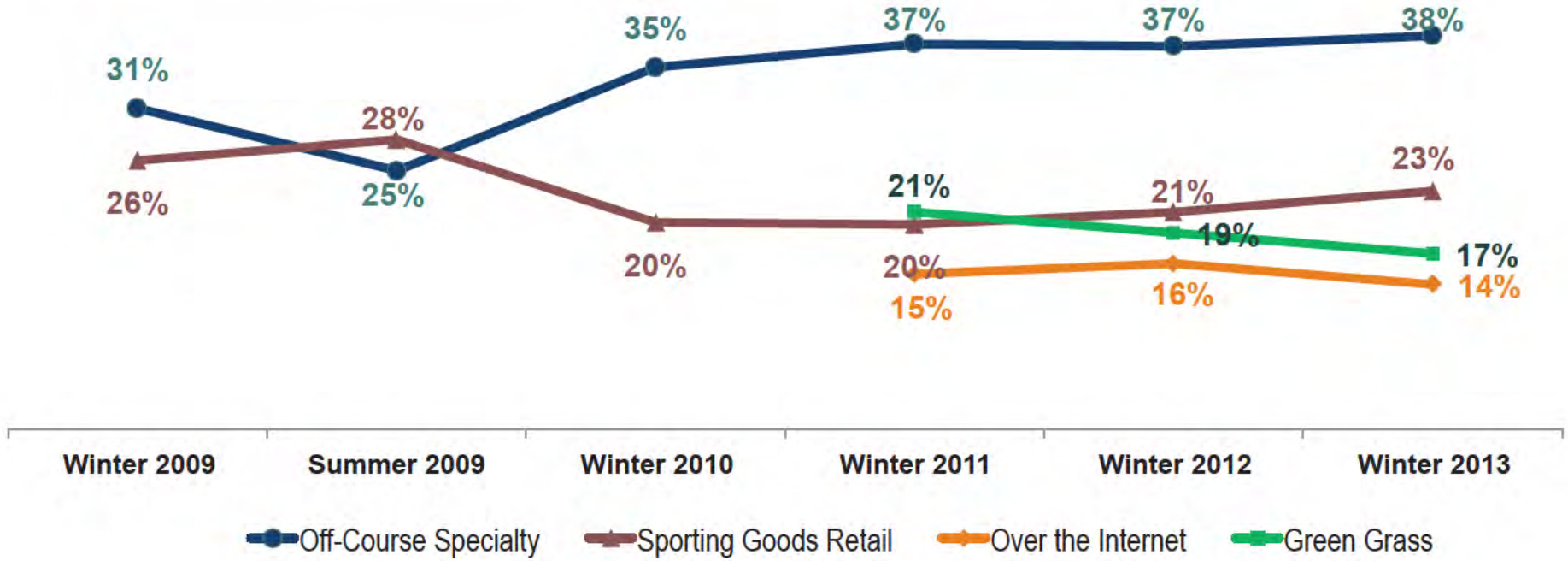
TOP 3 BOX AGREEMENT



Purchase decisions for me are more about substance than about style.	63%	65%	65%
There are so many good deals these days, that I rarely ever pay full price anymore.		31%	37%

Golf Retail Channel Preference: "Concrete" Remains Strong

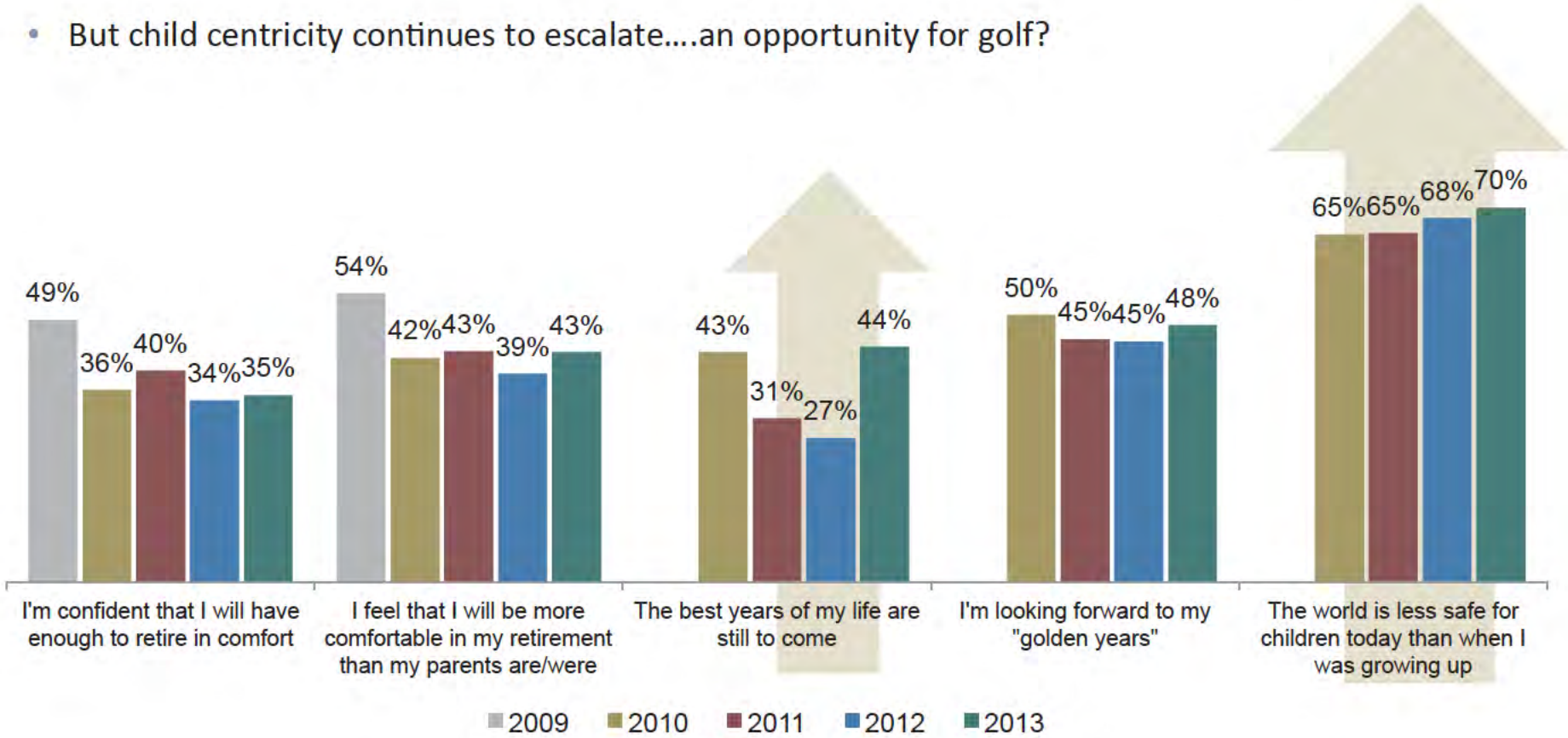
Q Where are you most likely to make your next golf equipment purchase?



- Online purchases significantly more likely for single digit handicappers (19%) and those with children in the household (18%). Green grass remains a mainstay for private club golfers (48%)

The Long Term Future Appears Better Than It Has In Recent Years

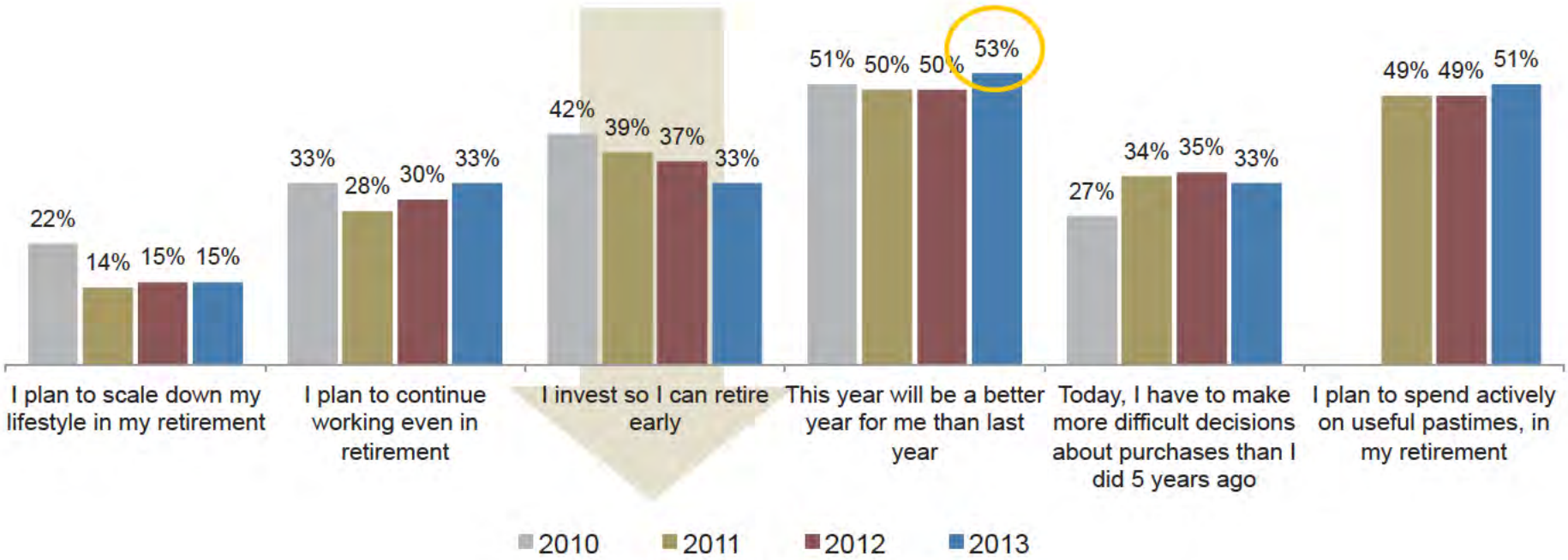
- But child centricity continues to escalate….an opportunity for golf?



