The Front Nine:

HOW THE GOLF MARKET IS TRENDING IN THE YEAR AHEAD

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The Front Nine

How the Golf Market is Trending in the Year Ahead

1. Customer Centricity and The Golfer Experience
2. Shifts in the Golf Equipment Purchase Journey
3. Primacy for Golf Ranges--"The Super Derivative"
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5. Golfer Perspectives on Critical Issues Impacting the Game
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7. Golfers, The Economy and The State of the Union
8. Facility Operator Pressures and Priorities
9. Golf Travel--Indulgence and Luxury to Escape the Chaos

Customer Centricity and The Golfer Experience

62% would like to play more golf than they presently do. → **FLEXIBILITY AND CUSTOMIZABLE EXPERIENCES**

PLAY9

Nearly **6 in 10** golfers with a 20+ HCP strongly agree that the idea of playing a 9-hole round of golf is appealing to them

#1 In Importance For Golf Facility Operators:

→ Additional Tee Box Options that allow for a shorter golf course – **70%**

Behavioral/Attitudinal Fusion And Measurement

APP MANIA:

- GolfLogix
- Arccos
- The Grint
- GolfShot GPS
- 18 Birdies

AMBASSADORS/GOLF EXPERIENCE STEWARDS:

- AGAs & PGA Professionals

Source: 2019 SLRG Golf Omnibus; 2019 ASGCA/SLRG Golf Market Trend Watch

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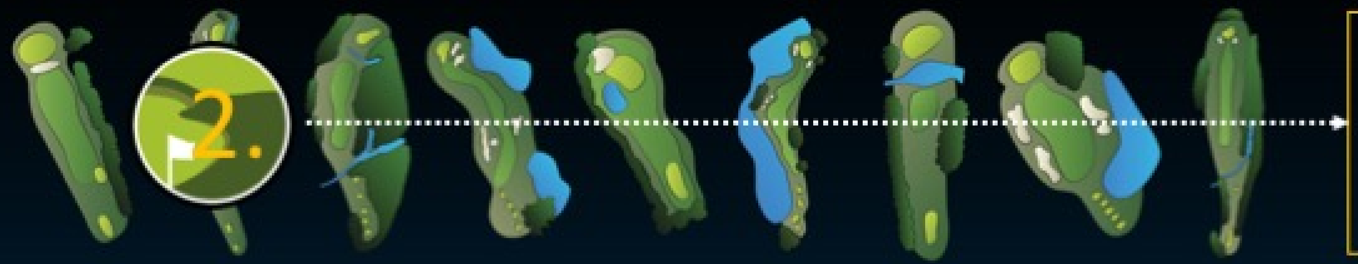
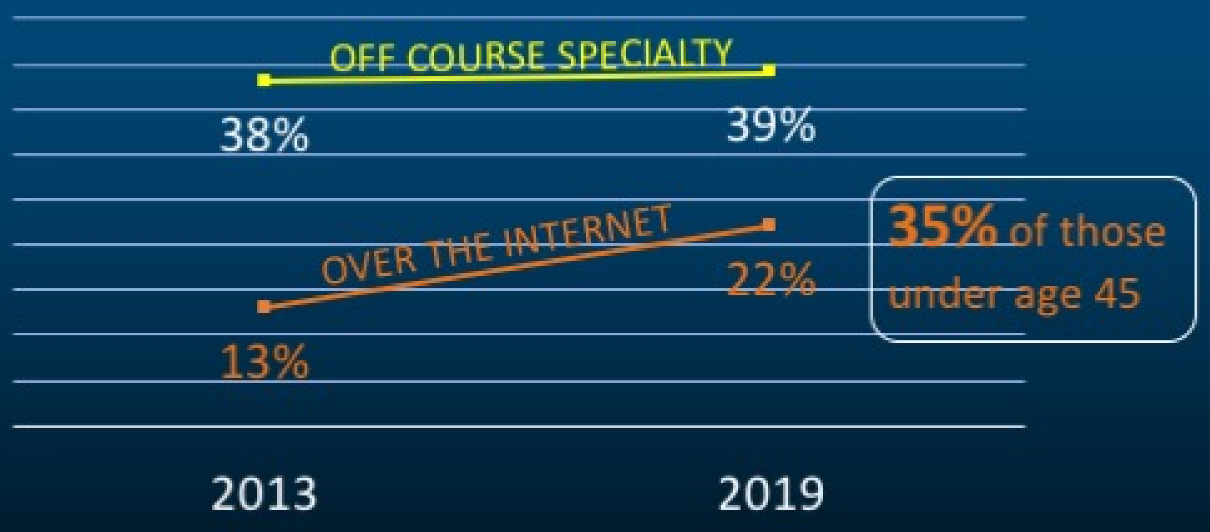


