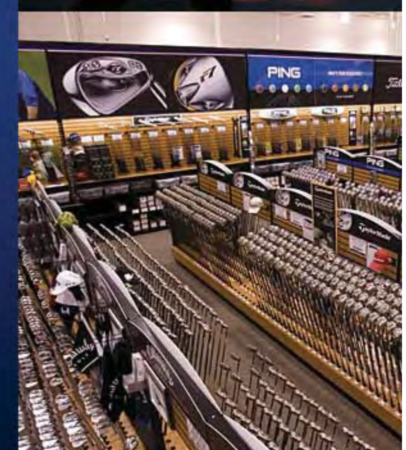
THE GOLFER MINDSET 2012



Sports Illustrated GOLF GROUP

SPORTS& LEISURE RESEARCH GROUP

January 2012

Agenda

- Two Minute Take-Aways
- Golfer expectations for 2012: perceptions, participation, spending and retail channel preferences
- Golfer attitudes in 2012, four year trends and their implications for the industry
- GOLFER 360°: A comprehensive study of golfer lifestyles, attitudes and behaviors, on and off the golf course

Two Minute Take-Aways

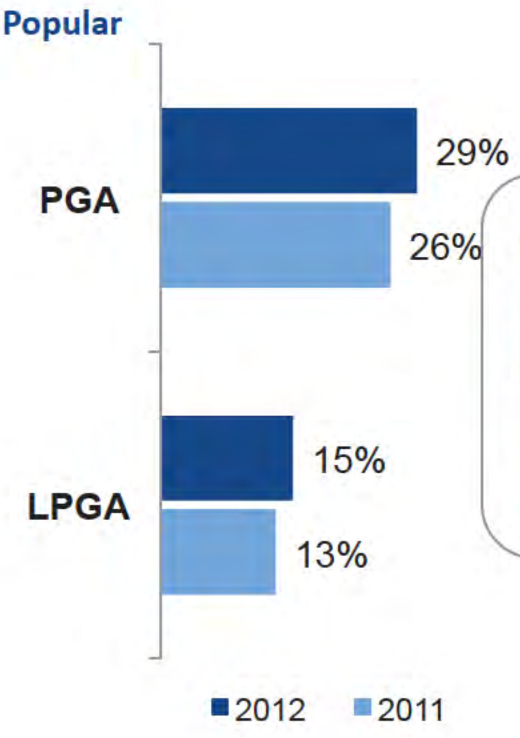
- **Flat is the new up:** "Value expectations" continue to challenge participation, while OEMs remain locked in a battle for share of customer amidst waning loyalty, with some signs of encouragement.
- **Golf's Grip May be Loosening:** No longer as solid an "oasis" as time squeeze, information overload and household concerns battle for time and attention. Leagues and a heightened commitment to family golf could stem the tide.
- **Year of the Putter?:** While per cap category spending expectations are flat, rays of light are present for apparel, drivers, replacement grips, and putters in particular.
- **Country Club Conundrum:** Signs of life in private club member retention efforts, but today's member is still very concerned and seeks differentiating levels of service.
- **Diamonds in the Rough:** While golfers' long term outlook on the economy is troubling, it's clear that those most committed to the game are finding a way to keep golf top of the priority list. Relative to non-golfers they remain more resilient and poised to consume across non-endemic categories.
- **New Media/Technology "Invasion?":** Slow and steady but meaningful golfer engagement alters the marketing communications delivery landscape, and raises challenges to some forms of traditional golf retail.

Background, Objectives and Methodology

- Winter 2012 SLRG Sports Omnibus
  - Assess the attitudes and perceptions of golfers
- Initiated by Sports and Leisure Research Group in 2009
- 2012 online survey of nearly 1,200 total respondents

Tour Popularity and Fans: Holding Ground In Turbulent Times

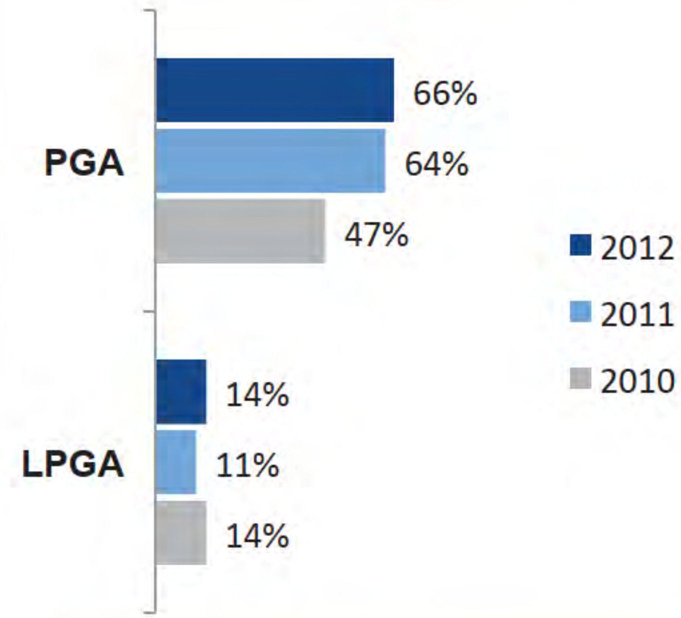
Indicate whether you feel this sport has become more popular, less popular or stayed the same over the past two-three years



Net Popularity

PGA TOUR	+5%
LPGA	Flat

I watch and follow closely

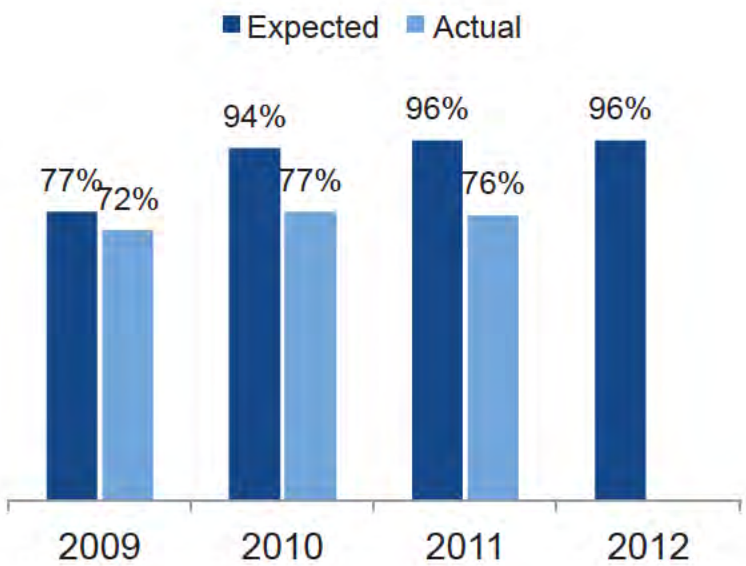


Out-Indexing golfers overall for following both TOURS closely: Super avid (50+ rds) golfers, private club members, better players (HCP <20), older golfers (65+)

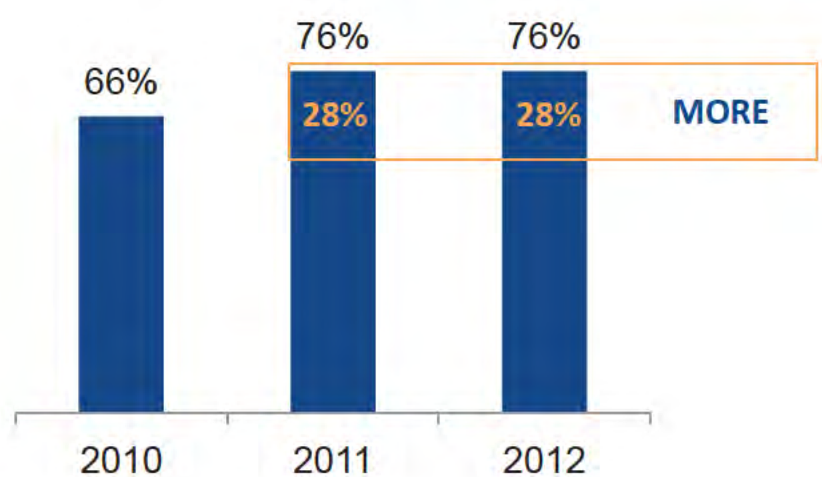
Is Flat The New Up?

- Flat participation and increased spending did materialize in 2011. 2012 looks like more of the same.

Do you expect to/Did you actually play the same amount or more in…?

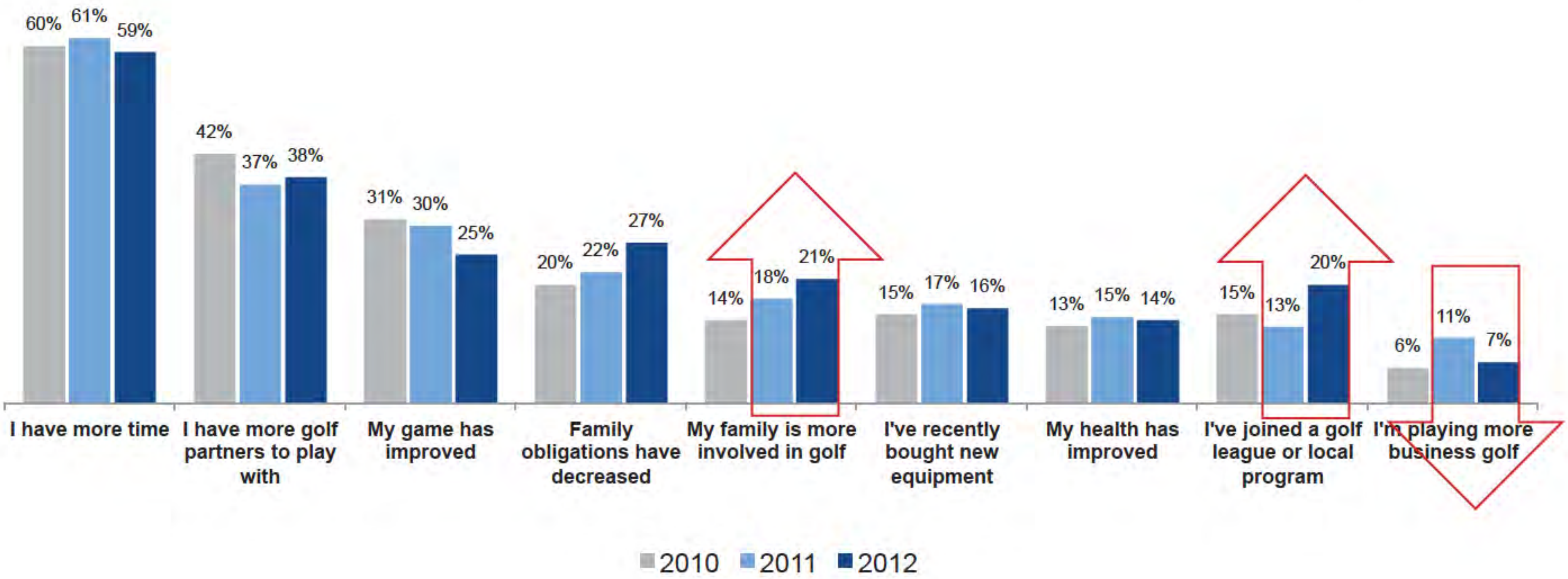


Do you expect to spend the same amount or more next year?