TOP 3 BOX SUMMARY

...And Golfers Are More Bullish About The Year Ahead Than They've Been In Four Years

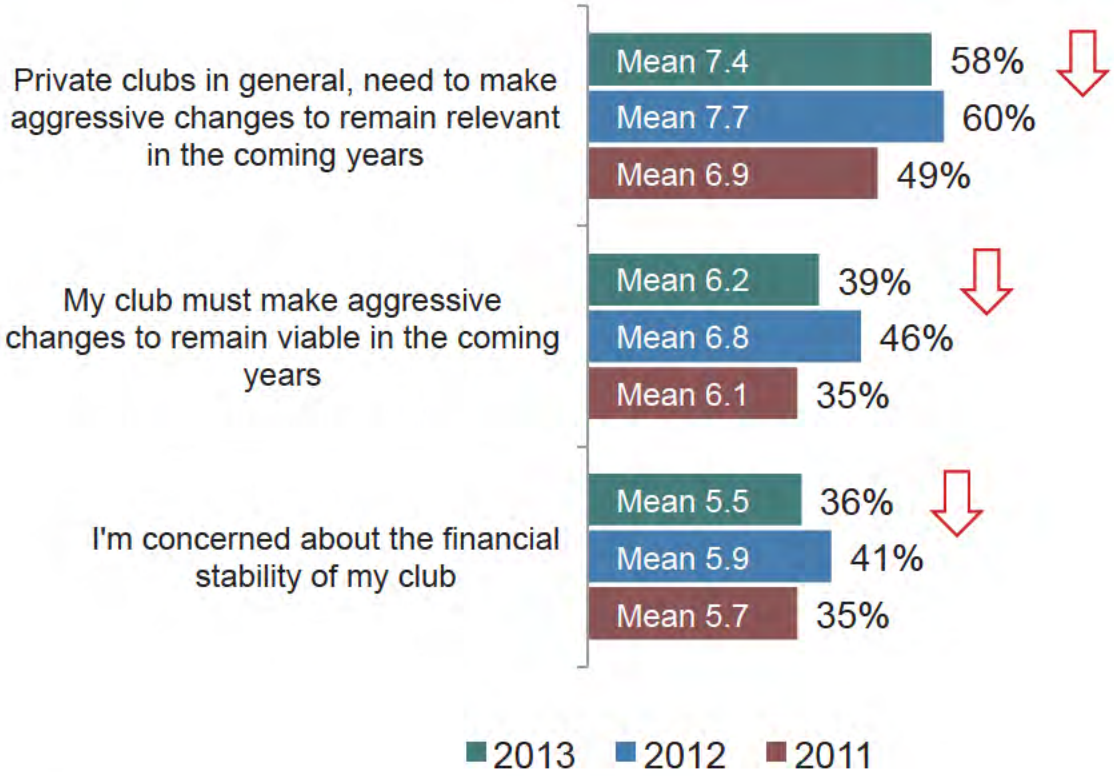
- An "active retirement" remains in golfers' future plans



TOP 3 BOX SUMMARY

The State of Private Clubs: A Challenging Environment is Trending Better

TOP 3 BOX AGREEMENT

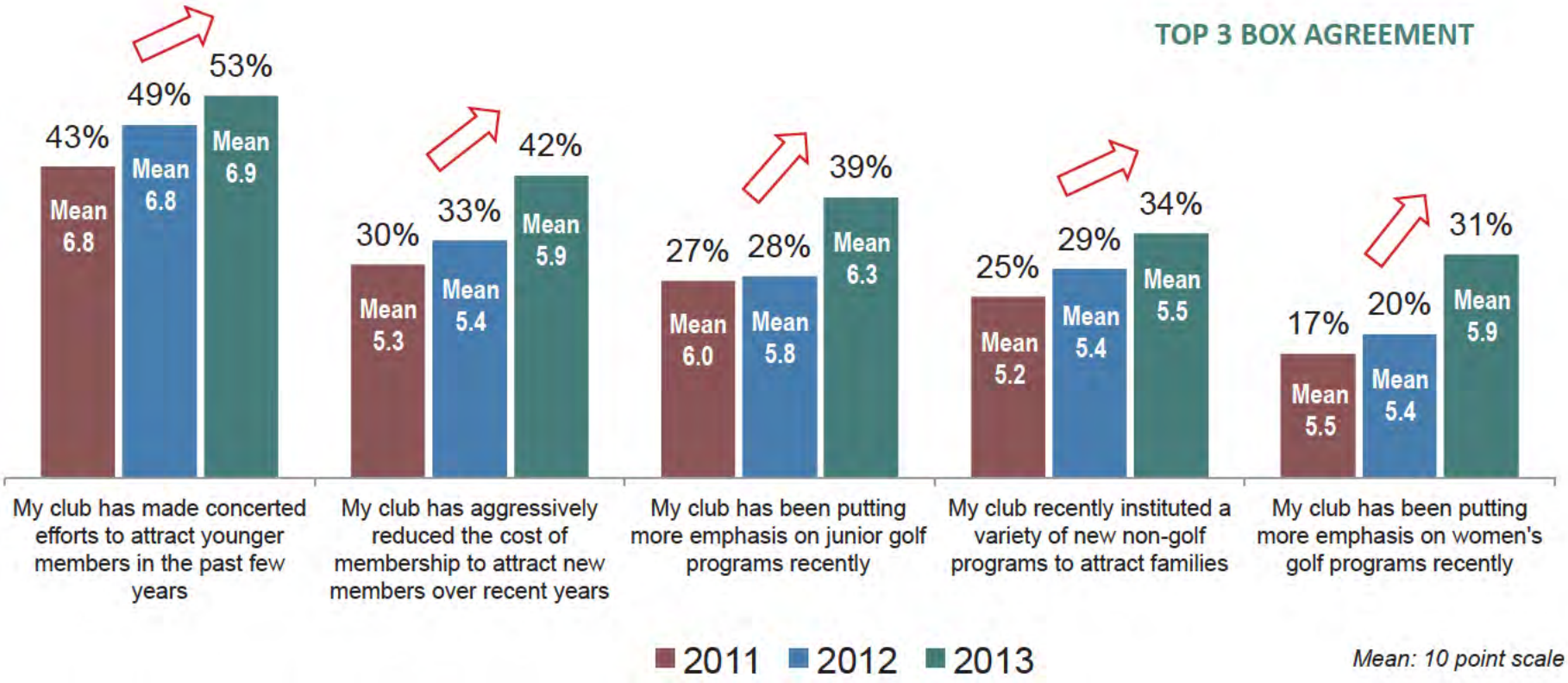


Mean: 10 point scale

Base: National Sample of Private Club Members

Private Club Operator Actions are Being Noticed

- Welcome emphasis on juniors, family and women...But are too many resorting to drastic discounting to stem the tide?

