SI GOLF GROUP

SPORTS & LEISURE RESEARCH GROUP

Presented January 28, 2010

The Golfer Mindset 2010

Moving Out of the Rough?

Agenda

- Two Minute Take-Aways
- Golfer expectations for 2010 participation, spending and retail channel preferences
- A brief look at how golfers purchase clubs, today
- Golfer attitudes in 2010 and their implications for the industry

Two Minute Take-Aways

- We're not totally out of the rough yet… but golfers are showing signs of optimism regarding participation and purchase intent
- The retail and purchase process environment for golf equipment has become more nuanced and complex
- Golfers' desire to re-engage suggest a potential return to normalcy
- But a "New Normal" has shifted some values, with longer term implications for marketing to golfers.

Background, Objectives and Methodology

- *Winter 2010 SLRG Sports Omnibus*
  - Assess the attitudes and perceptions of golfers
  - Control sample of non-sports fans

- *Sports and Leisure Research Group* launched the survey in January and July 2009, and again in January 2010

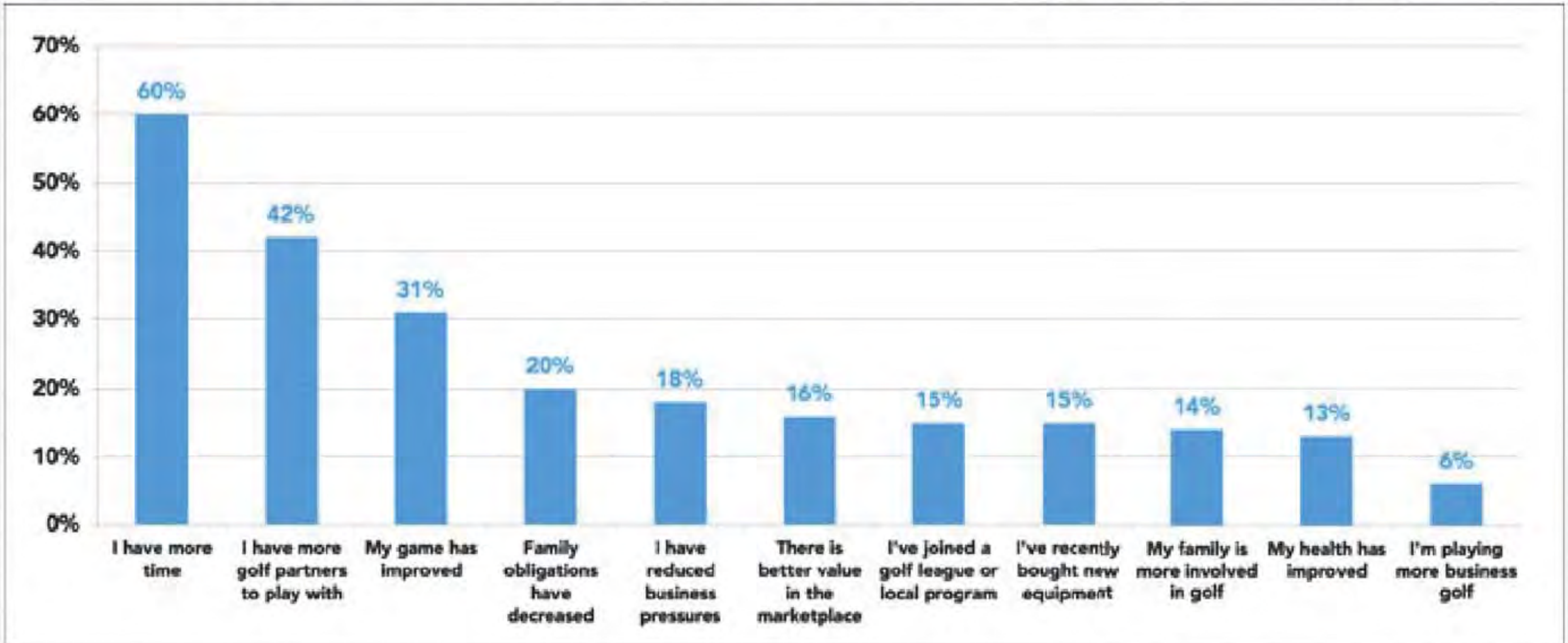
- The 2010 online survey included included 1,050 golfers
  - Control Sample of 900 non-golfer sports fans

Expectations for 2010 Participation and Spending: *Play on!... But with Caution*

- In 2009, 77% of Golfers expected to play the same amount of golf or more in the coming year; 72% actually did so.
- 94% of Golfers expect to play the same amount or more in 2010
- 66% of Golfers expect to spend the same amount or more on golf related purchases in 2010 relative to 2009

