

Changing the Game:

The Impact of Clubfitting on Golfers, Manufacturers and Retailers

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Golfsmith®

SIGOLF | TimeInc.
GROUP RESEARCH & INSIGHTS

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Custom Clubfitting: Golf Equipment's Next Big Opportunity

Background

- USGA conformance guidelines challenge advances in equipment design.
- Over the past several years, the golf industry has recognized the need for a deeper understanding of consumer perceptions and experience of custom clubfitting.
 - However, no empirical research has been conducted to systematically study custom clubfitting
- Consumers value new club technology, but they rely on trusted experts to help them leverage that technology to improve their game.

Golfers Are Not Taking Advantage Of Clubfitting Opportunities*

- More than 1 in 4 golfers are confused about what custom fitting can offer.
- Fewer than half of core and avid golfers who purchase new equipment are custom fit.
- Only 1 in 10 golfers who had recently purchased equipment was custom fit using a launch monitor.

* From "How Golfers Buy," conducted by Sports Illustrated Golf Group and the Sports & Leisure Research Group, Summer 2009

Golfsmith and SIGG Are Taking A Leadership Position on Clubfitting

To gain the deepest understanding possible of golfers' attitudes toward and behaviors around custom fitting, Golfsmith and the SI Golf Group partnered with the Sports & Leisure Research Group to conduct an online survey among core golfers.

Research Approach

- Data collected in September, 2010
- All respondents met the following criteria:
 - Male
 - 18 years of age or older
 - Played 8 or more rounds of golf in the past 12 months
 - Purchased a golf club or clubs in the past 12 months

Unprecedented Size, Scope and Industry Implications

- Nearly 6,000 male golfers from SLRG, Golfsmith and Golf Magazine sources participated in the research.
- A representative national sample of U.S. golfers was used to measure incidence of custom fitting.
- For the first time, we can now articulate the incidence and impact of custom clubfitting on golfers and the industry.

Behind the Headlines: A Deeper Understanding of Custom Clubfitting and Its Impact

- The incidence of custom clubfitting
- The impact of custom clubfitting on retailers and manufacturers
- The impact of custom clubfitting on golfers
- Understanding and overcoming barriers to custom clubfitting

Two Minute Take-Aways

- **Custom Clubfitting remains a major area of opportunity** that can make demonstrative differences for golfers and golf equipment manufacturers alike:
 - A surprisingly high **majority of recent new equipment buyers have NOT been custom fit prior to making their purchase**
 - **An even lower incidence of these golfers have leveraged the benefits of “premium” custom fitting (that is fitting using a launch monitor)**
- **Most custom fitting and subsequent purchasing is occurring at off-course golf specialty retailers**
 - New equipment buyers are significantly more likely to **make their final purchase at the same location where they are custom fit**
 - Evidence suggests that the **custom fitting experience drives brand selection**
- **Prior experience, golf media and perceived benefits motivate new equipment purchasers to be custom fit**

Two Minute Take-Aways

- **Custom fitting drives positive benefits for golf retailers and equipment manufacturers:**
 - Those who are custom fit **spend more on their new equipment purchases than those who are not**
 - Those who are custom fit **make their purchase decisions faster than those who are not**
- Custom club fitting has a measurable positive impact on purchasers of new golf equipment. Relative to those new equipment buyers who are not custom fit, they:
 - **Play better and achieve game improvement benefits faster**
 - **Have more fun playing the game**
 - **Derive greater satisfaction with equipment purchases.**
 - **Hit longer, straighter and more consistent shots**
 - **Maintain greater satisfaction and performance benefits over time at a higher rate**

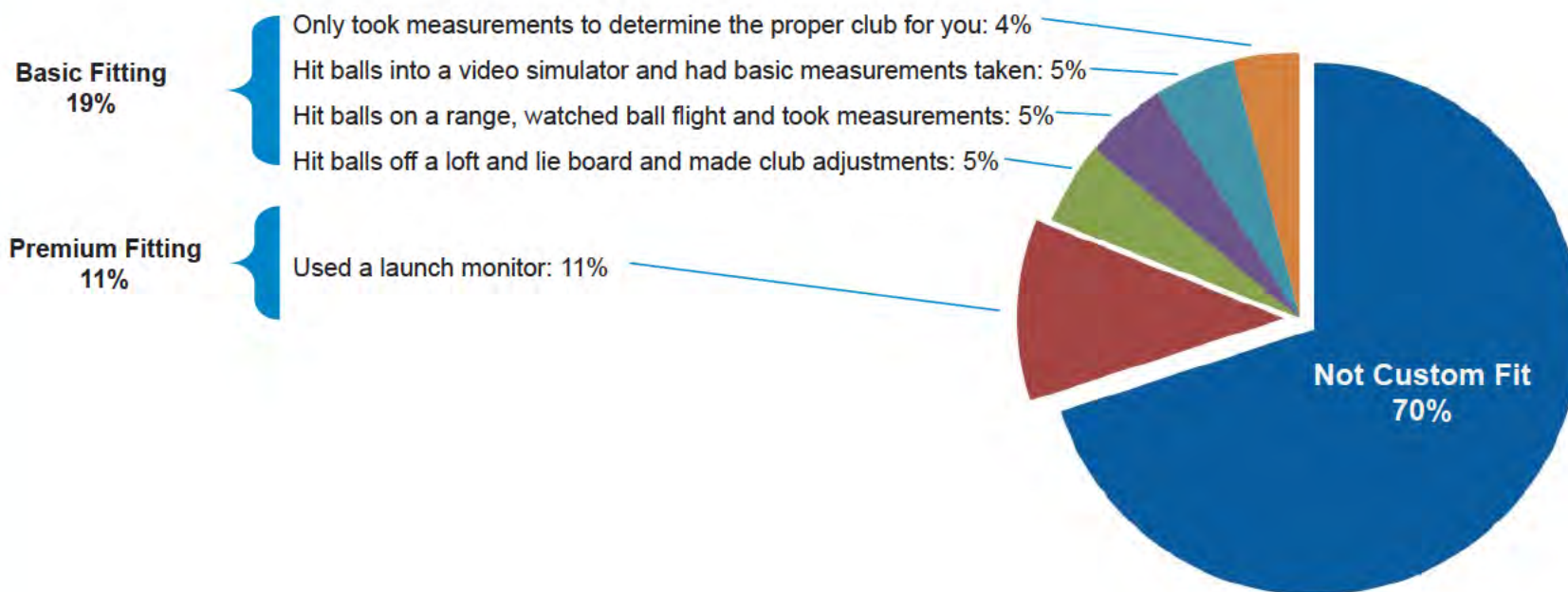
Changing the Game:

The Impact of Clubfitting on Golfers, Manufacturers and Retailers

KEY FINDINGS

Clubfitting: An Untapped Opportunity

- Only **30%** of Core and Avid golfers who purchased new equipment over the past 12 months were custom fit!
- Only **11%** of recent equipment purchasers were custom fit using a launch monitor to measure launch angle, spin rate, ball speed and trajectory.