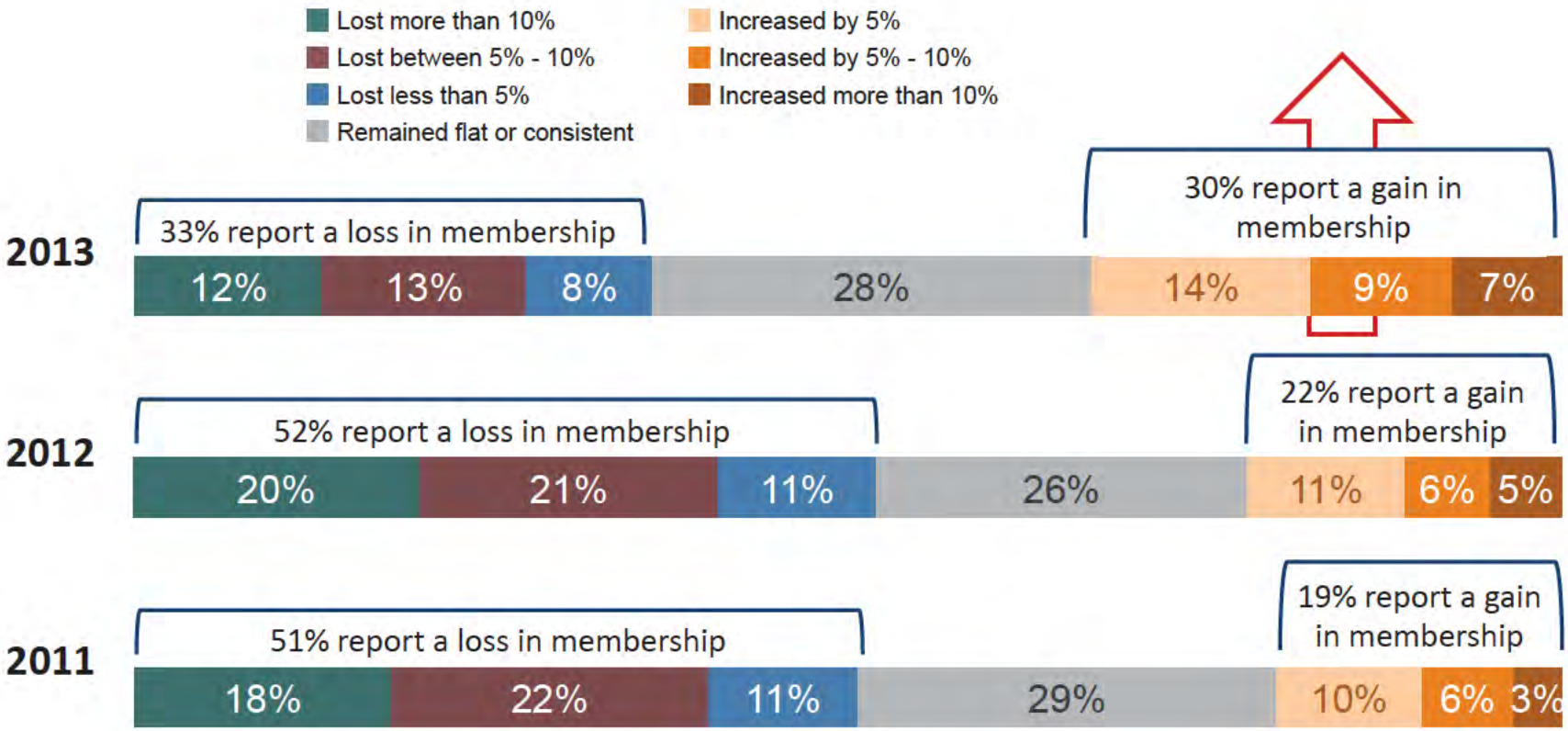


Mean: 10 point scale

Base: National Sample of Private Club Members

Private Club Member Retention vs. Attrition: The Tide is Turning

MEMBERSHIP LEVELS OVER THE PAST 3 YEARS



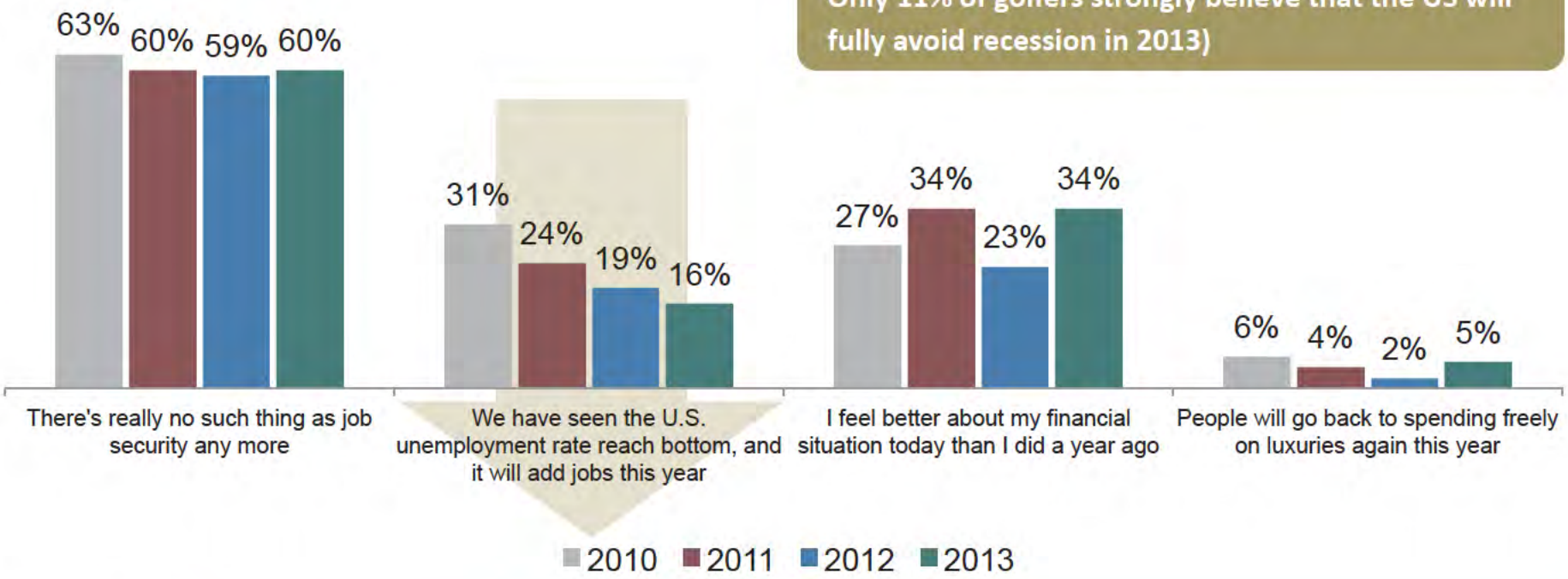
Base: National Sample of Private Club Members

Golfers are still Bearish on the Overall Economy…but Trend Personally Positive

TOP 3 BOX AGREEMENT

51% (56% in 2012) of golfers strongly agree that "the gap between the 'haves' and the 'have nots' has become more problematic in the U.S. in recent years."

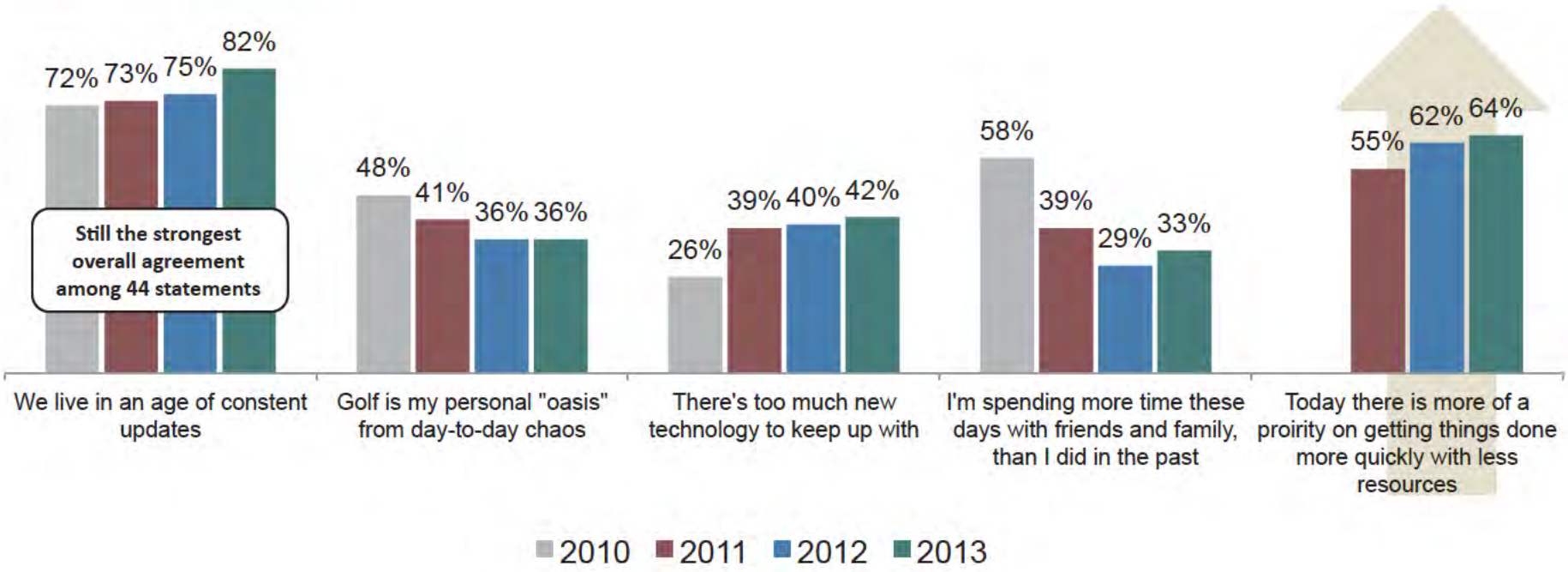
Only 11% of golfers strongly believe that the US will fully avoid recession in 2013)



Stop the World, I want to Get Off: Things Moving Faster Still

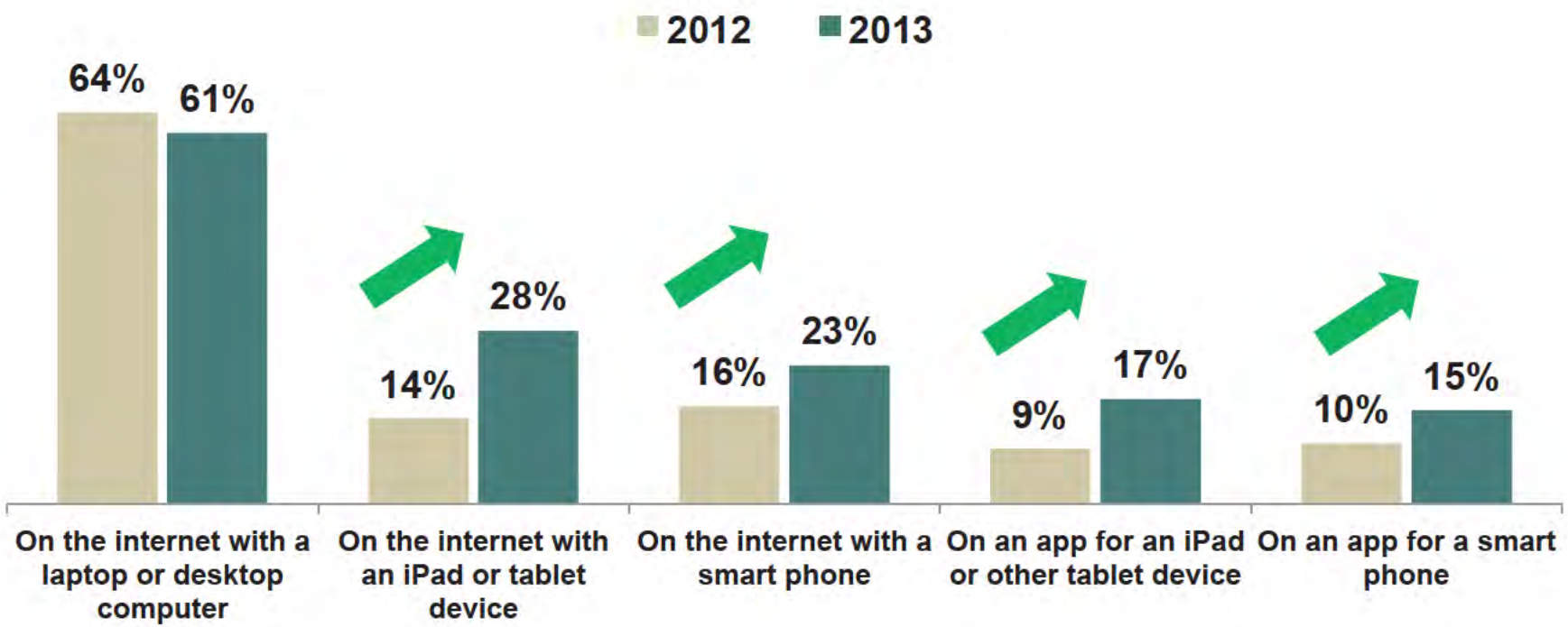
- Golf continues to be an "oasis" for many