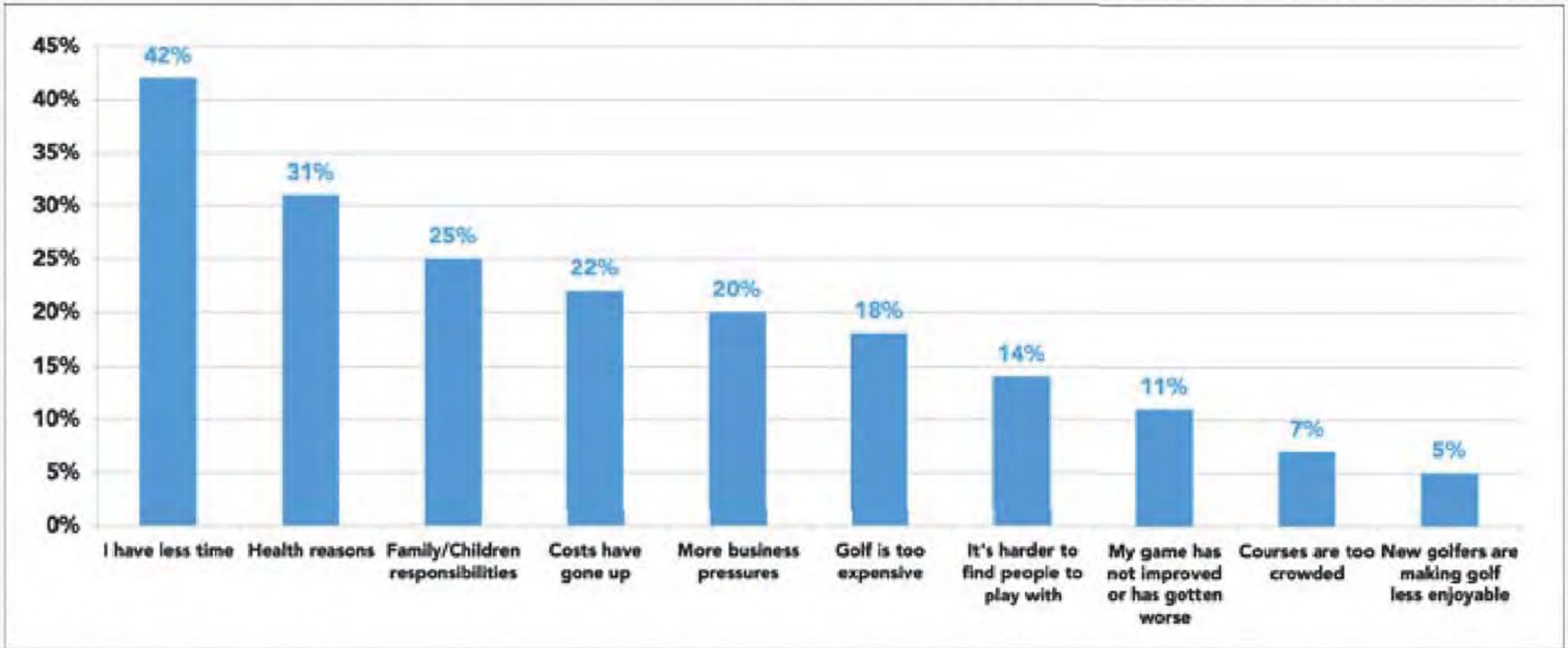
Why Golfers are Playing More

Among those who expect to play more in 2010 (44%)



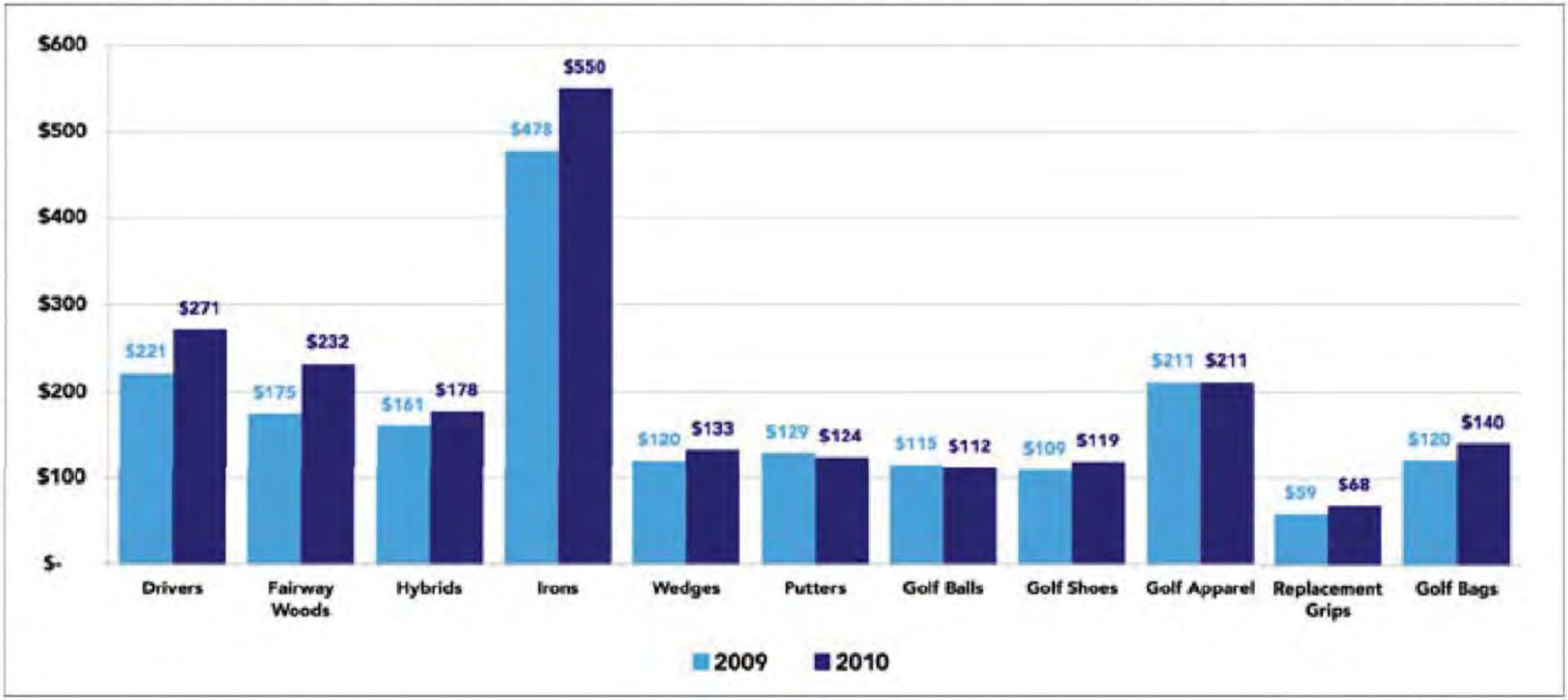
Why Golfers are Playing Less

Among those who expect to play less in 2010 (7%)