Golfers Are Most Likely To Be Fit At A Golf Specialty Store

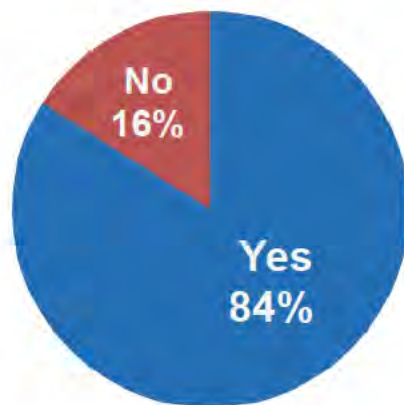
- Low Handicappers are equally likely to be fit at a private club.
- Premium fittings are significantly more likely to be conducted at golf specialty stores, dedicated fitting centers and OEM fitting centers.

| | Custom Fit | Premium Fit | Basic Fit | Handicap <10 |
|---|------------|-------------|-----------|--------------|
| Golf specialty store such as Golfsmith, Golf Galaxy, etc. | 38% | 45% | 31% | 29% |
| Golf shop at a private club | 22% | 14% | 28% | 29% |
| Golf shop at a daily fee golf course | 9% | 4% | 12% | 10% |
| Sporting goods store such as Dick's, The Sports Authority, etc. | 8% | 8% | 8% | 5% |
| Dedicated training or fitting center such as GolfTEC | 7% | 10% | 4% | 7% |
| Manufacturer's Fitting Center | 5% | 7% | 2% | 6% |
| Golf shop at resort golf facility | 3% | 1% | 4% | 3% |
| Other | 10% | 11% | 10% | 12% |

Highlighted percentages are significantly higher at 95% confidence

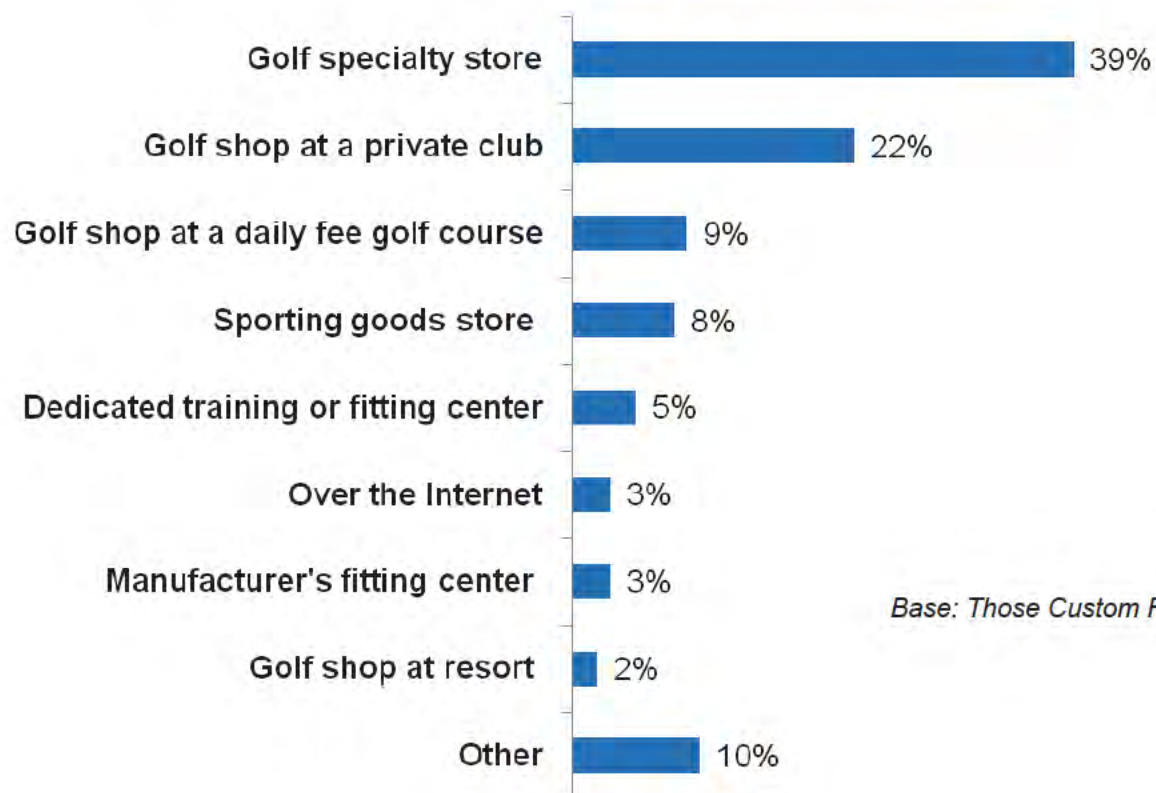
Base: Those custom fit

Golfers Buy New Equipment Where They Were Custom Fit



**Bought Equipment
Where Custom Fit**

Q: Where Did You Buy Your New Equipment?



Base: Those Custom Fit

Clubfitting Drives Brand Selection in the Majority of Cases



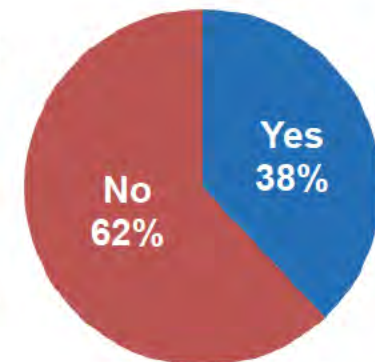
- Among new equipment purchasers who were custom fit, more than half (56%) were fit before deciding on a brand to purchase.
- Among those who were premium fit, two-thirds (66%) made brand decisions after their fitting.

Base: Total respondents and those custom fit

Brand Recommendations Are More Likely After the Club Fitting Process

BEFORE

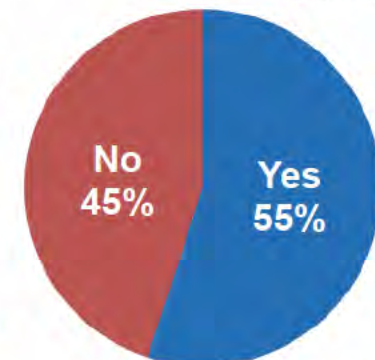
Q: Did the person who custom fit you for your new clubs, recommend a specific brand or brands of equipment for you to buy before your custom fitting began?