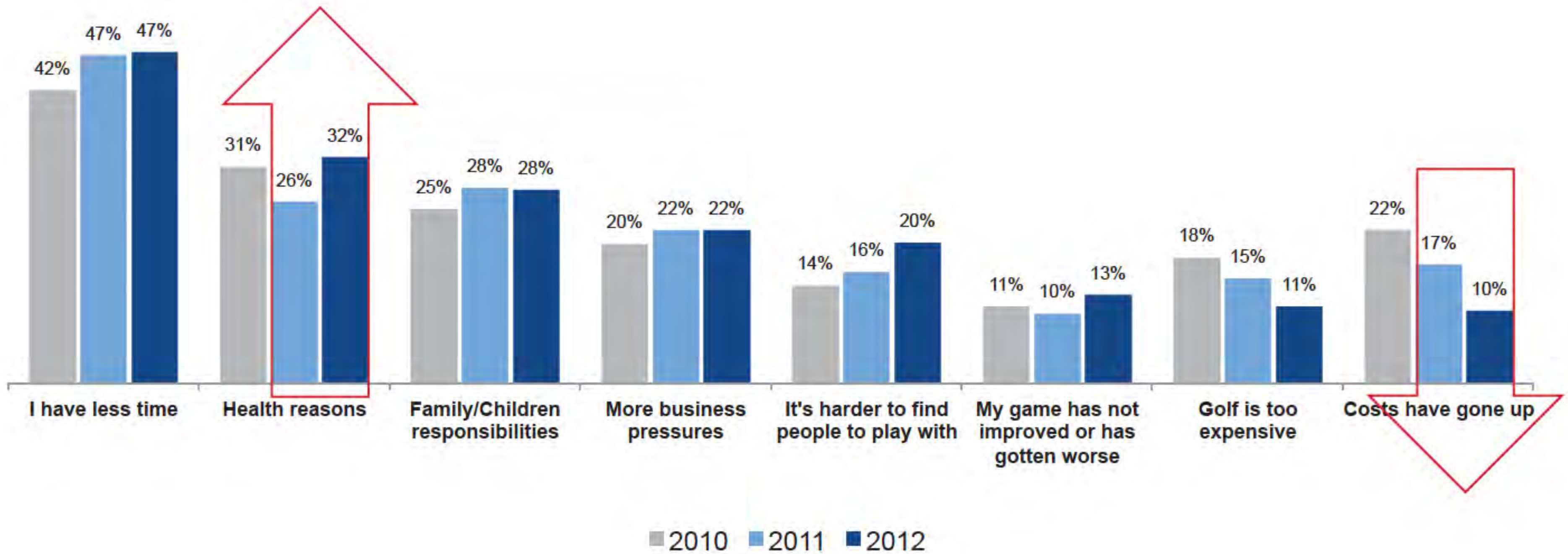
Why Golfers Are Playing More

- Family Golf (or lack of constraints) continue to enable greater participation, as do leagues



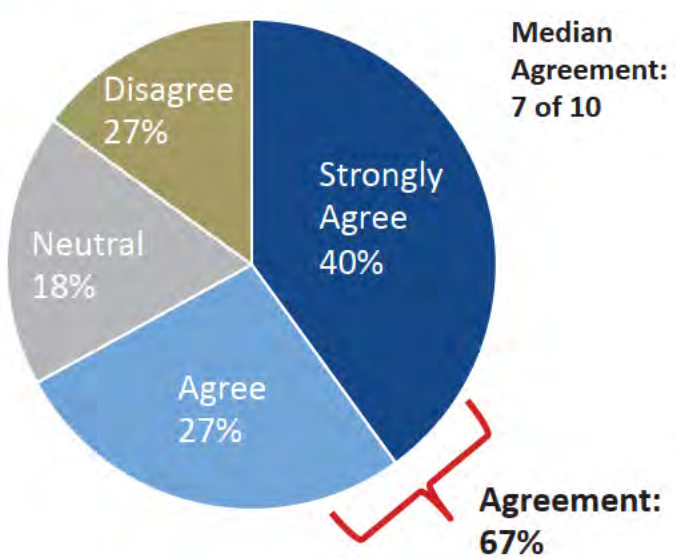
Why Golfers Are Playing Less

- Perceived cost barriers are decreasing amidst rampant discounting and heightened competition

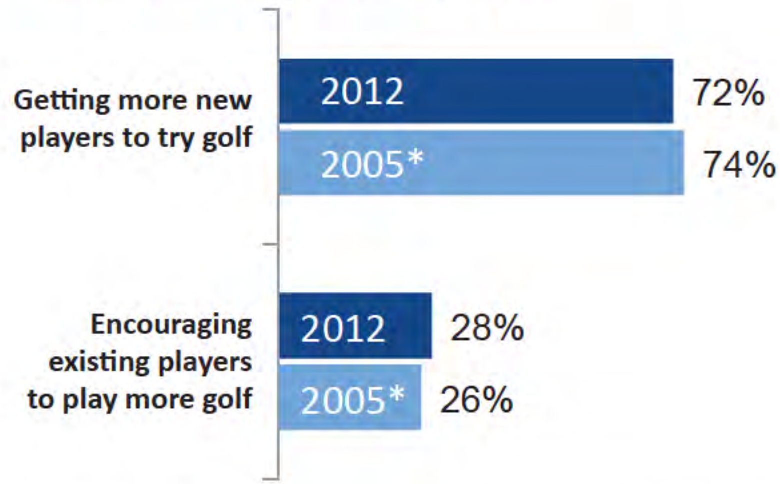


Golfers Share Industry Concerns About Participation Growth… Still Favor the Pursuit of New Players to Address it!

Agreement with statement: "The game of golf is facing major challenges in regards to growing overall 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?



References—2005 "perspectives from the core" research conducted for WGF

1 in 5 golfers strongly agree that they'd "enjoy golf more if courses weren't as long as they are today."

Perceptions On New Equipment Purchasing

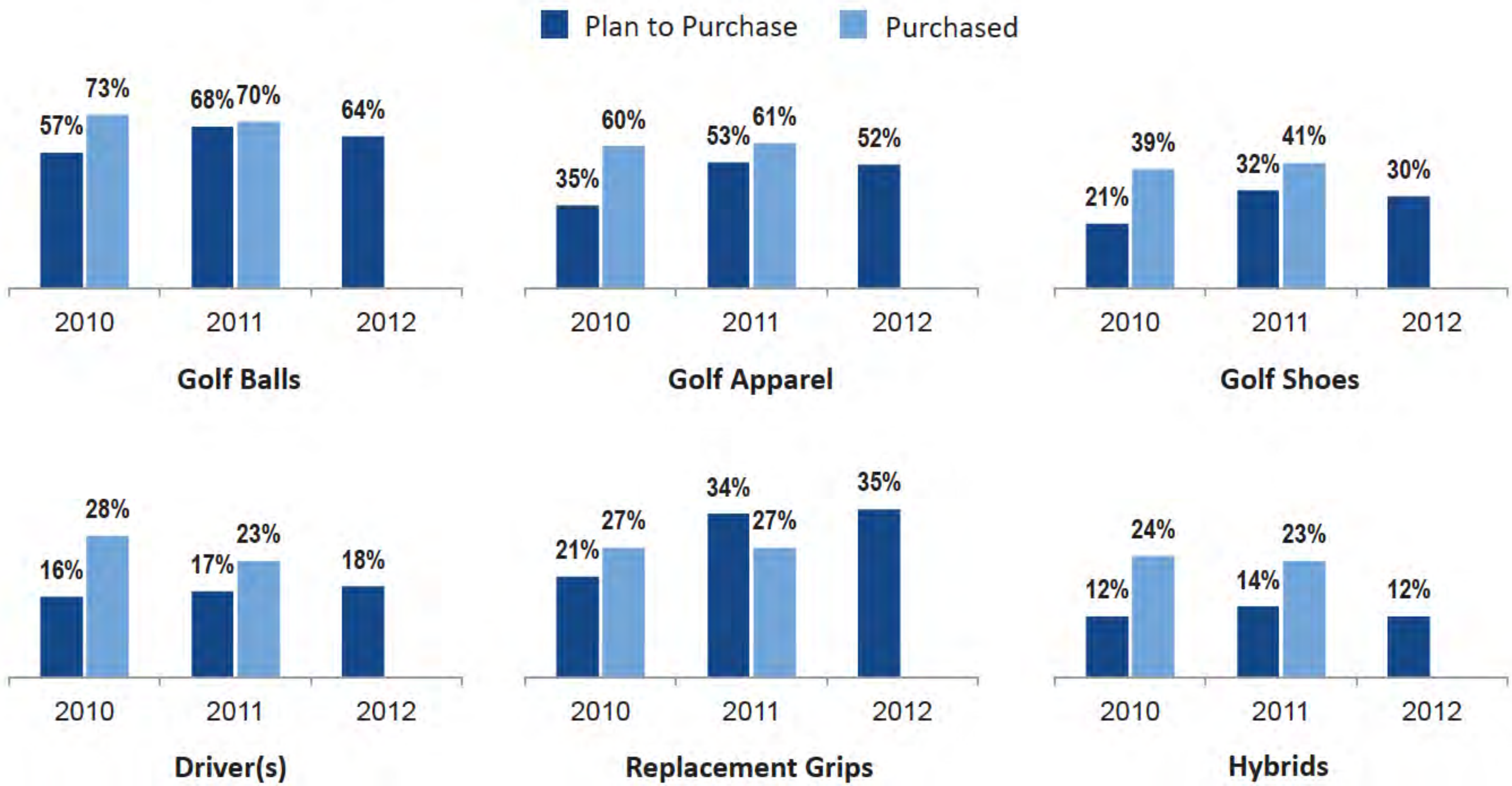
- Innovation messaging continues to resonate while brand loyalty continues to lag