Shifts in The Golf Equipment Purchase Journey

E-COMMERCE COMES OF AGE:

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



→ Golfer Purchase Process Shows increased prominence of valued, curated content during early consideration set formation

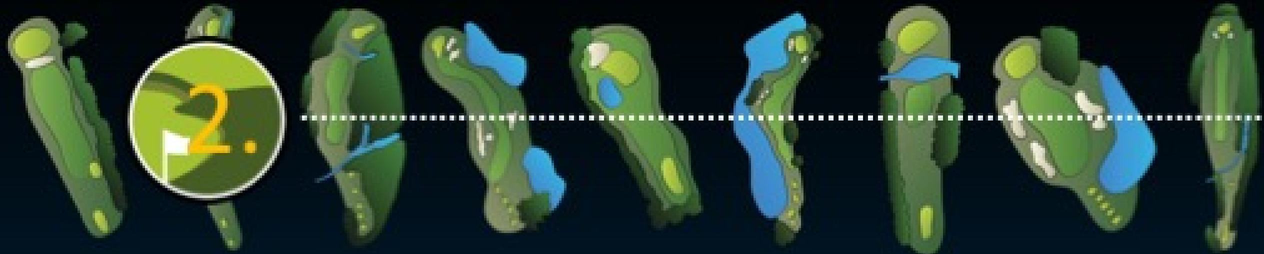
Shifts in The Golf Equipment Purchase Journey

59% of golfers strongly agree that "new golf equipment continues to become more technologically innovative each year…equaling a 10 year high in 2013

Golfers in 2019 are **48% more likely** to agree that "buying the right new golf equipment can help me to immediately improve my game vs. 2012

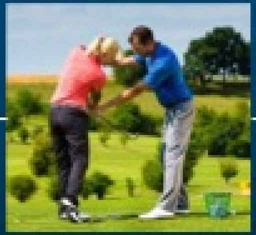
OEM Brand loyalty remains at a **SIX YEAR** low

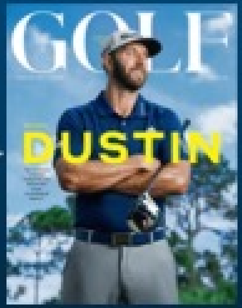
Source: 2019 SLRG Golf Omnibus



Shifts in The Golf Equipment Purchase Journey

Curating the Content – Most Critical Information Sources Throughout the Purchase Journey



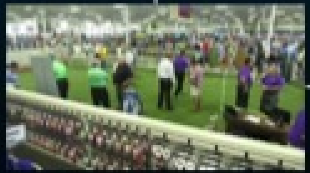


TOP TIER

- Demoing equipment in off course pro shops, ranges and on course
- Researching and reading articles in golf publications, and online through third party websites
- Guidance from sales associates and teaching professionals

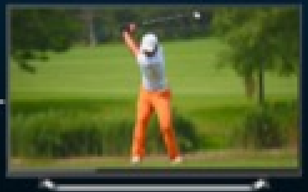
ALSO IMPORTANT

- Talking to and observing friends/other golfers
- Visiting OEM and retailer websites
- Google Search
- Golf related television programming and videos



Google

YouTube



Source: 2019 SLRG Golf Omnibus

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2. Shifts in The Golf Equipment Purchase Journey

Expected Driver Spending across the $400 threshold in lockstep with TM5, M6, Callaway Epic Flash $500 MSRP

→ Putter price **EXPECTATIONS** reach **$200**

Overall Anticipated 2019 Per Capita Equipment Spending is **up +25%** vs 2018:

→ Though 70% planning to spend the same or more is down from 78% last year—again suggests share of customer battles

Meaningful Shifts in per Capita Spending by Category in 2018 vs 2017 for all categories except golf bags and apparel:

Drivers | Hybrids | Irons | Wedges | Golf Balls | Shoes | Putters

Continued Growth Among Custom Fitting Studios—Towards Virtual Inventory:

→ 42% of "engaged" golfers won't buy new equipment without being custom fit

Now at **17** Studios and some **30,000** configurations

Source: 2019 SLRG Golf Omnibus

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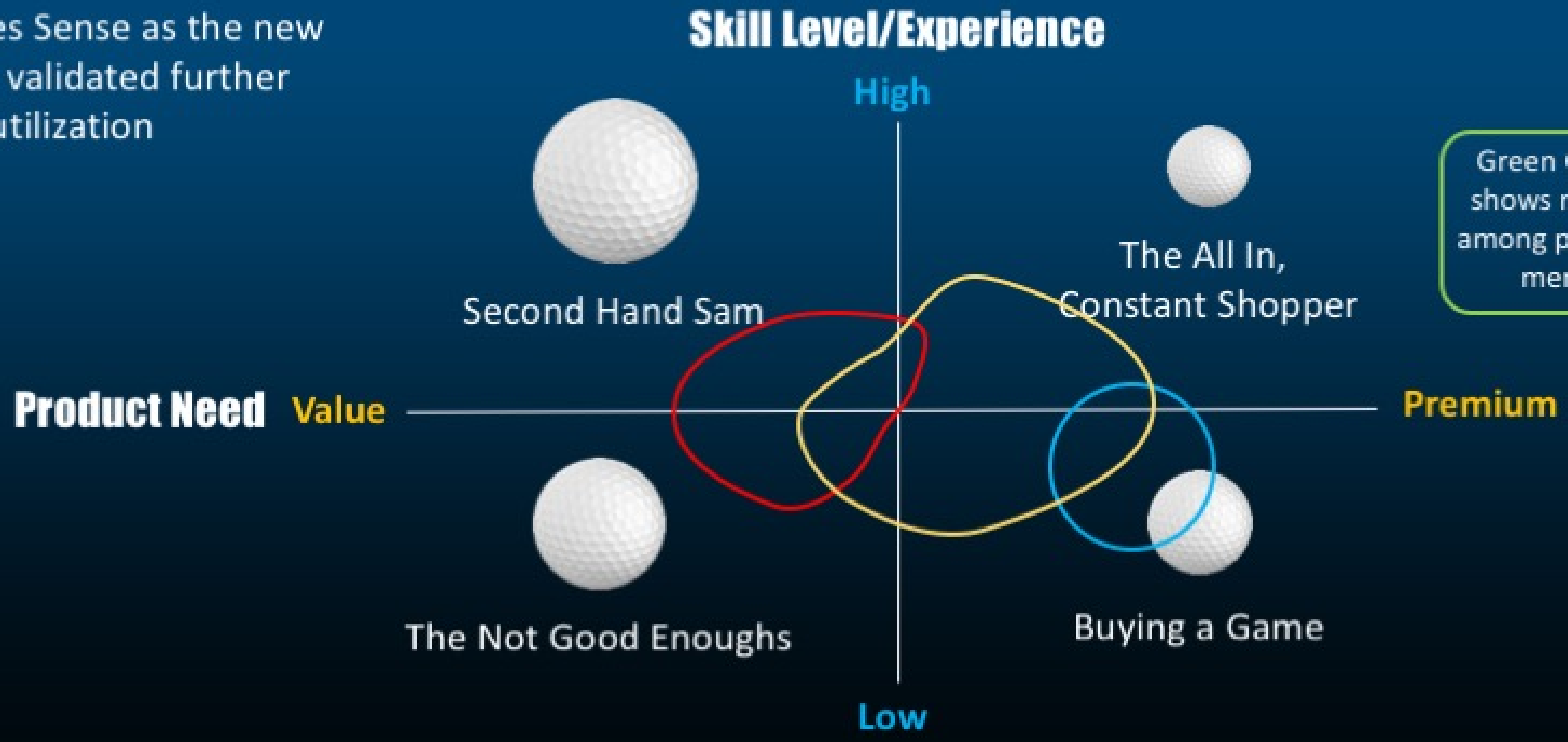
Shifts in The Golf Equipment Purchase Journey

…And it all makes Sense as the new segmentation is validated further across channel utilization



Green Grass still shows resonance among private club members

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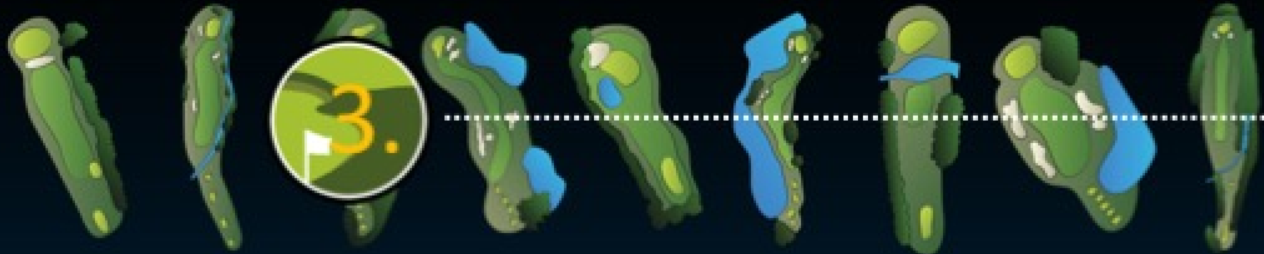