Base: Those custom fit

AFTER

Q: Did the person who custom fit you for your new clubs, recommend a specific brand or brands of equipment for you to buy after you completed your custom fitting?

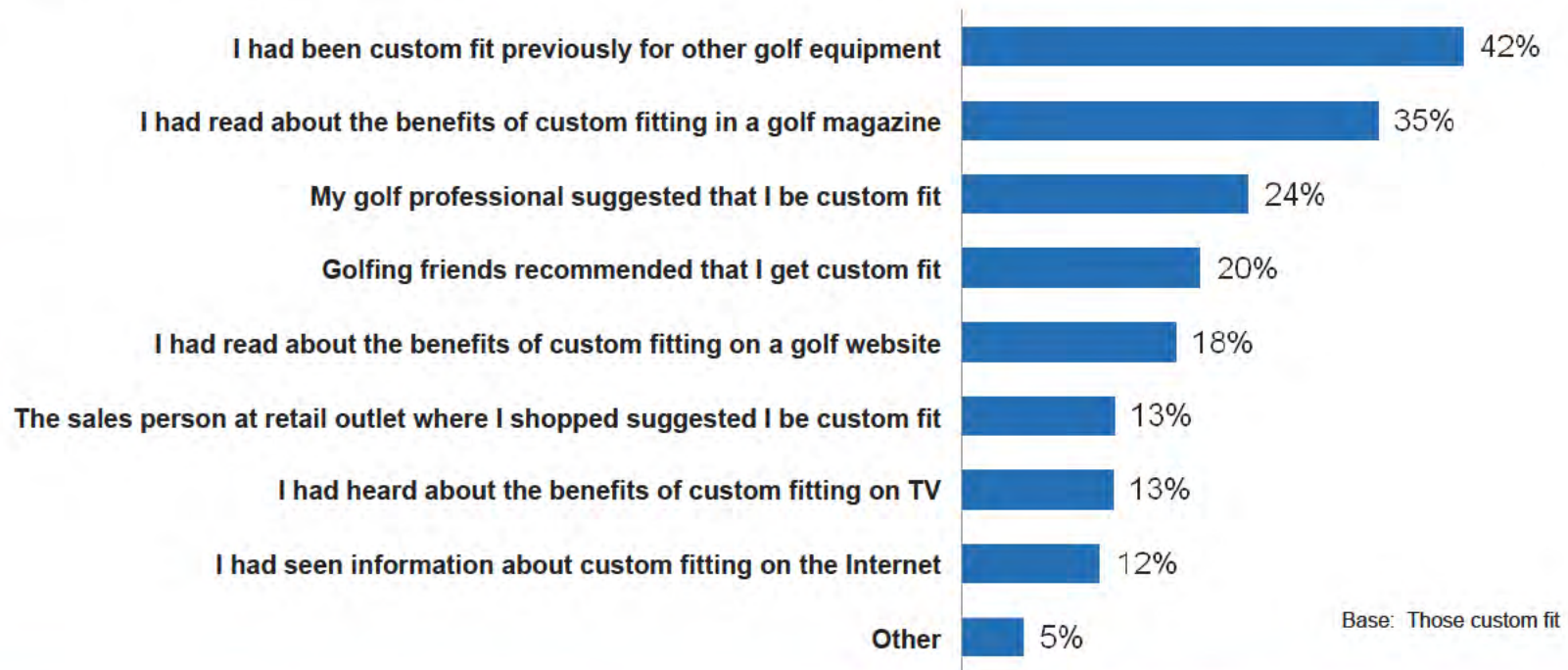


Base: Those custom fit

Among those who underwent a premium club fitting, only 34% were recommended a specific brand prior to the fitting. After being fit, this percentage nearly doubled: 62% received a brand recommendation from the person conducting the fitting.

Motivations for Custom Fitting: Prior Experience and Information in Golf Magazines Drive the Process

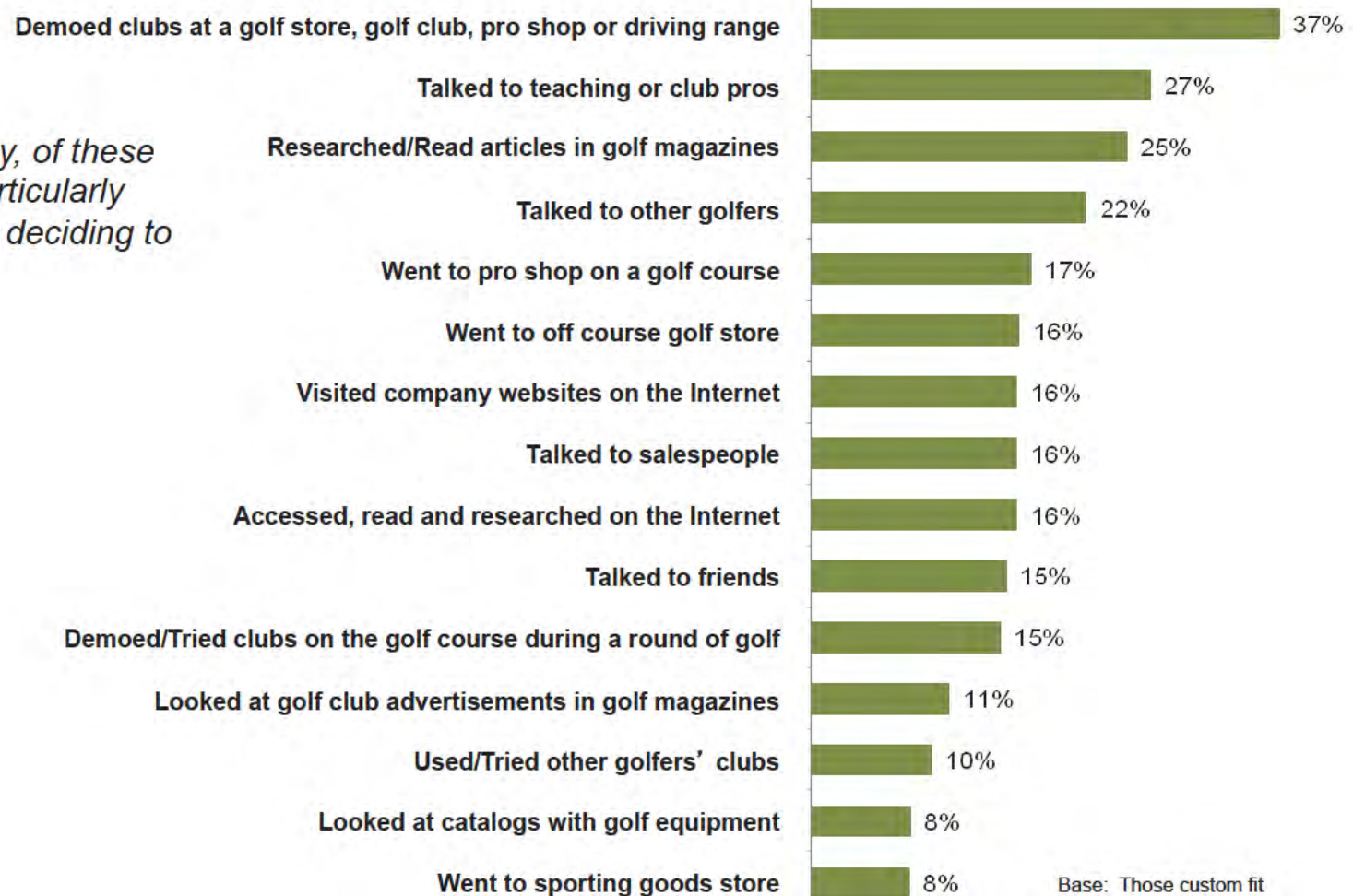
Q: Which of the following reasons describes why you chose to be custom fit for your new club(s)?



