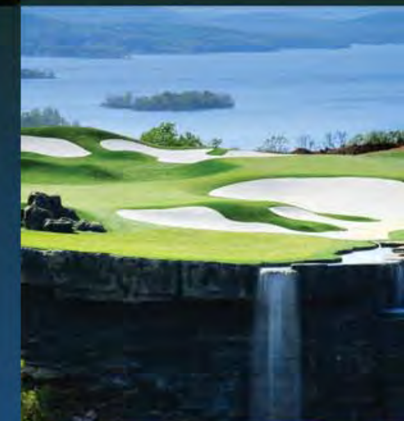

# Video Consumption and Consumer Attitudes 2016

Sports Illustrated GOLF GROUP

SPORTS & LEISURE RESEARCH GROUP

# AGENDA

1. **Optimizing the Power of Golf Video: A Consumer Perspective**

2. **Golfer Perspectives on 2016: Expectations and Impact**


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GOLF

# GOLF

## OPTIMIZING THE POWER OF GOLF VIDEO:

### A CONSUMER PERSPECTIVE

# OVERVIEW

- **MEDIA-AGNOSTIC STUDY OF NEARLY 4,300 GOLFERS (AVID, CORE AND CASUAL) SURVEYED**
  - o ANALYSIS INCLUDES:
    - » TOTAL GOLF MARKET
    - » PARTICIPATION (AVIDITY AND COMMITMENT)
    - » GOLF-RELATED SPENDING
    - » ABILITY

- **MULTI-MODAL APPROACH TO COMBINE QUALITATIVE AND QUANTITATIVE RESEARCH PHASES**

- **FORCED CHOICE OPTIMIZATION AND CONJOINT ANALYSIS TO ASSESS THE OPTIMAL CONFIGURATION OF GOLF-RELATED ONLINE VIDEOS**

# A VIEW FROM 30,000 FEET

**PERVASIVE.**

Golf online video viewership has become a welcome element of the golf media mix, with particular resonance among golf's most coveted and valuable customers.

**SYNERGISTIC AND COMPLIMENTERY.**

While a third of the total golf market, and nearly 2 in 3 of golf's best customers, actively consume golf-related video, they perceive these as another component of their golf media content mix, that works in lockstep as an augment to First Tier media such as television and print.

**CREDIBLE, OBJECTIVE AND AUTHENTIC.**

Golfers value the measured evaluations of well known, endemic third party brands when watching videos on new golf equipment and travel destinations. They do not want to be overtly sold to.

**PERSONALIZED.**

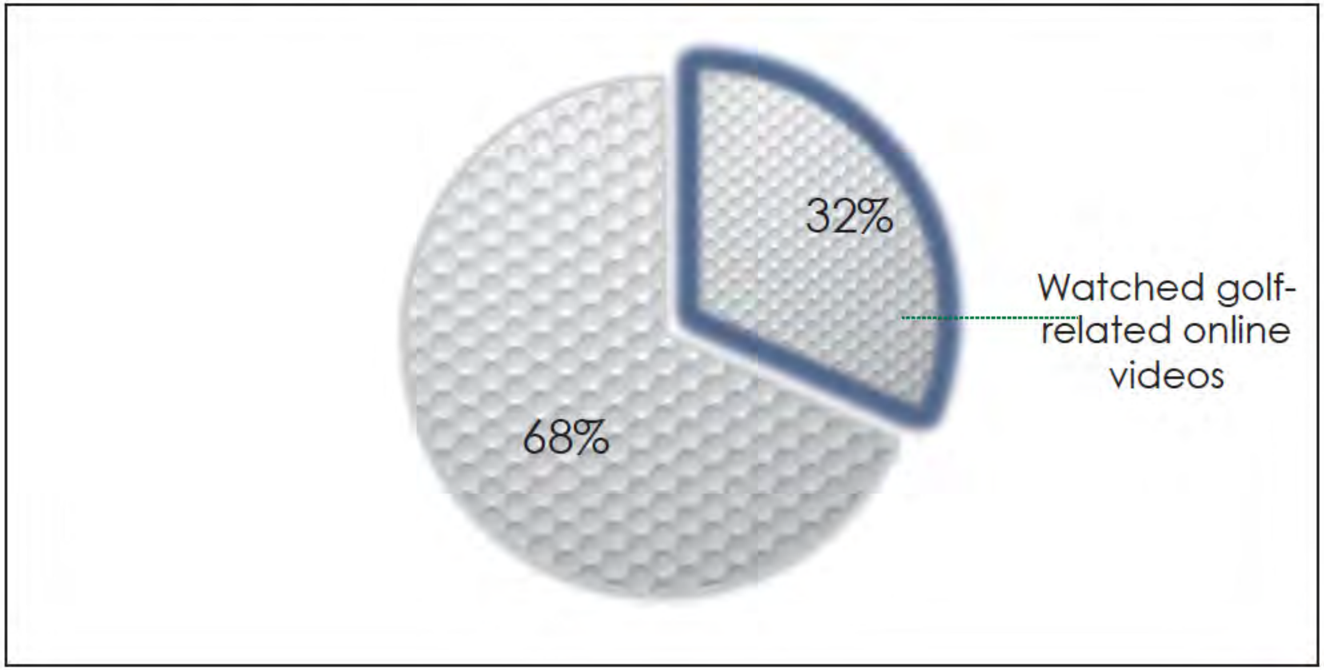
Golfers are particular in sourcing content that they find to be personally relevant, through varied gateways, often through search-related or known golf-specific media brands.

**BITE-SIZED.**

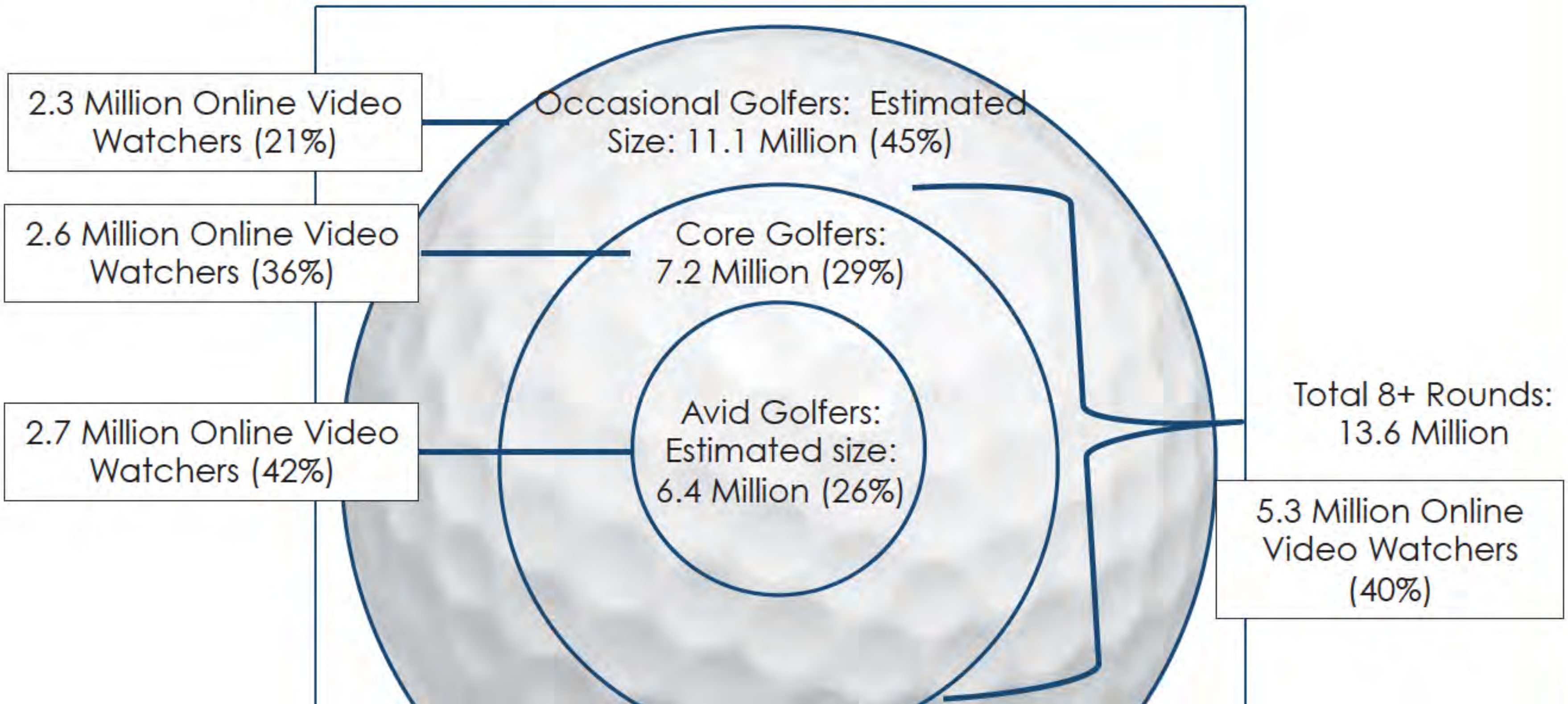
While golfers are particular about specific content, they subscribe to the K.I.S.S. method when seeking out the optimal golf-related online videos.

# NEARLY A THIRD OF THE GOLFER MARKET HAS ACCESSED GOLF-RELATED CONTENT THROUGH ONLINE VIDEOS OVER THE PAST SIX MONTHS

Q: You indicated that you participate in golf. Please indicate which, if any, of the following media sources, you have used to learn more about or follow golf content over the past six months.



