GOLF'S ECOSYSTEM

as we enter

“The New Roaring ‘20s”
An Insights Driven Look at Golf’s Ecosystem in 2020

Participation and Golfer Attitudes
Golfers and The Macro Economy
Equipment and Retail
The State of Private Clubs
Facility Operations and Design
Golf Travel
The Tournament Experience
POSITIVE UPTICK IN THOSE PLAYING MORE, THOUGH FLAT, REMAINS THE STORY

2020

- Played Less: 14%
- Played More: 30%
- Same: 56%

2015

- Played Less: 19%
- Played More: 24%
- Same: 56%

11th straight year that more than 95% expect to play more or the same in the year ahead.

62% wish they could play more than they currently do.
BULLISH OPTIMISM ABOUT GOLF’S FUTURE:

52% strongly agree that they are optimistic about golf’s future; up +16% from YAG

46% single year increase in those who strongly agree that “The media has created unnecessary concern about the health of the game of golf.” (24% in 2020)

A MORE DIVERSE GAME THAN A GENERATION AGO

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

+28%
BULLISH OPTIMISM ABOUT GOLF’S FUTURE:

Rules Modernization Has Had An Immediately And Meaningfully Positive Impact

“I’d like to see The Rules Simplified”

+24% Improvement!

2019: 58%  
2020: 44%

Significantly Less Concern About Participation:

“The game of golf is facing major challenges in regards to growing overall participation.”

+30% Improvement!

2015: 57%  
2020: 40%
Golfers and The Macro Economy

WHAT A DIFFERENCE 10 YEARS MAKES!

I feel that I will be much more comfortable in my retirement than my parents are/were

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42%</td>
<td>47%</td>
<td>61%</td>
</tr>
</tbody>
</table>

I'm confident that I will have enough money to retire in comfort

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36%</td>
<td>42%</td>
<td>61%</td>
</tr>
</tbody>
</table>

I plan to spend actively on useful pastimes in my retirement

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55%</td>
<td>51%</td>
<td>61%</td>
</tr>
</tbody>
</table>

I feel better about my financial situation today than I did a year ago

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27%</td>
<td>35%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Compared to my parents, I'm more self indulgent

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46%</td>
<td>46%</td>
<td>51%</td>
</tr>
</tbody>
</table>

There's really no such thing as job security anymore

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>61%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Dips below 50% for first time in ten years!
STYLE VS SUBSTANCE??

11% FIVE YEAR DROP in those who strongly agree that purchase decisions are more about substance than about style

Yet others disagree...

“Gen Z’s preference for the practical is already spelling the end of the Age of Influencers, as millennial-fueled passion for the Instagram aesthetic wanes.”

Kantar—Influencer Marketing Has Peaked

MediaPost — January 2020
The Year Ahead in Equipment and Retail

Higher Price Points; Flat Demand

Plan to Purchase in 2020

Up

VOLUME AGAIN FLAT

Balls

Drivers  Woods  Hybrids  Irons  Wedges  Putters  Shoes  Apparel  Grips  Bags  Range Finders
Those seeking mid-oversized putter grips will see an increase of 11% year over year jump in sales.

- Putters, irons, golf balls
- Big elasticity leap for grips
- Replacement grips eclipse $100

Putters eclipse $200

Another year of price escalation

Spending holds at $400

Median Anticipated Driver Planned Per Capita Spending

Higher price points; flat demand

And Retail

The Year Ahead in Equipment
The Year Ahead in Equipment and Retail

Higher Price Points; Flat Demand: Planned Per Capita spending

**Meaningful Increase**
- Grips: Index 114
- Putters: Index 110
- Irons: Index 108
- Balls: Index 108

**Nominal Increase**
- Drivers: Index 105
- Wedges: Index 104
- Apparel: Index 104
- Woods: Index 103
- Hybrids: Index 103

**Flat**
- Shoes: Index 100

**Down**
- Bags: Index 93
The Year Ahead in Equipment and Retail

Fueled by increased buy-in to new equipment efficacy stories:

+ 47% INCREASE from 2015-2020 of those who strongly agree that “Buying new golf equipment can help me to immediately improve my game.”

+15% INCREASE from 2015-2020 of those who strongly agree that “New golf equipment continues to become more technologically innovative every year”... AN 11 YEAR, ALL-TIME SURVEY HIGH!

And more bullish attitudes about spending

“I’m more budget conscious than I was two years ago—top three box agreement”

55%  42%  34%

2010  2015  2020
The Year Ahead in Equipment and Retail

CHANNEL PREFERENCES

Where are you going to make your next purchase?