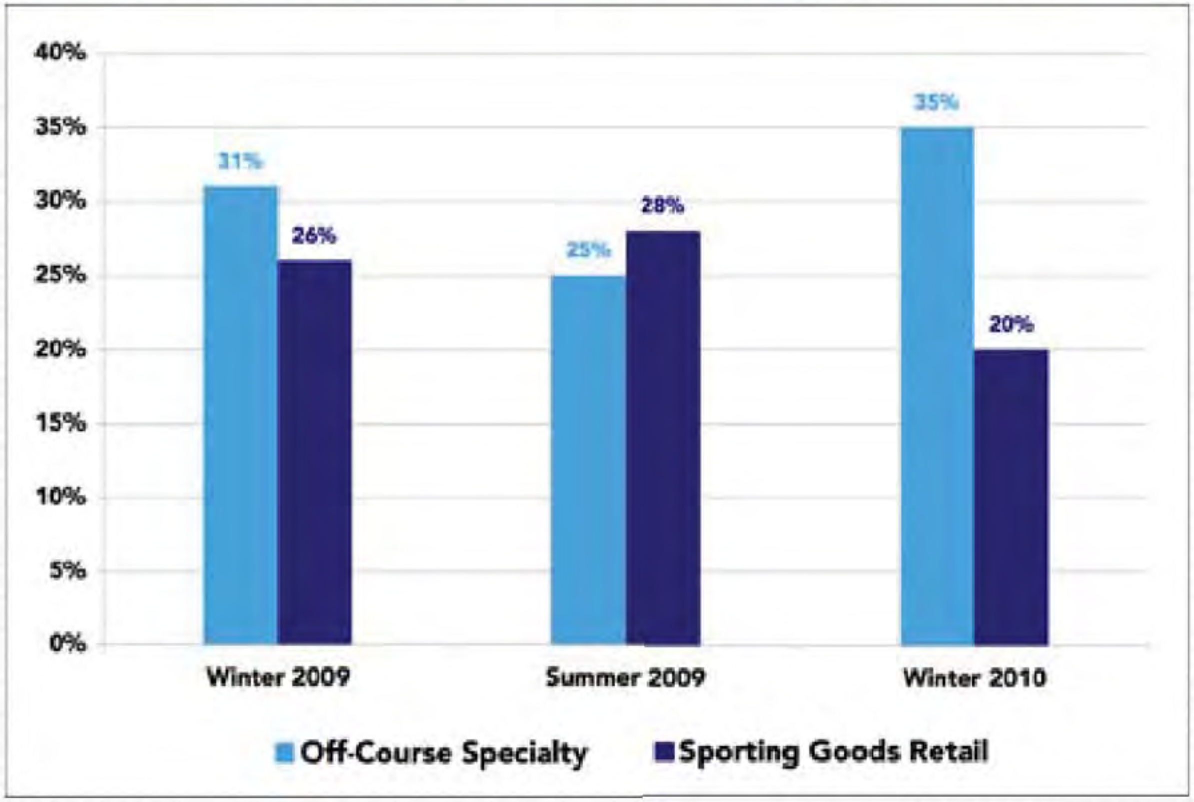
Spending Level Expectations are Elevated in 2010: *Particularly for Irons, Drivers and Wedges*

Purchased in 2009 and Expected Purchase in 2010



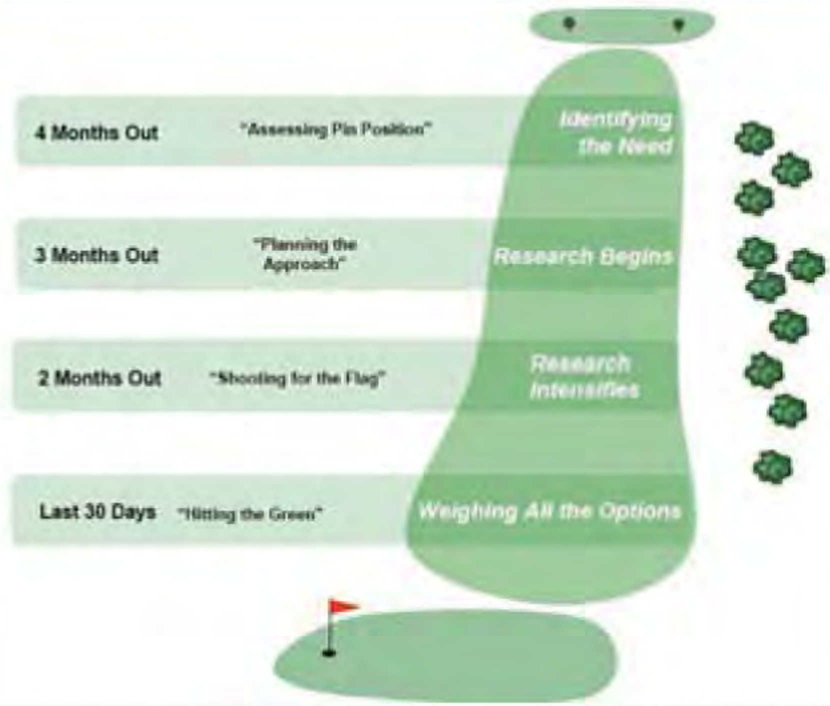
Sporting Goods Retail Remains A Formidable Player

Top Anticipated Purchase Channels for Golf Equipment



How Golfers Buy: *Sports Illustrated Golf Group and SLRG Look at the Golf Equipment Purchase Process*

- **New study conducted in August 2009 examines the evolution of the process amidst:**
  - A weakened economy
  - Proliferation and narrowing of golf equipment introduction cycles
  - The evolution of golf retail
  - A heightened consumer focus on value



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Key Themes of The Golf Equipment Purchase Process

- Golf club purchase is a high-involvement process, about four months in duration
- A third of golfers are "constant shoppers," always in the market for new equipment
- The Internet has become a major facilitator for golf club research, but less so for actual purchase transactions
- Sporting goods retail has become a primary channel for golfers for several reasons:
    - Pursuit of value / economic factors
    - Lack of time to comparison shop
    - Service and selection advantages of the channel have improved recently

Key Themes of The Golf Equipment Purchase Process

- Loyalty for golf club brands is declining
- Loyalty is especially at risk just prior to purchase, when the brand consideration set expands
- Technological innovation remains a major marketing trigger, though few golfers truly understand the R & D nuances
- Actual product demo (especially on-course trial) remains critical to golfers' decision-making
- The media mix matters:
  - Magazine advertising is seen as most useful, trustworthy and credible
  - Television ads are perceived as more entertaining and memorable
  - Internet is seen as most informative and unique
- Custom club fitting is a relatively untapped opportunity that can help both manufacturers and retailers differentiate themselves in the mind of the consumer.