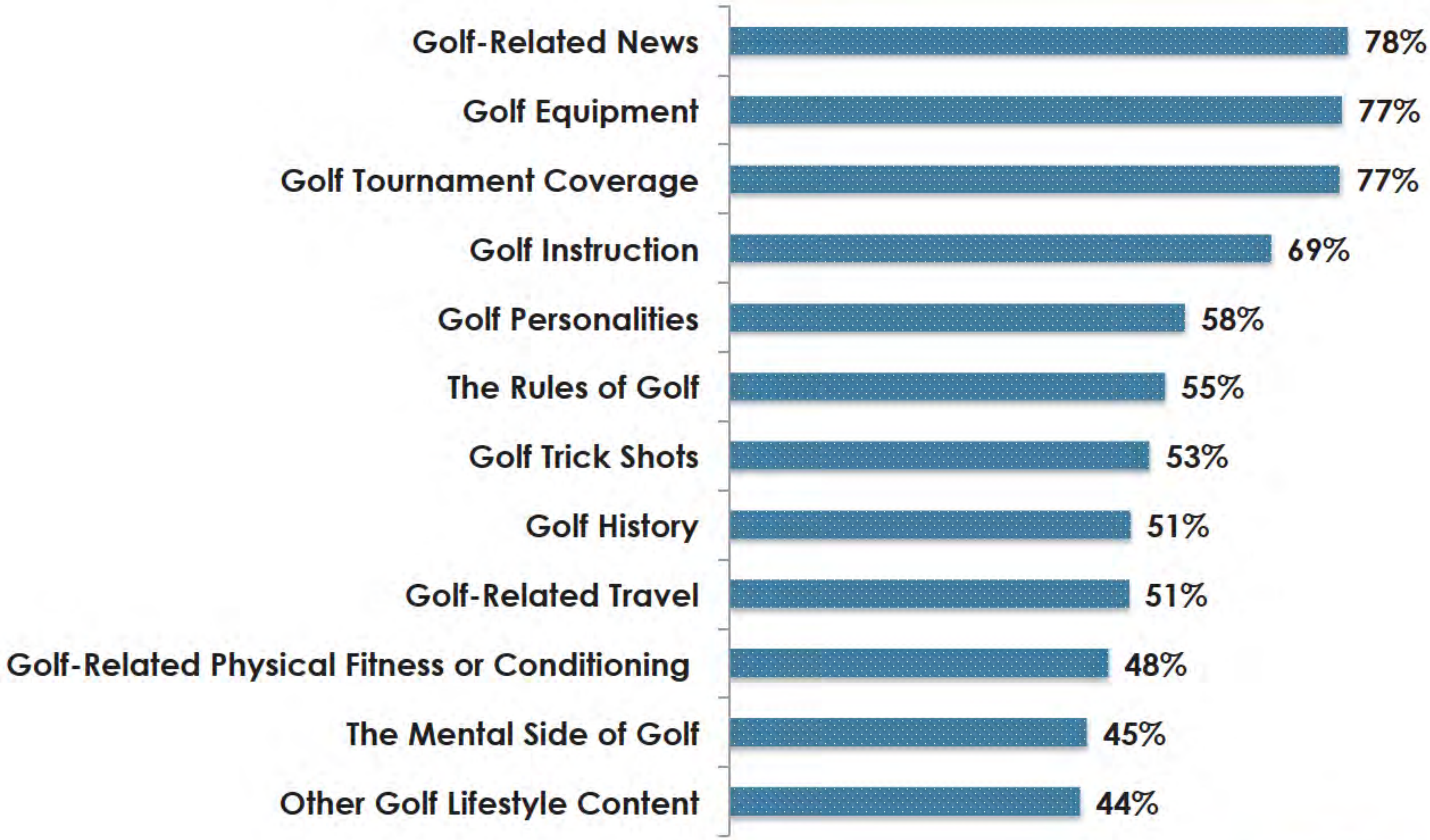
# A LOOK AT THE GOLF VIDEO MARKET BY AVIDITY




- ***Golf's 5.1 million Best Customers, make up 30% of the male market, 75% of the spending and two-thirds of the rounds played***
- ***An estimated 3.2 million of these best customers (63%) have watched golf-related online videos within the past six months***

# WHO'S WATCHING?

# WHAT ARE THEY WATCHING?



# MULTIPLE POINTS OF ACCESS DRIVE GOLFERS TO VIDEO

- **Third Parties are just as important as direct OEM or Travel Provider Gateways**

Q: From which of the following sources have you accessed or received golf-related video content?

Google

Searched on YouTube or a similar video site; Search Engines such as Google

↓

Golf publications or digital magazines; Directly visited OEM or Golf Retailer Website; Social Media platforms such as Twitter or Facebook; Online newsletters received via email

↓

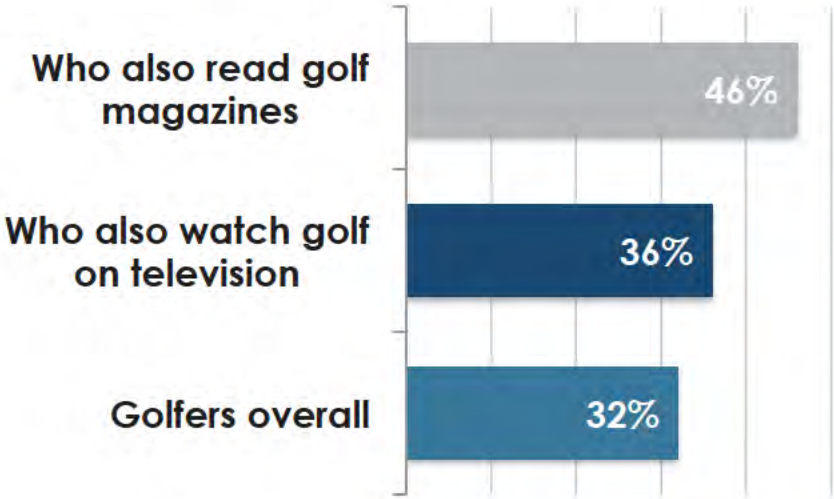
Direct emails

- Equipment Junkies are particularly more likely to access golf videos from multiple sources

# GOLF VIDEO IN CONTEXT-- COMPLEMENTARY, NOT DISRUPTIVE TO FIRST TIER GOLF MEDIA CONSUMPTION

- **Magazine readers are more likely to also watch golf video**

Incidence of those accessing golf video content over the past six months…




**Top three box agreement**

"Golf Videos are a complement to the golf publications that I read" (Indices relative to golfers overall)

- Highest Spenders (Index 151)

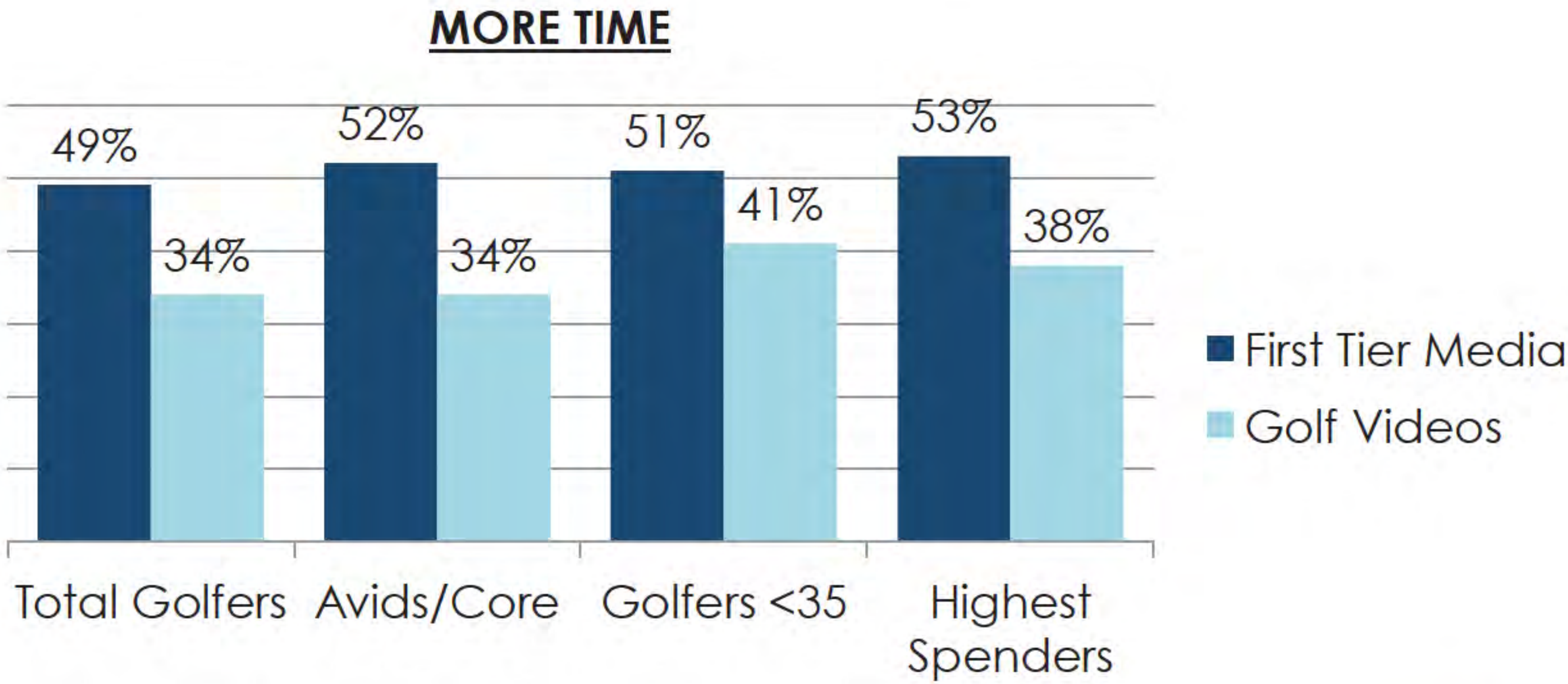
"I find golf-related videos to be additive to golf content that I read about"

- Golfers <35 (Index 114)
- Highest Spenders (Index 113)

# MORE IS STILL MORE

❖ **Golfers are More Likely to be Increasing Their Time Spent with First Tier Golf Media (Print and TV) Than They Are to be Increasing their Time Watching Golf Videos**

Q: Compared to a year ago, would you say you are spending **more time**, less time or about the same amount of time doing each of the following activities?