"I had seen several articles in various magazines saying you really need to be custom fit. I thought, 'Okay, I might do that on the next set I buy.' As I got closer to buying, I said 'If I am going to spend that kind of money on clubs, let's get something special.'"

Most Influential Actions Taken Leading to Getting Custom Fit: Demoing Clubs, Talking to Golf Professionals and Reading Golf Magazines

Q: And which, if any, of these actions were particularly helpful to you in deciding to be custom fit?



Custom Fitting Drives Greater Purchase Expenditures on New Equipment

Those Who Are Custom Fit Spend 78% More On Their New Equipment Than Those Who Are Not Custom Fit!



71% said clubfitting was included with their equipment purchase at no extra charge.

Highlighted dollar amounts are significantly higher at 95% confidence

Base: Those custom fit and those not custom fit

Custom Fitting Drives Greater Purchase Expenditures on New Equipment

Spending Among Those Custom Fit Is Significantly Higher Among Major Product Categories



Highlighted dollar amounts are significantly higher at 95% confidence

Base: Those custom fit and those not custom fit

The Trust Consumers Place in Trained Custom Fitting Specialists Leads to Greater Purchase Expenditures

Those fit by a custom fitting specialist spent significantly more than those fit by a salesperson, and nearly twice as much as those who weren't fit at all.



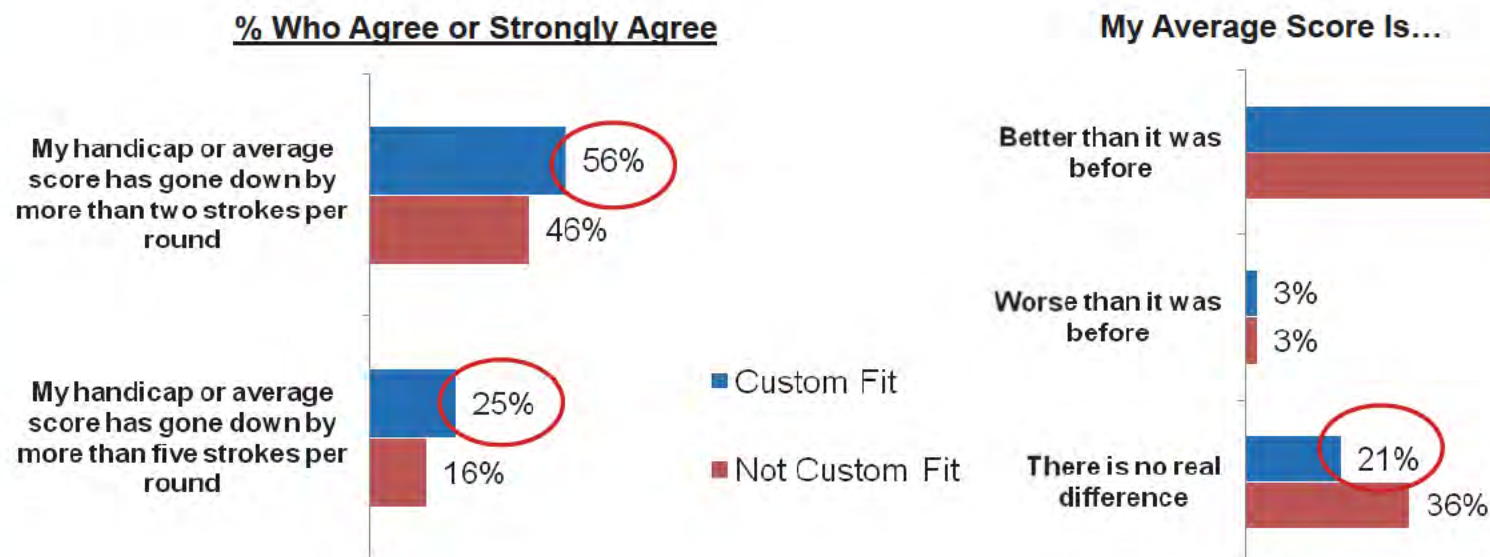
Base: Those custom fit and those not custom fit

Highlighted dollar amounts are significantly higher at 95% confidence

Custom Fitting Improves One's Golf Game

- Those golfers who were custom fit for their new equipment are significantly more likely to improve their scores.

Q: Since purchasing your new club...



Highlighted percentages are significantly higher at 95% confidence

Base: Those custom fit and those not custom fit

Custom Fitting Improves One's Golf Game Across Every Dimension Measured

- Golfers who were custom fit are also significantly more likely to perceive that their games have improved compared to those who were not custom fit.
- Qualitative benefits (more accurate and consistent shots, greater confidence, etc.)