AGREEMENT WITH FOLLOWING STATEMENTS:	2012		2011	
	Top 3 Box	Mean	Top 3 Box	Mean
New golf equipment continues to become more technologically innovative every year	52%	7.5	56%	7.5
The game of golf is facing major challenges in regards to growing overall participation	40%	6.6	NA	NA
Buying new golf equipment has become a more complicated process in recent years	36%	6.2	38%	6.2
Buying the right new golf equipment can help me to immediately improve my game	25%	5.9	30%	6.1
I've found one brand of golf equipment that I plan to stick with, when I make my next purchase	24%	5.1	24%	5.0
I won't buy new golf equipment without trying it out first on the golf course	23%	5.1	NA	NA

Golf Purchasing Trends

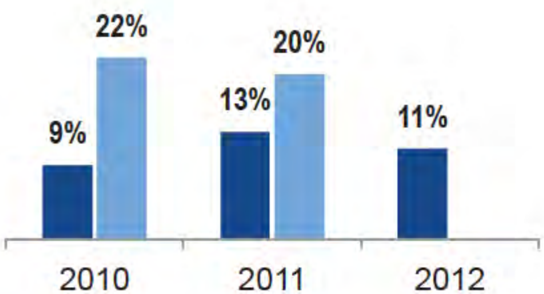
- Demand Remaining Bullish on:
  - Apparel
  - Drivers
  - Putters
  - Replacement Grips
- Demand Yellow Flags:
  - Hybrids
  - Other Fairway Woods and Metals
- Upward trending category spending expectations for putters

Golf Purchasing Trends

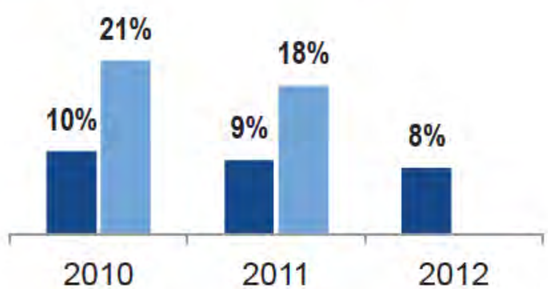


Golf Purchasing Trends

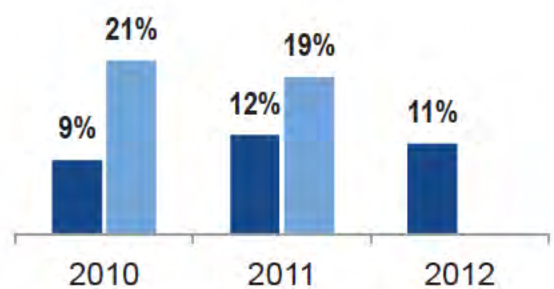
Plan to Purchase | Purchased



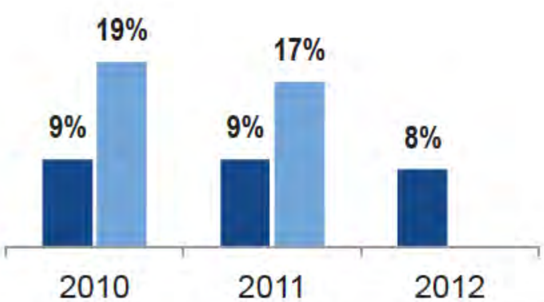
Other Fairway Woods/Metals



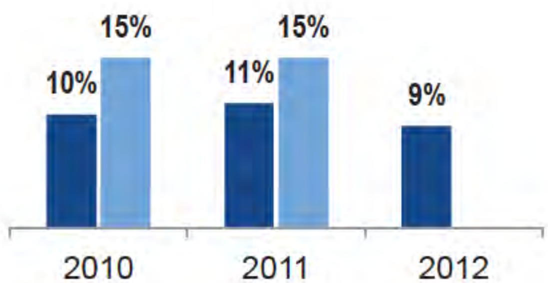
Wedges



Golf Bags



Putters

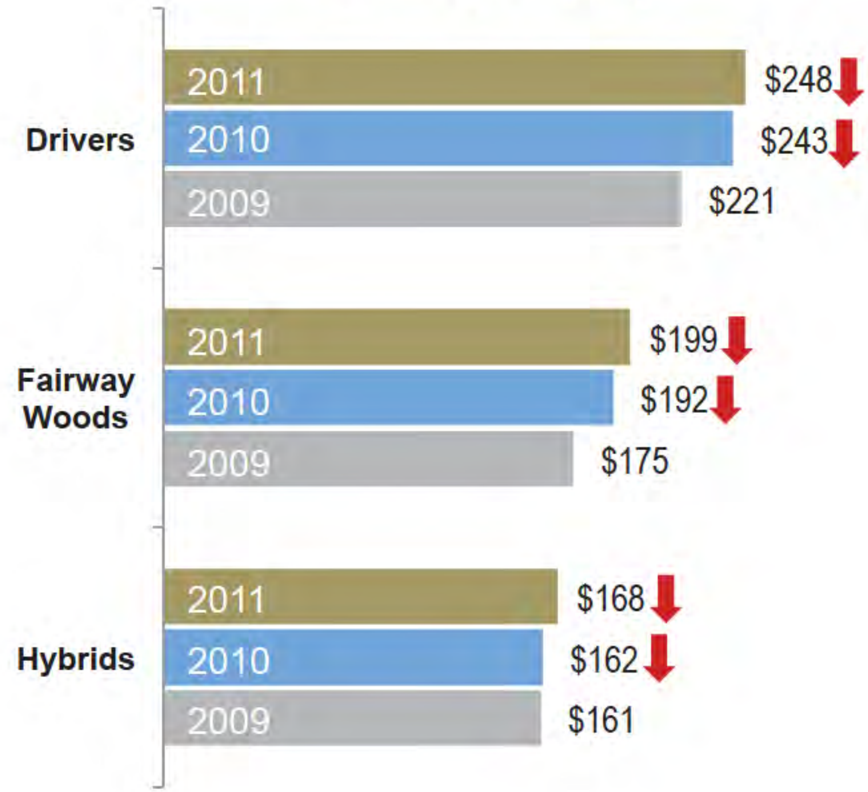


Irons

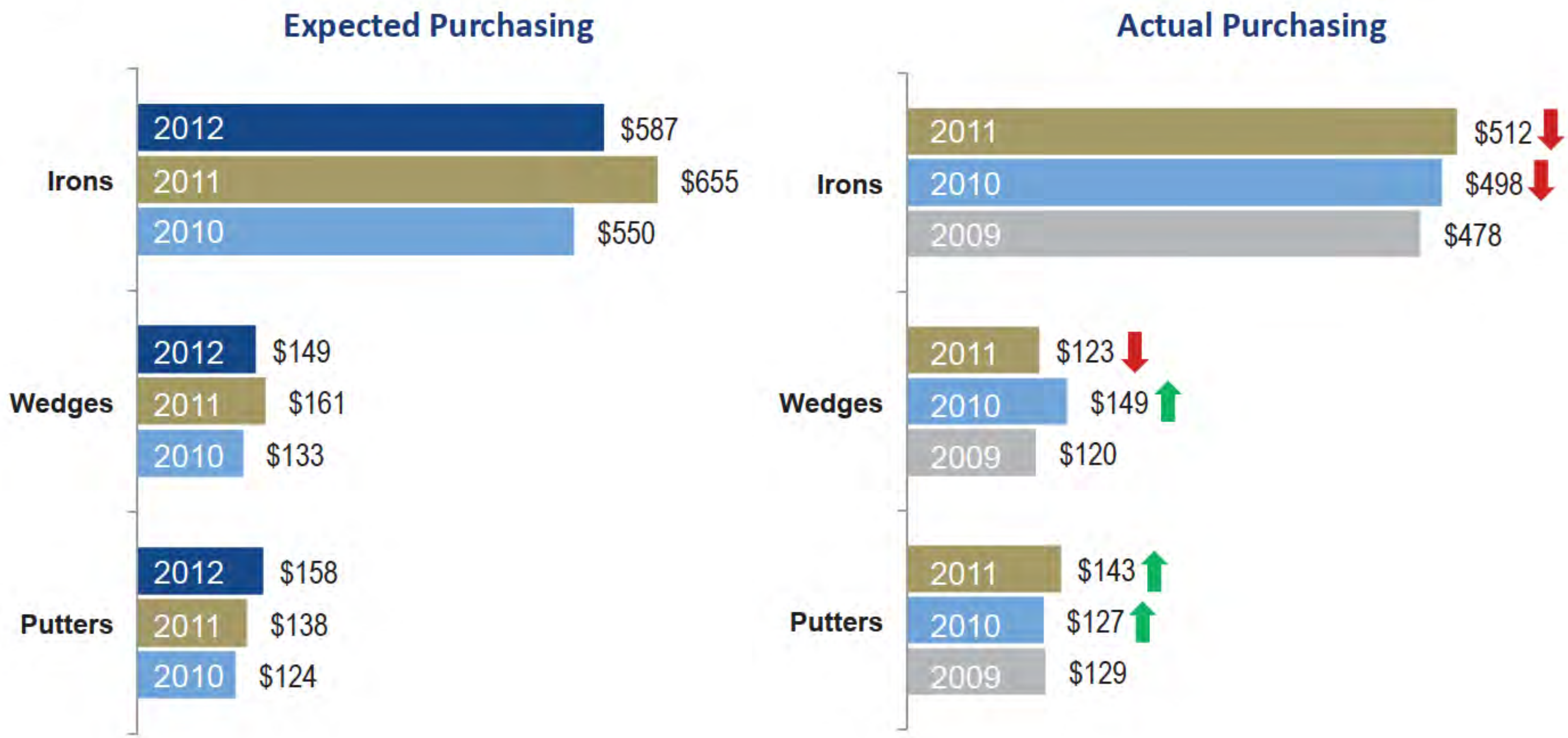
Spending Levels:

Expected Purchasing

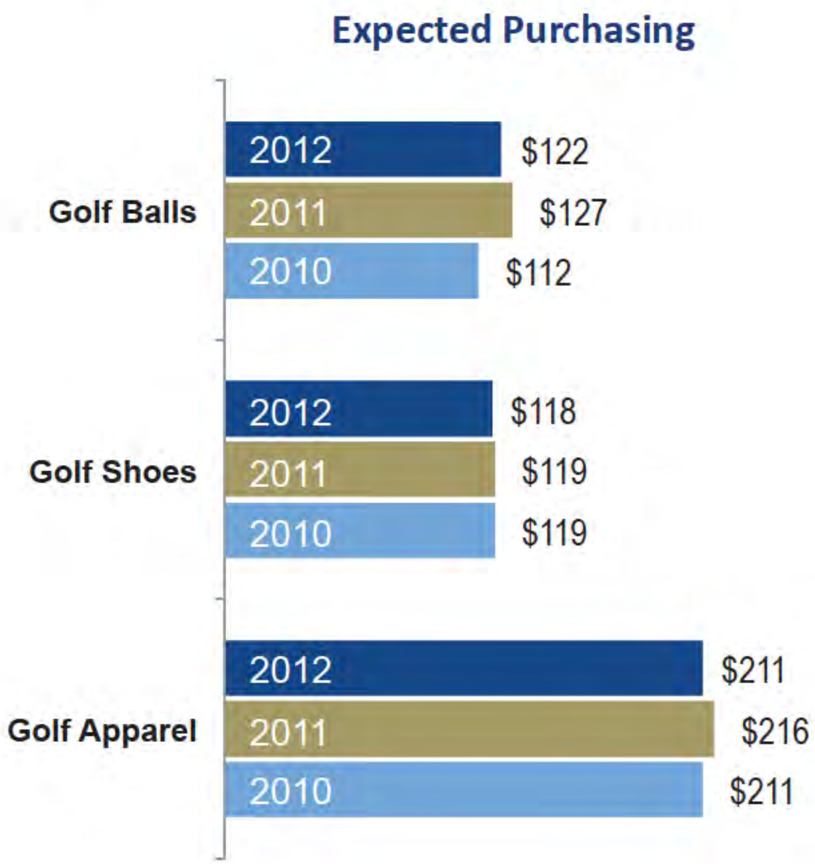
Actual Purchasing



Spending Levels:

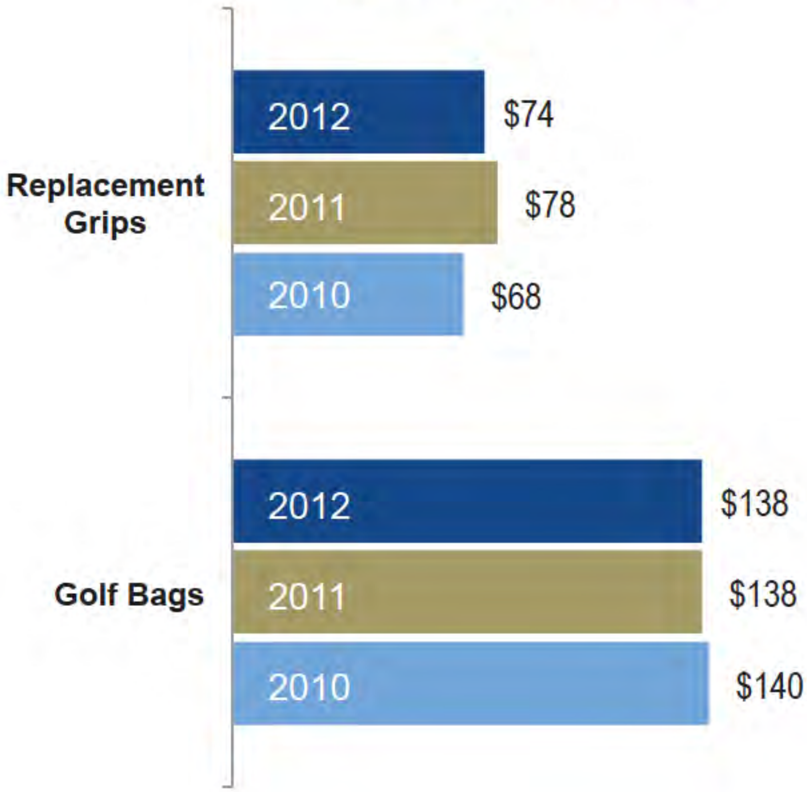


Spending Levels:

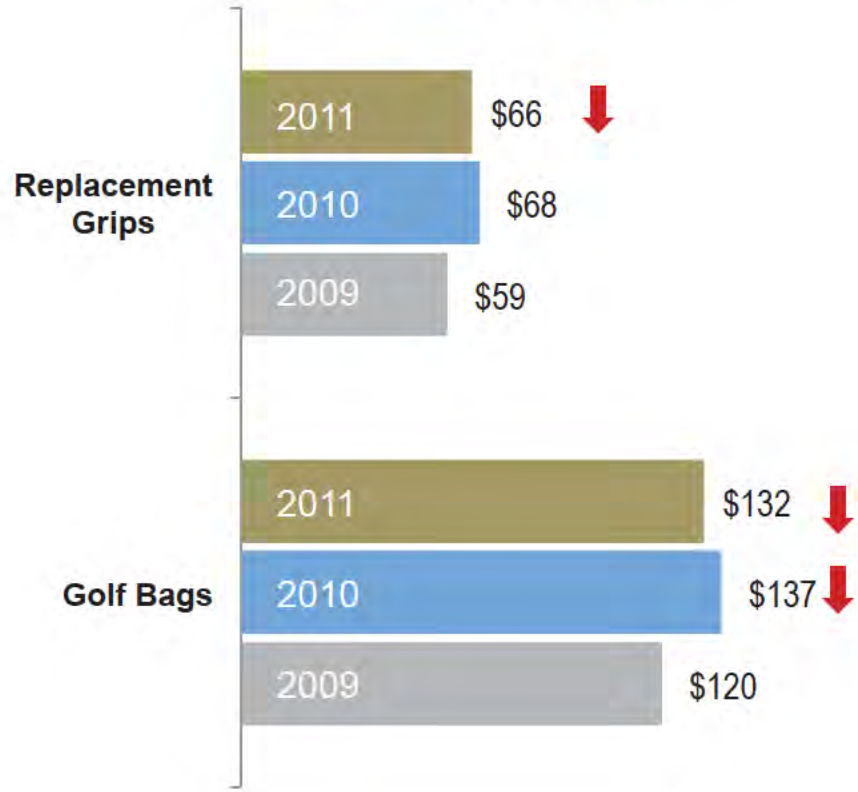


Spending Levels:

Expected Purchasing

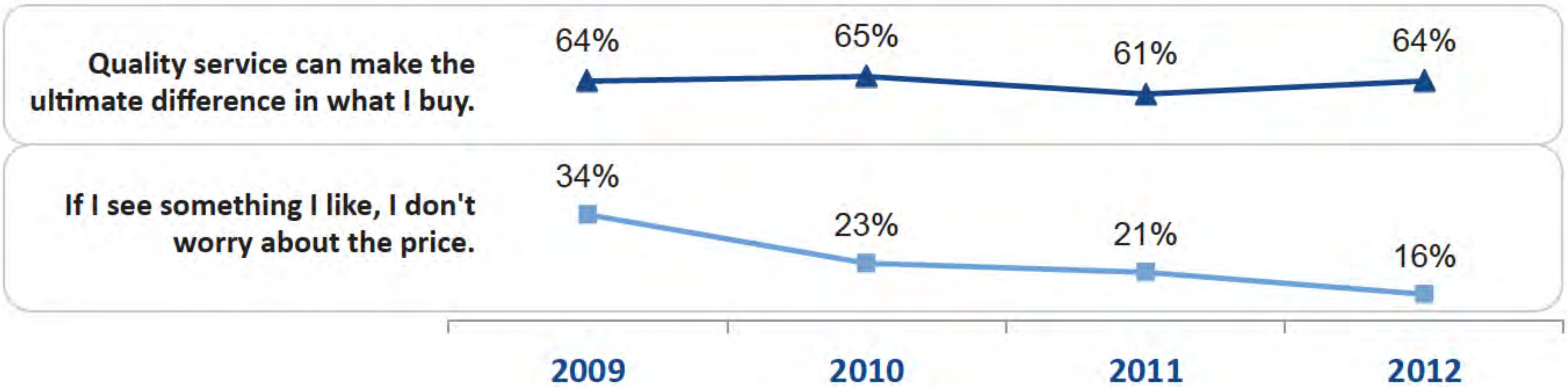


Actual Purchasing



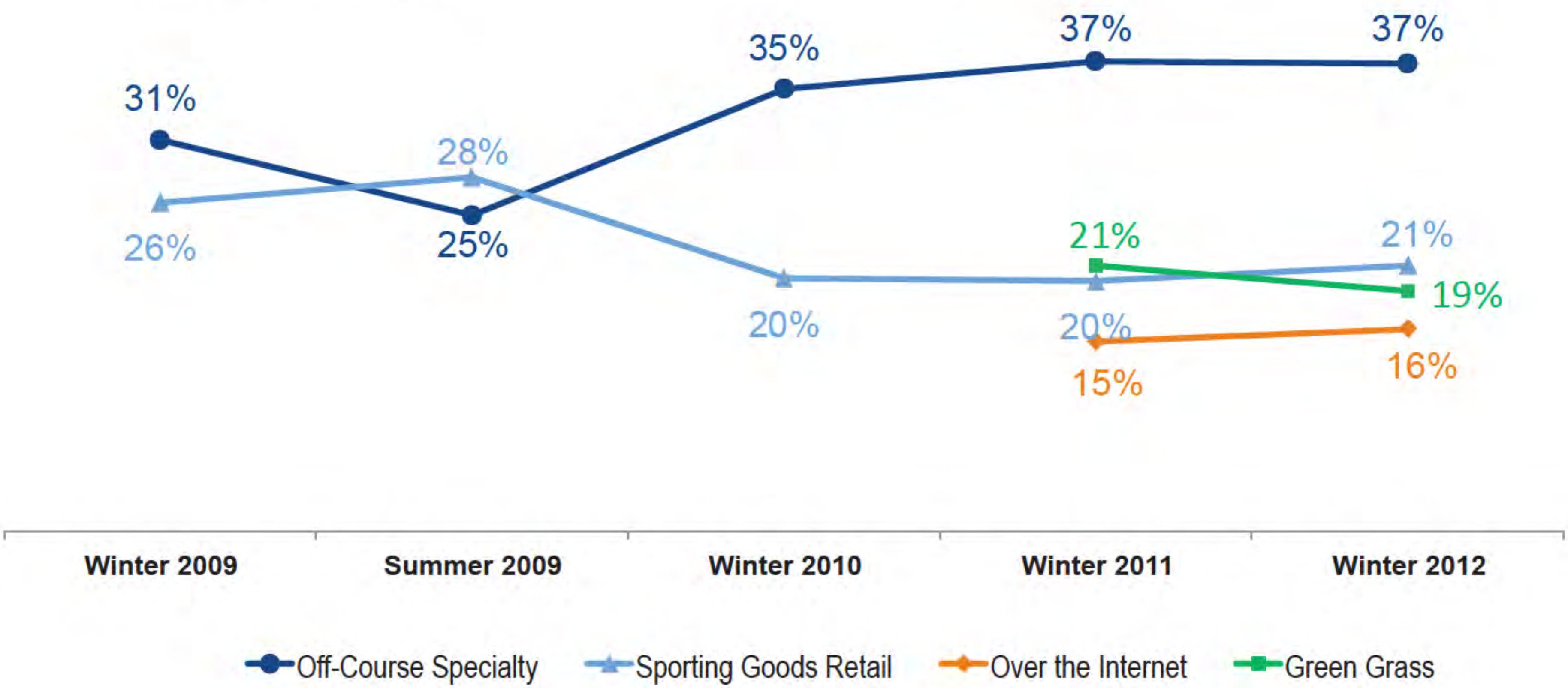
Value and Service Take on Even More Importance!

TOP 3 BOX AGREEMENT



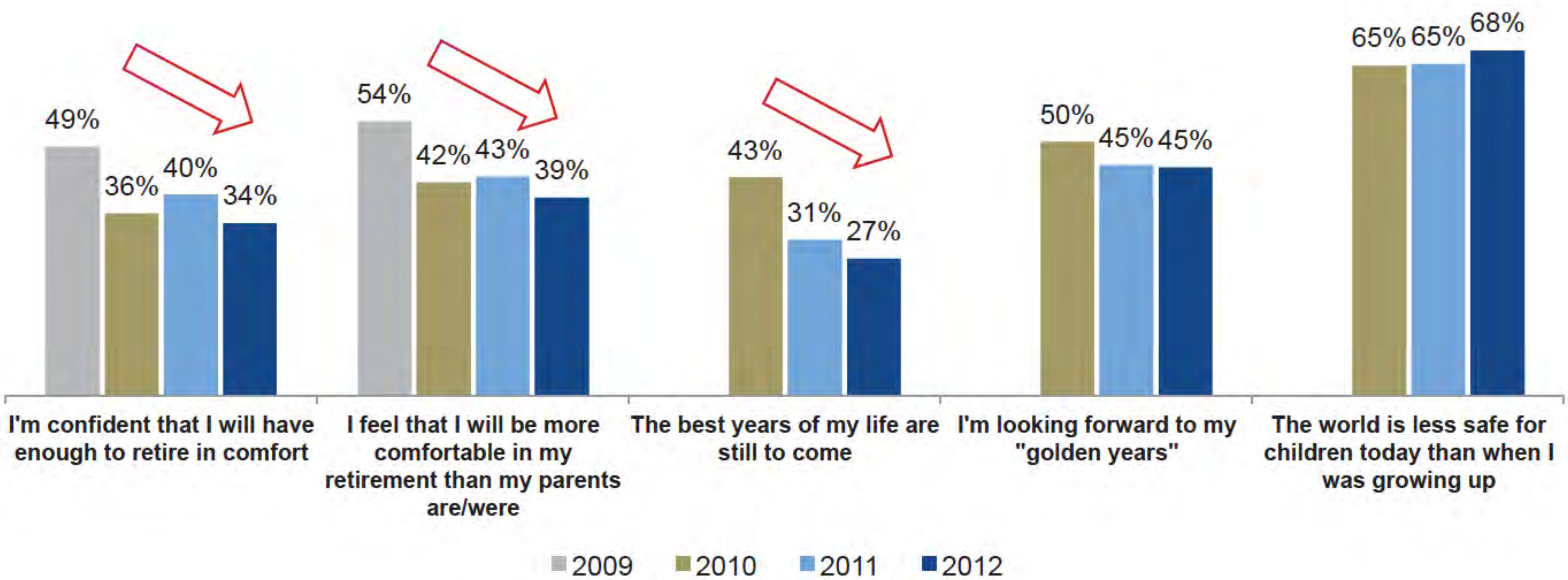
Purchase decisions for me are more about substance than about style.	63%	65%
There are so many good deals these days, that I rarely ever pay full price anymore.	NA	31%

Golf Retail Channel Preference Stabilizes…but be Mindful of Online Commerce



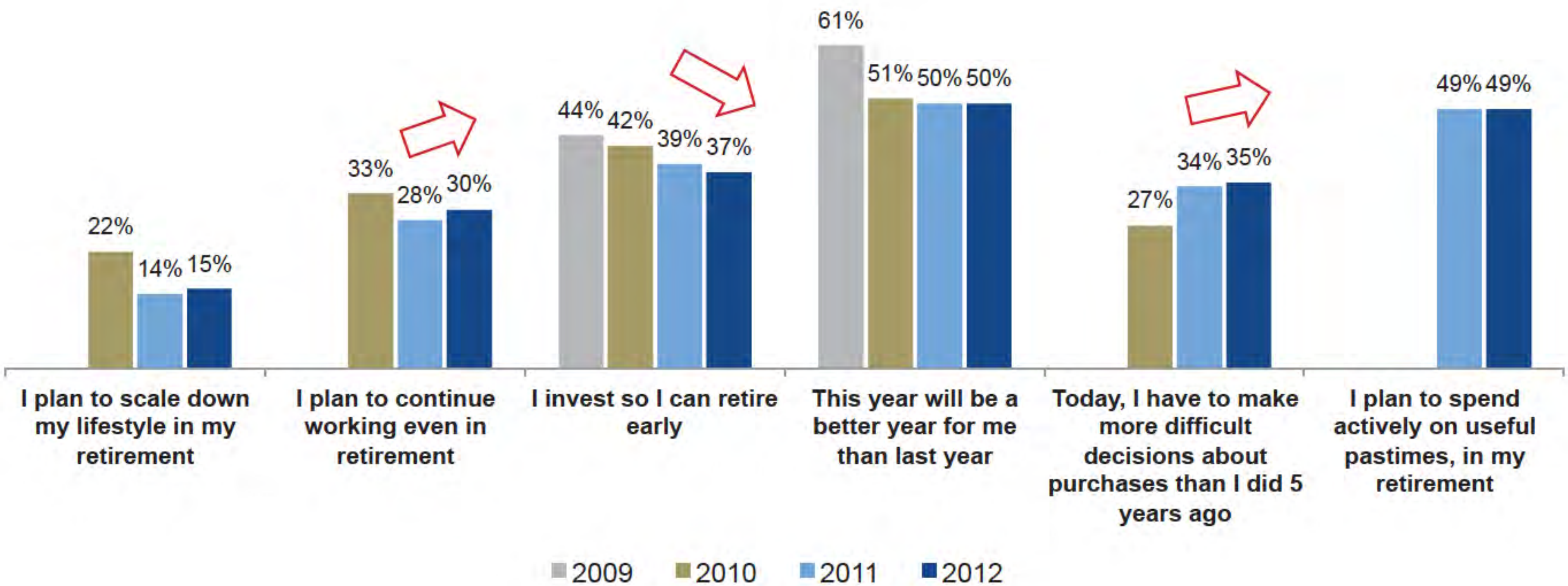
Despite a More Cautious Outlook on the Long Term Future, It Appears Golfers Have Learned to Prioritize for Themselves in a still Tenuous Environment…

