

Brainstorming Golf's Future



Golf has been hit by a struggling economy and demographic shifts. But rather than throw in the towel, creative minds are trying to figure out the future.

BY MIKE STETZ

Great minds are trying to figure out golf. Not how to excel at playing the game, mind you. Great minds have given up on that long ago. Instead, really smart people are looking at the game's viability and future as changes — including demographic and cultural ones — challenge it.

Current trends are not exactly heartening. The number of players continues to drop. Courses are still closing. And golf's most compelling (and polarizing) superstar — Tiger Woods — has an aching back.

However, there is good news. The economy is slowly ticking upward, and that means people have more spending money. Courses are savvier when it comes to marketing and customer service, thanks to new technologies. And more courses offer a growing variety of amenities to attract families.

Golf Inc. reached out to some of the industry's most creative thinkers to get their thoughts on golf as it faces a crossroads — its traditional base is shrinking and a new generation is up-and-coming. How will it all play out? And what can courses do to make themselves enticing, progressive and, most important, financially sound as these changes have the potential to greatly impact their business models?

JON LAST

Jon Last is founder and president of Sports and Leisure Research Group, of White Plains, N.Y., and has a long history of researching and marketing golf, both inside and outside of the industry.

For golf, at least in the short term, the worst seems to be over, he said. Consumer confidence is growing and that means more people will be pursuing leisure activities, such as golf.



But it's the long term that is worrisome.

"We do need to be thinking proactively how to make the game more attractive," Last said.

"Many courses are just too difficult and that creates frustration. The average golfer doesn't break 100."

Last is not against "entry ramp" concepts to grow the game, such as nine-hole courses and ones that offer bigger cups. But he does think the ultimate goal of such programs is not only to get new players to the golf course, but to "convert them into golfers."

"It's important to have young people embrace the traditions of the game," he said. He's concerned some of these concepts have the potential to "destroy something significant."

"Why water-down a game that's served us well for years?" he asked.

The key for courses is to make the game less intimidating and more welcoming,

particularly to families, he said. Golfers are more likely to use the course if they know their families can be entertained as well. Golfers today are much more family oriented and less willing to spend hours away from their wives and children.

And the courses need to be progressive in setting aside times for instruction for women and kids to bring them into the game, he added. They can't treat them as trespassers.

Last also believes that the up-and-coming generation, the millennials, will be attracted to golf. That generation supposedly is less focused on consumerism and corporate ladder climbing and more on emotional well-being and personal satisfaction. They crave a sense of community as well, he noted.

"And that's golf," Last said. "Golf is all about community."

PAMELA SWENSEN

Golf needs women players and women who want to join clubs, either for the golfing experience or other family oriented activities, says Pamela Swensen, the CEO of the Executive Women's Golf Association.

To do so, golf needs to be more welcoming to women and their needs, and golf's leadership needs to be more diverse, she said.

"I am seeing change; I'm just not certain if it's happening fast enough," she said.

Her organization, based in Palm Beach Gardens, Fla., stages golfing events and holds golf networking and social functions



to attract women to the game.

More courses understand the importance of the role women play in the future of the game, she said. Some have made key adjustments, such as offering shorter, more playable courses; menus that include salads (not simply cheeseburgers); women's merchandise in the golf shop; and women locker rooms that are well maintained.

Golf also needs to adapt to women's changing lifestyles. Many are working mothers who are hard-pressed for time. Nine-hole and even four-hole options need to be available, she said. Courses need to promote such features to women so they know when they're available and can plan their time around them.

"That way they can get home and do a load of laundry and read their child a bedtime story," she said.

The new generation is one that's been exposed to golf in numbers greater than ever, via youth programs in particular, she said. And golf is a game that can attract them as young adults as well. It's social, outdoors and active.

Most important, though, golf has to be a fulfilling experience.

"Life has so many demands," Swensen said. "You want to be able to lose yourself in that moment."

JIM KOPPENHAVER

Jim Koppenhaver won't play clairvoyant when it comes to golf's future. He says that's a fool's errand. Instead, he's an interpreter of numbers. And the numbers don't look good. Golf participation rates continue to go down. Once at nearly 30 million strong, the number of golfers has fallen below the 23 million mark.