TOP 3 BOX AGREEMENT



New Media: Mobile Migration

- Across the board growth in golfers utilizing mobile to consume golf content within the past 30 days



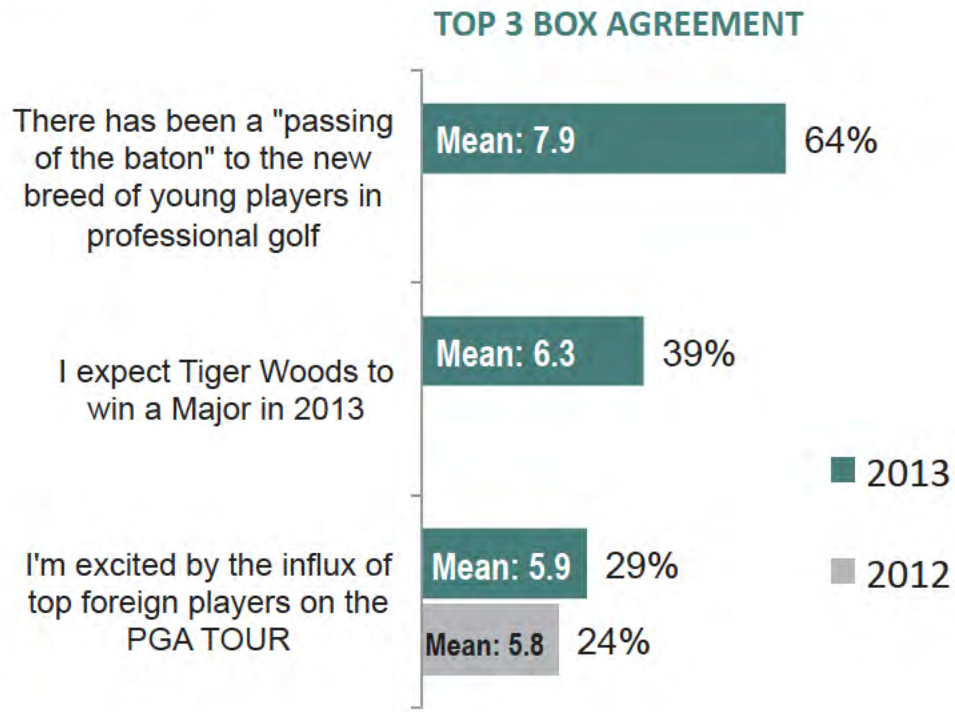
- The perceived importance of mobile golf content shows large increases from last year

Golfers Look to New Technology for Golf Content

% AGREEMENT	2012	2013
In general, golf-related content on a tablet device or smart phone offers golfers new ways to interact with the game	24%	58%
Golf-related apps on a tablet device or smart phone are bringing benefits to golfers not available before	24%	56%
I recognize the benefits of having golf-related content available on a tablet device or smart phone	25%	53%
The interactive features available in golf-related apps on a tablet device or smart phone are appealing	19%	45%
Golf instruction on a tablet device or smart phone can offer unique interactive ways to improve my game	15%	42%
A virtual "lesson" from a golf pro on the Internet is potentially an innovative and convenient way to receive instruction	NA	41%

The Year Ahead on TOUR

- It's a new era replete with exciting young and international players on TOUR
- But nearly four in ten believe that Tiger has another major in the tank for 2013



Sports Illustrated GOLF GROUP

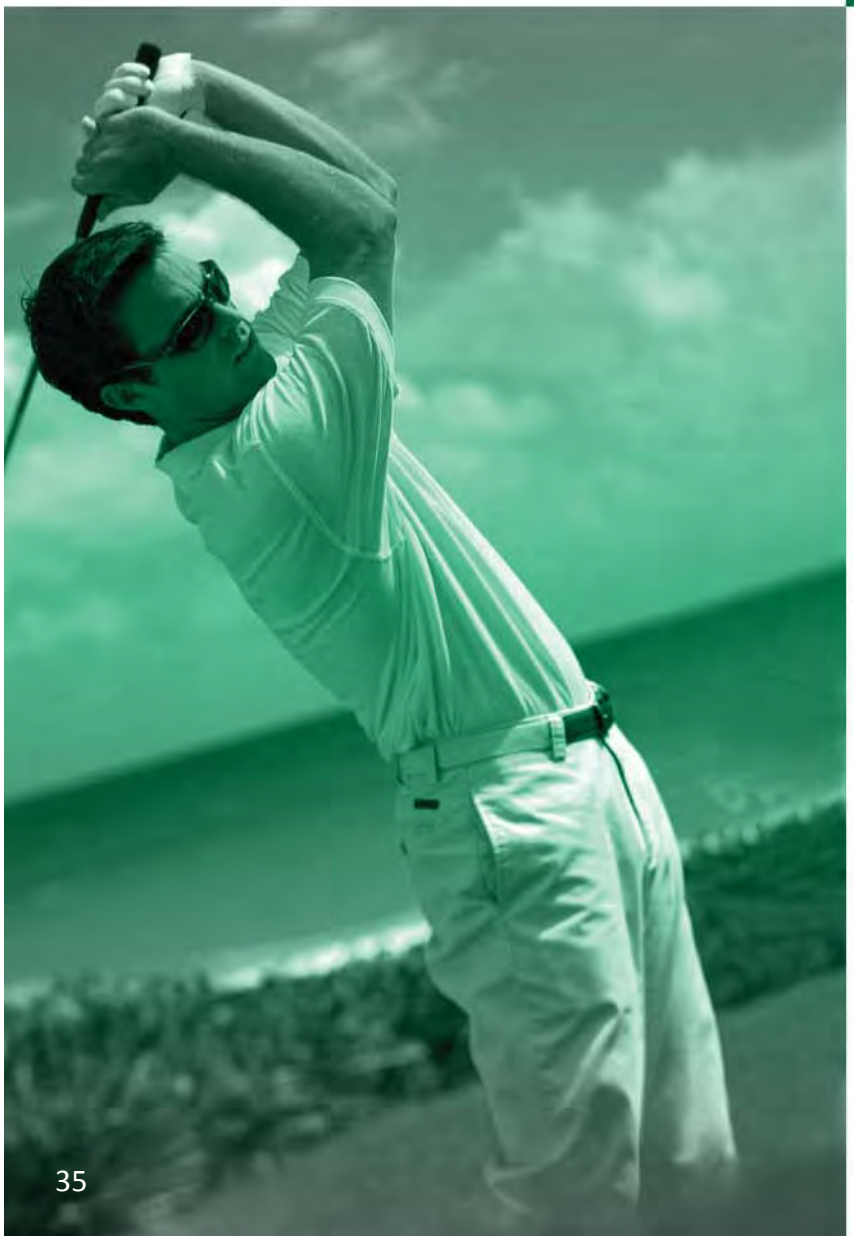
The Golfer's Journey Towards Destination Travel Decisions

A RESEARCH EXPLORATION

Prepared by: SPORTS& LEISURE RESEARCH GROUP

A comprehensive look at the process of purchasing golf travel from initial motivation to final booking

- Identify distinct purchase process stages, complete with assessment of unique sources of information and influence at each distinct stage
- Reveal and measure the impact and role of key decision influencers inclusive of media, W-O-M, viral sources
- Develop portraits of various golf traveler "archetypes" defined by the nature of their golf vacation:
  - "Buddy" Trips
  - Family Vacations
  - Spouse/Partner Travel
  - Business Travel
- Uncover evolving trends in golf travel needs and decision process elements, inclusive of:
  - Golfers' attitudes and behaviors surrounding the travel destination
  - The impact and significance of today's time constrained, value conscious and child-centric climate on destination selection and travel behaviors
  - Golfer travel behavior relative to that of affluent adults in general



SUMMARY OF FINDINGS

The Process of Purchasing Golf Travel

A comprehensive look at the process of purchasing golf travel from initial motivation to final booking