% Who Agree or Strongly Agree



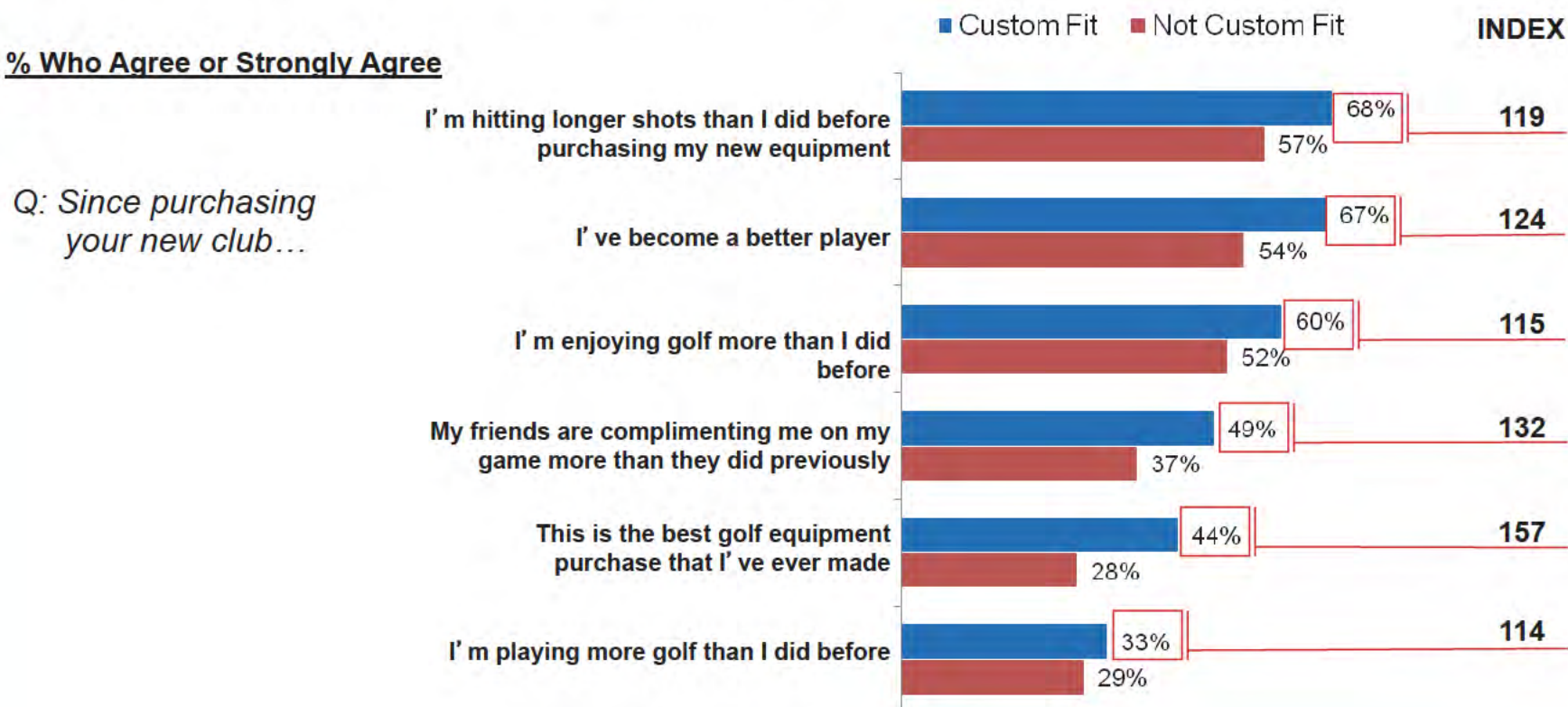
Highlighted percentages are significantly higher at 95% confidence

Base: Those custom fit and those not custom fit

Custom Fitting Improves One's Golf Game Across Every Dimension Measured

- Those golfers who were custom fit are also significantly more likely to perceive that their games have improved compared to those who were not custom fit.
- Qualitative benefits (longer shots, enjoyment, etc.)

% Who Agree or Strongly Agree



Highlighted percentages are significantly higher at 95% confidence

Base: Those custom fit and those not custom fit

Those Who Are Custom Fit with A Launch Monitor Are Generally More Positive about the Custom Fitting Experience

| % Who Agree or Strongly Agree | Premium Fit | Basic Fit |
|---|-------------|-----------|
| Custom fitting is a great value for the benefit you receive | 88% | 81% |
| Custom fitting is the only way to buy the right golf equipment for me | 82% | 75% |
| Custom fitting really makes a difference in my game | 83% | 74% |
| Being custom fit can help any golfer get better | 80% | 72% |
| Trying multiple brands and models of equipment during the fitting process is important in ensuring that I buy the best clubs for me | 79% | 70% |
| I immediately saw the benefit of custom fitting in my golf game as soon as I put my new equipment in play | 70% | 63% |
| Getting custom fit helped me decide which equipment to buy faster | 61% | 44% |
| Being custom fit by an independent club fitter or retailer is better than being custom fit by an equipment manufacturer | 37% | 31% |
| Custom fitting is really of best value to low handicappers | 29% | 34% |
| Golf equipment manufacturers' custom fitting systems are more biased than an independent third party fitting system | 30% | 24% |

Highlighted percentages are significantly higher at 95% confidence

Base: Those custom fit

Benefits of Custom Fitting:

Golfers Share Their Thoughts On How Custom Fitting Improved Their Game:



"Being custom fit has increased my distance 10 to 15 yards and knocked 8 to 10 strokes off of my game. It has helped my confidence in the clubs and in my game."

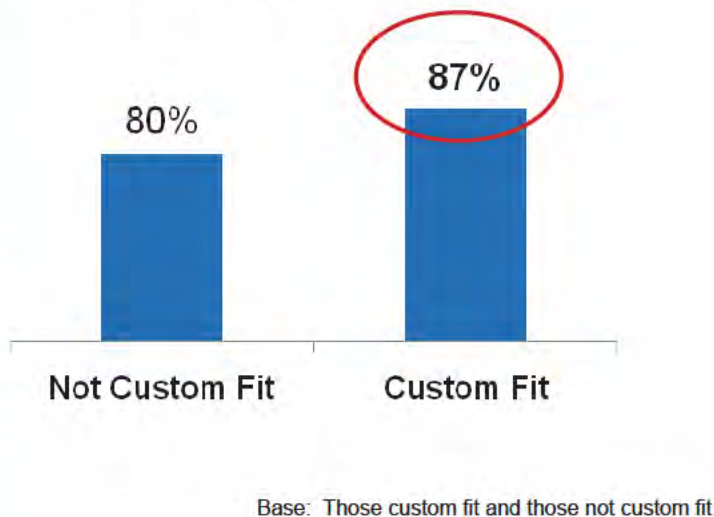
"The custom fitting is what did it... the launch monitor telling you exactly what your ball was doing. You can see... how far you were hitting the ball. These clubs allowed me to hit the 6 iron 175 yards [which is] what I did when I was 20 years younger."

"I think in the long run it improved my game. I had a set of old [clubs], but with the new [custom-fit clubs] I am getting 10 to 15 yards extra on each club. The fitting didn't change what I was going to buy, but it refined it. Doing your homework and doing the fitting allows you to make good choices."