- Alarming dip in optimism about the long term



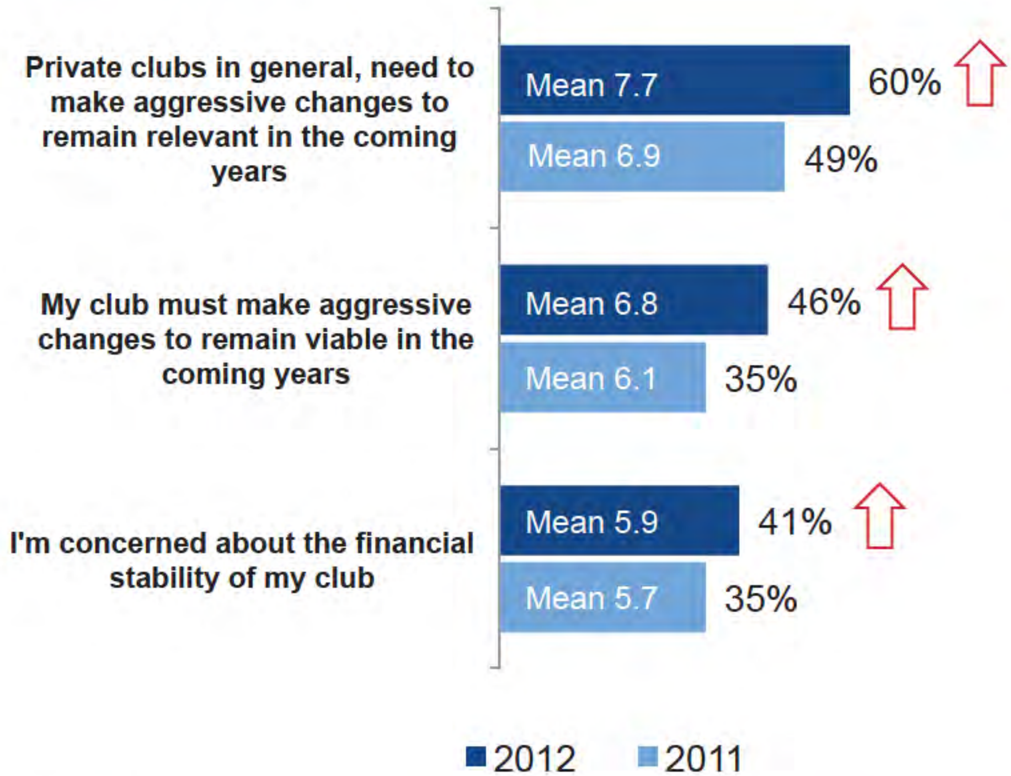
Despite a More Cautious Outlook on the Long Term Future, It Appears Golfers Have Learned to Prioritize for Themselves in a still Tenuous Environment…

- But for those things that are important, golfers will find a way!



The State of Private Clubs: A Troubling Trend has Gotten More Tenuous

TOP 3 BOX AGREEMENT



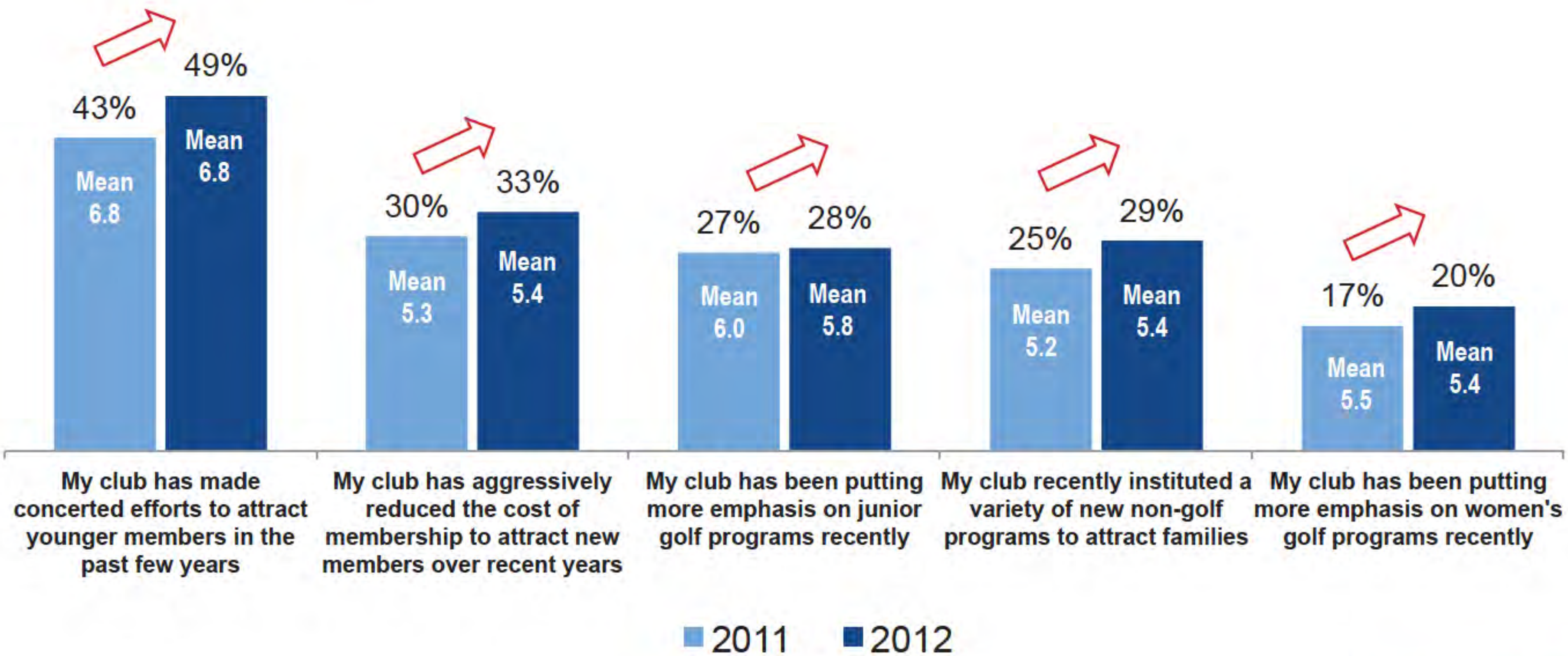
The Situation is more acute in the South and West

Mean: 10 point scale

Base: National Sample of Private Club Members

...But Private Club Operators are Slowly Taking Action

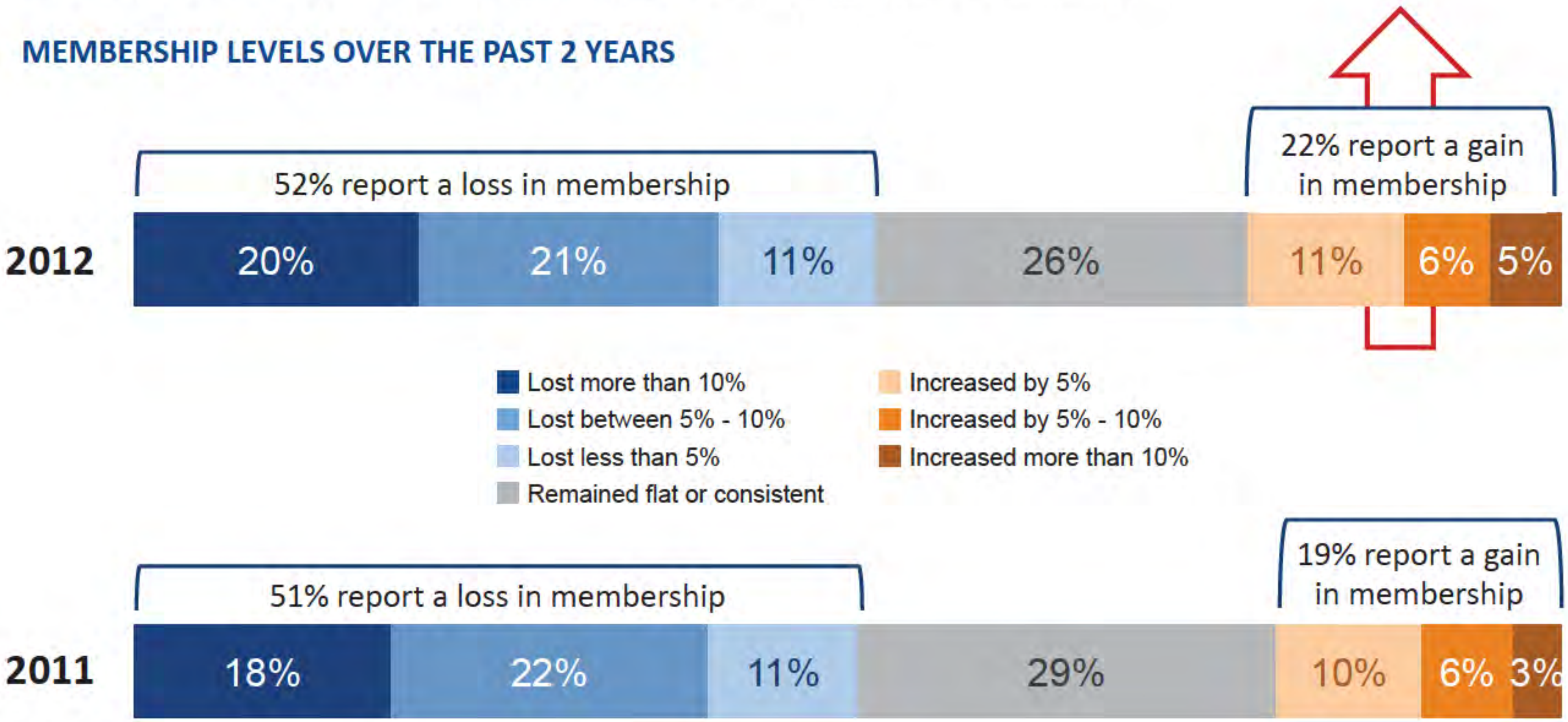
TOP 3 BOX AGREEMENT



Mean: 10 point scale

Base: National Sample of Private Club Members

And While Private Club Member Attrition Remains a Serious Issue, 2012 Moves Slowly in the Right Direction