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off Course Specialty</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Online</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Green Grass</td>
<td>21%</td>
<td>22%</td>
</tr>
</tbody>
</table>

A CLOSER LOOK AT ONLINE PREFERENCES
Home of the Deal Seeker!

Just OVER HALF go to dedicated golf websites, with auction and second hand merch sites commanding \( \frac{2}{3} \) OF ONLINE SALES

- Dedicated golf website: 59%
- General online retailer: 13%
- An auction site: 12%
- Golf Website specializing in used merchandise: 17%
NEARLY 60% FIND IN STORE DEMOS critically important in determining which equipment to purchase; 50% feel the same about ON COURSE DEMOS; Next is GOLF PUBLICATION RESEARCH (41%)

Trend reversal suggests GROWING LOYALTY—31% now strongly agree that they’ve found one brand of equipment that they plan to stick with when they make their next purchase—up from 24% last year AND five years ago (2015)
A NEW WORLD—BUT A STABLE ONE

55% feel that clubs in general NEED TO MAKE Agressive Changes (down from 57% YAG and 60% in 2015)

• 37% Feel Their Club Should (unchanged but down from 40% five years ago)

51% have made concerted efforts to get younger (unchanged) but down from 57% in 2014

Meaningful one year uptick in those whose club has put more emphasis on women’s programs (30% vs. 25% YAG and all time high)
A NEW WORLD—BUT A STABLE ONE

25% have recently initiated a variety of new NON-GOLF PROGRAMS TO ATTRACT FAMILIES...slight uptick from 23% YAG but flat from five YAG

LESS CONCERNED ABOUT THE FINANCIAL STABILITY of their club

MEMBERSHIP COSTS ARE STABILIZING

% WHO HAVE Aggressively Reduced The Cost Of Membership In Recent Years

<table>
<thead>
<tr>
<th>Year</th>
<th>35%</th>
<th>22%</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The State of Private Clubs

A NEW WORLD—BUT A STABLE ONE

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership Growth Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Decrease, 51%</td>
</tr>
<tr>
<td>2013</td>
<td>Decrease, 36%</td>
</tr>
<tr>
<td>2017</td>
<td>Decrease, 21%</td>
</tr>
<tr>
<td>2018</td>
<td>Decrease, 22%</td>
</tr>
<tr>
<td>2019</td>
<td>Decrease, 25%</td>
</tr>
<tr>
<td>2020</td>
<td>Decrease, 23%</td>
</tr>
<tr>
<td></td>
<td><strong>NEW HIGH!</strong></td>
</tr>
</tbody>
</table>

Normalizing/Nominal Improvement
### MOST COVETED FACILITY IMPROVEMENTS

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Public</th>
<th></th>
<th></th>
<th>Private</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Would be of significant interest SUMMARY</td>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2018</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Golf course renovation</td>
<td></td>
<td>41%</td>
<td>39%</td>
<td>40%</td>
<td>46%</td>
<td>47%</td>
</tr>
<tr>
<td>An enhanced food and beverage experience</td>
<td></td>
<td>35%</td>
<td>33%</td>
<td>31%</td>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Expanded Junior golf programs</td>
<td></td>
<td>31%</td>
<td>30%</td>
<td>36%</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>Family programming</td>
<td></td>
<td>14%</td>
<td>23%</td>
<td>27%</td>
<td>42%</td>
<td>31%</td>
</tr>
<tr>
<td>9-hole golf outing followed by a casual dinner party</td>
<td></td>
<td>24%</td>
<td>20%</td>
<td>31%</td>
<td>31%</td>
<td>21%</td>
</tr>
<tr>
<td>Club house renovation</td>
<td></td>
<td>31%</td>
<td>25%</td>
<td>30%</td>
<td>26%</td>
<td>29%</td>
</tr>
</tbody>
</table>
## ARCHITECTS ON WHAT GOLFERS WOULD VALUE

<table>
<thead>
<tr>
<th>Feature</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional tee box options that allow for a shorter golf course</td>
<td>83%</td>
<td>81%</td>
<td>81%</td>
</tr>
<tr>
<td>A dedicated short game practice/learning area</td>
<td>78%</td>
<td>83%</td>
<td>85%</td>
</tr>
<tr>
<td>An enhanced practice range</td>
<td>76%</td>
<td>81%</td>
<td>81%</td>
</tr>
<tr>
<td>A re-design of one or more holes on the golf course</td>
<td>58%</td>
<td>63%</td>
<td>61%</td>
</tr>
<tr>
<td>A state of the art fitness facility and gym</td>
<td>49%</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Additional, dedicated outdoor event space</td>
<td>44%</td>
<td>54%</td>
<td>48%</td>
</tr>
<tr>
<td>A newly designed, more modern and trendy bar area</td>
<td>42%</td>
<td>50%</td>
<td>45%</td>
</tr>
</tbody>
</table>
WHAT KEEPS FACILITY OPERATORS UP AT NIGHT

