Golf Inc. Strategies Summit

A Fresh Look at Golfers as Customers

New Definitions • New Segments • New Strategies

Prepared by: SPORTS & LEISURE RESEARCH GROUP
Population Trends—An Aging America

The Millennial Generation
Born: 1984 to 1999
Age of Adults in 2019: 23 to 38

The Baby Boom Generation
Born: 1949 to 1967
Age of Adults in 2019: 55 to 73

Generation X
Born: 1968 to 1983
Age of Adults in 2019: 39 to 54

The Silent Generation
Born: 1931 to 1948
Age of Adults in 2019: 74 to 91

Projected Population by Generation
*In millions*

Source: Pew Research Center
“By 2035, there will be 78.0 million people 65 years and older compared to 76.7 million (previously 76.4 million) under the age of 18.”

The 2030’s are projected to be a transformative decade for the U.S. population. The population is expected to grow at a slower pace, age considerably and become more racially and ethnically diverse.

For the First Time in U.S. History
Older Adults are Projected to Outnumber Children by 2035

Source: U.S. Census Bureau
Does Golf Look Like America?

Source: 2019 NGF Golf Participation Report; U.S. Census Bureau
What’s a Participant?

Off Course Only Participants 9.3 Million

Occasional Golfers: Estimated Size: 11.6 Million

Core Golfers: 12.6 Million

Note: Includes women and juniors.
Source: National Golf Foundation, Golf Participation in the U.S. 2019
...OR is it Really This?

Driven by Commitment, Spending Levels and Avidity

9.9 Million
Adult Male Golfers
(2 of 6 segments)

70% of Adult Male Golfers

5.1 Million
Adult Male Golfers
(4 of 6 segments)

Golf’s Most Coveted Audience:
30% of the Adult Male Market

- Plays two-thirds of all rounds
- Outspends all other golfers 3 to 1 on:
  - Playing fees
  - Golf equipment
  - Golf related travel

5.1 Million Adult Male Golfers (4 of 6 segments)
Who is Fueling the Golf Facility Economy in the Short Term?

**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*

**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*

**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*

**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*

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Who is Fueling the Golf Facility Economy in the Short Term?

Private Elite

The quintessential private club golfer, he’s avid and committed to the game and belongs to a club paying average dues in excess of $10,000 annually.

Brett has woven golf into the fabric of his life. He likely owns his own business and has utilized membership at the finest club in town to entertain clients and play as much as possible.

While not an exceptional player, Brett is health conscious and seeks top of the line equipment in the hope that he may one day be able to challenge the A-Flight.

True to his affluence and willingness to spend for quality, Brett has all of the latest digital toys for golf video, on which he will supplement his strong consumption of traditional golf media to learn of the latest golf vacations and tips to improve his game.

Key Attitudes About Golf (Strong Agreement)

<table>
<thead>
<tr>
<th>82%</th>
<th>82%</th>
<th>82%</th>
<th>81%</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I respect the rules of golf</td>
<td>I follow the rules of golf</td>
<td>I value the history and traditions of the game of golf</td>
<td>The integrity and honesty of golf are important aspects of the game that I value</td>
<td>When I go on vacation, I almost always play golf</td>
</tr>
</tbody>
</table>

| 112 | 118 | 133 | 121 | 268 |

INDEX+

*Denotes INDEX vs Total Golf Market

Estimated Market Size: 550,000 men

He is...

| Average Age | 42 |
| Retired | 14% |
| Professional/Executive | 74% |
| Owner/Partner/C-Titles | 42% |
| Average Annual Rounds | 26 |
| Average Handicap | 17 |
| Private Club Member | 90% |
| Median HHI | $172,000 |
| Avg Spent on Last Driver | $328 |

Median Planned Golf Equipment Spending Over the Next Twelve Months

$675
Who is Fueling the Golf Facility Economy in the Short Term?

**Equipment Junkie**

An equipment junkie, accomplished and avid player distinguished by his significant annual spending on all things golf, which is sometimes disproportionately higher than his relative annual income.

Clint is a golfer that **every premium equipment company covets**. Avid, and **passionate about golf and its traditions**, he plays as often as he can and is always trying to stay ahead of the competition by having **the latest and greatest equipment**, which he reads about **across every media channel** that he can.

Successful and affluent, Clint will not hesitate to spend what it takes to lower his handicap, and **embraces golf’s core values and challenges**. He is a **golf media junkie**, increasing his time devoted to staying on top of all aspects of the game that is his singular passion.