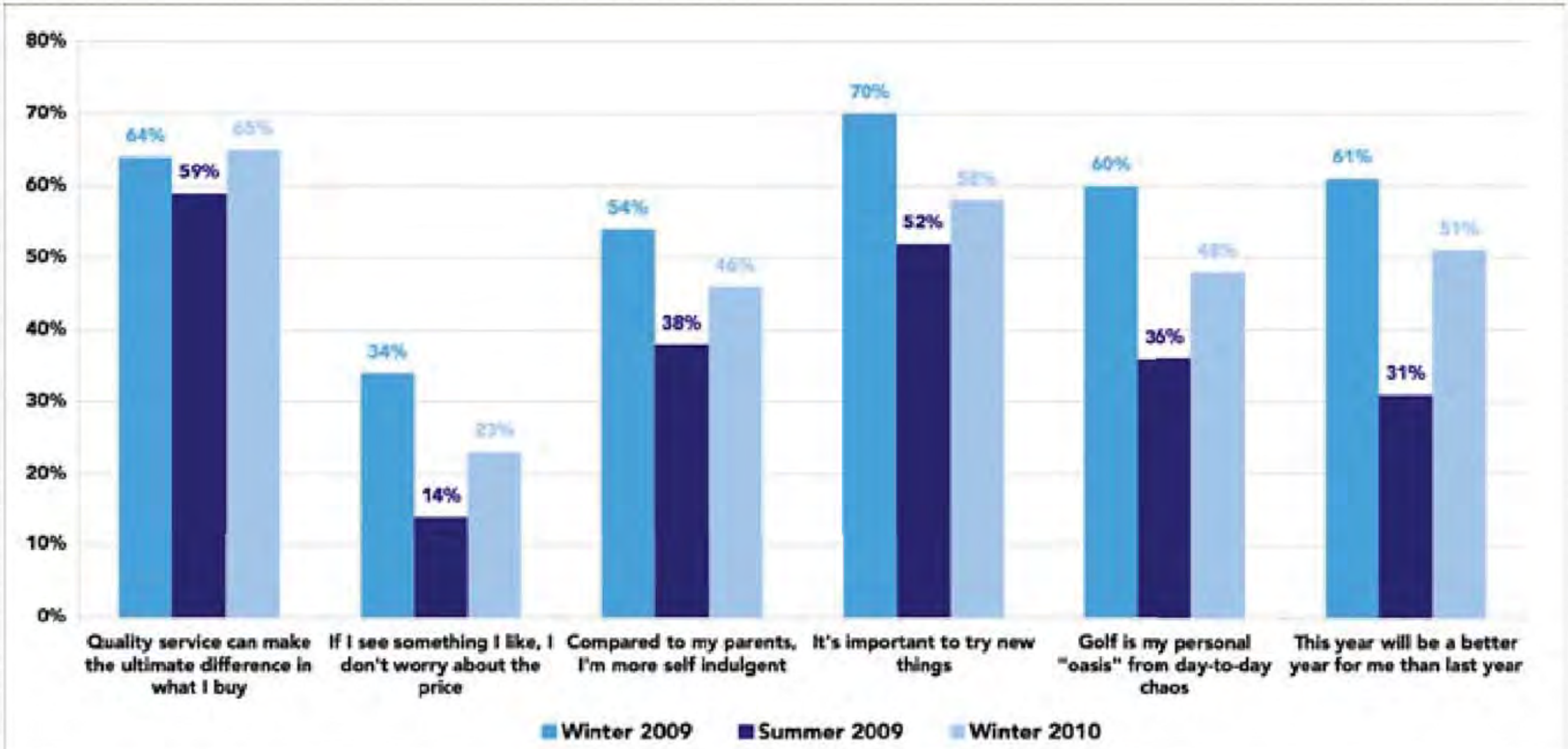
Brand Loyalty May be Challenged; But Familiar Names Stay Top of Mind