Golfers Who Are Custom Fit Are More Satisfied with Their New Equipment

Q: Overall, how satisfied are you with your new club?

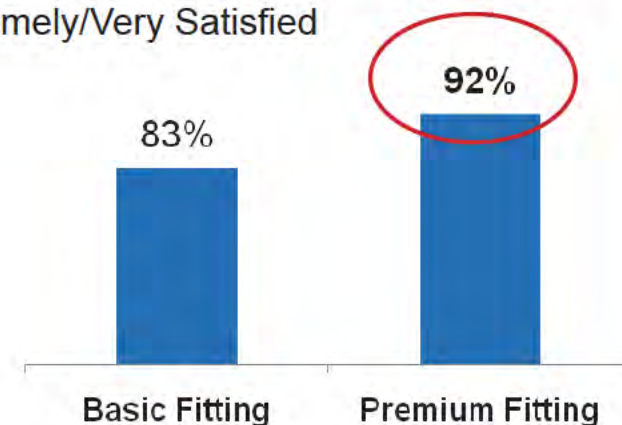
Extremely/Very Satisfied



Highlighted percentages are significantly higher at 95% confidence

Those who are fit with a launch monitor are also significantly more satisfied than those who underwent basic fitting:

Extremely/Very Satisfied

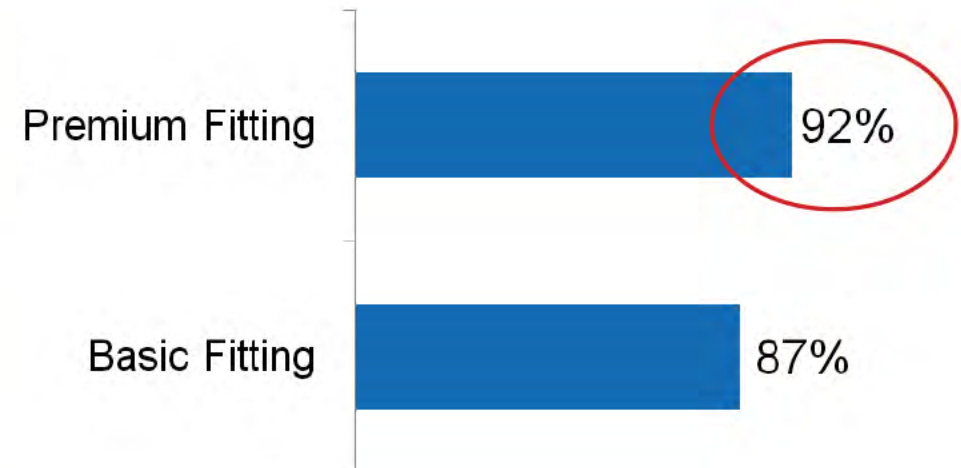


Base: Those custom fit

For Most Golfers, The Benefits of Custom Fitting Are Noticed as Soon as the New Equipment Was Put Into Play



Incidence Of Seeing Immediate Benefit From New Equipment



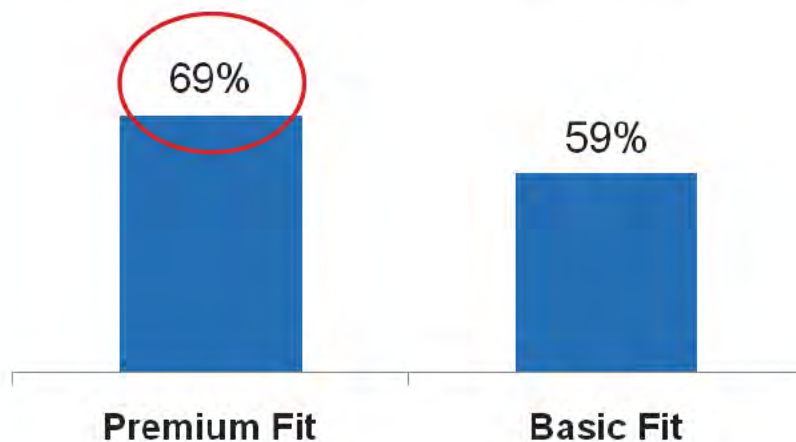
Highlighted percentages are significantly higher at 95% confidence

Base: Those custom fit

Custom Fitting Accelerates the Purchase Process, Especially When A Launch Monitor is Used

Q: How much time elapsed between your custom fitting session and deciding which brand of equipment to buy?

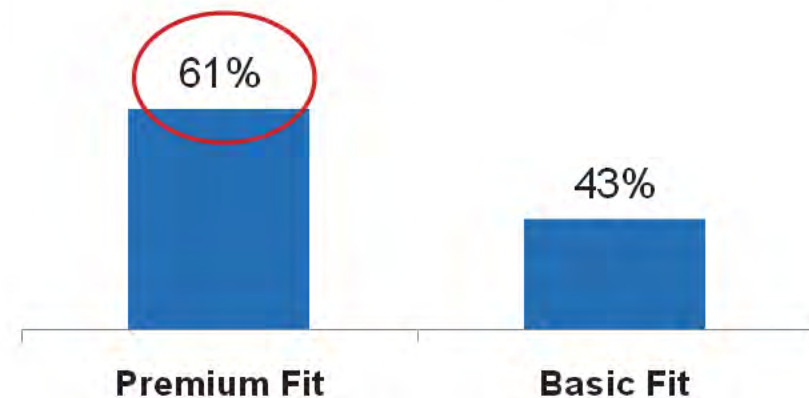
% Who said “immediately after the fitting or later the same day that I was fitted”



Highlighted percentages are significantly higher at 95% confidence

“Getting custom fit helped me decide which equipment to buy faster”

% Who Agree or Strongly Agree



Base: Those custom fit

Golfers Speak To How Custom Fitting Expedited The Overall Process Of Buying Golf Equipment:

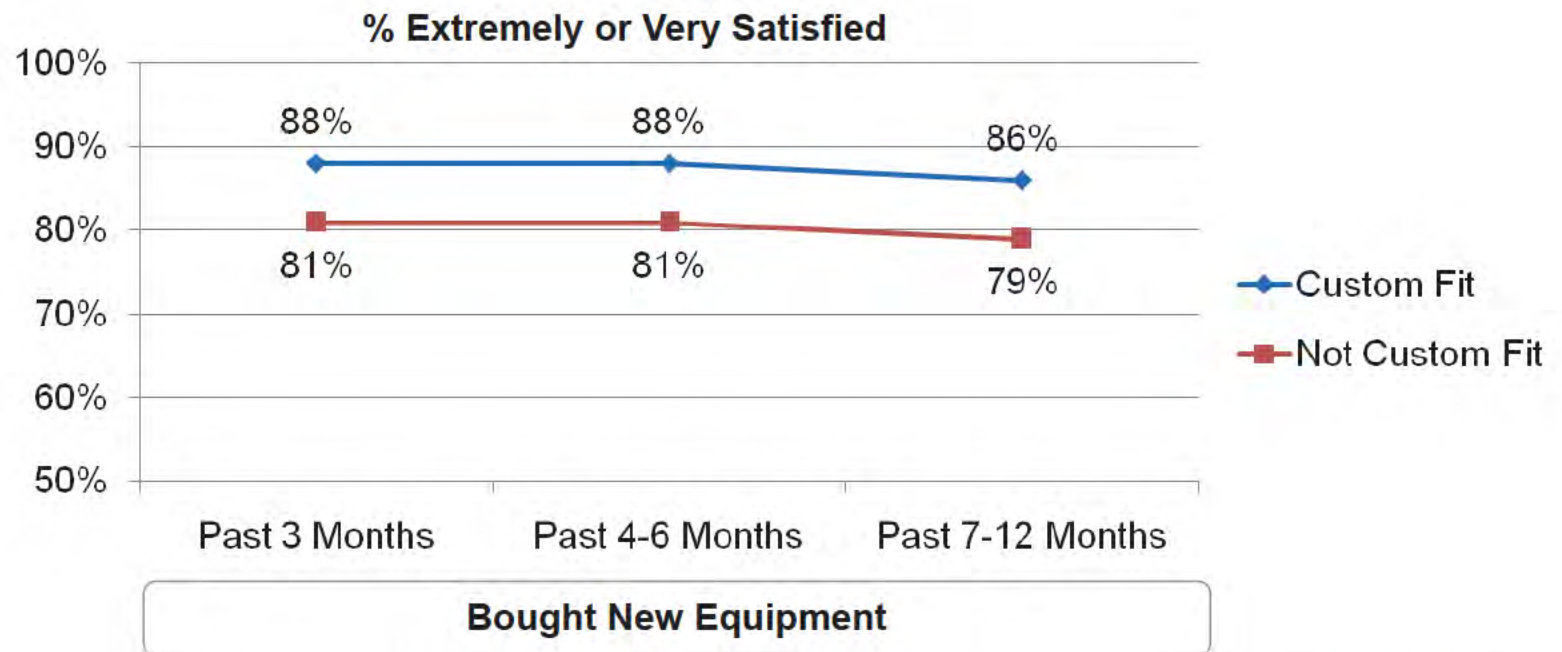
“Typically when I buy clubs it is a lengthy process. When I was custom fit... I ordered it the same day.”

“Being custom fit makes it easier to buy. You can be pretty sure you are getting the right club. [Sometimes a club is] advertised as the best, [but] when you try it you are disappointed. [Custom fitting] eliminates that part of it- you get the right club for yourself.”

The Benefits of Custom Fitting Persist Over Time

The satisfaction curve persists at a higher level throughout year after purchasing new equipment for those custom fit versus those who are not.

Q: Overall, how satisfied are you with your new club?



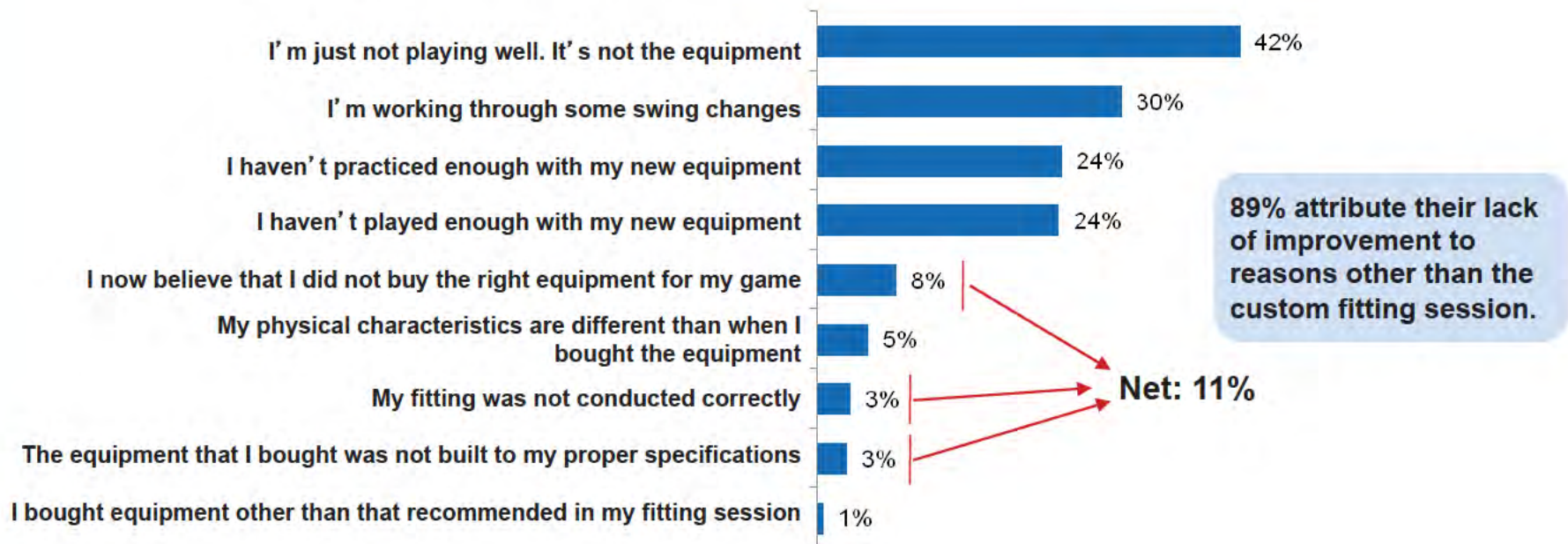
Base: Those custom fit

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Those Golfers Who Were Custom Fit for Their New Equipment and Have Not Yet Seen Improvement Are Still Optimistic that Positive Change Is Coming

- 23% of those who were custom fit for their new equipment indicated that their average score has not improved. Reasons include:

Q: You indicated that your average score has not gotten better since buying your new custom fit equipment. Why do you believe this to be the case?