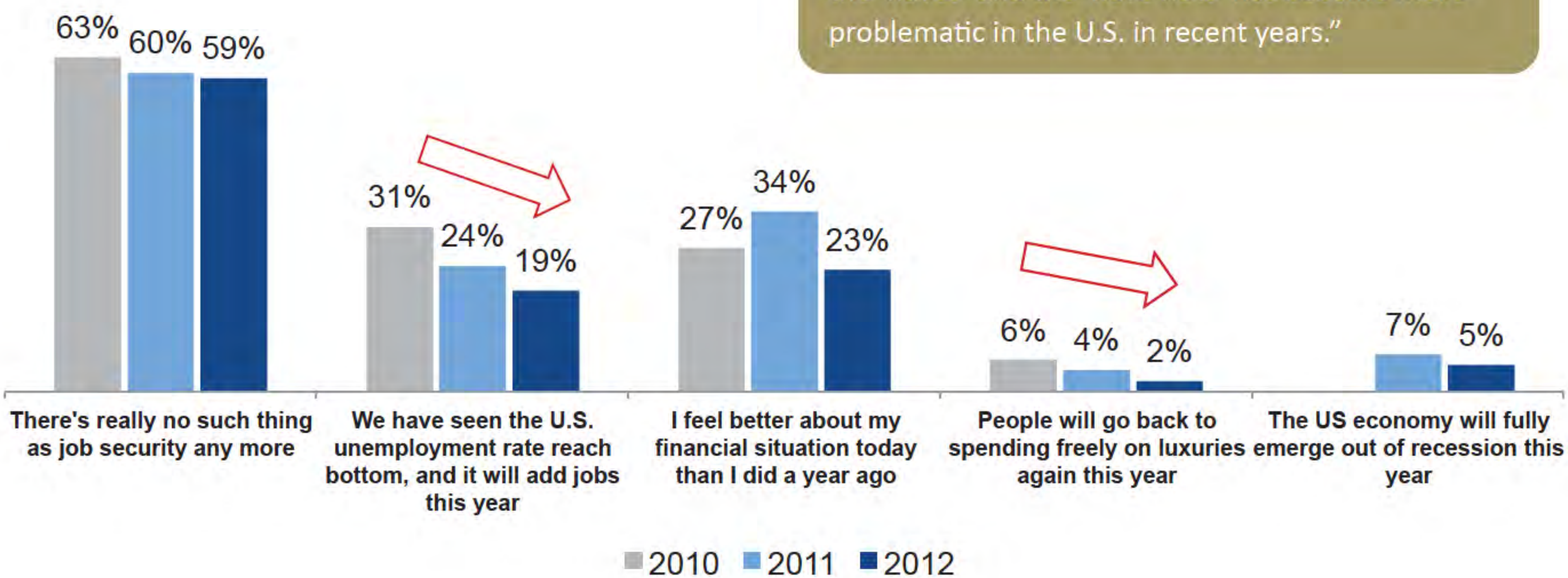


Base: National Sample of Private Club Members

More Golfer Attitudes: We are Still Stuck in an Economic Rut… and It's an Election Year!

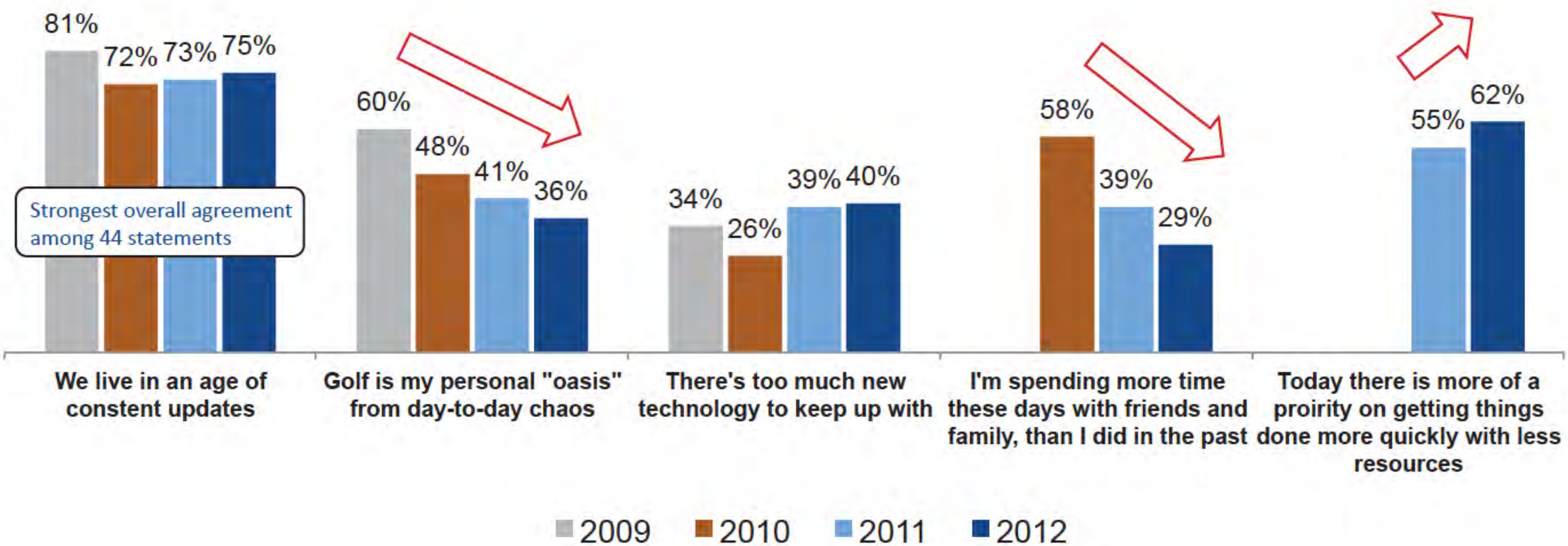
TOP 3 BOX AGREEMENT

56% of golfers strongly agree that "the gap between the 'haves' and the 'have nots' has become more problematic in the U.S. in recent years."



More Golfer Attitudes: Suffering from Information Overload and Still Feeling the Time Squeeze

TOP 3 BOX AGREEMENT



The Year Ahead on TOUR

- Fans see Tiger comeback and “young guns” domination equally likely in 2012
- Foreign invasion resonates strongly for ¼ of fans

TOP 3 BOX AGREEMENT

But Golf Remains an Integral Part of One's Lifestyle

The Hierarchy of Behavior

Behavioral and Attitudinal Differences

- Golfers are significantly more likely than non-golfers, to enjoy and participate in a variety of non-golf activities
- Golfer attitudes are more aligned with an active and full lifestyle than non-golfers. They are significantly more likely than non-golfers to:
  - Seek an active retirement and build a significant nest egg
  - Express a readiness to reap life's rewards
  - Be more self rewarding
  - Demonstrate a passion for and seek performance and innovation in the cars they drive
  - Pursue quality, high-end vacations
  - Possess a more diversified investment portfolio, and have greater inclination to utilize professional investment advisors
  - Entertain others in their homes and consume a wide array of spirits and alcoholic beverages
  - Equip their "man caves" with the most cutting edge consumer electronics
  - Own newer and more valuable watches and jewelry
  - Consult their physician about brand name prescription pharmaceuticals and health maintenance products that they have seen advertised
  - Purchase cologne or fragrances

The Hierarchy of Behavior

Behavioral and Attitudinal Differences

- Golfers are more engaged in a wide array of consumer product categories than non-golfers:
  - They own more vehicles of greater value and are more likely to be back in the automotive market for luxury makes and models.
  - They travel more frequently, spend significantly greater on their vacations and participate in a variety of travel loyalty programs.
  - They are more active and involved investors.
  - They are significantly more likely to order, purchase and appreciate premium spirits brands.
  - They are nearly twice as likely to be the first among their friends to try new consumer electronics.
  - They are more frequent purchasers of fine jewelry, watches and designer apparel, and place a higher value on exceptional service.
  - They will pay more for prescription drugs that their doctor recommends.
  - They spend more time on their appearance to "look good."

The Hierarchy of Behavior

While Golfers are behaviorally and attitudinally desirable relative to Non Golfers, SIGG Golfers are truly in the sweet spot!

- Their attitudes towards spending and the pursuit of the finest brands is particularly more bullish than that of US Golfers and non golfers. They re-define the affluent boomer and early Gen X target that seeks premium products and services, today
- They own more cars and will replace their current vehicles more quickly, with luxury makes
- They travel more for business and pleasure and favor the top hospitality and travel brands
- They have achieved greater professional success and have more diverse financial portfolios
- They are more frequent in-home entertainers, and spend twice as much on alcoholic beverages
- They are more proactive about their health

The SIGG Golfer
A More Engaged and Committed Golfer

	SIGG Golfers	US Golfers	INDEX
Likelihood to have a USGA Handicap	45%	29%	155
Years of golf experience (mean)	30.8	21.3	145
Member private/semi private club	39%	31%	126
Played more or the same number of golf rounds in past 12 months	70%	63%	111
# of different courses played (mean #)	8.5	5.2	163

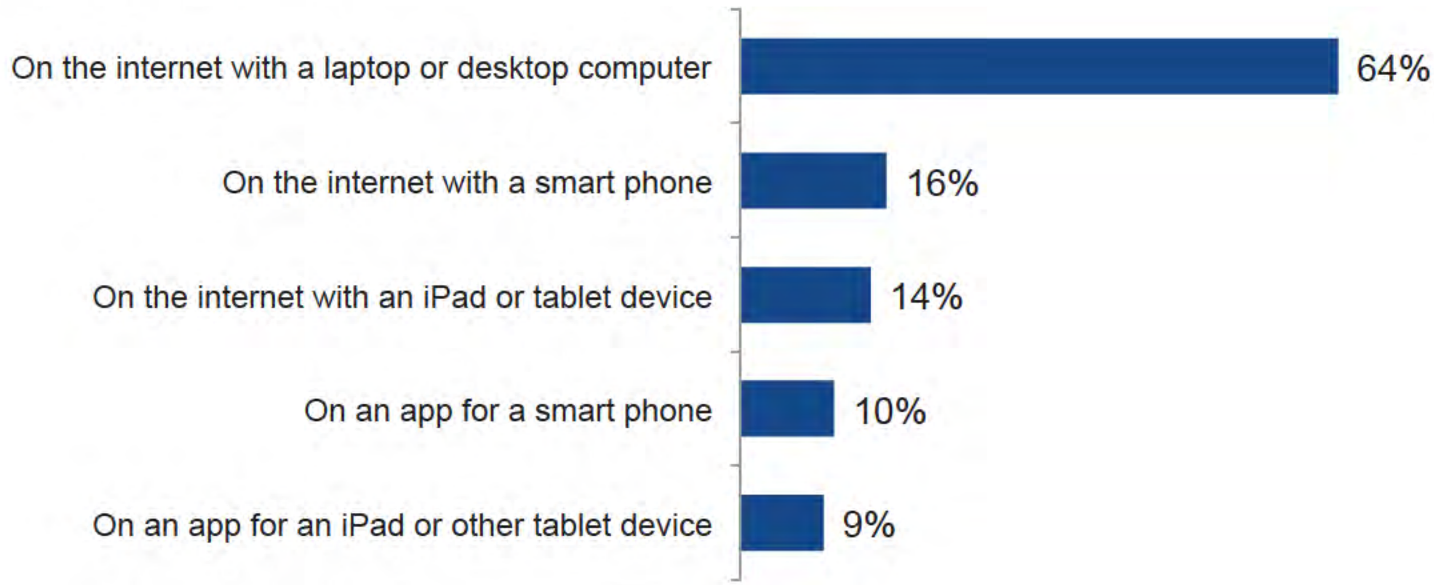
A More Active Purchaser
The SIGG Golfer Plans To Spend More on Golf!