- Identify distinct purchase process stages, complete with assessment of unique sources and influence
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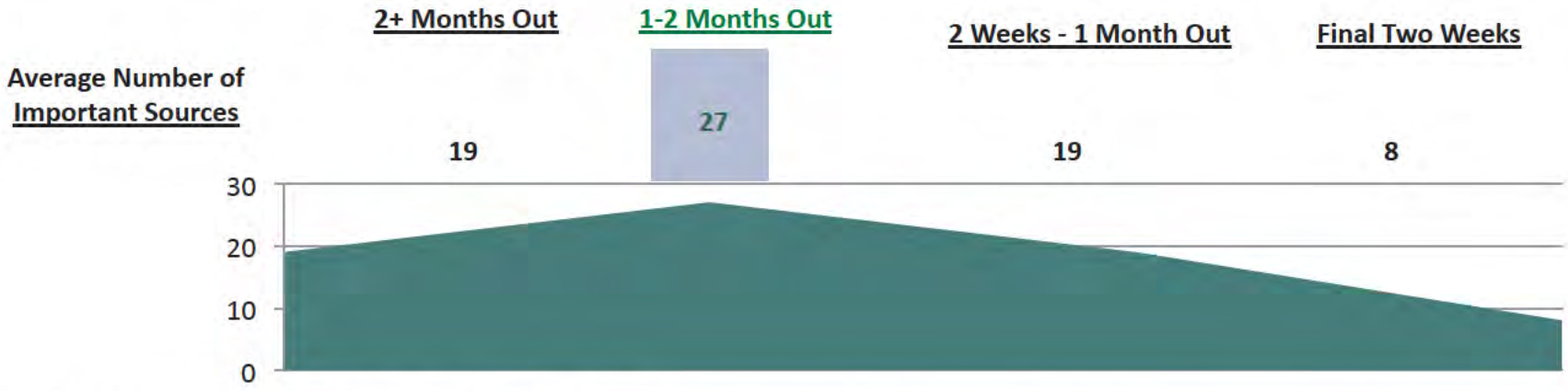
Methodology

- The Sports Illustrated Golf Group (SIGG) partnered with Sports and Leisure Research Group to conduct a 20 minute online survey
  - Data Collected in September-October 2012
- 1,504 male respondents aggregated from SLRG panel sources
- Four golf traveler segments plus a control segment of affluent (HHI $75k+) adult travelers:

Recent Travelers: Past 6 Months	Future Travelers: Next 6 Months
Core Golfers (8+24 Rounds/Yr)	Core Golfers (8+24 Rounds/Yr)
Avid Golfers (25+ Rounds/Yr)	Avid Golfers (25+ Rounds/Yr)

- Quotas to capture a minimum of N=150 each of those taking:
  - Buddy Golf Trips
  - Family Golf Trips
  - Spouse Golf Trips
  - Business Golf Trips

THE TOP 5 SOURCES THROUGHOUT THE GOLF TRAVEL PURCHASE PROCESS



- **Golf Magazine and Websites Play a Key Role**

Top 5 Sources for Golf Travel Planning

MEDIA INSIGHTS

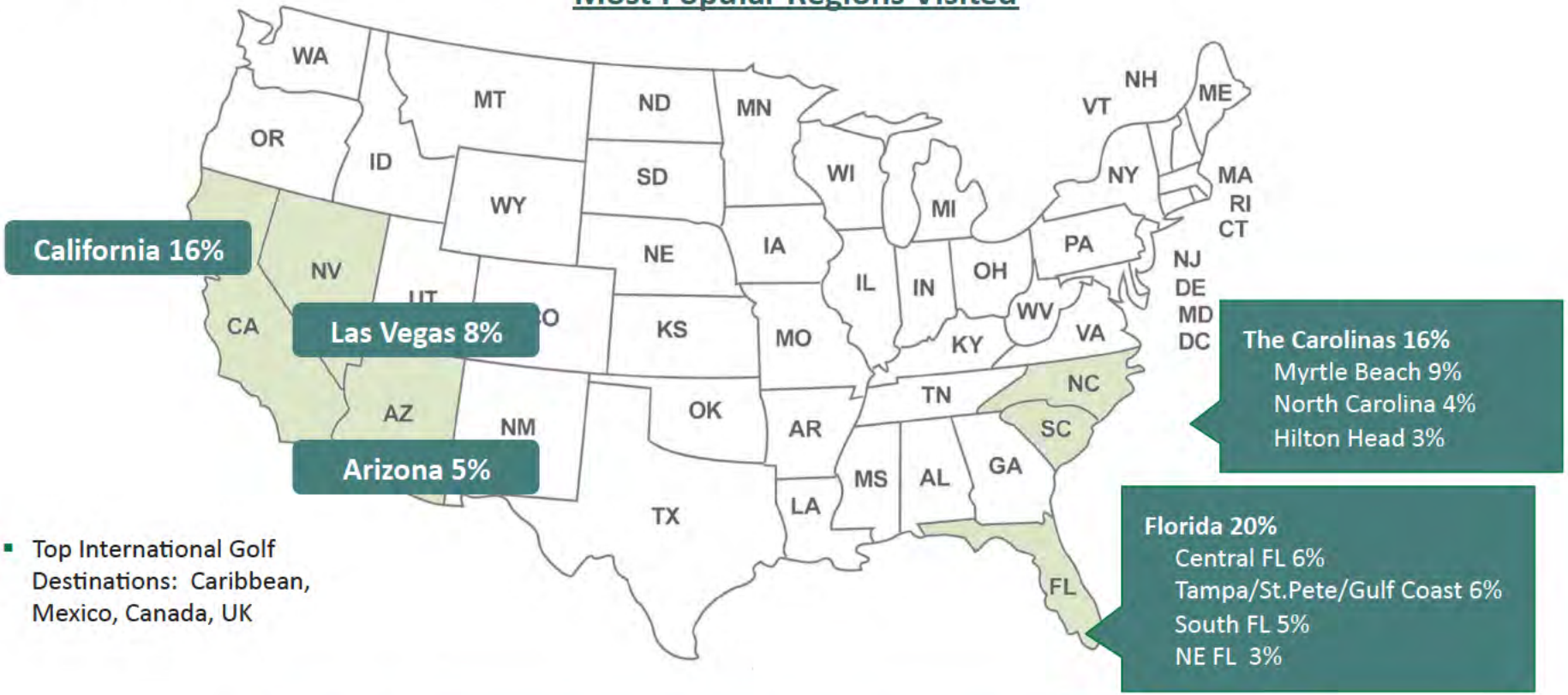
Advertising Across Various Media Brings Unique Consumer Benefits

- **Magazine and Internet advertising do the best job of being informative, credible, useful, trustworthy and inspirational**
- **TV advertising is strongest in providing entertainment and inspirational value as well as memorability**
- **Direct Mail's utility is waning, with greatest efficacy in its ability to be informative**

	Magazine Ads	Internet Ads	Direct Mail	TV Ads
Most Informative	✓	✓	✓	
Most Believable/Credible	✓	✓		
Most Useful	✓	✓		
Most Trustworthy	✓	✓		
Most Entertaining				✓
Most Memorable				✓
Most Likely to Make Me Want to Travel	✓	✓		✓
Information I Can't Find Elsewhere		✓	✓	

Domestic Golf Destinations Claimed 93% of Golfers' Most Recent Trips

Most Popular Regions Visited



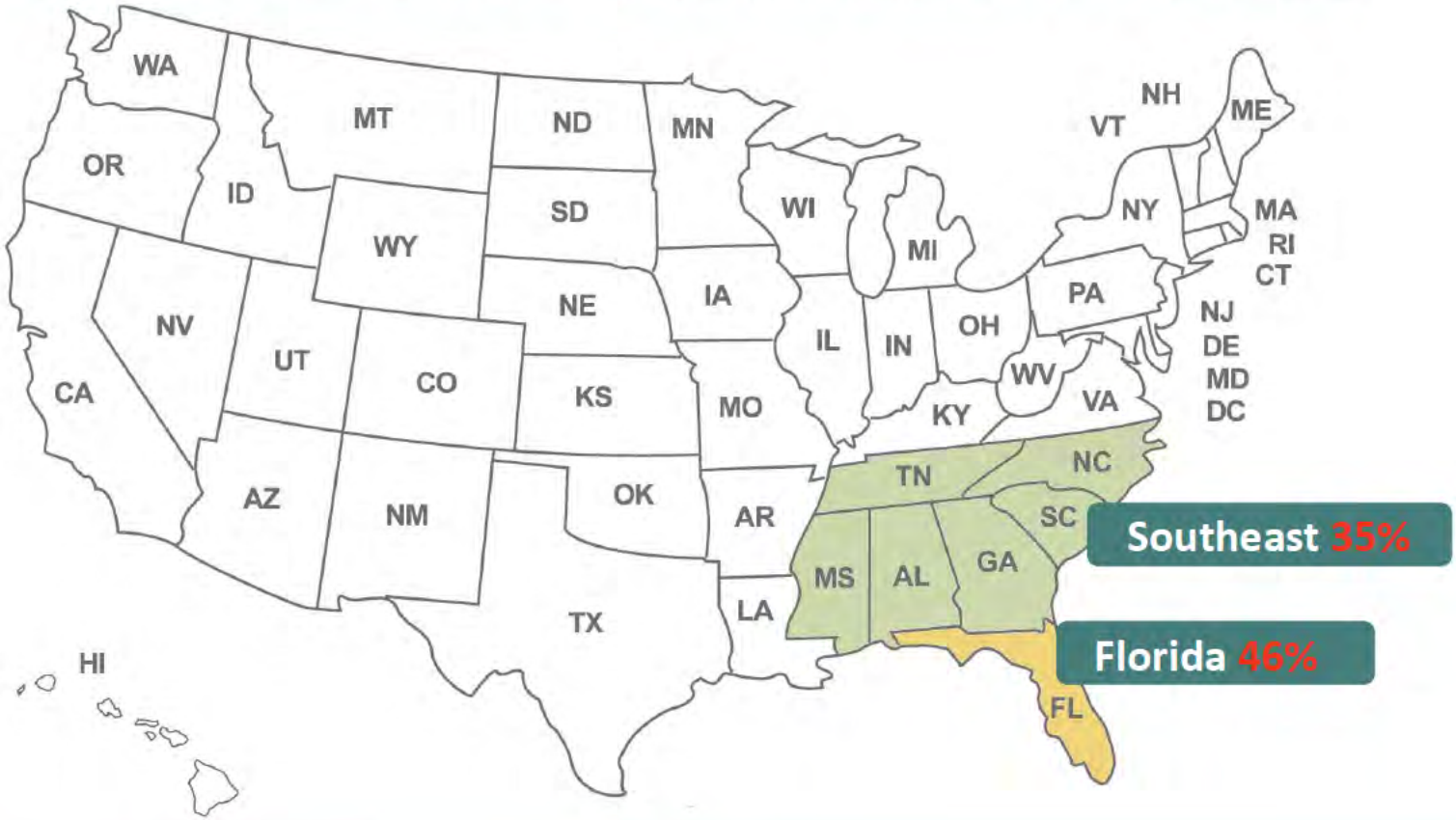
- Top International Golf Destinations: Caribbean, Mexico, Canada, UK