### Key Attitudes About Golf (Strong Agreement)

<table>
<thead>
<tr>
<th>Attitude</th>
<th>INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>I follow the rules of golf</td>
<td>87%</td>
</tr>
<tr>
<td>I respect the rules of golf</td>
<td>84%</td>
</tr>
<tr>
<td>The integrity and honesty of golf are important aspects of the game that I value</td>
<td>83%</td>
</tr>
<tr>
<td>I value the history and traditions of the game of golf</td>
<td>78%</td>
</tr>
<tr>
<td>I’m passionate about the game of golf</td>
<td>75%</td>
</tr>
</tbody>
</table>

### Estimated Market Size: 1,100,000 men

<table>
<thead>
<tr>
<th>He is...</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age</td>
<td>50</td>
</tr>
<tr>
<td>Retired</td>
<td>21%</td>
</tr>
<tr>
<td>Professional/Executive</td>
<td>64%</td>
</tr>
<tr>
<td>Owner/Partner/C-Titles</td>
<td>30%</td>
</tr>
<tr>
<td>Average Annual Rounds</td>
<td>31</td>
</tr>
<tr>
<td>Average Handicap</td>
<td>15</td>
</tr>
<tr>
<td>Private Club Member</td>
<td>47%</td>
</tr>
<tr>
<td>Median HHI</td>
<td>$132,000</td>
</tr>
<tr>
<td>Avg Spent on Last Driver</td>
<td>$490</td>
</tr>
</tbody>
</table>

Median Planned Golf Equipment Spending Over the Next Twelve Months

**$1,283**

*+Denotes INDEX vs Total Golf Market*
Who is Fueling the Golf Facility Economy in the Short Term?

**Generation Next**

*He’s a millennial who has made a commitment to golf. On an upward career trajectory, he appreciates golf’s traditions and values as well as what it can do to advance his career and social network.*

Chris is yet to hit age 30, but is on the fast track. Despite falling short of “avid” golfer status, he approaches the game seriously, **seeks an “authentic” golf experience, spends accordingly**, and is **hooked on the sport**.

Chris is increasing his play and **looks forward to even more golf** when he has the time. He’s competitive and **focused on success**.

Having grown up in a digital world, **he seeks an abundance of golf content across multiple media platforms**, with a particular affinity for video, while still valuing first tier media.

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**Key Attitudes About Golf (Strong Agreement)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I respect the rules of golf</td>
<td>80%</td>
</tr>
<tr>
<td>I look forward to playing more when I have more time and disposable income</td>
<td>79%</td>
</tr>
<tr>
<td>I follow the rules of golf</td>
<td>79%</td>
</tr>
<tr>
<td>I value the history and traditions of the game of golf</td>
<td>74%</td>
</tr>
<tr>
<td>The integrity and honesty of golf are important aspects of the game that I value</td>
<td>73%</td>
</tr>
</tbody>
</table>

**Estimated Market Size: 475,000 men**

He is...

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age</td>
<td>29</td>
</tr>
<tr>
<td>Retired</td>
<td>-</td>
</tr>
<tr>
<td>Professional/Executive</td>
<td>73%</td>
</tr>
<tr>
<td>Owner/Partner/C-Titles</td>
<td>24%</td>
</tr>
<tr>
<td>Average Annual Rounds</td>
<td>21</td>
</tr>
<tr>
<td>Average Handicap</td>
<td>16</td>
</tr>
<tr>
<td>Private Club Member</td>
<td>50%</td>
</tr>
<tr>
<td>Median HHI</td>
<td>$87,000</td>
</tr>
<tr>
<td>Avg Spent on Last Driver</td>
<td>$364</td>
</tr>
</tbody>
</table>

**Median Planned Golf Equipment Spending Over the Next Twelve Months**

$400

**INDEX**

*Denotes INDEX vs Total Golf Market*
Who is Fueling the Golf Facility Economy in the Short Term?

GOLF’S SWEET SPOT
Core and avid golfers playing at least eight rounds per year and reflective of the broader segment of active “regular” players. He is golf’s everyman.

Glenn has reached a life stage where he has integrated a lot of golf into his lifestyle. While he is beginning to think about retirement, Glenn is still somewhat careful about his spending, relative to other highly committed golfers.

Glenn tends to be conservative in his values, and golf’s integrity synchs nicely with those views. He has some concern about golf’s future, and does not want to see the sport dramatically change.

While Glenn is less likely to embrace digital media than other segments of golfers, he is making the transition, and golf content is an important part of that experience.

He is...