What to Make of our Love Affair with Golf Ranges – "The **Super** Derivative"

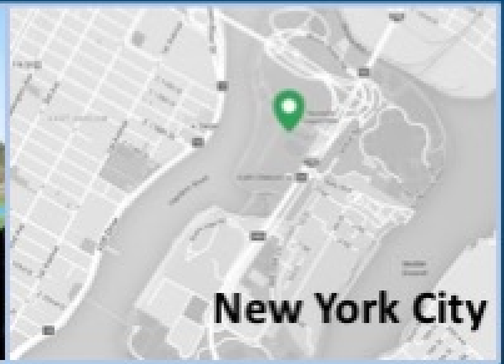
TopGolf to Surpass **50** U.S. Locations

TopGolf is About "Community," Entertainment and F&B

Saturation and Shifting Non-golfer Tastes

VS.

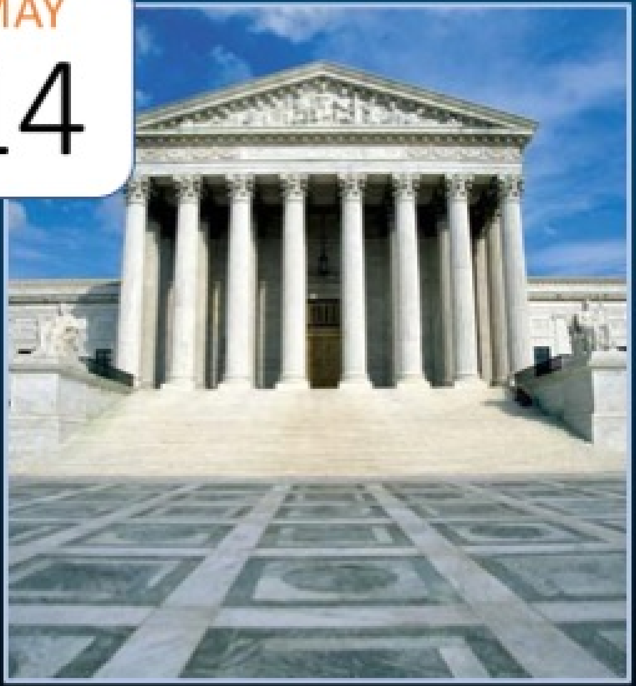
Transformation of Experience and Migrating "Tire Kickers" Into Traditional Golfers



Drive Shack Targets **15** Stand Alone Mega Ranges by 2020

"An Enhanced Practice Range" moves to **#1** in importance among Superintendents evaluating golfers' most coveted amenities in 2019 Survey.

The Sports Wagering Opportunity—Starts and Stops



MAY

14

21% of golfers strongly agree that *"Golf is more fun when there is a cash wager on the line"*

→ Greater Interest Among Primary Segments:

- Private Club Members **INDEX 149**
- Single Digit Handicappers **INDEX 191**
- Under Age 45 **INDEX 122**

Source: 2019 SLRG Sports Omnibus, ESPN

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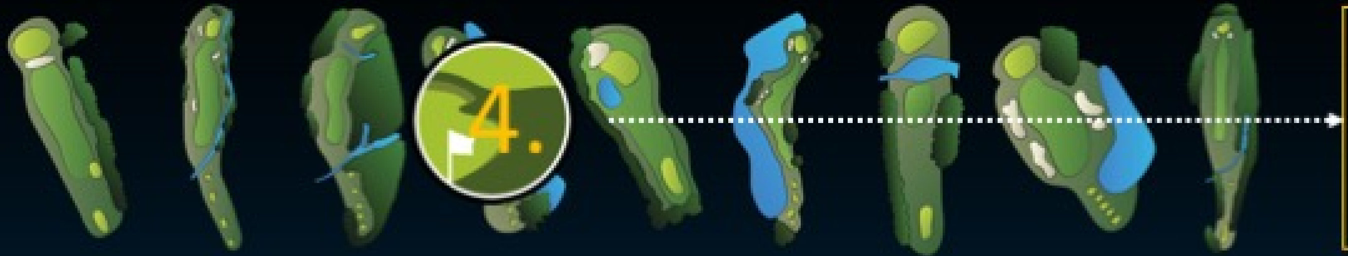