Base: Recent Golf Travelers

While golf travelers originating in the West tend to stay there, those from other regions cast a wider geographic net

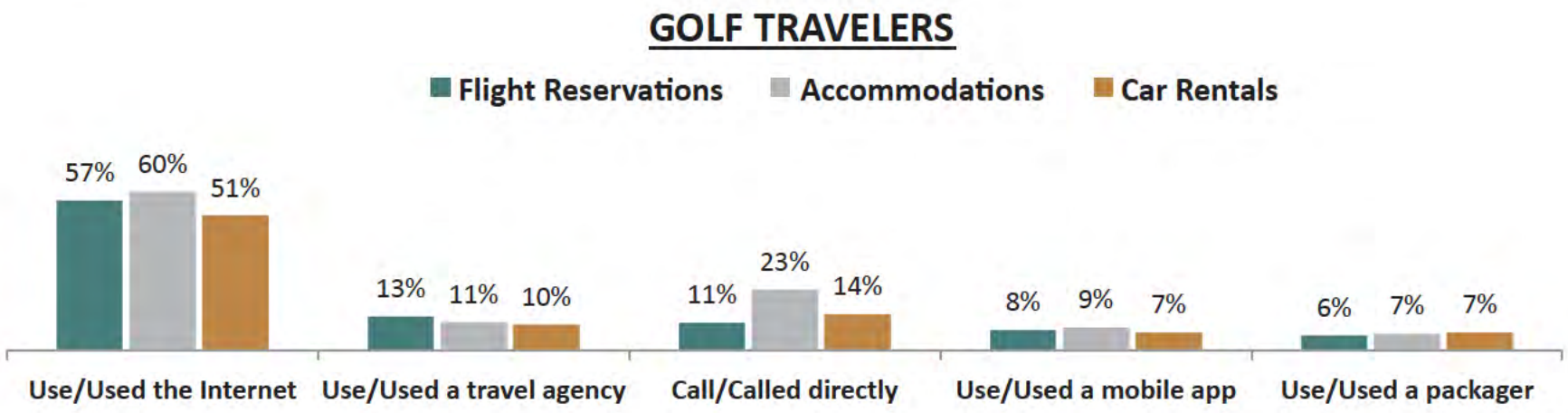
Golfers Continue To Consider A Diverse Range of Destinations Until The Final Process Stage:

THOSE CONSIDERING CALIFORNIA, 2 WEEKS FROM BOOKING, ALSO CONSIDER…



Process Elements: Golfers Gravitate to Online Bookings

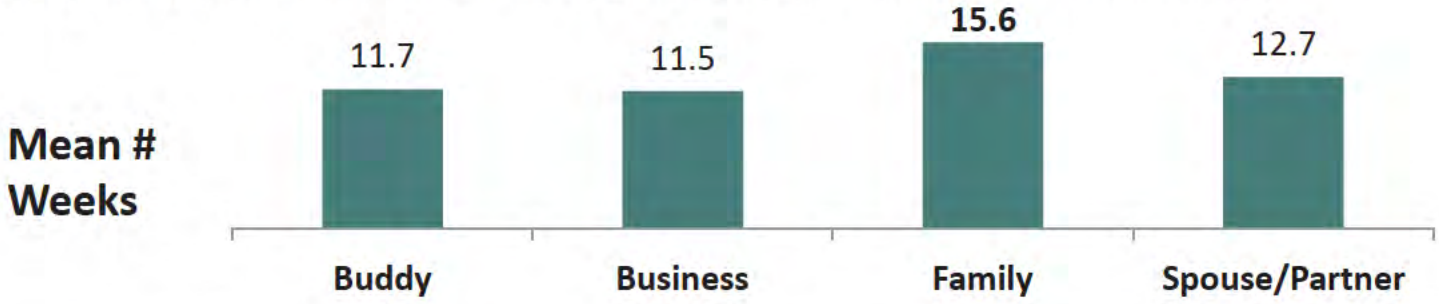
Q *What was/will be the process that you used/use to make arrangements for your most recent/ next trip?*



- Business golf travelers are more apt to book online or through a travel agent, relative to those taking buddy, family or spouse trips
- Trends show online bookings on the rise

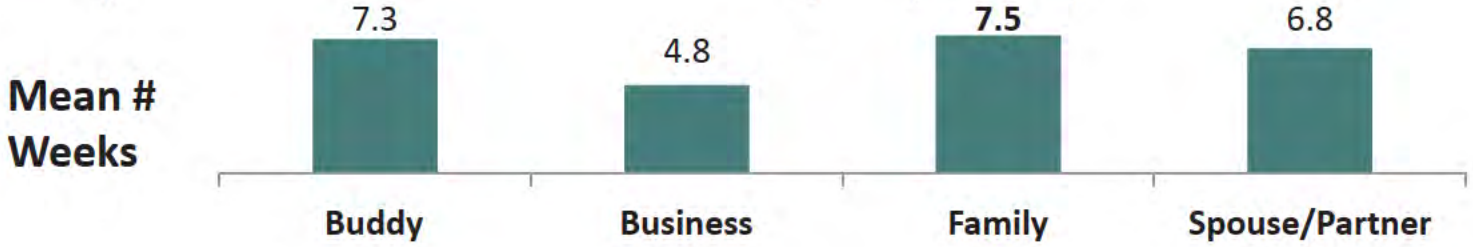
The Planning to Booking Window: The Decision Process for Families Is Typically Longer and More Involved

Q *Aggregate of total weeks spent thus far + expected total weeks until booking*



Add another 1-2 months between booking and actual travel

Q *Time elapsed between when booked most recently completed trip and when began the trip*

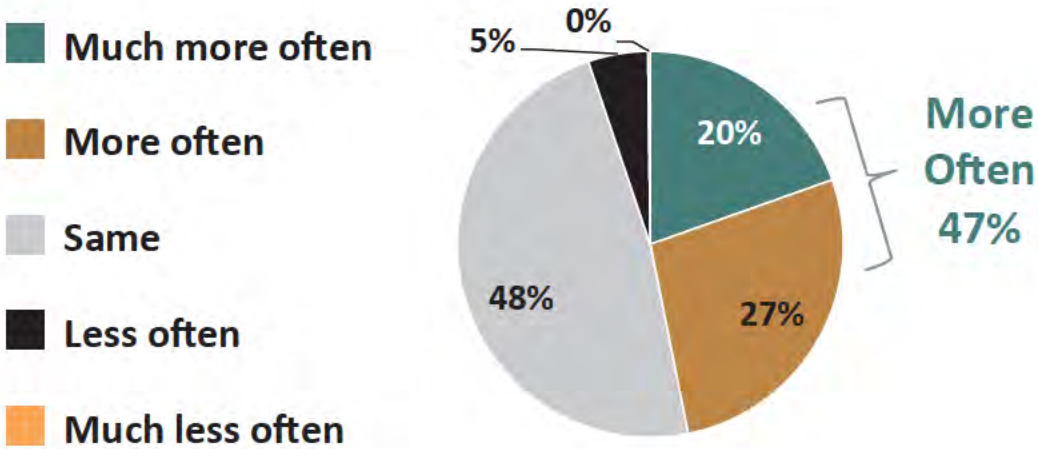


TOTAL	19 Wks	16.3Wks	23.1Wks	19.5Wks

Golfers Are Bullish About Future Travel

Q *Compared to this past year, are you planning to travel more often or less often in the next 12 months?*

Total Golf Travelers



Results show a greater tendency for family travel to be more frequent in the year ahead, relative to other golf trips

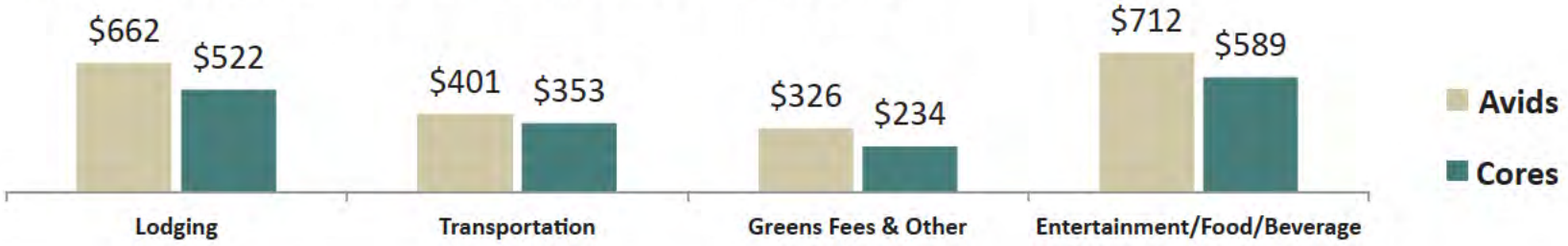
- Avid Golfers are 17% more likely than Core Golfers to be planning increased travel over the next twelve months

Average Per Person Spending on Recent Golf Vacations

- Family and Business Golf Travel Yield Higher Overall Spending

Recent Golf Travelers (Per Person)	Buddy	Business	Family	Spouse/Partner
Lodging	$347	$562	$539	$390
Transportation	$247	$328	$424	$347
Greens Fees and other activities	$269	$242	$210	$177
Entertainment/ food/ beverage	$501	$517	$560	$525
Total Spending	$1,363	$1,649	$1,734	$1,439

- Recent Avid Golf Travelers outspent Recent Core Golf Travelers



INDEX	127	114	139	121

Golf Travelers Are Motivated Researchers Who Use Many Sources

Print and Internet are key sources

AGREEMENT

86%	Do more of their own research
81%	I am more likely to go to the Internet for information about golf packages and prices than to call the golf resort directly
79%	I usually research a variety of different golf vacation destinations before making a final decision
68%	Magazines are a great source that inspires me to seek out interesting new places to go
52%	I recognize the benefits of having travel content available on a smart phone or tablet device (iPad, etc.)