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# CREDIBILITY, TRUST, OBJECTIVITY AND UTILITY TIP TO 3RD PARTY BRANDING AND GATEWAYS

| | Golf Videos on a golf manufacturer's website % | Golf Videos on a third party golf media website % | Golf videos found through a search engine % | Golf videos found through YouTube % | Golf videos on social media % |
|---|---|---|---|---|---|
| **Most Informative** | 33 | 32 | 15 | 13 | 8 |
| **Most Useful** | 23 | 34 | 18 | 16 | 10 |
| **Most Believable/ Credible** | 22 | 39 | 16 | 14 | 8 |
| **Most Entertaining** | 17 | 23 | 13 | 30 | 17 |
| **Most Memorable** | 19 | 24 | 15 | 26 | 16 |
| **Most likely to make me want to learn more about a product or service** | 29 | 31 | 16 | 14 | 11 |
| **Contains most information I can't find elsewhere** | 26 | 28 | 19 | 16 | 11 |
| **Most Trustworthy** | 24 | 40 | 16 | 14 | 7 |
| **Most Objective & Unbiased** | 17 | 42 | 14 | 15 | 11 |

# GOLF VIDEO IN CONTEXT: WHAT MAKES FOR AN ENGAGING VIDEO

- *"I'm looking for a **credible person**…one of the top instructors, who can **relate to my game**. I want to see videos that are **tailored for me**. I'm never going to swing like Rory McIlroy."*
- *"Any kind of **third party that has credibility** and has conducted their own tests and independent observation. I want to know which product is really going to make a difference for me."*
- *"If it's **travel**, I'm looking to get a feel for the place. I like videos that **show you more of the course**. But I'm also looking for data. I want specifics on cost and **which courses I can play**."*
- *"I want something **short and general** that reminds me of the basics. It's **important to know who it's from**."*
- *"I'm looking to **solve a specific problem**. I don't care about Paulina Gretzky."*

# CONJOINT ANALYSIS LEADS TO OPTIMAL EQUIPMENT VIDEO CONFIGURATION

**Key Findings:**

The Optimal Combination:

**PGA Tour Pro OR Top Teacher**

**A known media brand such as a golf magazine/television network or OEM**

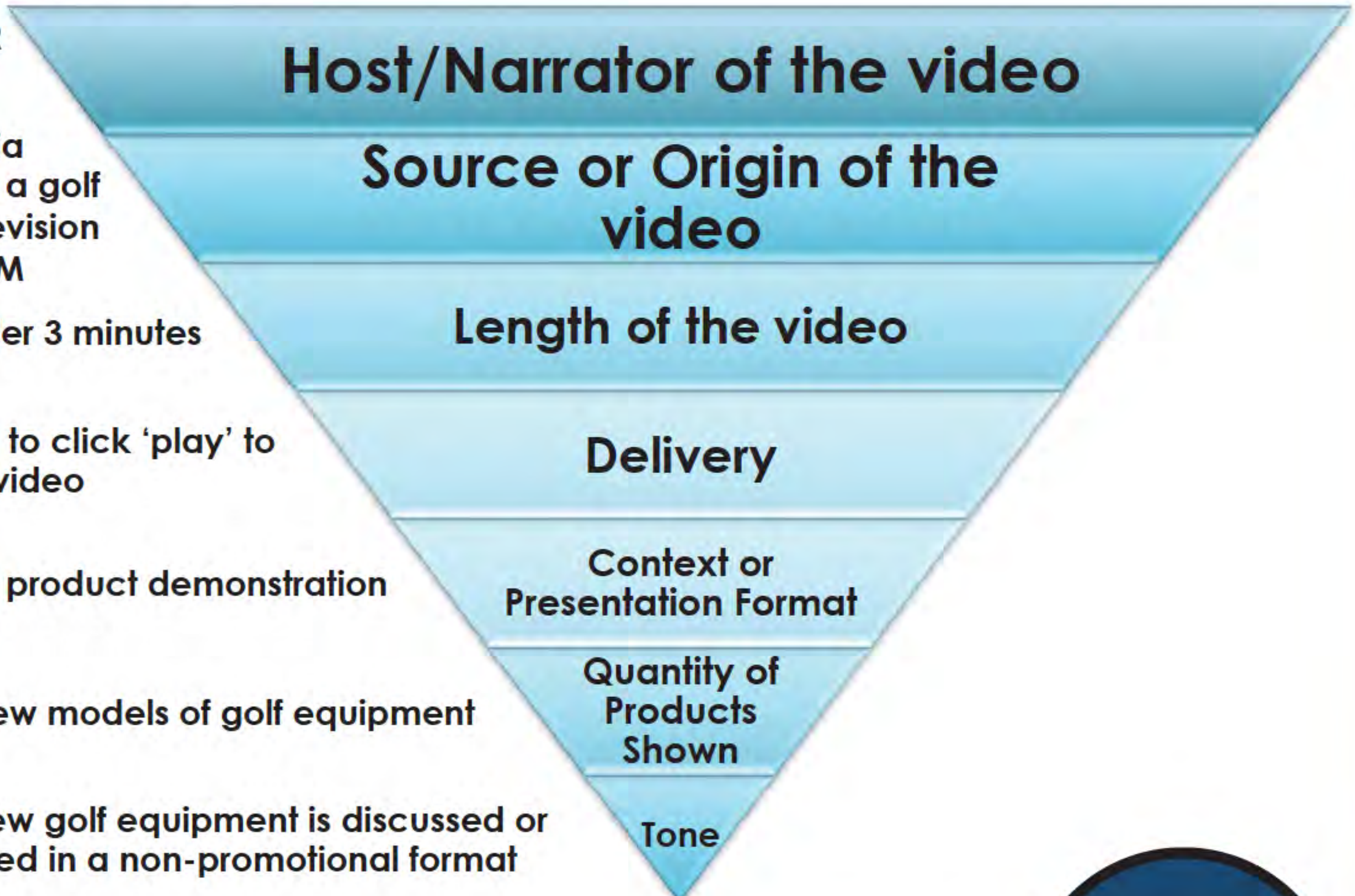
**Under 3 minutes**

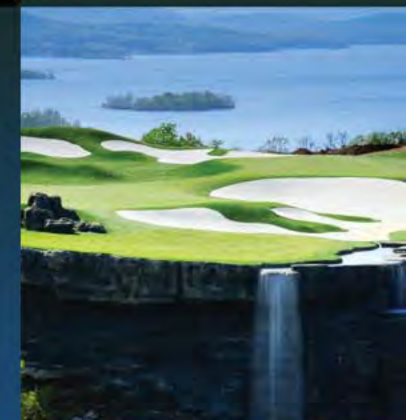
**One needs to click 'play' to watch the video**

**Featured as a product demonstration**

**Multiple new models of golf equipment**

**The new golf equipment is discussed or featured in a non-promotional format**





# Golfer Perspectives on Retail, The Sport and The Economy

Sports Illustrated GOLF GROUP

SPORTS& LEISURE RESEARCH GROUP

# TWO MINUTE TAKE-AWAYS

The TOURs continue to resonate with the PGA TOUR returning to its 2014 popularity after a slight dip in 2015. Golfers' **insatiable appetite for tournament coverage** shows no end in sight.

Participation—A nice uptick to those playing more in 2015 is accompanied by typically bullish forward attitudes. 2015's **strong concerns about participation growth recede**.

Consumers are still buying into the promise of **technological equipment innovation**, but confidence in equipment's ability to bring about **immediate game improvement slides** to a four year low.

Conditioning towards Equipment Deals has diminished somewhat though **golfer spending expectations rise**, as more consumers flock to mainline **sporting goods retail**.

# TWO MINUTE TAKE-AWAYS

Consumers clearly anticipate **spending more for their golf equipment** in 2016 than they did a year ago. However, expectations to buy remain flat to directionally up in most categories. This suggests no abatement in the **fierce and tightening battles for market share** that we've seen suggested, and the market has shown for equipment over the past several years.

Continued **stability for private club membership**, as the attrition seen through 2013 looks distant. Slight return to discounting as clubs increase the **push to attract younger members** and ramp up Junior Programs.

Surge in new **non-golf family programming** of a year ago, returns to 2014 levels.

Golfer **concerns about the labor market** shift consumer confidence to four-year lows.

The game is still an oasis, but greater concerns on the macro economy and stresses on resources suggest potential challenges. Golfers still work to manage information overload and time pressures, but **the game is a needed escape valve**.

# BACKGROUND, OBJECTIVES AND METHODOLOGY

Winter 2016 SLRG Sports Omnibus

- Assess the attitudes and perceptions of golfers

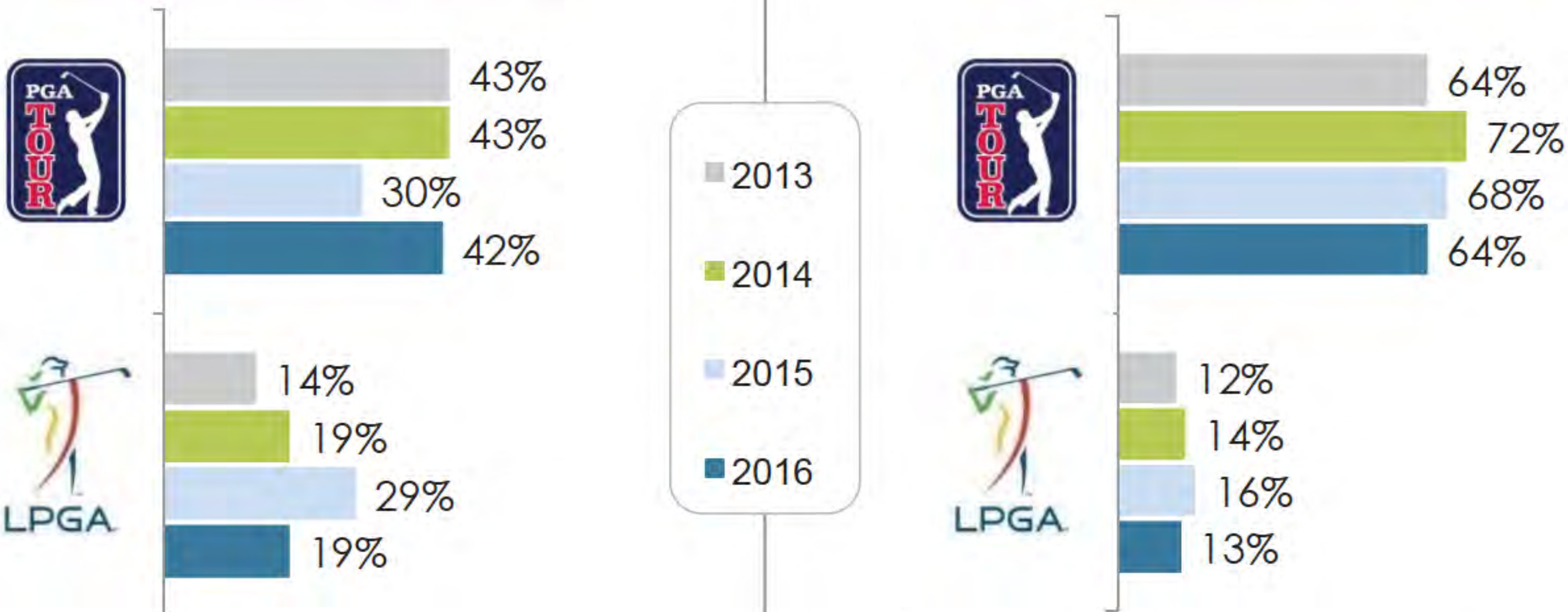
Initiated by Sports and Leisure Research Group in 2009