That drop is golf's biggest concern, said Koppenhaver, whose consulting company, Pellucid Corp., is based in Buffalo Grove, Ill. He is also author

of *Outside the Ropes*, a digital newsletter, and publisher of *The Pellucid Perspective*, a monthly digital magazine.

And golf is not doing enough to address it, Koppenhaver argues. Only marginal changes have been floated. Golf needs "transformational ideas," he said.

Relaxing the rules should be front and center, he said. Most golfers play the game as a recreational activity and are not worried about handicaps or following the rulebook as gospel, he said.

Let them play. Let them use equipment that allows them to play better. Golf operators should focus on promoting any innovation that allows golfers to hit enough good shots so they enjoy the game more.

Koppenhaver said course operators should be thrilled if golfers do the following: Pay them; have fun; don't take forever to finish a round; and don't destroy the golf course in the process.

Who cares if they're not playing like Phil Mickelson? Koppenhaver has no problem with some of the more eclectic ideas, such as making cups bigger so it's a

lot easier to drain a putt.

"People aren't playing because it's too hard and it takes too much time," he said.

The other challenge is attracting younger people to the game, he said. Previous generations got their starts in the game when they were younger because it was rite of passage, particularly if they were in the corporate world. But the corporate environment has changed and has become more focused on productivity, he said. People are working longer and harder than ever. Even people in his age group — he's 55 — are finding free time increasingly rare thanks to devices that can keep them tied to work at all hours.

He admits he doesn't have the answer, but there does need to be a push to bring younger people to golf, even if the game has to be adjusted to woo them. They won't simply begin appearing magically at courses, he said.

KRIS HART

Kris Hart is very aware of the challenge he faces — getting young people to golf courses.

Hart, 28, is the co-founder of Boston-based Nexgengolf, which promotes golf to college students and recent graduates through a number of programs, including tournaments. There was a need because no one was keying on this demographic, Hart said.

Nexgengolf focuses on all segments of golfers in this demographic, from competitive golfers to novices, he said.

But challenges are plentiful, he noted, and some are not as obvious as one might think. Take transportation. Many of the millennial generation are attracted to urban environments and don't have cars. So how do they get to golf courses when many are not in urban cores?

Millennials also like social activities, so



GCBC
Golf Course Business Consultants

A collection of over
20 INDEPENDENT CONSULTANTS
serving the golf community.

Each Consultant is Individually Vetted for Your Security.

Every Member has 10+ Years of Experience and Full References.

See our list of consultants at
WWW.GCBCINC.COM

golf is up against kick ball, softball, beer pong, soccer and white-water rafting excursions, to name but a few alternatives that are attractive to young people.

Hart says a course should focus on making golf: 1) social; 2) convenient; 3) affordable; 4) fun.

“I think golf can do it,” he said. “But they have to adopt non-traditional features. Some [young participants] will be alternative golfers and we need to be fine with that.”

He noted the success of TopGolf, driving ranges that feature music, beer and food. The concept also appeals to young people because it has a nifty technological feature. The golf balls have microchips inside so you can keep score as to which players are hitting balls closest to targets.

Right now, traditional golf courses are doing a poor job of attracting this up-and-coming generation, Hart said. His firm does surveys and many young people say they don't feel welcome on golf courses.

However, he thinks golf is a game that appeals to young people.

“It has a lot of great qualities that young people look for,” he said. “We should promote all of that.”

HENRY DELOZIER

Henry DeLozier is feeling bullish on golf.

“The sport remains popular with its devoted players and sustains its most attractive attributes,” said the longtime consultant and partner with Global Golf Advisors. “Despite recent metrics from National Golf Foundation concerning the erosion of participation rates among ‘core’ golfers, I remain optimistic that the great game will continue to be attractive.”

However, that optimism is tempered by his concern regarding the lack of new players, even though that's something the industry has put much time, effort and energy into fixing.

“Despite a great deal of talk and many initiatives aimed at increasing demand for golf, the number of golfers and rounds played has not begun to grow,” the Phoenix resident said. “I fear that these initiatives and good intentions have not trickled down to the grassroots level.”

The key? He thinks PGA golf professionals — 27,000 strong — will be the difference-makers. “These are the men and women who face the customers and can influence increased participation.”