	Mean Expenditures: Next 12 Months		Index of Purchasing Incidence SIGG Golfers vs US Golfers
	SIGG Golfers	US Golfers	
Golf Real Estate	$90,758	$22,321	407
Golf specific vacations	$2,548	$1,242	205
Green Fees/Cart Fees/Membership dues	$2,586	$924	280
Golf equipment	$438	$343	128
Total fees and equipment	$2,931	$1,176	249
Golf related books	$50	$25	200
Golf related videos	$50	$30	167
Golf lessons	$330	$185	178

Note: Means drawn from base of those spending within the category

The New Media Invasion: Golfers are Accessing Relevant Content Everywhere:

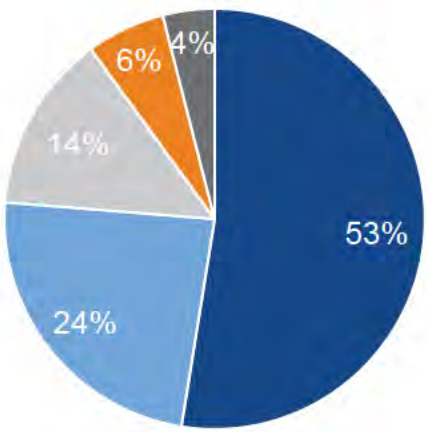
- Two-Thirds of golfers surveyed, watched golf related content in at least one of these forms over the past thirty days.



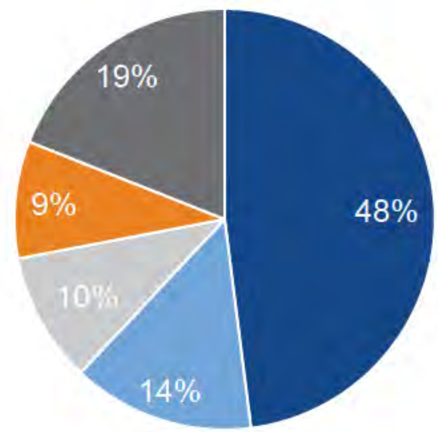
The New Media Invasion: Golfers are Accessing Relevant Content Everywhere:

- Online Golf information rivals television viewership

During the golf season, how frequently do you watch golf-related programming on Television?



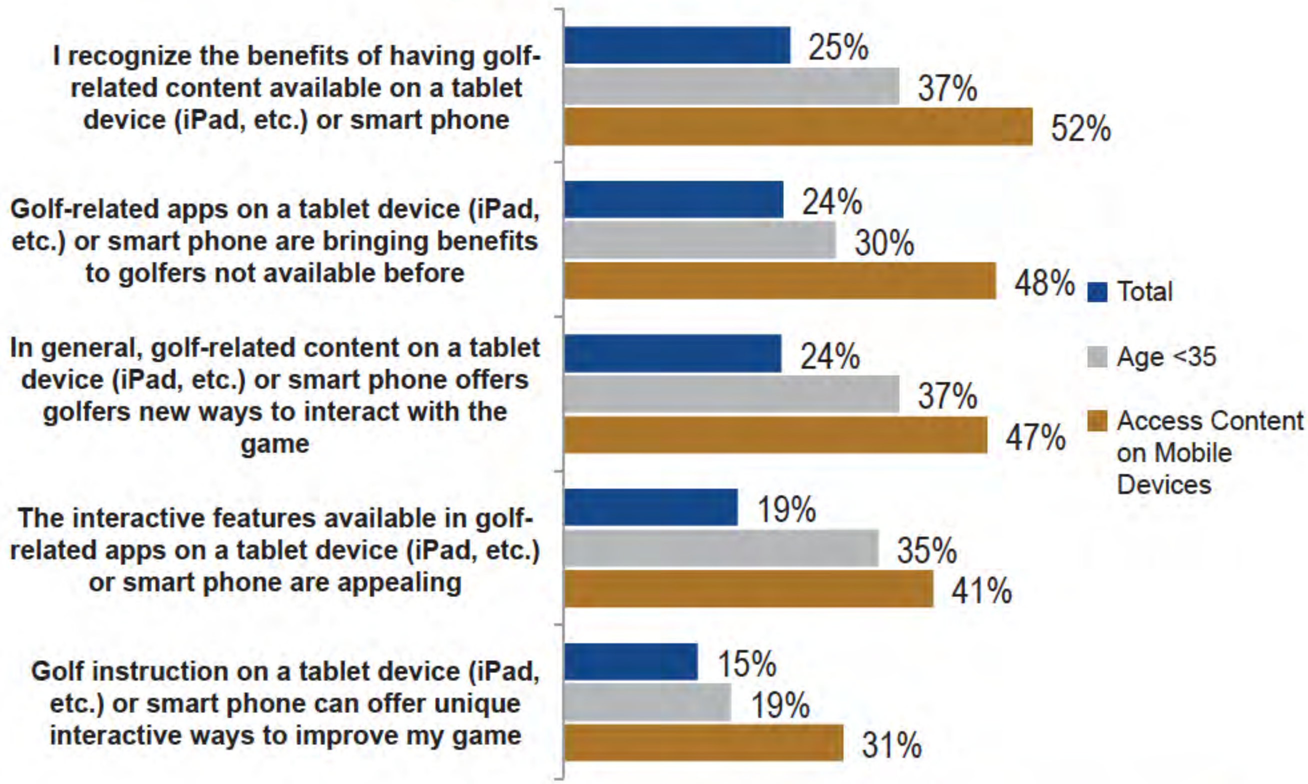
How often do you visit golf websites to get golf news and information?



Several times a week or more | About once a week | 2 or 3 times a month | About once a month | Once every 2 or 3 months or less

The Mobile Opportunity!!!

TOP 3 BOX AGREEMENT



More than one in five golfers strongly agree that they "have embraced social media"

IMPLICATIONS AND CONCLUSIONS:

Particularly In A Challenging Economy—Golfers Are The "Sweet Spot" For Marketers Looking To Reach Men

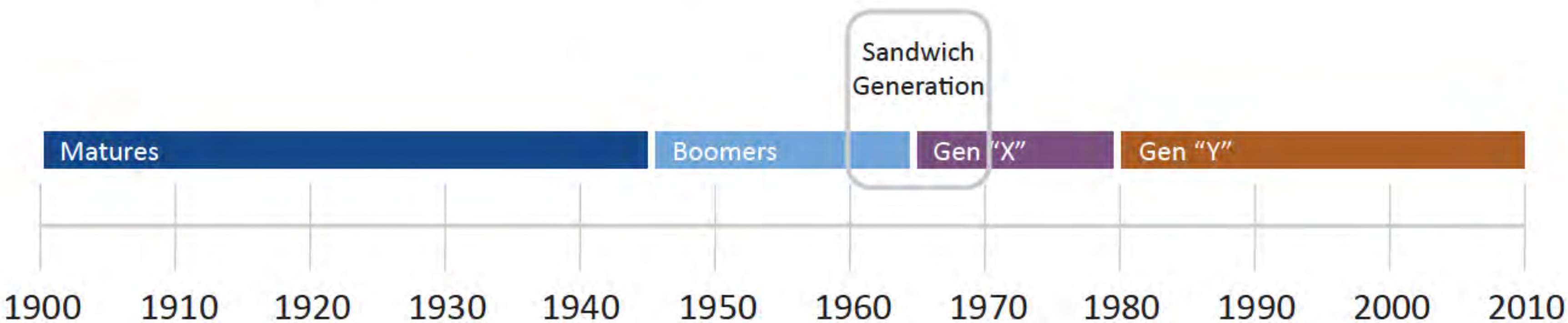
The Market Continues To Be Challenging For Luxury Markets…

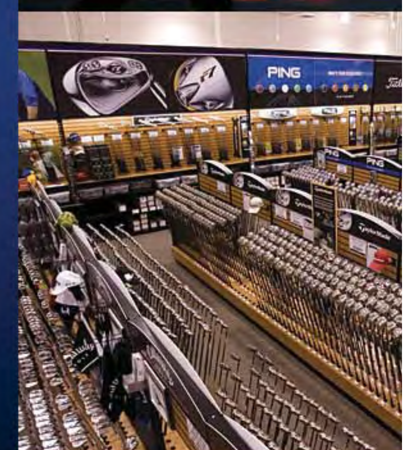
- Massification" of luxury evolves
  - Slow recovery thwarts "entitlement" acquisition, turning marketer attention to the "Survivors"
  - The truly affluent seek their own unique experiences, moving further away from mass affluence

Liz claiborne®

Particularly In A Challenging Economy—Golfers Are The "Sweet Spot" For Marketers Looking To Reach Men

- **Aspirational** selling no longer rues, the day. Golfers are the ideal target for those marketers looking to provide **inspirational** messaging to a group ready to buy.
- Today's golfer is a confluence of generations that are ready to live life now…Boomers and the Sandwich Generation
  - They seek out quality, service and value
  - They spend disproportionately greater amounts than non-golfers
  - They are more engaged in a wide array of consumer product categories
  - They place a greater value on leading and trusted brands





THE GOLFER MINDSET 2012

Sports Illustrated
GOLF
GROUP

SPORTS&
LEISURE
RESEARCH GROUP

January 2012