- Competing priorities for customers' leisure time: 50% (2020), 56% (2019), 59% (2018)
- The overall economy: 46% (2020), 49% (2019), 55% (2018)
- Competition from other area facilities: 38% (2020), 40% (2019), 40% (2018)

In 2020, Superintendents at Public Facilities continue to be most concerned about maintenance costs, whereas those at private facilities place competing priorities for customers' leisure time at the top of their list.
### WHAT ARCHITECTS HAVE BEEN DOING

<table>
<thead>
<tr>
<th>Project Type</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master plan development</td>
<td>88%</td>
<td>85%</td>
<td>71%</td>
</tr>
<tr>
<td>Short game area development</td>
<td>85%</td>
<td>81%</td>
<td>75%</td>
</tr>
<tr>
<td>Re-bunkering</td>
<td>81%</td>
<td>90%</td>
<td>79%</td>
</tr>
<tr>
<td>Practice area improvements</td>
<td>78%</td>
<td>85%</td>
<td>75%</td>
</tr>
<tr>
<td>Green complex renovation or redesign</td>
<td>72%</td>
<td>77%</td>
<td>71%</td>
</tr>
<tr>
<td>Forward Tee box additions (Shortening length)</td>
<td>71%</td>
<td>77%</td>
<td>58%</td>
</tr>
<tr>
<td>Tee box redesign</td>
<td>69%</td>
<td>75%</td>
<td>61%</td>
</tr>
</tbody>
</table>
ON THE MOVE AND OPTIMIZING THE EXPERIENCE

Averaging **13 NIGHTS PER YEAR** in a hotel, on vacation

- **96%** playing golf while on vacation
- **16%** attending a tournament golf event, while traveling

**45%** strongly agree that the idea of retiring to a GOLF COMMUNITY is appealing to them
ON THE MOVE AND OPTIMIZING THE EXPERIENCE

PLANNING TO TAKE A MAJOR VACATION THIS YEAR

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>44</td>
<td>44</td>
<td>52</td>
<td>57</td>
</tr>
</tbody>
</table>

LOOKING FOR ADVENTURE

It’s important that vacation travel includes some element of adventure

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>18</td>
<td>28</td>
<td>31</td>
</tr>
</tbody>
</table>

STONGLY AGREE
Q. Which of the following best describes your viewing preferences at a professional golf tournament?

- 61% I will follow a group of players for a number of holes and then stop at one hole to watch the balance of the players come through
- 29% I like to stay at one or more specific holes and watch the players come through
- 7% I pick a group and follow them around the entire golf course
- 3% I like to spend the majority of my time in a chalet, hospitality tent or the clubhouse

51% have attended a tournament within the past two years

→ The fight for Fan Attention

New TOUR Rights Fees contracts and onset of Gaming promise big revenue Infusions
WHAT WE’RE THINKING...

PARTICIPATION: BULLISH—BUT?
- Tee Time Consolidation
- Enough entry ramps?
  - Top Golf IPO and derivatives
- Who’s a participant?
  - 40 Million—begs clarification and appropriate definition of “participant”

THE MACRO ECONOMY
- 10 Years ago golfers were much less confident about the future—it’s a far cry from fears of 11% unemployment
  - But prior data suggests high sensitivity
WHAT WE’RE THINKING...

EQUIPMENT OVER THE PAST TEN YEARS AND WHAT IT MEANS FOR 2020

- OEM Consolidation
  - Technical innovation messaging
    - Higher initial price points with cascaded/used product a staple now
      - Juxtaposed against the premium design studios
    - Constant shoppers are here to stay—The Roger Dunn effect
  - Retail consolidation and transformation
    - Online’s new role as a more prevalent and legitimate transaction facilitator
WHAT WE’RE THINKING...

FACILITY / SUPPLY DYNAMICS

- Greater stability
- On the public side, the winners have embraced technology to forge better customer relationships, while tapping into the resources of digital tee time providers that have not been without their detractors.
- However, the proliferation of digital tee times has simultaneously made the game more accessible and offered greater marketing resources.
- The new EZLinks—GolfNow marriage and its impact
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as we enter

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