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Average Age</td>
<td>58</td>
</tr>
<tr>
<td>Retired</td>
<td>36%</td>
</tr>
<tr>
<td>Professional/Executive</td>
<td>45%</td>
</tr>
<tr>
<td>Owner/Partner/C-Titles</td>
<td>20%</td>
</tr>
<tr>
<td>Average Annual Rounds</td>
<td>28</td>
</tr>
<tr>
<td>Average Score</td>
<td>98</td>
</tr>
<tr>
<td>Private Club Member</td>
<td>24%</td>
</tr>
<tr>
<td>Median HHI</td>
<td>$124,000</td>
</tr>
<tr>
<td>Avg Spent on Last Driver</td>
<td>$318</td>
</tr>
</tbody>
</table>

Median Planned Golf Equipment Spending Over the Next Twelve Months

$293

Key Attitudes About Golf
(Strong Agreement)

<table>
<thead>
<tr>
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<th>Value</th>
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<tbody>
<tr>
<td>I respect the rules of golf</td>
<td>79%</td>
</tr>
<tr>
<td>The integrity and honesty of golf are important aspects of the game that I value</td>
<td>75%</td>
</tr>
<tr>
<td>I follow the rules of golf</td>
<td>75%</td>
</tr>
<tr>
<td>I value the history &amp; traditions of the game of golf</td>
<td>67%</td>
</tr>
<tr>
<td>I enjoy watching PGA Tour pros compete in international competitions</td>
<td>62%</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
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<tr>
<td>INDEX</td>
<td></td>
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<tr>
<td>107</td>
<td></td>
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<tr>
<td>112</td>
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<td>108</td>
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<td>109</td>
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<tr>
<td>116</td>
<td></td>
</tr>
</tbody>
</table>

*Denotes INDEX vs Total Golf Market
Customer Centricity and The Golfer Experience

62% would like to play more golf than they presently do. FLEXIBILITY AND CUSTOMIZABLE EXPERIENCES

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%

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

AMBASSADORS/GOLF EXPERIENCE STEWARDS:
- AGAs & PGA Professionals

Behavioral/Attitudinal Fusion And Measurement

Source: 2019 SLRG Golf Omnibus; 2019 ASGCA/SLRG Golf Market Trend Watch
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
After A Strong Recovery, Membership Growth Has Stalled

- **2011 – LOW POINT**: Decrease, 51% / Increase, 19%
- **2013 – STABILITY ACHIEVED**: Decrease, 36% / Increase, 33%
- **2017 – HIGH POINT**: Decrease, 21% / Increase, 39%
- **2018 – SLIGHT RETRENCHMENT**: Decrease, 22% / Increase, 37%
- **2019 – SLIGHT RETRENCHMENT**: Decrease, 25% / Increase, 36%
...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

After A Strong Recovery, Membership Growth Has Stalled...
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
Evolving Values, Evolving Expectations

Social and Lifestyle Programming
First--Golf is one amenity

Vibrant, Active Lives for every generation

Special Interest Programming

The Health Club Model

Melding traditional family values with new definitions of family

The Private Club Environment
And Public Facilities Compete with Leisure Alternatives

- Emphasis on the Range as Gamification
- Perceived as Entertainment
- Hybrid Memberships/Subscriptions
- More Inclusive and Flexible Access
  - Embracement of Yield Management
  - 9 Holers
  - Pay by the hole
  - “Putt & Pub”
What the “Sandwich Generation” Wants

- Meet demands for value, simplicity and efficiency
- Provide a “Safe Haven” for the family
- Don’t ignore the “greater good”
- Build an enriching “community”
- Make the family a part of the answer
Consumers wishing to live outside of a gated community has reached 46%...

The desire for “Full Golf Memberships” has decreased 6% over the past 12 months with consumers seeking ancillary memberships including “annual” and “family” memberships options.

Studying consumer motivation, **Golf Amenities rank #4** in terms of consumer hierarchy of importance. Leading motivators are: #3 Beauty of Landscaping; #2 Weather; #1 Friendly Culture.

Source: 2019 Golf Life Navigators
What We’ve Learned from Casino Hosts

• Integration of behavioral and attitudinal customer knowledge

• The manifestation of the 2C2R approach to make people feel special

Communications • Community • Recognition • Reward
Golfer Segments Prioritize their Travel 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

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

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

**Family**
- Quality of golf courses
- Weather Conditions/Climate
- Value for the money
- Restaurants on site
- Pool
- Access to Beach/River
- Shopping
Golf Travel — Indulgence and Luxury to Escape the Chaos

Source: 2019 SLRG Sports Omnibus