Callaway GOLF
Titleist
TaylorMade
PING

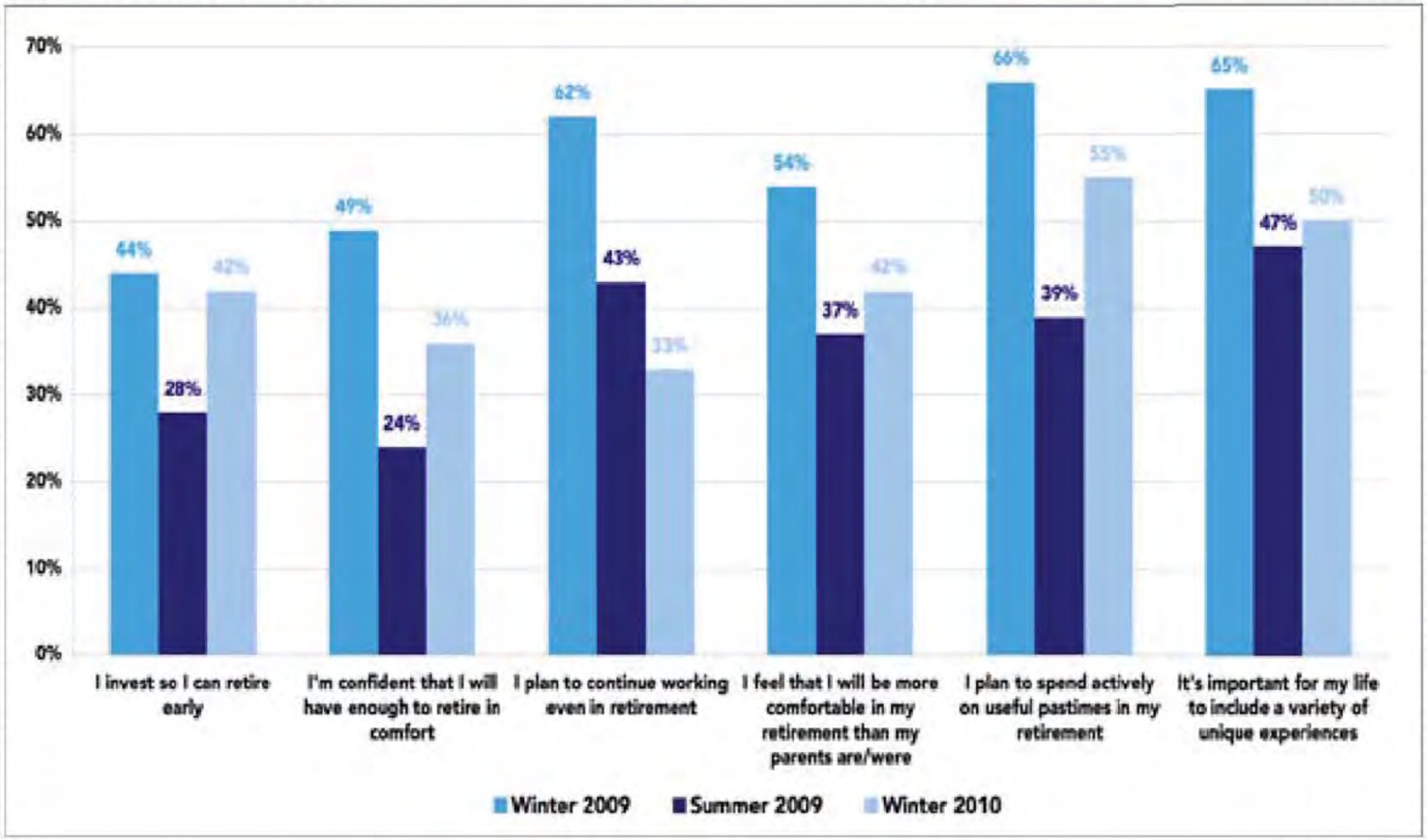
NIKEGOLF
MIZUNO
cobra
Cleveland GOLF

Golf Pride GRIPS
ODYSSEY
SCOTTY CAMERON

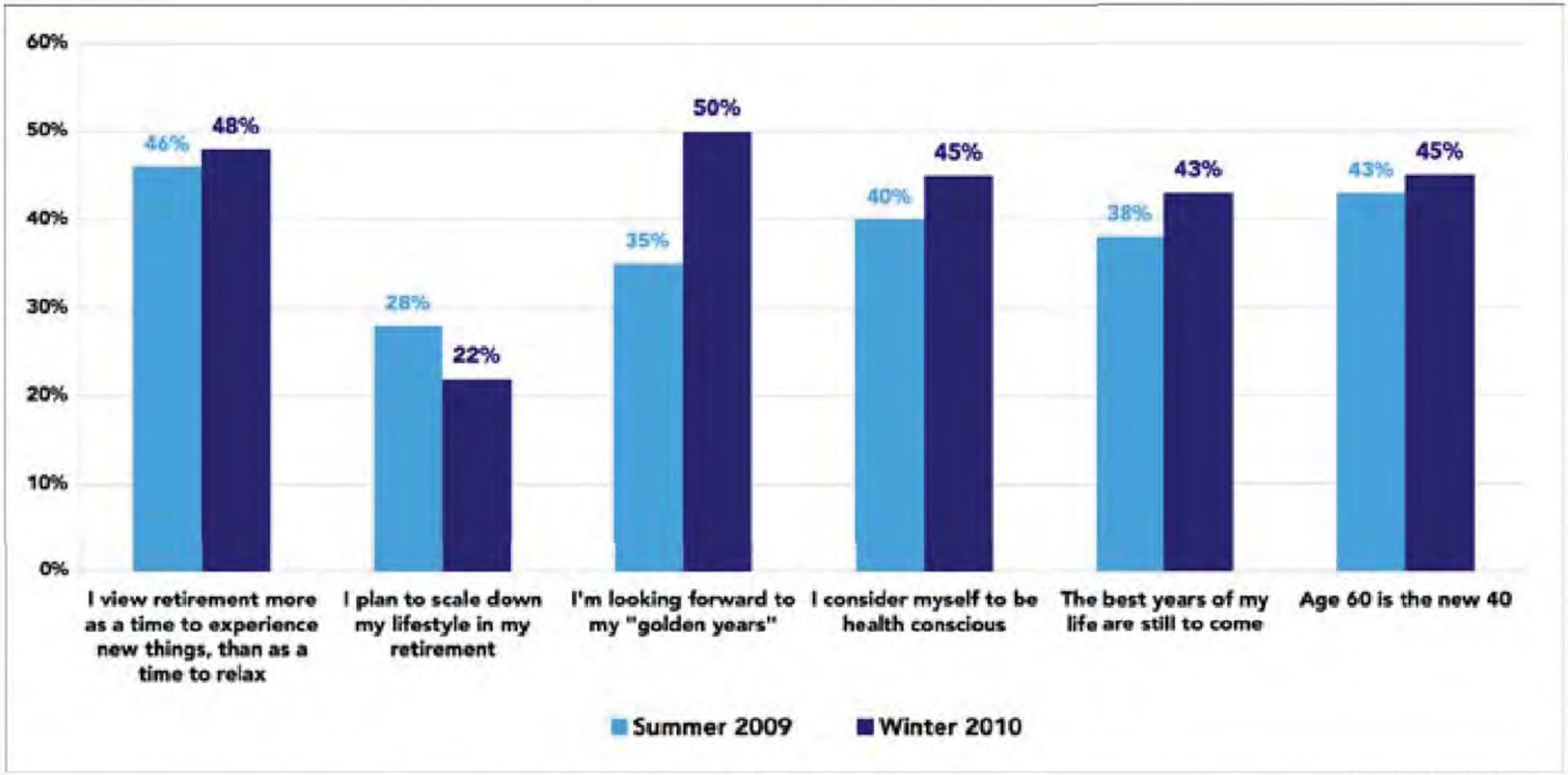
Golfer Attitudes Coming Out of the Rough?
Cautiously Optimistic Signs