2016 online survey of over 1,000 golfer respondents

- Fielded Jan 4-10, 2016
- All golfers played a minimum of twice per month, in season

# TOUR POPULARITY AND FANS: BACK TO THE FUTURE

**% Indicating More Popular** | **I Watch and Follow Closely**

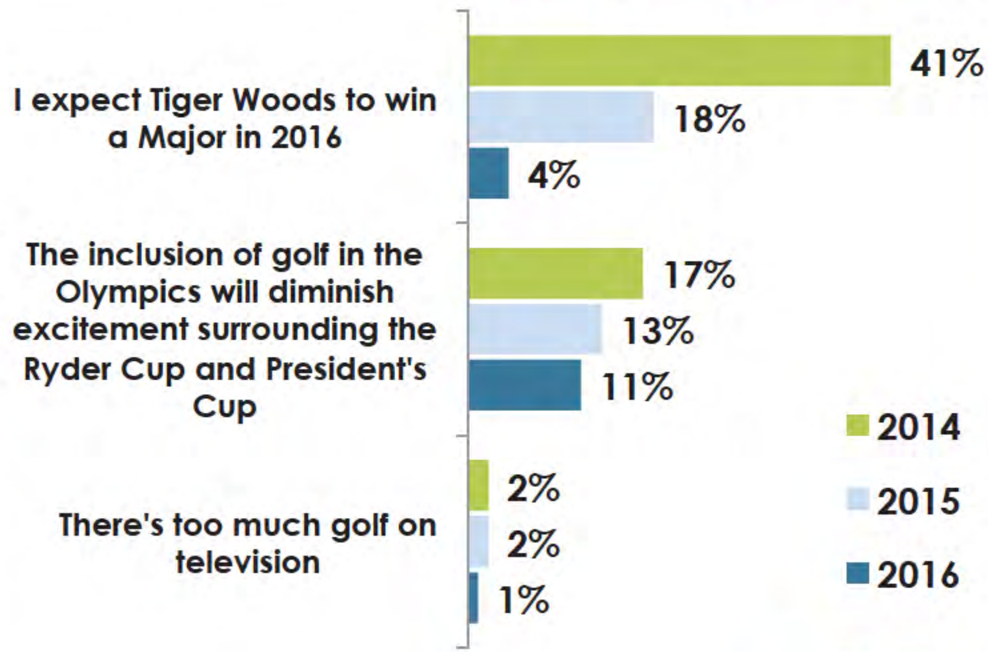



PGA TOUR shows particular strength in the Southern U.S.

# THE YEAR AHEAD ON TOUR

## The Tiger era is over, yet the appetite for tournament coverage couldn't be better

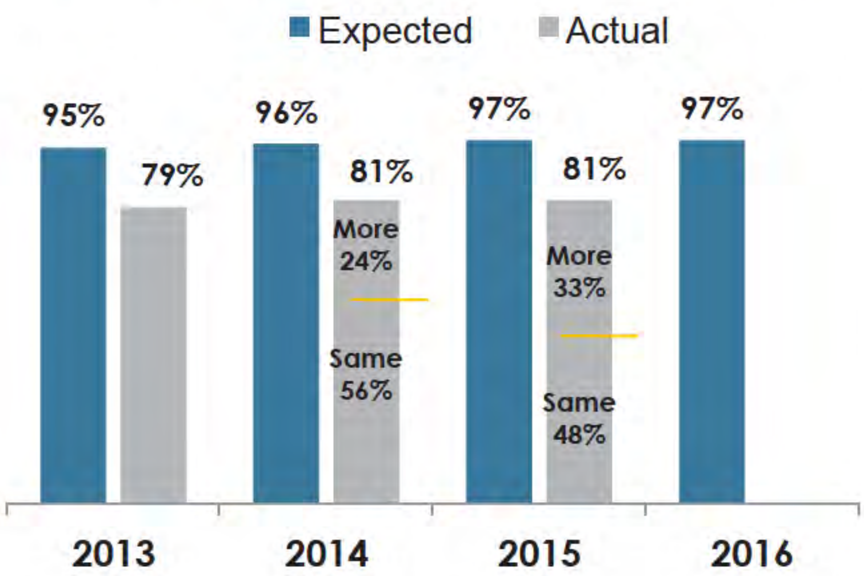
### TOP 3 BOX AGREEMENT



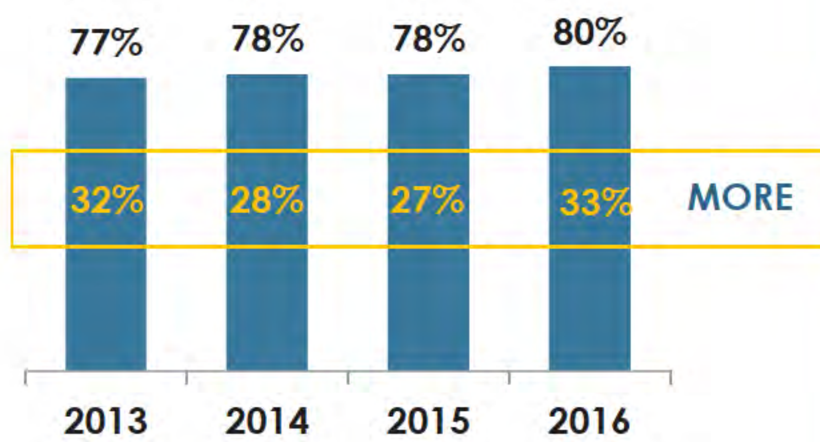
# PARTICIPATION/SPENDING TRENDS: AN UPTICK IN STORE?