Couples trips are significantly more likely to rely on D-I-Y research

Golfers Recognize Unique Needs for Different Type of Trips

AGREEMENT

73%	I generally look at golf vacations and family vacations as two very different types of trips
70%	When planning a vacation for my family, I will be much more likely to stay at family friendly destinations that also have a golf course
63%	I am more inclined to include my family on golf vacations than I was five years ago

Avid golfers are more likely to seek out family friendly destinations that include golf---to have their cake and eat it too!

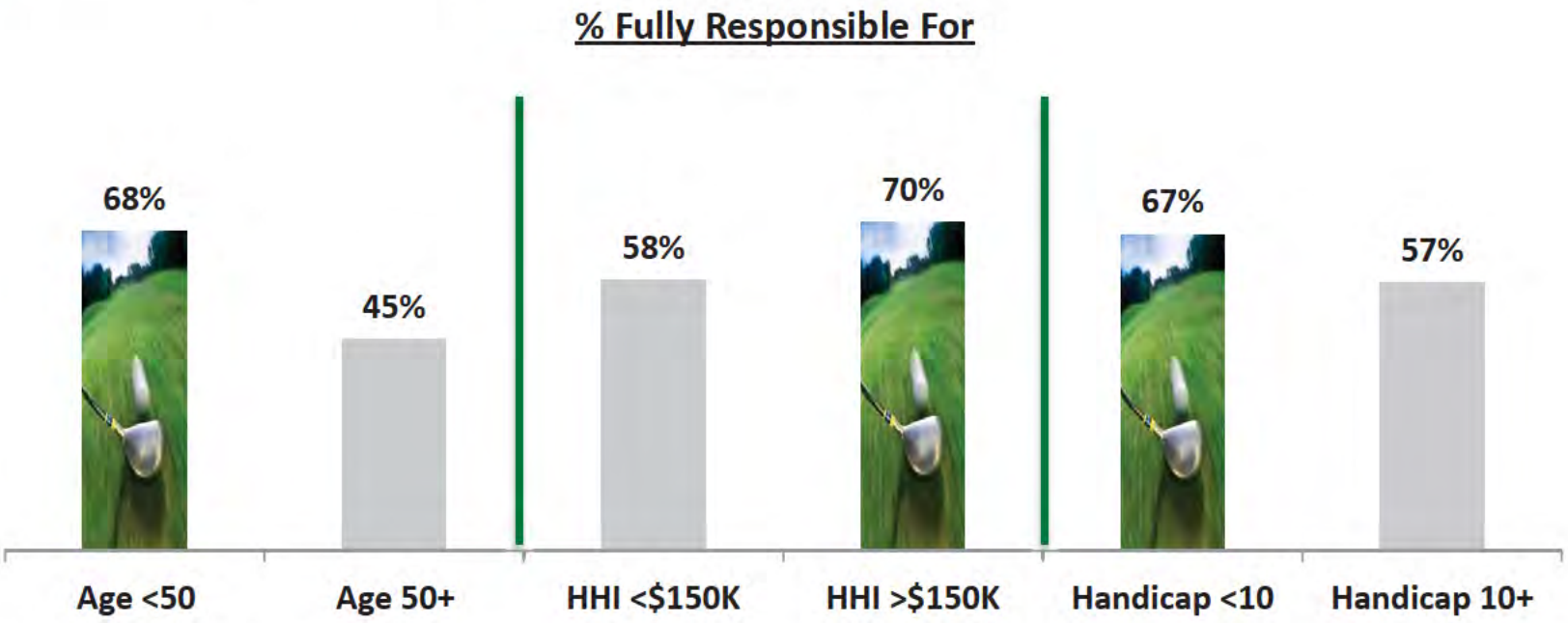
Golfers Are Looking for Golf Course Beauty and Familiarity, but with a Variety of Activities

AGREEMENT

80%	Playing a beautiful and well-maintained golf course on my golf vacation is more important to me than playing a challenging one
80%	I like to return to the same golf vacation destinations, which I enjoy the most
77%	It's important to me that there are a variety of other activities to do besides golf when I plan where to go on a golf vacation
64%	I prefer staying at resort properties with abundant amenities
57%	When I go on vacation I prefer staying at well known hotel or resort brands rather than properties unique to a destination

Younger, More Affluent and Better Golfers Assume Greater Responsibility for Planning Travel

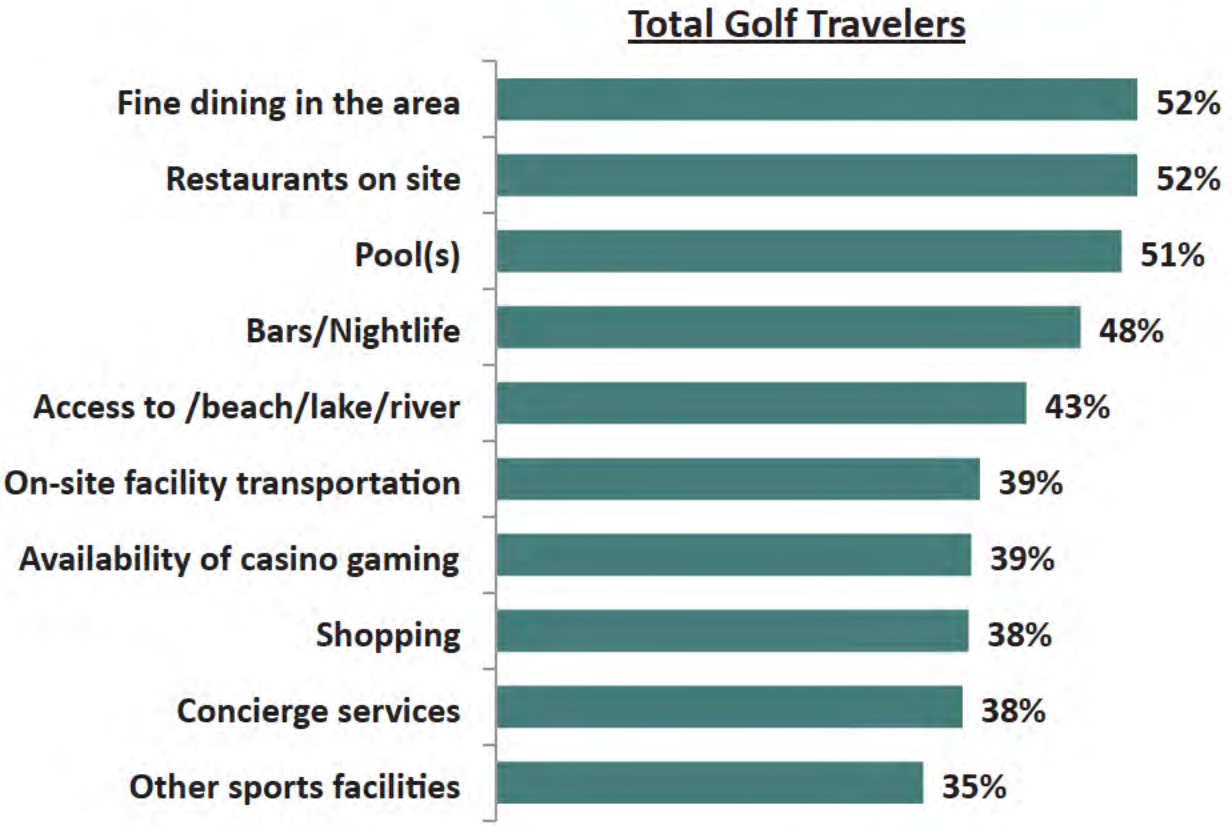
Q *...what was your role, if any, in planning this trip or vacation?*



Golfers Are Looking for Course Quality, Climate and Tee Times

- Golf travelers from the Northeast are more likely to consider weather/climate, quality and variety of dining options and variety of golf courses to play to be important drivers
- Those golfing abroad place quality of accommodations and ease of getting around once they arrive on an equal primacy with golf course quality

Fine Dining, "Water" and Nightlife Are Most Valued



Golfer Segments Prioritize their Needs in Different Ways

Buddy

- Quality of golf courses
- Weather Conditions/Climate
- Availability of Tee times on Desired Courses
- Value for the money
- Bars/Nightlife