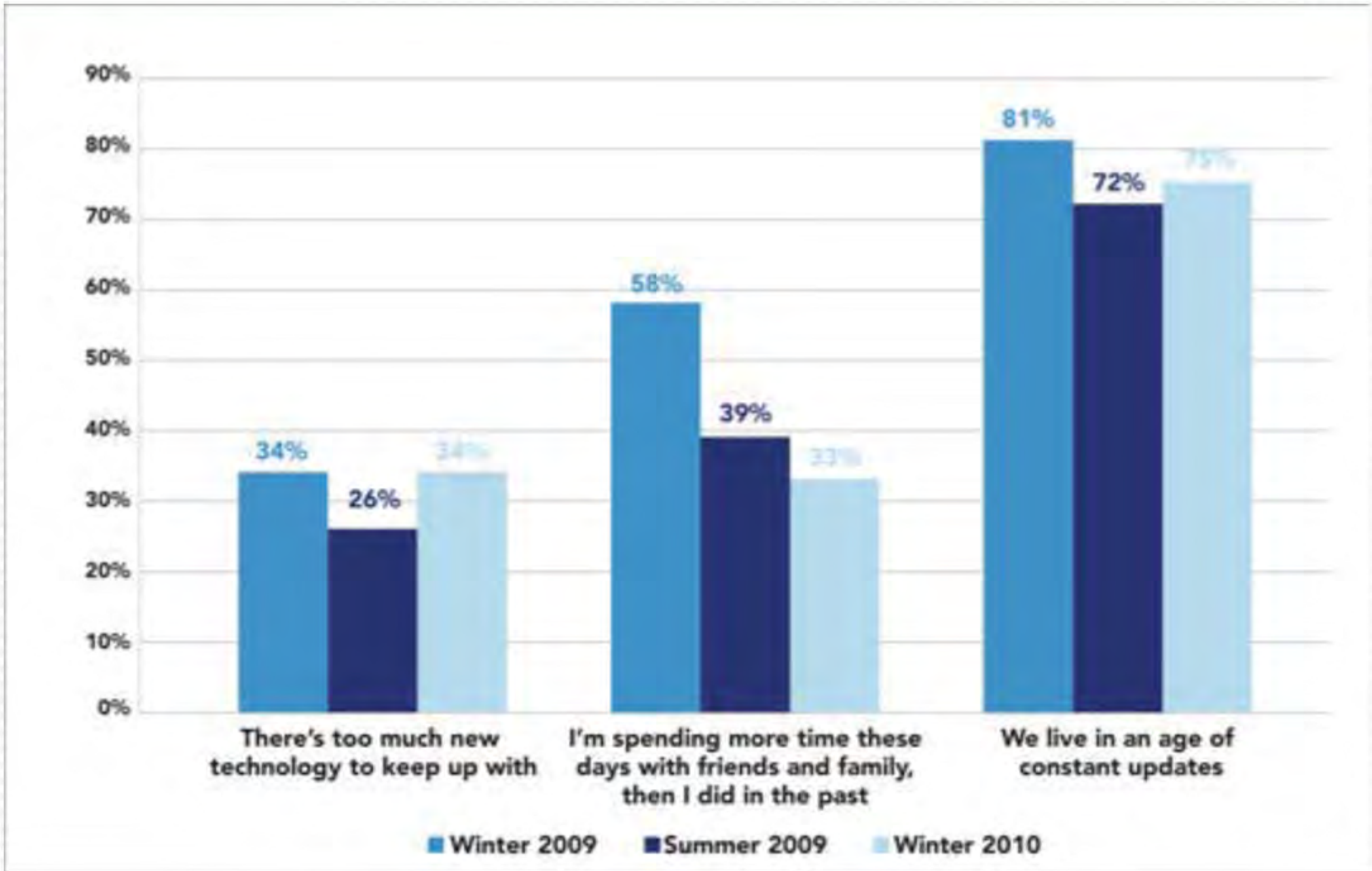
…And Retirement Prospects Appear Less Daunting!



Golfers Express Renewed Optimism About the Future



But Golfers are Still Stressed and Trying to Balance Their Lives!



Beware - *"Sandwich Generation Values" Come to the Forefront:*

- Not quite "Boomers" or "Gen X-ers," those born between 1960 and 1970 are now approaching a life stage where decisions to embrace golf and private club memberships are typically made.

- This generation meshes values of the well defined generations around them, with implications for the golf industry:

  - Child centricity leads to more focused and protective parenting at an earlier age

  - Parents now make forced choices: golf lessons vs. college education vs. "My Super Sweet 16"

