The Front Nine: How the Golf Market Is Trending in the Year Ahead
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Customer Centricity and The Golfer Experience

62% would like to play more golf than they presently do. 

Nearly 6 in 10 golfers with a 20+ HCP strongly agree that the idea of playing a 9-hole round of golf is appealing to them.

#1 In Importance For Golf Facility Operators:
- Additional Tee Box Options that allow for a shorter golf course – 70%

Behavioral/Attitudinal Fusion And Measurement

APP MANIA:
- GolfLogix
- Arccos
- The Grint
- GolfShot GPS
- 18 Birdies

AMBASSADORS/GOLF EXPERIENCE STEWARDS:
- AGAs & PGA Professionals

Source: 2019 SLRG Golf Omnibus; 2019 ASGCA/SLRG Golf Market Trend Watch
E-COMMERCE COMES OF AGE:

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

- Off Course Specialty: 38% (2013), 39% (2019)
- Over the Internet: 22% (2013), 35% of those under age 45 (2019)

→ Golfer Purchase Process Shows increased prominence of valued, curated content during early consideration set formation

Source: 2019 SLRG Golf Omnibus
59% of golfers strongly agree that “new golf equipment continues to become more technologically innovative each year...equaling a 10 year high in 2013

Golfers in 2019 are 48% more likely to agree that “buying the right new golf equipment can help me to immediately improve my game vs. 2012

OEM Brand loyalty remains at a SIX YEAR low
Shifts in The Golf Equipment Purchase Journey

Curating the Content – Most Critical Information Sources Throughout the Purchase Journey

**TOP TIER**
- Demoing equipment in off course pro shops, ranges and on course
- Researching and reading articles in golf publications, and online through third party websites
- Guidance from sales associates and teaching professionals

**ALSO IMPORTANT**
- Talking to and observing friends/other golfers
- Visiting OEM and retailer websites
- Google Search
- Golf related television programming and videos

*Source: 2019 SLRG Golf Omnibus*
**Shifts in The Golf Equipment Purchase Journey**

**Expected Driver Spending** across the $400 threshold in lockstep with TM5, M6, Callaway Epic Flash $500 MSRP ➔ Putter price **EXPECTATIONS** reach **$200**

**Overall Anticipated 2019 Per Capita Equipment Spending** is **up +25% vs 2018:**
→ Though 70% planning to spend the same or more is down from 78% last year—again suggests share of customer battles

**Meaningful Shifts in per Capita Spending by Category in 2018 vs 2017** for all categories except golf bags and apparel:

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Hybrids</th>
<th>Irons</th>
<th>Wedges</th>
<th>Golf Balls</th>
<th>Shoes</th>
<th>Putters</th>
</tr>
</thead>
</table>

**Continued Growth Among Custom Fitting Studios—Towards Virtual Inventory:**
→ 42% of “engaged” golfers won’t buy new equipment without being custom fit

Now at **17** Studios and some **30,000** configurations

*Source: 2019 SLRG Golf Omnibus*
...And it all makes Sense as the new segmentation is validated further across channel utilization.

**Skill Level/Experience**

- **High**
  - The All In, Constant Shopper
  - Premium

- **Low**
  - The Not Good Enoughs
  - Buying a Game

**Product Need**

- **Value**
  - Second Hand Sam

**PGA TOUR SUPERSTORE**

Green Grass still shows resonance among private club members.

TopGolf to Surpass 50 U.S. Locations

TopGolf is About “Community,” Entertainment and F&B

Saturation and Shifting Non-golfer Tastes

VS.

Transformation of Experience and Migrating “Tire Kickers” Into Traditional Golfers

Drive Shack Targets 15 Stand Alone Mega Ranges by 2020

“An Enhanced Practice Range” moves to #1 in importance among Superintendents evaluating golfers’ most coveted amenities in 2019 Survey.

Source: 2019 SLRG Golf Omnibus; 2019 ASGCA/SLRG Golf Market Trend Watch
21% of golfers strongly agree that “Golf is more fun when there is a cash wager on the line”

→ Greater Interest Among Primary Segments:
  - Private Club Members **INDEX 149**
  - Single Digit Handicappers **INDEX 191**
  - Under Age 45 **INDEX 122**

*Source: 2019 SLRG Sports Omnibus, ESPN*
"The reason we would do it is because we think gaming leads to more engagement."...sports betting in golf as a "second-, third- or fourth-screen experience."

Things to think about:
- Integrity Fees
- Influx of Delivery Mechanisms

⇒ Golfers still consider the game’s “purity” among its most significant virtues
SOME BULLISH ATTITUDES STAY THE SAME!