## Expectations Remain High With Slight Spike In Those Playing and Spending More

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

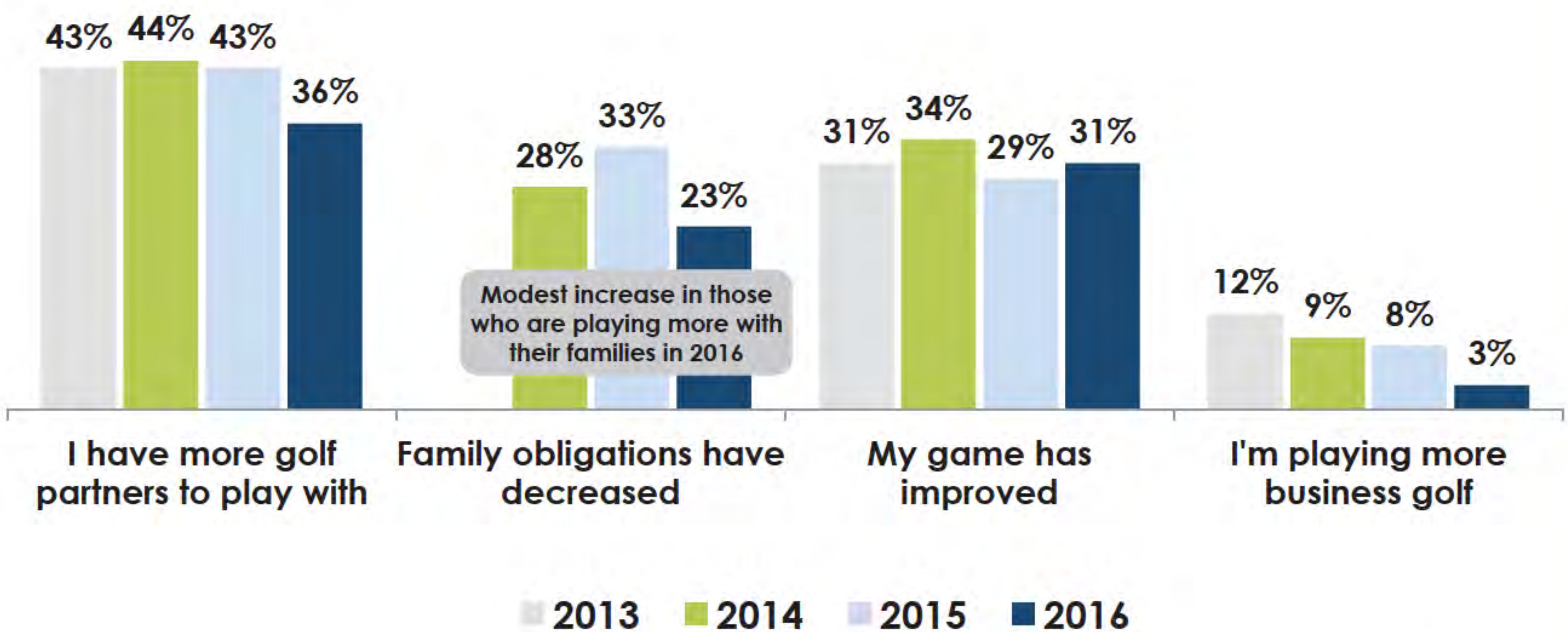



### Do you expect to spend the same amount or more next year?



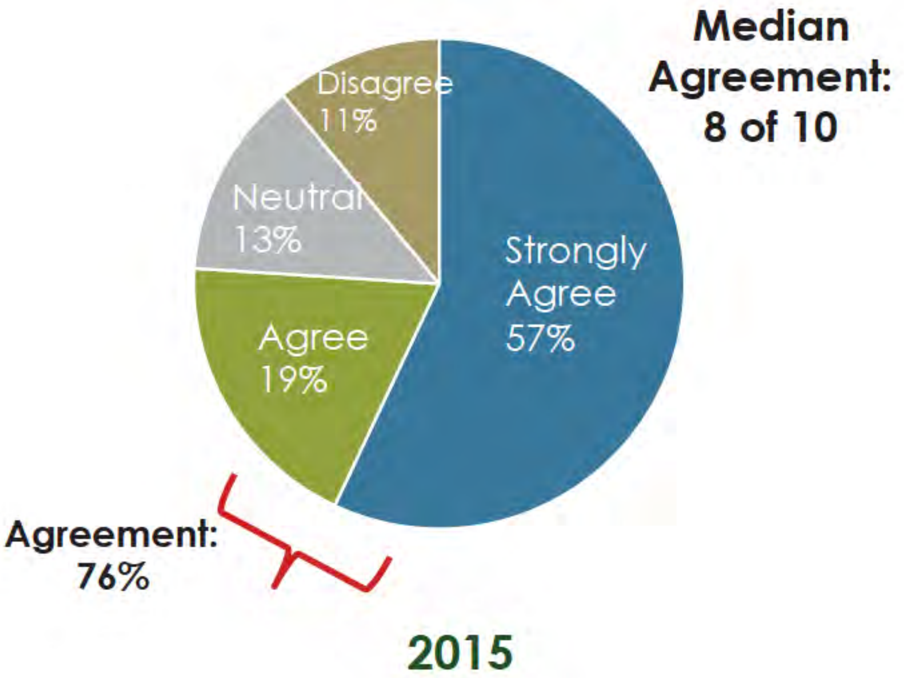
# WHY GOLFERS ARE PLAYING MORE

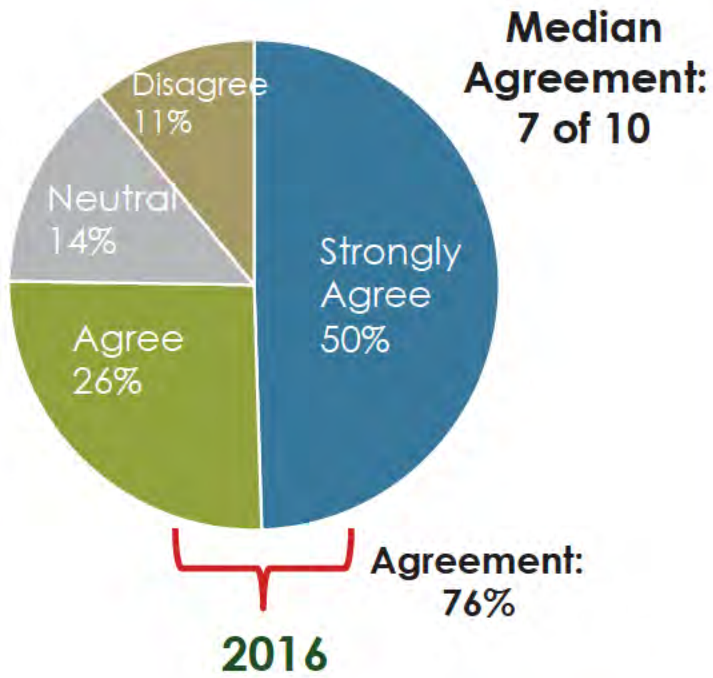
## Playing Partners and Game Improvement Still Drive One's Ability to "Find Time," Though Meaningful Drops Among 2015's Top Two



# STEMMING THE TIDE IN CONFIDENCE REGARDING PARTICIPATION GROWTH

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



# PERCEPTIONS ON NEW EQUIPMENT PURCHASING

## Consistency Rules The Day, but Does 2016 Need A Jolt In Fulfilled Game Improvement Through Innovation?

**TOP THREE BOX AGREEMENT**

| AGREEMENT WITH FOLLOWING STATEMENTS: | 2013 % | 2014 % | 2015 % | 2016 % |
|---|---|---|---|---|
| New golf equipment continues to become more technologically innovative every year | 59 | 54 | 52 | 53 |
| Buying new golf equipment has become a more complicated process in recent years | 35 | 37 | 36 | 36 |
| Buying the right new golf equipment can help me to immediately improve my game | 29 | 27 | 27 | 25 |
| I've found one brand of golf equipment that I plan to stick with, when I make my next purchase | 26 | 24 | 24 | 23 |
| I won't buy new golf equipment without trying it out first on the golf course | 22 | 24 | 22 | 22 |

# GOLF PURCHASING TRENDS

As evidenced elsewhere in this year's study, **consumers clearly recognized less rampant discounting.** This may have held many back from the market in 2015.

Consumers clearly **anticipate spending more** for their golf equipment in 2016 than they did a year ago. However, **expectations to buy remain flat to directionally up** in most categories.

**Higher per capita spending** anticipated in 10 of 11 categories would be a welcome sign after actual 2015 reported spending was up relative to reported pre-season expectations in only golf bags.

This suggests continued **battles for market share**, as we've seen over the past several years.

Combining the above trends with a reported **increase in shopping activity at sporting goods retail,** and macro economic concerns points to a heightened premium placed on brands that can evoke value in the year ahead.

# KEY YEAR-OVER-YEAR TRENDS

## Category Purchasing:

### 2015 vs. 2014 Decreases in % Actually Purchasing

- Drivers
- Golf Bags
- Fairway metals/hybrids
- Irons

### 2016 vs. 2015 Directional Purchase Expectation Increases

- Irons
- Drivers
- Fairway metals
- Wedges

# KEY YEAR-OVER-YEAR TRENDS

## Per Cap Price Achievement:

**Reported 2015 Per Cap Dollars spent higher than expected for 2015**

- Golf Bags

**Reported 2015 Per Cap Price Achievement Increases Over YAG**

- Hybrids (+10%)
- Golf Bags (+13%)

**Expected 2016 Per Cap Spending up over Actual 2015 Per Cap Spending in 10 of 11 Measured Categories**

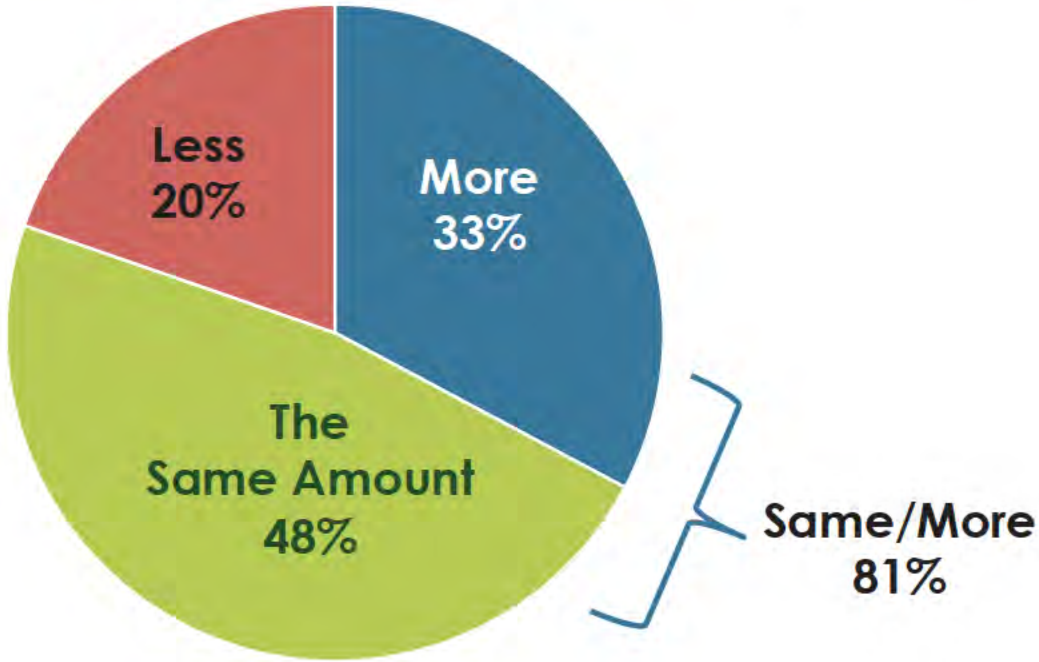
Up >5%:
- Drivers
- Fairways
- Hybrids
- Irons
- Wedges
- Putters

Up 3-5%:
- Golf Balls
- Replacement Grips
- Golf Bags
- Golf Shoes

Only Apparel sees expected 2016 spending decrease relative to reported 2015 per cap spending