Business

- Weather Conditions/Climate
- Quality of the golf course
- Quality of Accommodations
- Fine dining in the area
- Restaurants on site
- Pool

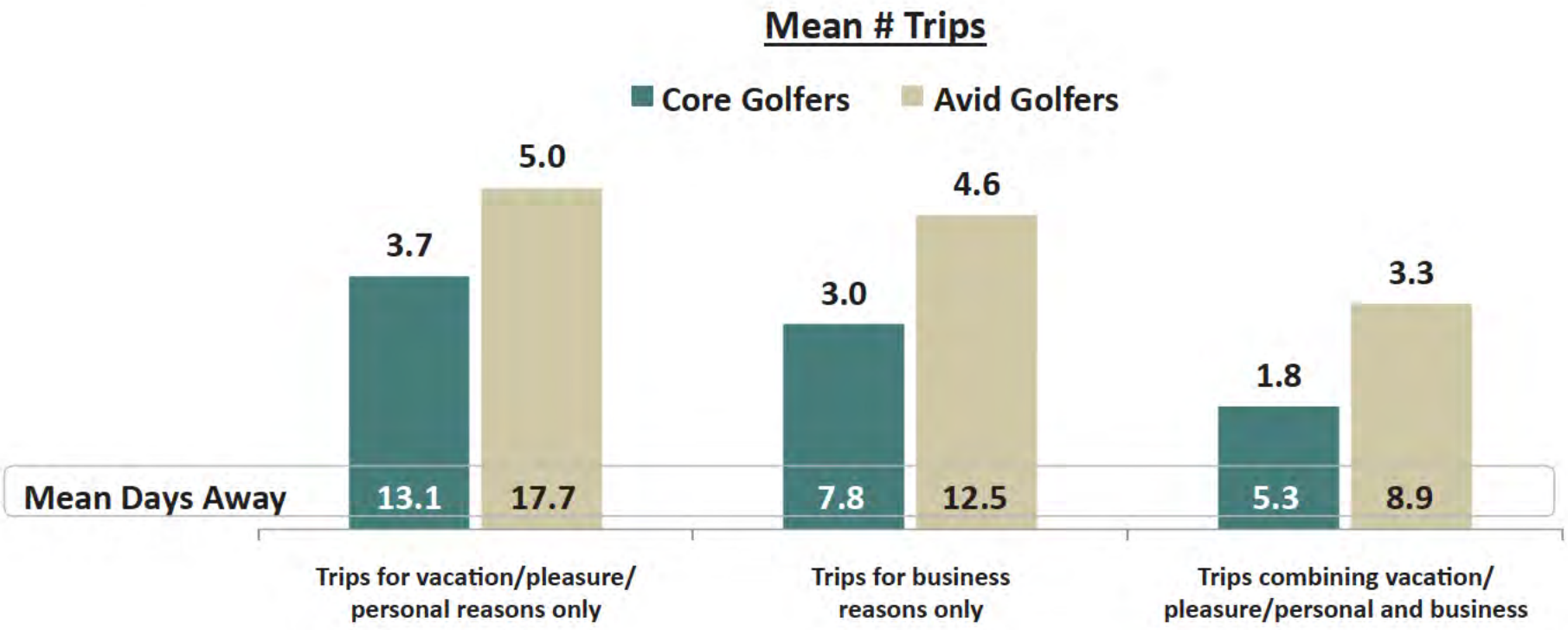
Spouse/Partner

- Value for the money
- Availability of Tee times on Desired Courses
- Fine dining in the area
- Pool
- Restaurants on site
- Shopping

Family

- Quality of golf courses
- Weather Conditions/Climate
- Value for the money
- Restaurants on site
- Pool
- Access to Beach/River
- Shopping

Avid Golfers Travel More



AVID INDEX	135	153	183

Duration of the Most Recent Trip: Family Golf Vacations Are Longer

Buddy	Business	Family	Spouse/Partner
Mean # of Days: 5.0	Mean # of Days: 4.6	Mean # of Days: 5.8	Mean # of Days: 5.9

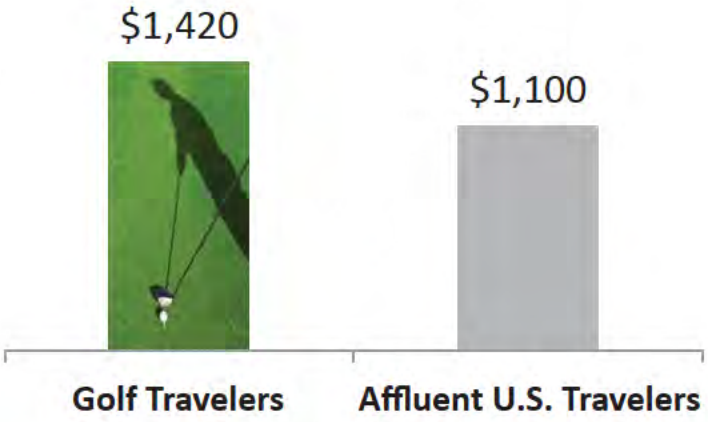
Those groups whose most recent Golf trip was longer:

- Travelers to the West compared to those traveling elsewhere
- Avid vs. core golfers
- Single digit handicappers vs. less skilled players

Golfers Are a Significantly Attractive Travel Target vs. the Overall U.S. Affluent Population

Golfers Spend nearly 30% more on their vacations!

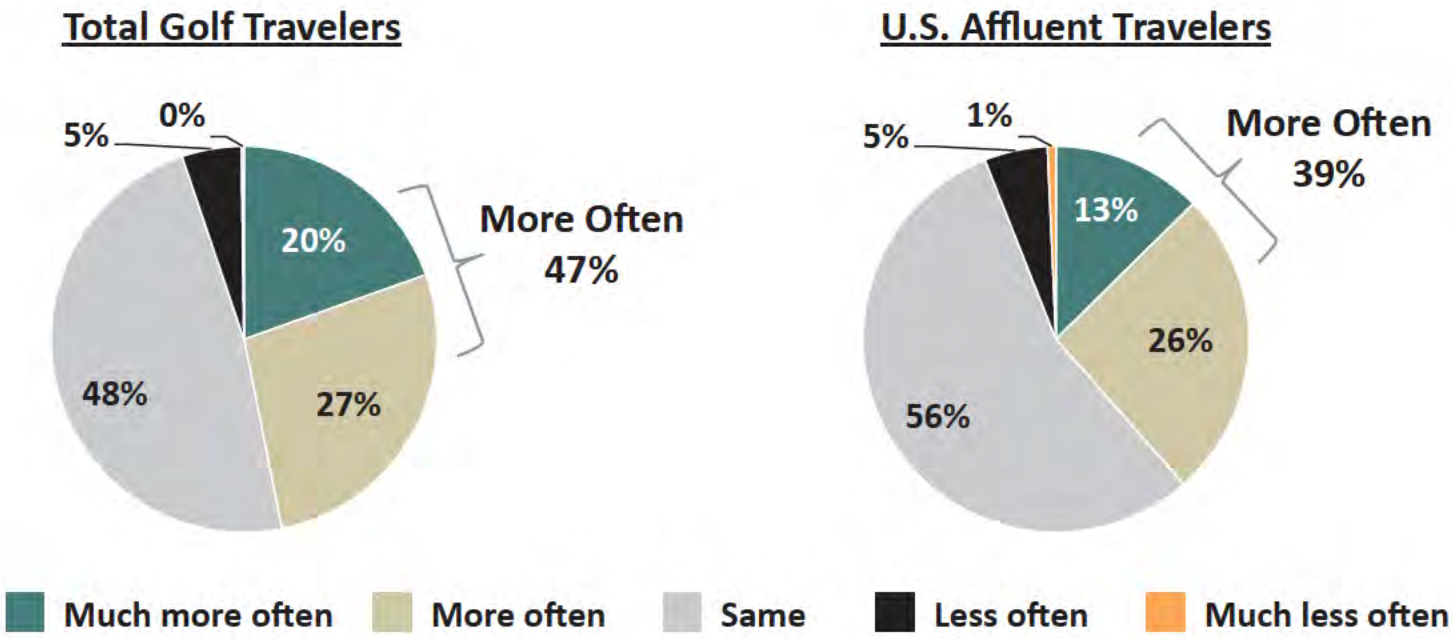
Family/Business Golf Trips Show significantly higher personal spending



	Golf Travelers	Affluent U.S. Travelers	Golfer Advantage
Lodging	$400	$300	+33%
Transportation	$250	$200	+25%
Entertainment	$200	$122	+64%
Food & Beverage	$200	$200	---

Golfers are More Bullish than Affluent Americans

Q *Compared to this past year, are you planning to travel more often or less often in the next 12 months?*



- Golfers are 22% more likely than affluent Americans to be planning increased travel over the next twelve months
- Avid Golfers are 17% more likely than Core Golfers to be planning increased travel over the next twelve months

Implications: A Strategic Framework for 2013

- **Carpe Diem:** Welcome dose of golfer optimism can spur an upturn for the industry
  - Walk the talk on product innovation, value and customized service/ game improvement
  - Embrace the family as part of the golf experience and build "player community"
- **Make things Easier and Feed the "Escape":** Streamlined, turn-key offerings can provide a break from the frenetic pace and constant noise that golfers seek to insulate themselves from
- **Keep Pace with the Customer:** Insert your brand in a relevant context,…which varies across multiple, additive touch points
- **Different Tacts for Different Trip Types:**
  - Important differences by traveler type (i.e., buddy vs. family vs. business)
- **Use of multiple media sources throughout the travel purchase process**
- **Stay in the game throughout the process:** Multiple destinations are still considered until final booking

Golfer Consumer Attitudes & Travel Insights 2013

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