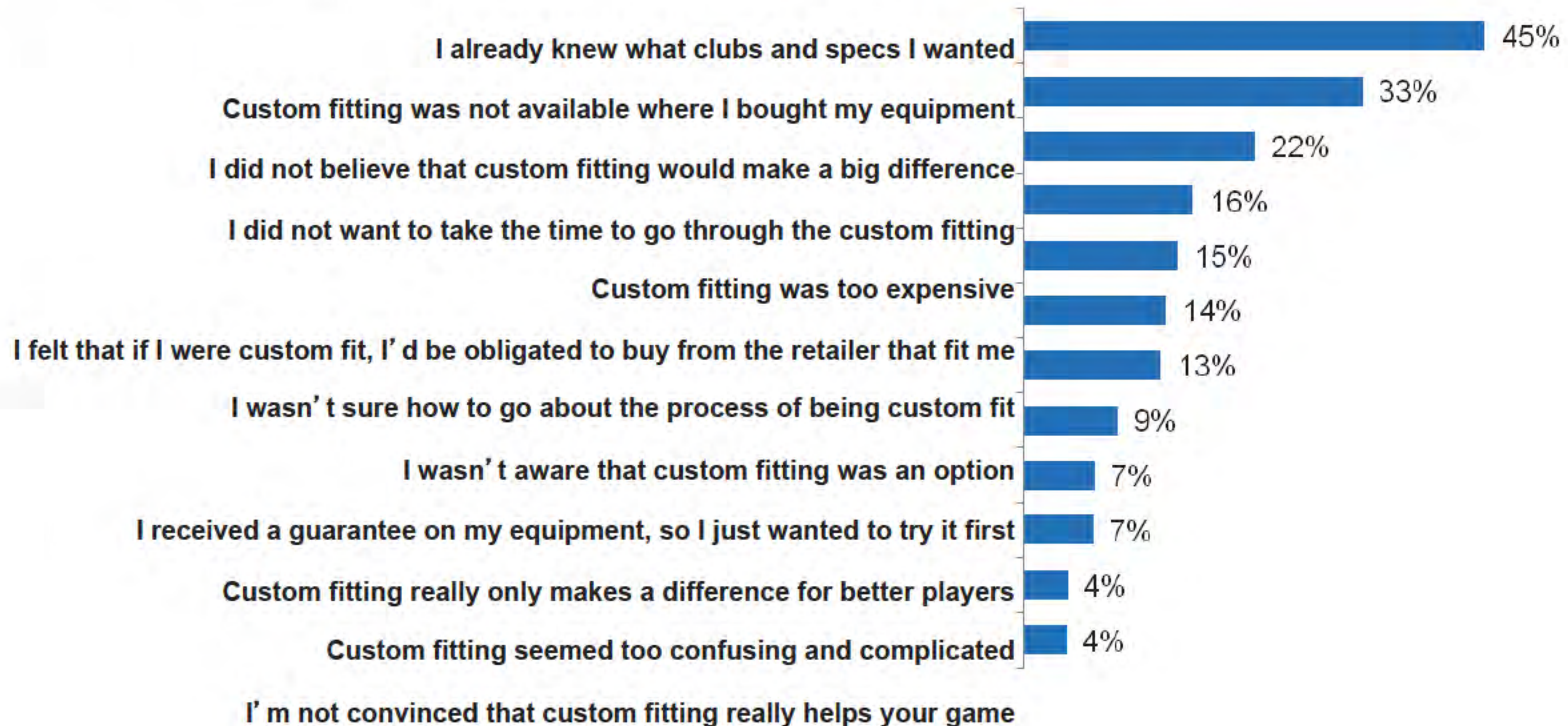


Base: Those custom fit

The Unconvinced: Barriers To Custom Clubfitting Expressed By Those New Equipment Purchasers Who Did Not Go Through The Process

Preconceptions and lack of access supercede perceived skepticism about the benefits and time/cost commitment required for custom fitting

Q: Which of the following reasons describes why you did not get custom fit?



Base: Those not custom fit

Double Digit Handicappers Are Significantly More Likely To Perceive Multiple Barriers as Inhibitors To Custom Fitting

Q: Which of the following reasons describes why you did not get custom fit?

| | Single Digit Handicap | Double Digit Handicap | No Handicap |
|---|-----------------------|-----------------------|-------------|
| I already knew what clubs and specs I wanted, so custom fitting was not necessary | 65% | 47% | 34% |
| Custom fitting was not available where I bought my equipment | 26% | 31% | 36% |
| I did not believe that custom fitting would make a big difference for me | 16% | 22% | 25% |
| I did not want to take the time to go through the custom fitting process | 12% | 16% | 17% |
| Custom fitting was too expensive | 10% | 13% | 20% |
| I felt that if I were custom fit, I'd be obligated to buy from the retailer that fit me | 9% | 14% | 16% |
| I received a guarantee on my equipment, so I just wanted to try it first | 6% | 7% | 7% |
| I wasn't sure how to go about the process of being custom fit | 5% | 11% | 20% |
| I wasn't aware that custom fitting was an option | 4% | 9% | 12% |
| Custom fitting really only makes a difference for better players | 2% | 7% | 9% |
| I'm not convinced that custom fitting really helps your game. It's just a gimmick. | 2% | 4% | 6% |
| Custom fitting seemed too confusing and complicated | 2% | 4% | 5% |

Base: Those not custom fit

Highlighted percentages are significantly higher at 95% confidence

Summary: Custom Club Fitting Is A Potential Game Changer For The Golf Industry

- Custom clubfitting has a demonstratively positive impact on purchasers of new golf equipment:
 - They play better
 - They have more fun playing the game
 - They derive greater satisfaction with equipment purchases
- Custom clubfitting can change the equipment purchase dynamics:
 - It leads to a quicker and more confident purchase
 - It adds an important element to product trial, minimizes price as a variable and substantiates marketing and technological enhancement claims
 - It introduces the element of personalization as a new and important variable
- Custom clubfitting generates positive ROI for all industry stakeholders:
 - Custom clubfitting accelerates the purchase process
 - Custom-fit golfers spend more money

Specific Implications for Golf Equipment Manufacturers

- Embrace custom fitting in all its forms
 - Preponderance of custom fitting taking place at off-course specialty stores suggests alliance and acceptance of third party fitting systems
 - Reinforce the benefits and process of conducting custom fitting sessions through education and POP support at BOTH off-course and Green Grass retail
 - Emphasize the value of custom clubfitting by communicating directly with golfers
- Leverage the untapped opportunity by aligning with other industry leaders to communicate the value of clubfitting in terms of performance improvement and enjoyment
 - The value of golf magazines and media
 - The value of retail alliances
- Recognize and address knowledge gaps and subsequent opportunities with various golfer segments
 - Better players vs. high handicappers
 - “Constant Shoppers” vs. “Replacement Buyers”