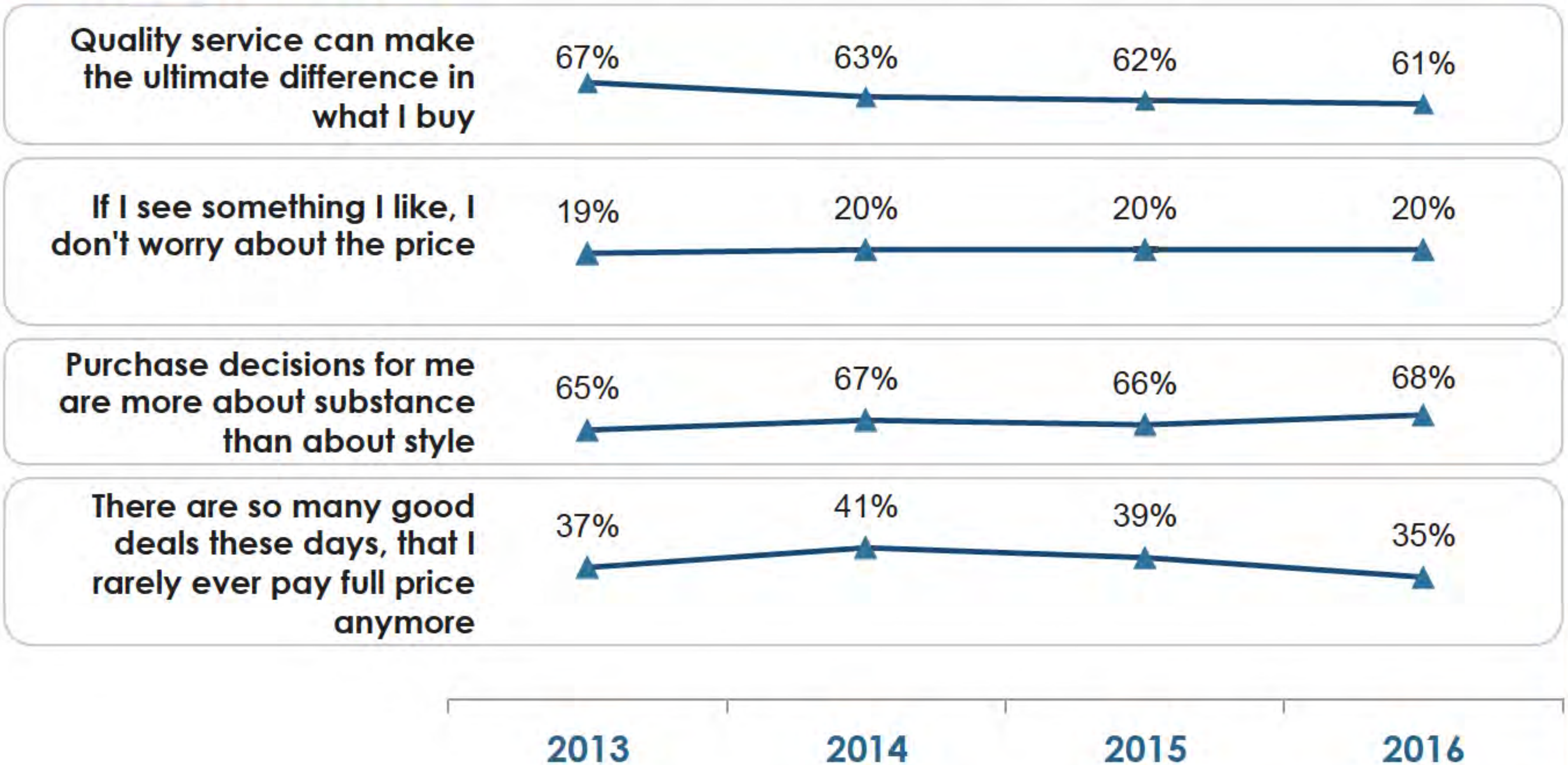
# OVERALL SPENDING EXPECTATIONS ON GOLF EQUIPMENT SHOW PROMISE

**Q** **Overall, compared to 2015 do you expect that your 2016 total golf-related spending for equipment and apparel will be…?**



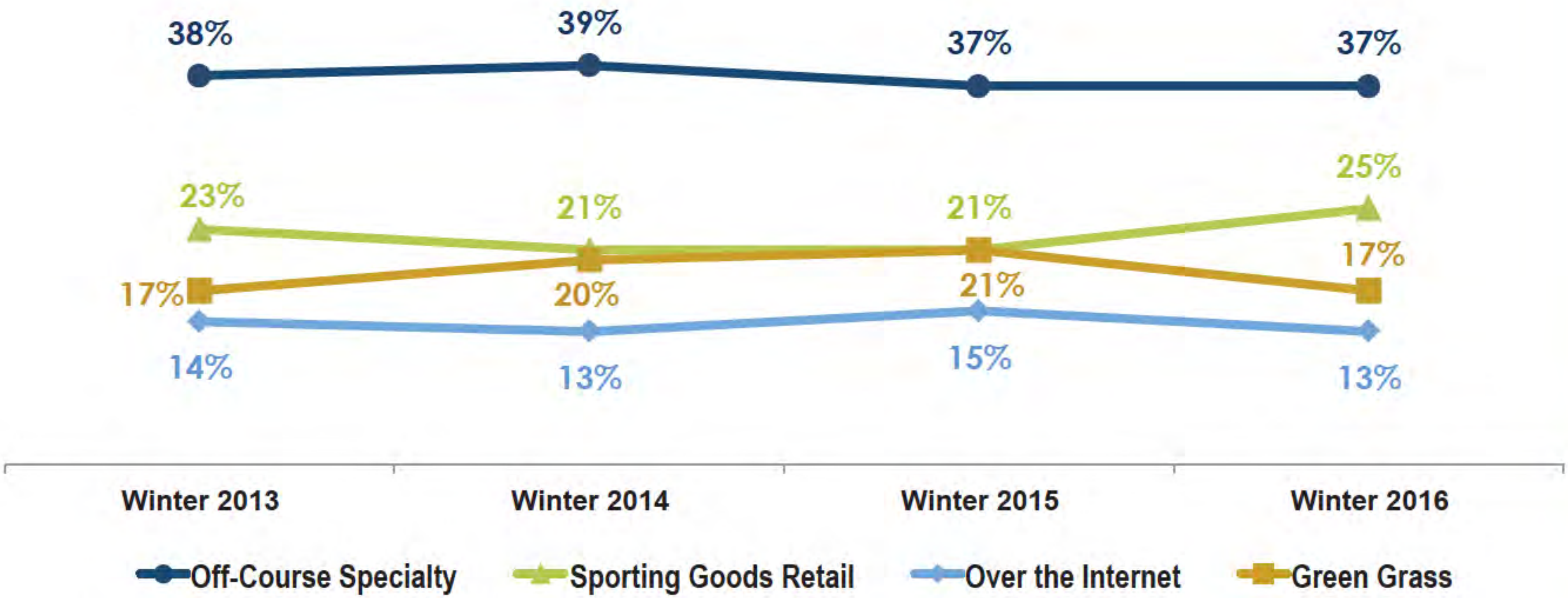
# RETAIL DECISION DRIVERS REMAIN FOCUSED ON SERVICE AND PRODUCT QUALITY, WHILE THE "DEAL CULTURE" HAS DIMINISHED

## TOP 3 BOX AGREEMENT



# RETAIL PREFERENCE: GROWTH IN SPORTING GOODS CHANNEL

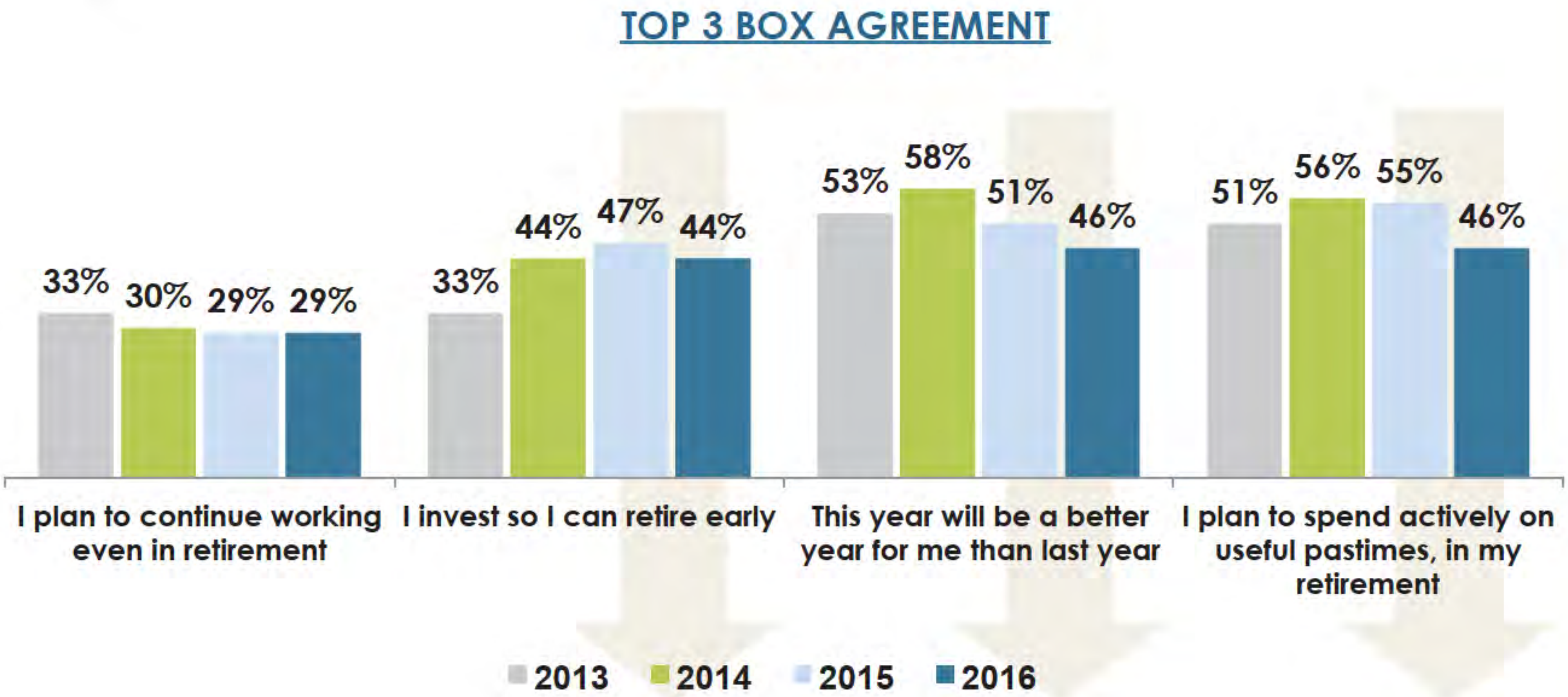
**Q Where are you most likely to make your next golf equipment purchase?**




▶ Off-Course specialty is particularly resonant with the under age 35 set and mid level handicappers, while Green Grass shops remain mainstays of private club golfers.