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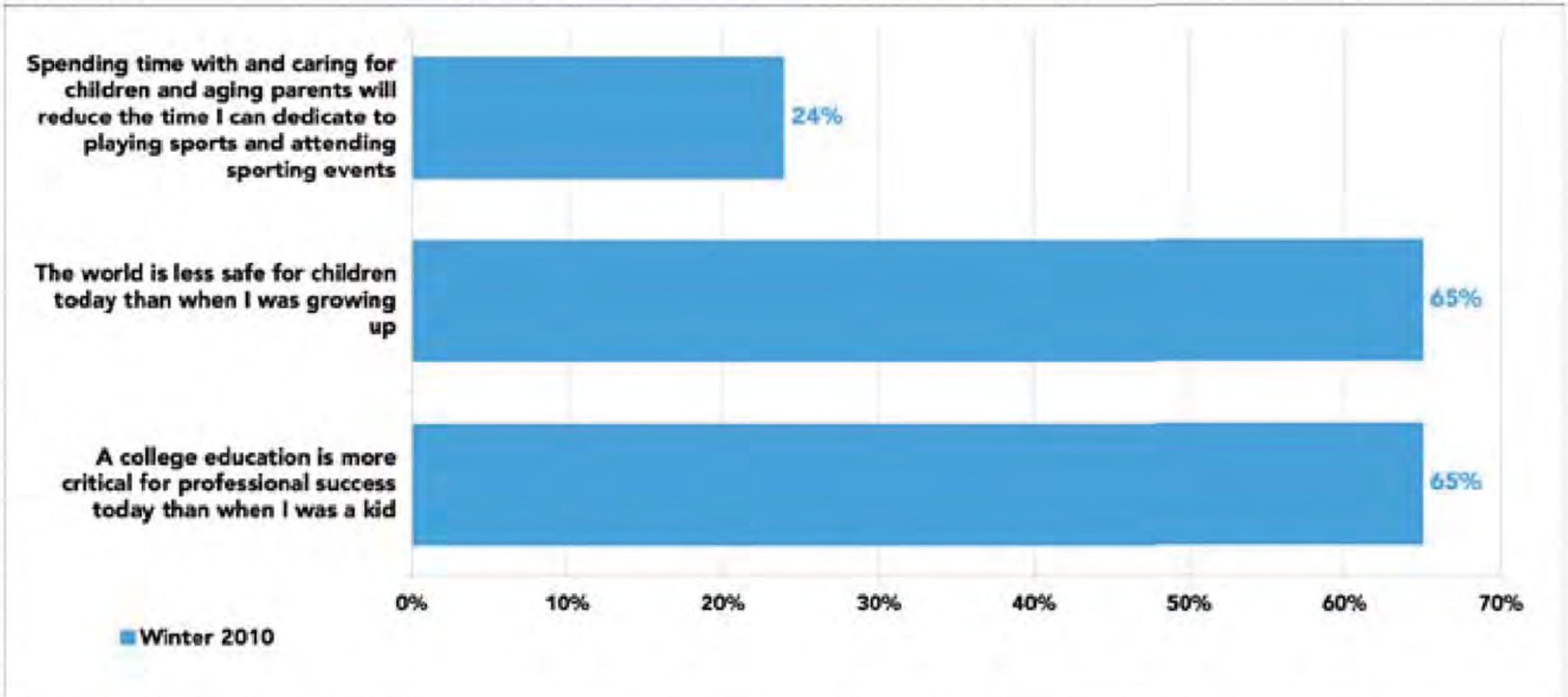
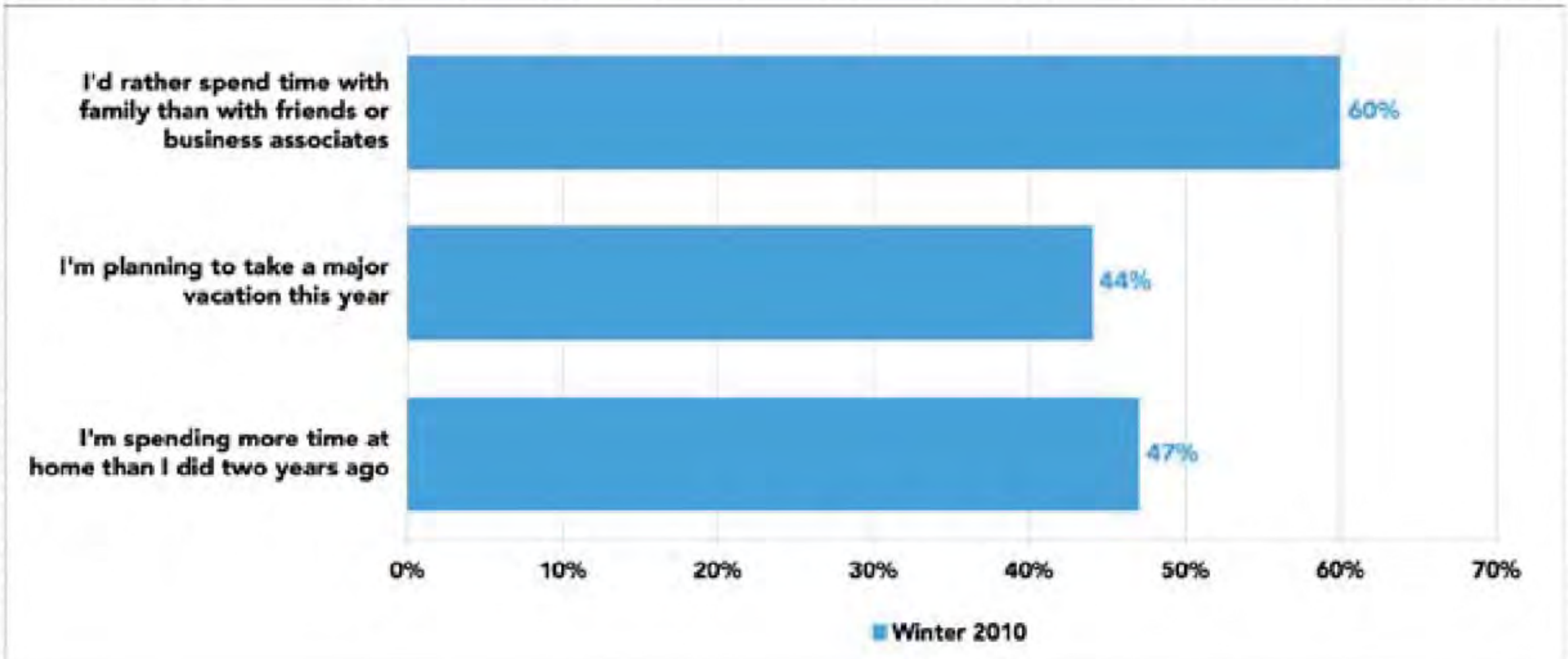


Beware - *"Sandwich Generation Values" Come to the Forefront:*

- New definitions of community are increasing the focus on family and may shift priorities for golf