Count him as one who thinks that new initiatives to grow the game are wearing thin.

“Golf has seen plenty of great ideas and engaging concepts,” he said. “These new ideas seem to lack the hands-on follow-through of all of us involved within the business. The key is for [those of us] in the golf business to make it grow.”

Clubs must evolve to remain successful, as well he said.

“Clubs that are well managed and have continued to invest in capital improvements and projects have a distinct competitive advantage,” he said. “And these clubs will have a very good run over the next few years.”



However, the private and semiprivate clubs that hunkered down and stopped spending on improvements and upgrades are at a decided competitive disadvantage, he said. “As such, many of these do-nothing clubs are fighting for their lives.”

STUART HAYDEN

Stuart Hayden is one operator who has invested into his courses.

Hayden, who was an executive with American Golf Corp. in its fledgling days, is the managing principal with Strato Partners, which manages Southern California golf courses.

He took one, the Los Amigos Golf Club, a Los Angeles County municipal course, and increased rounds from 55,000 annually to 76,000. This year, he hopes to break 90,000.

And what was his strategy in turning around a once dismal course? He's invested in major improvements to make the course and clubhouse features top-notch (before, plastic flowers were part of the landscaping); he's emphasized customer service; and he promotes a lively atmosphere.

“I put \$1 million of my own money into this,” he said. “I'm betting on what happens. Right now, customers are flowing in.”

Yes, golf has problems, but the industry is actually very segmented, he said. He has advantages: His courses are in dense population areas, and the weather is good year-round.

“Would I have done the same with a municipal course in South Dakota? No way.”

Hayden is aggressive when it comes to attracting junior golfers because he feels that's the way to grow the game.

“That's the only thing that I've ever seen



GCBC

Golf Course Business Consultants

A collection of over
20 INDEPENDENT CONSULTANTS
serving the golf community.

*Our Consultants are in the
Business of
Revenue Generation.*

**Choose Only the Services You
Desire on a Per-Project Basis.**

See our list of consultants at
WWW.GCBCINC.COM

move the needle,” he said. If people try and take up the game in their 30s and 40s, they have a tendency to get frustrated and give it up, he said. “I don’t think a high percentage stick with it.”

He also holds events meant to attract younger people, such as a flip-flop open slated for later this summer. That means no spikes, just flip-flops. On Fridays, scrambles are held; teams of four try to beat each other. Loud music and beer and trash talking are all key components.

“We’re doing a lot of that stuff,” he said. “We’re trying to have some fun.”

He admits such promotions would not go over very well at another course he manages, Eagle Glen Golf Club, in Corona, because it attracts traditional golfers.

JEFFREY C. SMITH

Because one of his golf courses is located near Busch Stadium, home of the St. Louis Cardinals, Jeffrey Smith ran into a lot of baseball people. He became friends with many of them.

And one suggested he do something the Cardinals were doing to enhance revenue: dynamic pricing. When the rival Chicago Cubs come to town, the Cardinals charge more. Weekend games cost more than weekday games.

The same could be done for golf, he was told. Charge more on a sunny Saturday than a cold and overcast

Tuesday. Heck, charge more on a sunny Tuesday than a cold and overcast Tuesday.

“I was skeptical,” said Smith, principal and CEO of Walters Golf Management, in St. Louis. “And I was wrong.”

It works, he said. While a number of courses are experimenting with the concept, he’s fully embraced it. The 20 facilities he owns or manages all use this dynamic pricing, he said.

It’s so sophisticated that prices can change by the hour depending on de-

mand, availability and other factors. It’s so radical that there is no fixed rate for any tee times. The rates are always changing. What you paid last Saturday might not be the same as what you pay on the next Saturday — even if you’re teeing off at the exact same time. It could be more or it could be less.

It depends on the variables. Too many operators rely on straight rates and lower them to attract golfers if demand goes down, he said. That may attract golfers but it won’t maximize revenue.

Dynamic pricing does, he said.

“Discounting’ is golf’s dirty word,” Smith said. “We’ve removed it.” ■



We know how to play

Our attorneys are experienced in the sale, acquisition, development, financing, workout or repositioning of golf & resort properties.

TROUTMAN SANDERS

Learn more at troutmansanders.com or contact Michael Whitton at 858.509.6000.