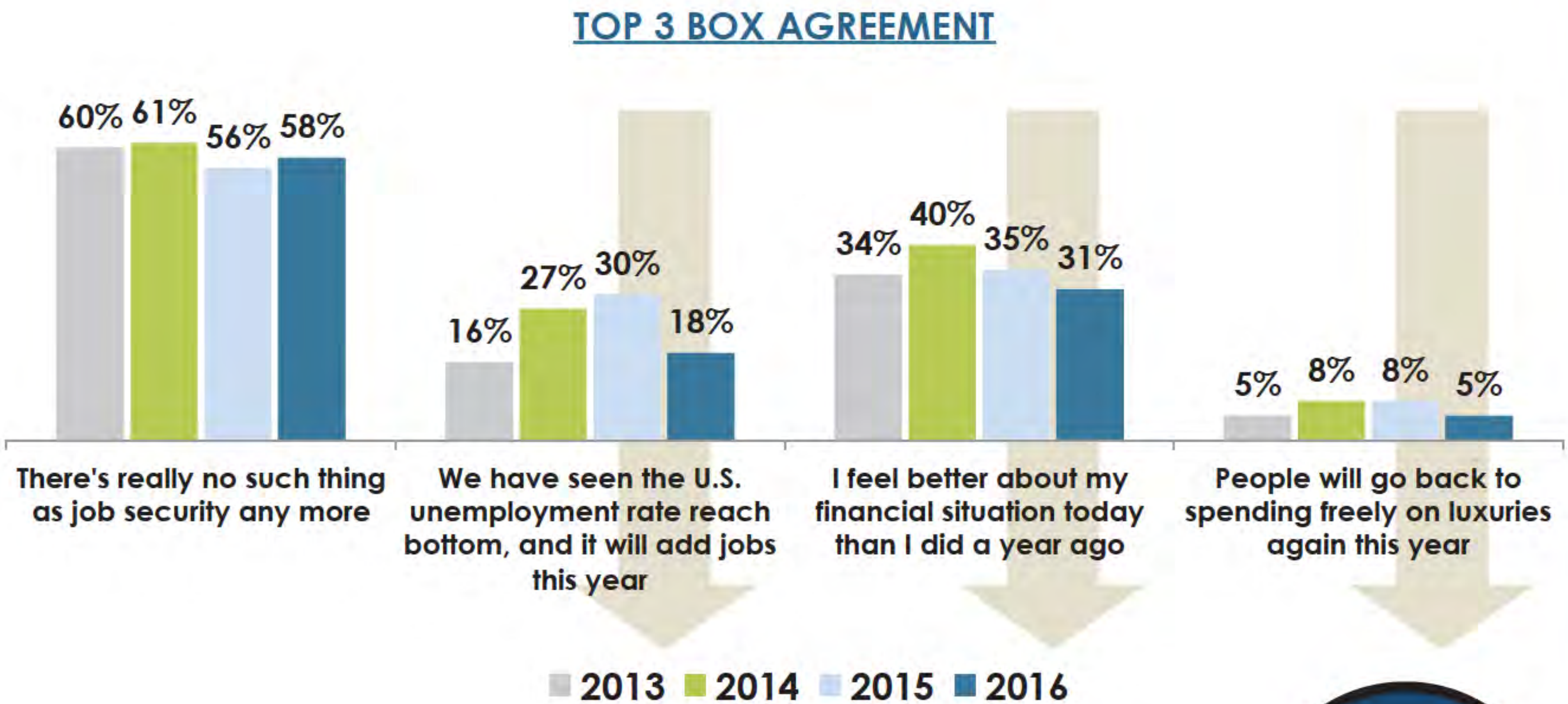
# SOME SKITTISHNESS ABOUT THE ECONOMY RETURNS IN AN ELECTION YEAR

Fall in short term optimism, throws caution at other indicators that continue to show strength



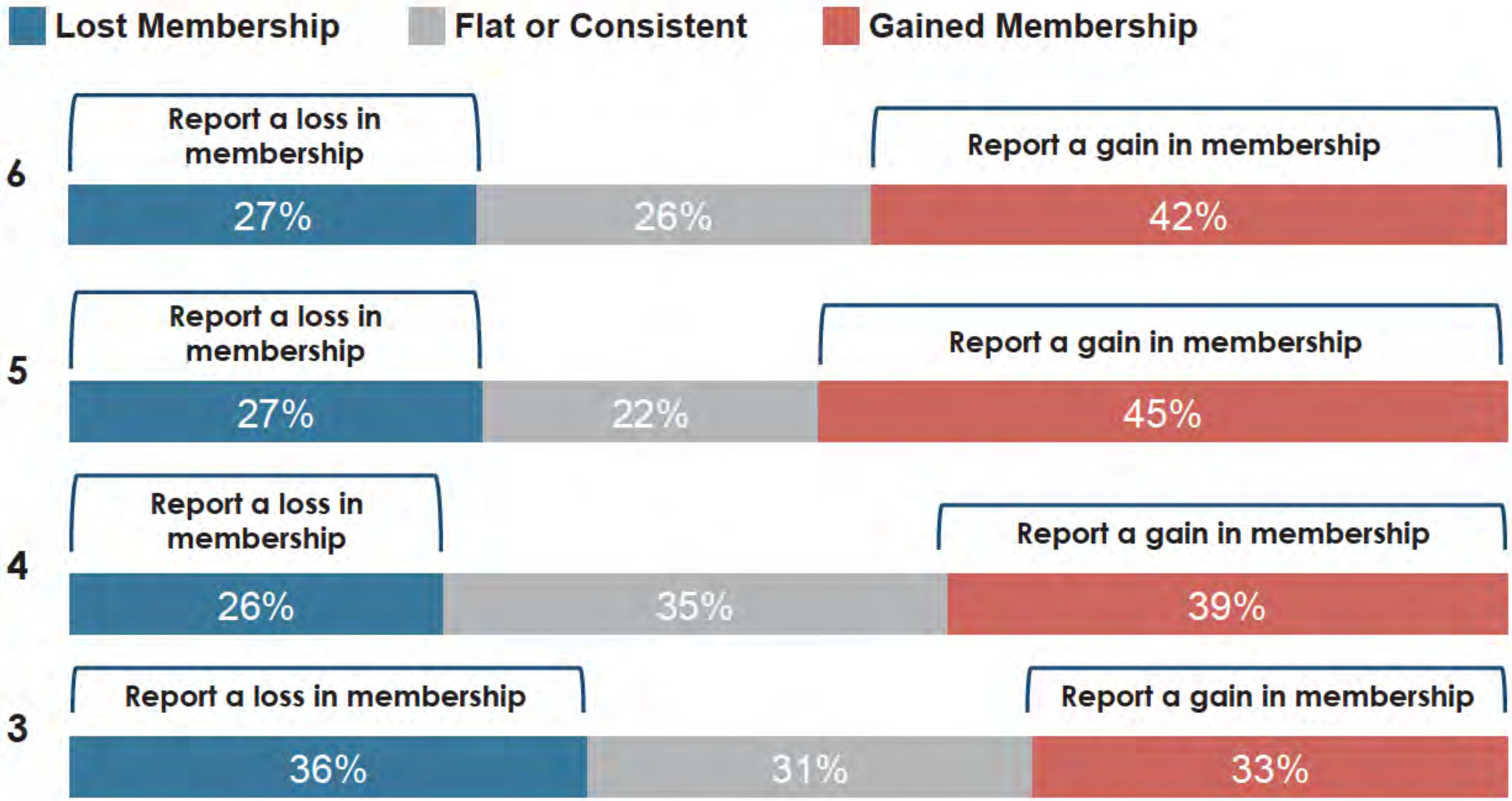
# GOLFERS' OVERALL ECONOMIC OUTLOOK TURNS CAUTIOUS

Labor market concerns shift golfer attitudes to four year lows.



# PRIVATE CLUB MEMBER RETENTION VS. ATTRITION HAS STABILIZED

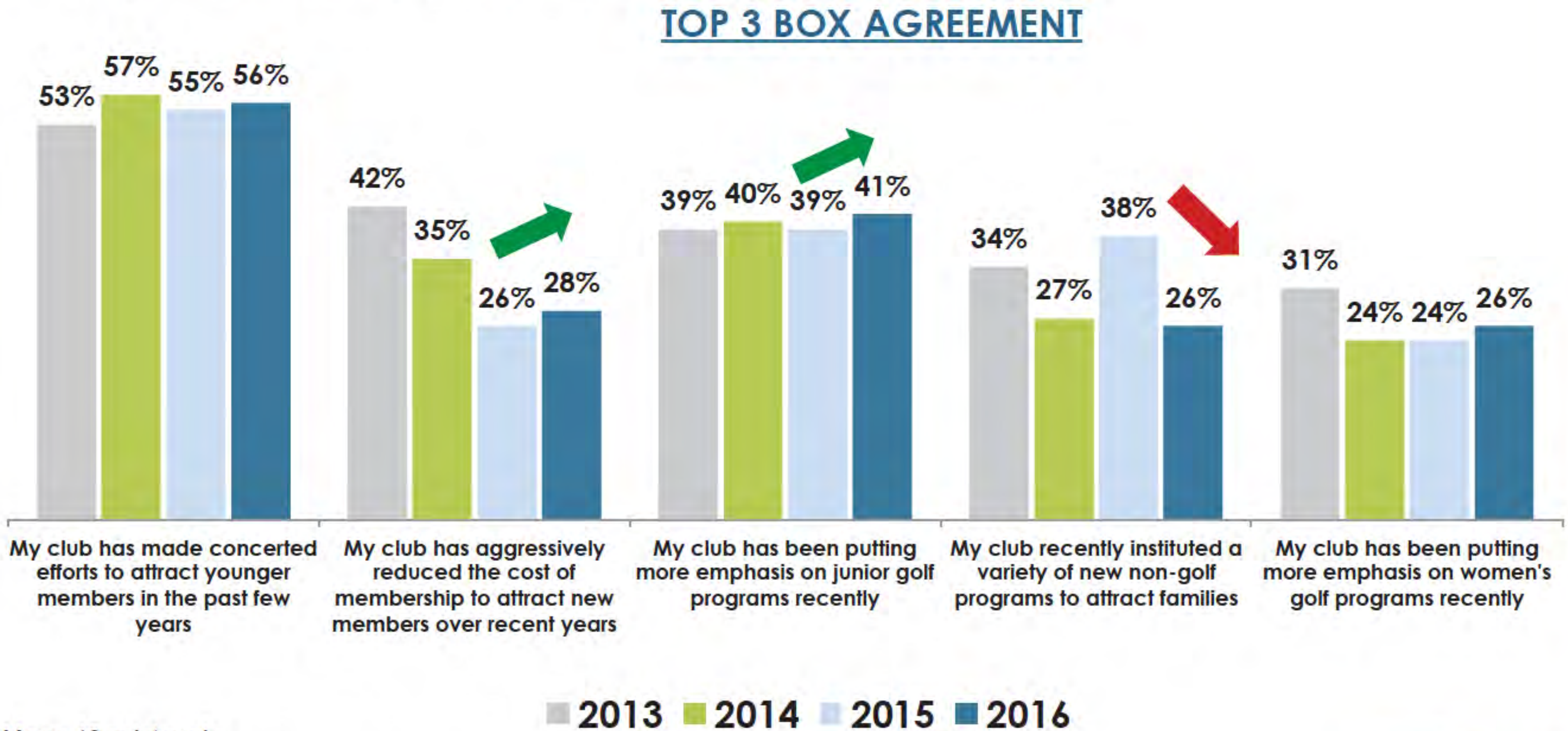
## MEMBERSHIP LEVELS OVER THE PAST 3 YEARS