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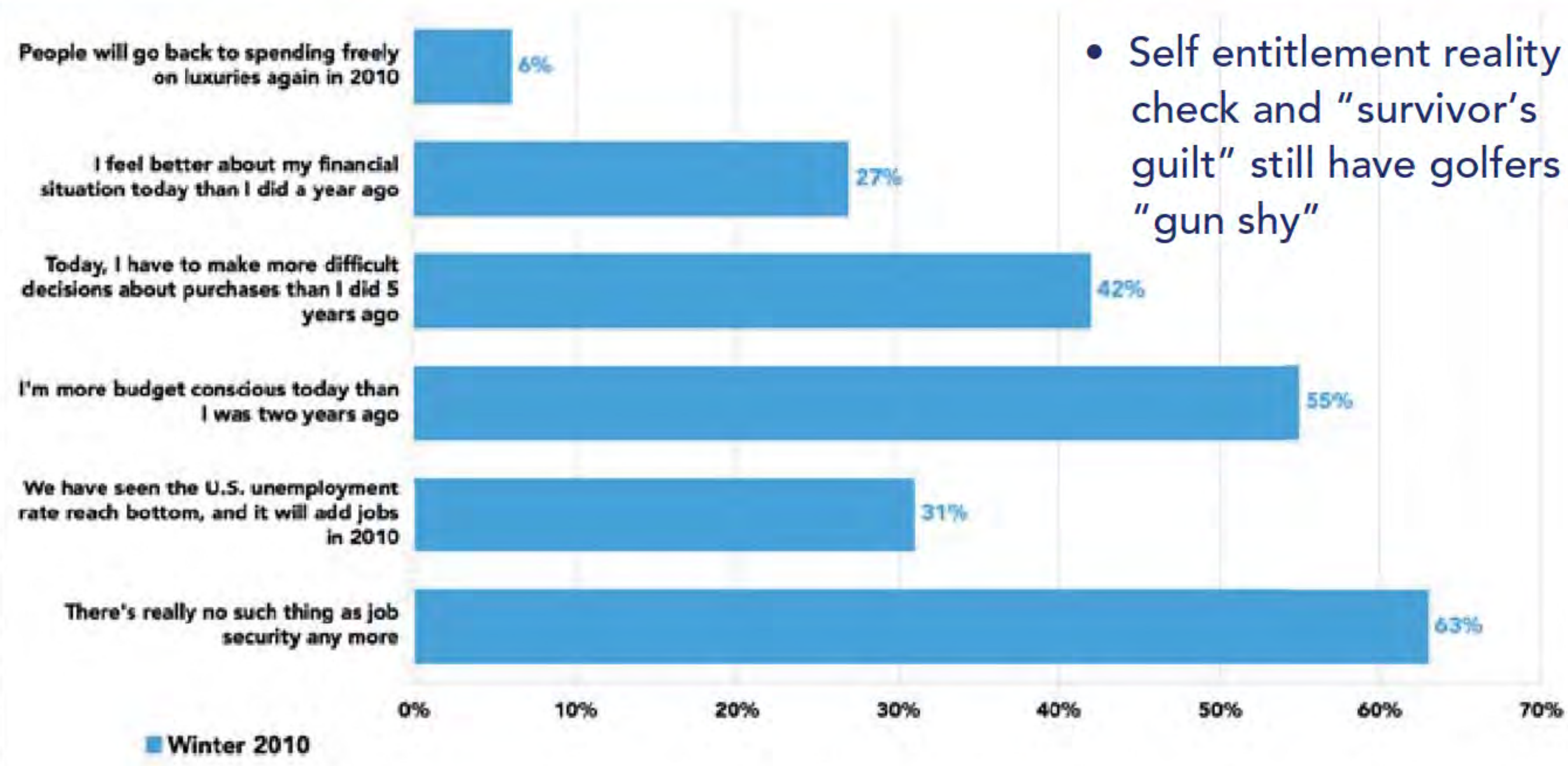
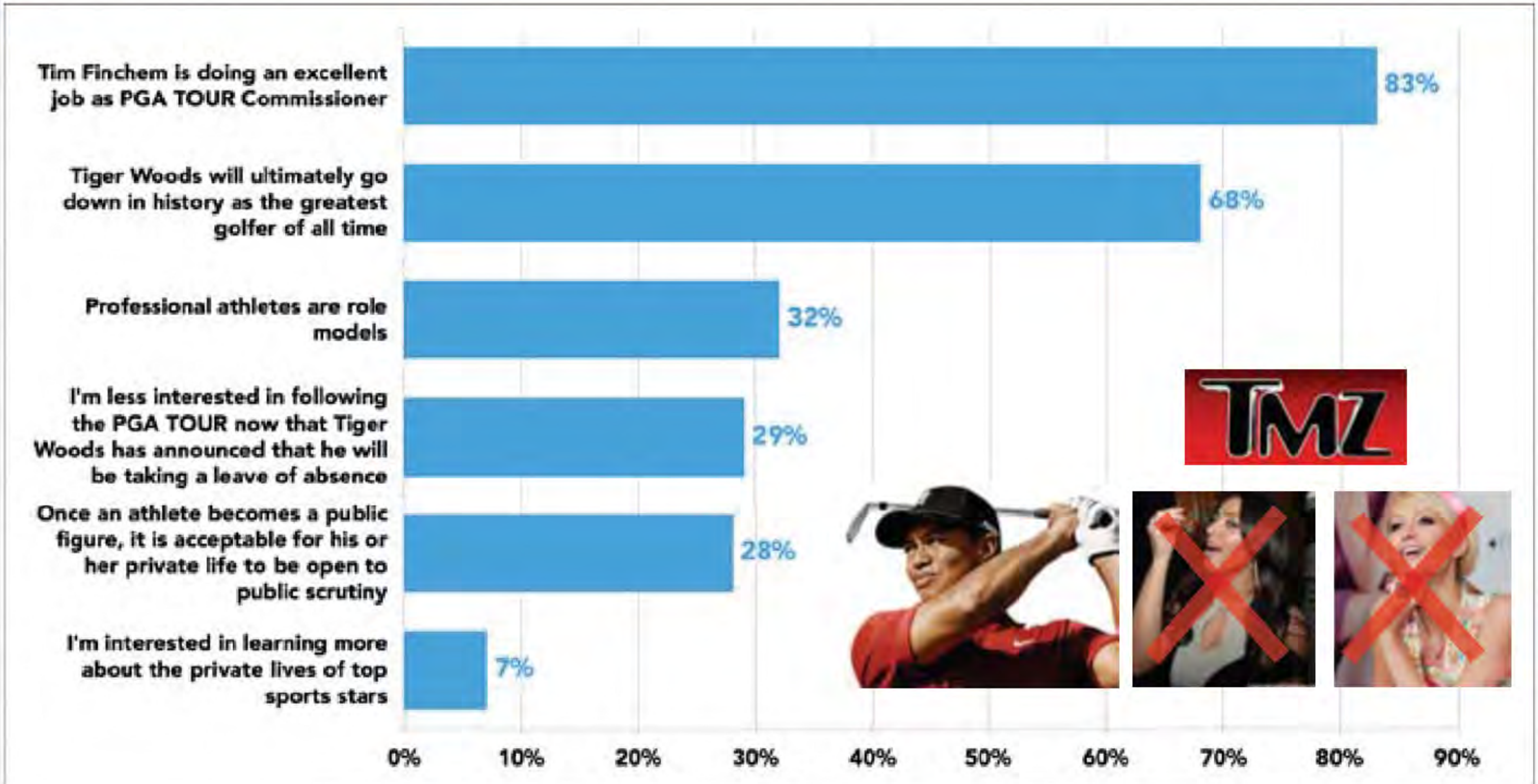


- Self entitlement reality check and "survivor's guilt" still have golfers "gun shy"

It's All About Golf…Not About Celebrity



So… What Does This All Mean For Golf Marketing?

- Messaging and Marketing Communication should be sensitive to these cultural and perceptual shifts:
  - Emphasis on Value
  - Emphasis on personal improvement and relevance
  - Acknowledgement of time pressure and evolving values means more family focus - and less discretionary time
  - Focus on efficiency and simplicity
  - Focus on "New and Improved"
  - Golf continues to be the "safe haven" or escape from daily challenges
  - Tone down "conspicuous consumption" imagery and messaging, given lingering consumer sensitivity
  - Golfers are ready to "come out of the rough"