10 Straight Years that 95% of golfers expect to play the same or more golf as they did a year ago.

Consistent with 2018, We’ve seen a -27% Drop since 2015 in golfers who strongly believe that the game of golf is facing major participation challenges.

More golfers continue to see the game becoming More Inclusive and Welcoming than it was a generation ago.

“Golf has become more inclusive and welcoming than it was a generation ago”

Source: 2019 SLRG Sports Omnibus
...But We See Some Meaningful Shifts In Perspectives On Participation

In your opinion, which of the following is the most effective way that the golf industry can increase the total number of rounds played?

- By getting more new players to try golf (22%)
- By encouraging existing players to play more golf (78%)

2019:
- By getting more new players to try golf: 22%
- By encouraging existing players to play more golf: 78%

2018:
- By getting more new players to try golf: 17%
- By encouraging existing players to play more golf: 83%

Source: 2019 SLRG Sports Omnibus
The Continued Evolution of Private Clubs

After A Strong Recovery, Membership Growth Has Stalled

- **2011 – LOW POINT**: Decrease, 51% to Increase, 19%
- **2013 – STABILITY ACHIEVED**: Decrease, 36% to Increase, 33%
- **2017 – HIGH POINT**: Decrease, 21% to Increase, 39%
- **2018 – SLIGHT RETRENCHMENT**: Decrease, 22% to Increase, 37%
- **2019 – SLIGHT RETRENCHMENT**: Decrease, 25% to Increase, 36%
After A Strong Recovery, Membership Growth Has Stalled...As We See Evidence of Greater Financial Stability:

The Incidence of Respondents who are concerned about the financial stability of their Private Clubs has dropped in of the each of the past seven years from 36% in 2013 to 22% in 2019

- Consistent with observed drop in those who report that their clubs have aggressively reduced the price of membership
But More Change is Likely Ahead:

57% still believe that private clubs must make aggressive changes to remain relevant in the years ahead...unchanged from 2013

- “Gamification” to join in diversified programming and focus on family, juniors, women, younger members and convergence of home, office and club
52% strongly agree that there is no such thing as job security—an eleven point improvement since 2010; and all time best.

Nearly SIX IN 10 are very confident that they will have enough money to retire in comfort—up seven points vs a year ago.

HOWEVER...

THREE YEAR LOW in golfers who feel significantly better about their financial situation in 2019 than a year ago...down from 42% to 34%.

<10% strongly agree that people will go back to spending freely on luxuries in 2019.
Facility Operator Pressures and Priorities

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

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

In 2019, Facility General managers are significantly more concerned about competing priorities for customers' leisure time and the length and difficulty of the golf course.

Source: 2019 ASGCA/SLRG Golf Market Trend Watch
Golf Course Renovations Are Even More Coveted in 2019 as the Most Wanted 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?

- **Golf course renovation**: 45% (2019) vs. 39% (2018)
- **An enhanced food and beverage experience**: 36% (2019) vs. 32% (2018)
- **Expanded Junior golf programs**: 35% (2019) vs. 35% (2018)
- **Club house renovation**: 29% (2019) vs. 31% (2018)
- **Family programming**: 28% (2019) vs. 27% (2018)
- **Online tee time reservations**: 23% (2019) vs. 23% (2018)

*Source: 2019 ASGCA/SLRG Golf Market Trend Watch*
## Bullish Signals, but Heightened Competition

<table>
<thead>
<tr>
<th>Statement</th>
<th>Year 2019 (%)</th>
<th>Year 2011 (%)</th>
<th>vs. 2011 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I plan to spend actively on useful pastimes in my retirement</td>
<td>58</td>
<td>49</td>
<td>VS</td>
</tr>
<tr>
<td>Golf is my personal oasis from the day to day chaos</td>
<td>54</td>
<td>36</td>
<td>VS</td>
</tr>
<tr>
<td>I’m planning to take a major vacation this year</td>
<td>52</td>
<td>44</td>
<td>VS</td>
</tr>
<tr>
<td>I feel that I will be more comfortable in my retirement than my parents are/were</td>
<td>59</td>
<td>37</td>
<td>VS</td>
</tr>
<tr>
<td>Compared to my parents, I’m more self indulgent</td>
<td>48</td>
<td>38</td>
<td>VS</td>
</tr>
</tbody>
</table>

*Source: 2019 SLRG Sports Omnibus*
The ‘mini vacation market’ — 24% strongly agree that they are taking more vacations of shorter duration than they used to.
Golf Travel—Indulgence and Luxury to Escape the Chaos

MOVING TO THE OPPORTUNITY:

INSPIRATO

GOLF LIFE NAVIGATORS

Source: 2019 SLRG Sports Omnibus
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IN THE YEAR AHEAD