*Base: National Sample of Private Club Members*

# PRIVATE CLUBS: PUSH TOWARDS YOUNGER MEMBERS AND JUNIOR GOLF PROGRAMS

After one year spike, new non-golf family programming returns to 2014 levels, with slight uptick in discounting.



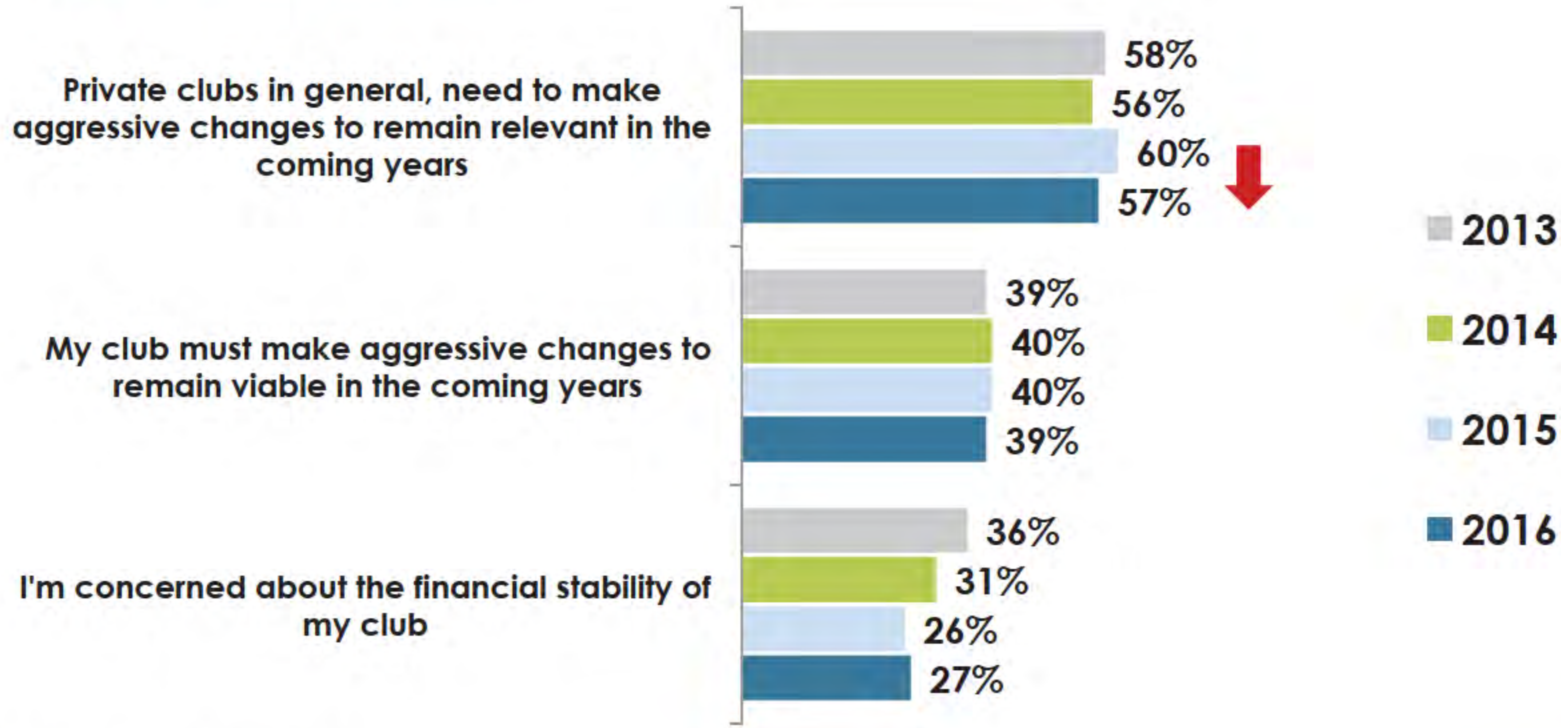

*Mean: 10 point scale*

*Base: National Sample of Private Club Members*

# THE STATE OF PRIVATE CLUBS: THE FINANCIAL HOUSE REMAINS IN ORDER

## Focus on Evolution has created stability

### TOP 3 BOX AGREEMENT




*Top Three Box on 10 point scale*

*Base: Private Club Members 2016*

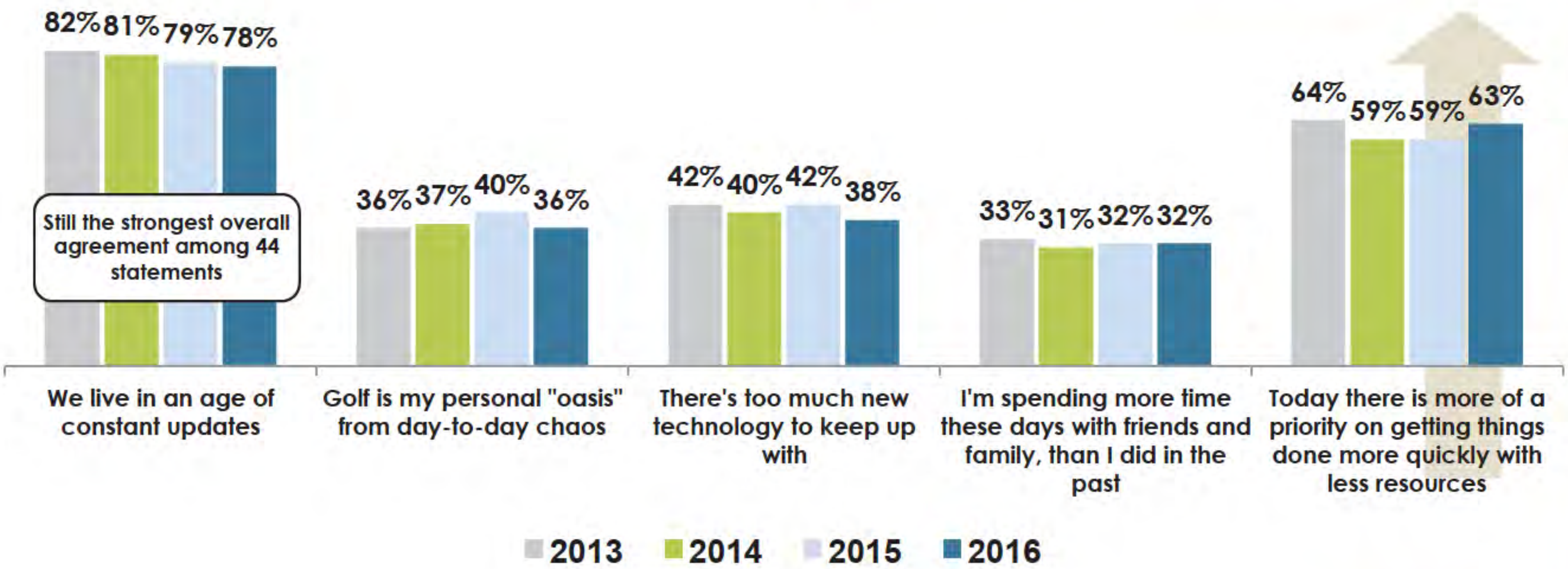
# 24-7 DEMANDS AND NEWS CYCLE POSE CHALLENGES

Golf is still an oasis, but increased strain on resources and economic cautiousness greet the new year

**Golfers in 2016 are significantly less likely than a year ago to:**

- **Believe that the year ahead will be better than the previous year**
- **Feel bullish about their retirement prospects**

## TOP 3 BOX AGREEMENT



# FINAL THOUGHTS

**The Market:**

**Micro-Economic Concern Coupled with Higher Expectations for Equipment Pricing:** 2016 will continue to be about perceived value as consumers look for a spark in equipment innovation to justify perceived retrenchment from the discounting of recent seasons.

**Yet Cautious Optimism Rules on the Participation Side:** Private Clubs continue to focus on attracting younger members and targeting junior programs, while golfers seek to increase their play amidst heightened insecurity.

**Online Video Captivates Golf's Best Customers:**

**Objective Content is King:** Third party endorsement sparks the legitimacy of popular instruction, equipment and travel video.

**The Magic Formula:** Golfers seek short, simple and customized content, replete with multiple offerings and expert evaluations too.