The Sports Wagering Opportunity—Starts and Stops

"The reason we would do it is because we think gaming leads to more engagement."…**sports betting** in golf as a *"second-, third- or fourth-screen experience."*

Things to think about:

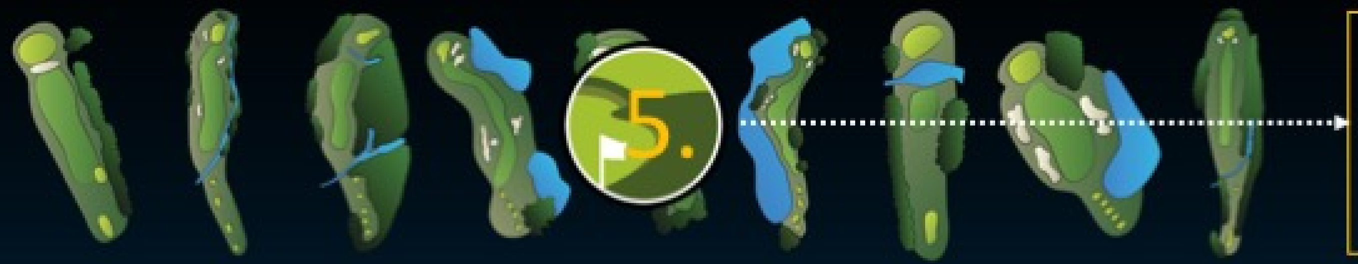
- Integrity Fees
- Influx of Delivery Mechanisms

→ Golfers still consider the game's "purity" among its most significant virtues

FIRST WAVE OF ALLIANCES

MGM GRAND | MAJOR LEAGUE BASEBALL | NBA | NHL

CAESARS | NFL



Golfer Perspectives On Critical Issues

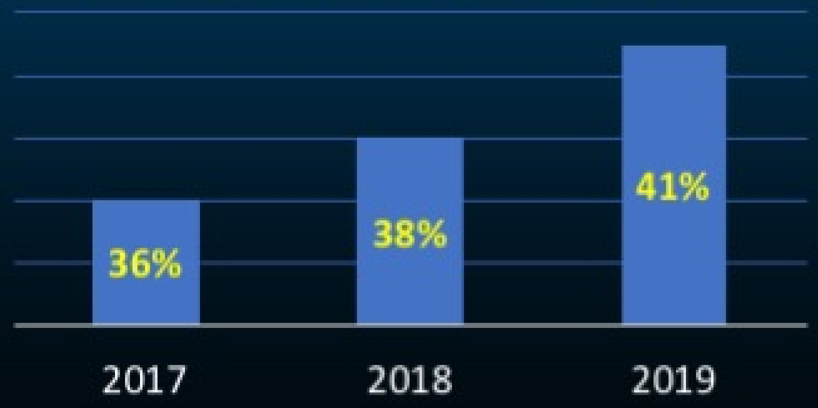
SOME BULLISH ATTITUDES STAY THE SAME!

10 Straight Years that **95%** of golfers expect to play the same or more golf as they did a year ago

Consistent with 2018, We've seen a **-27% Drop** since 2015 in golfers who strongly believe that the game of golf is facing major participation challenges

More golfers continue to see the game becoming **More Inclusive and Welcoming** than it was a generation ago

"Golf has become more inclusive and welcoming than it was a generation ago"



Source: 2019 SLRG Sports Omnibus

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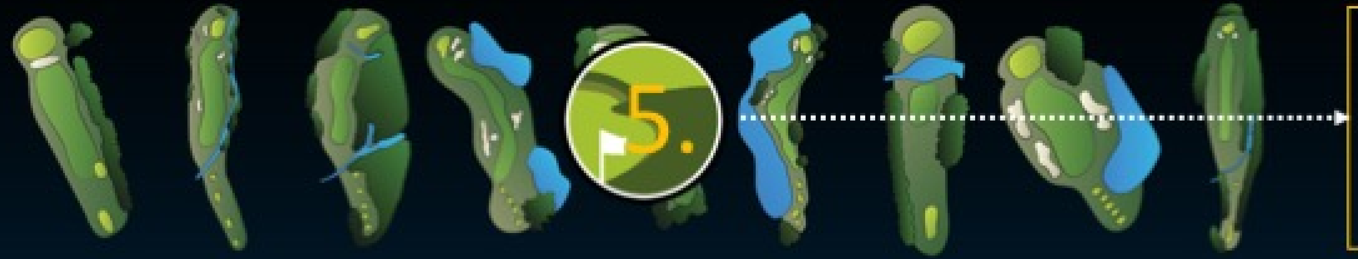
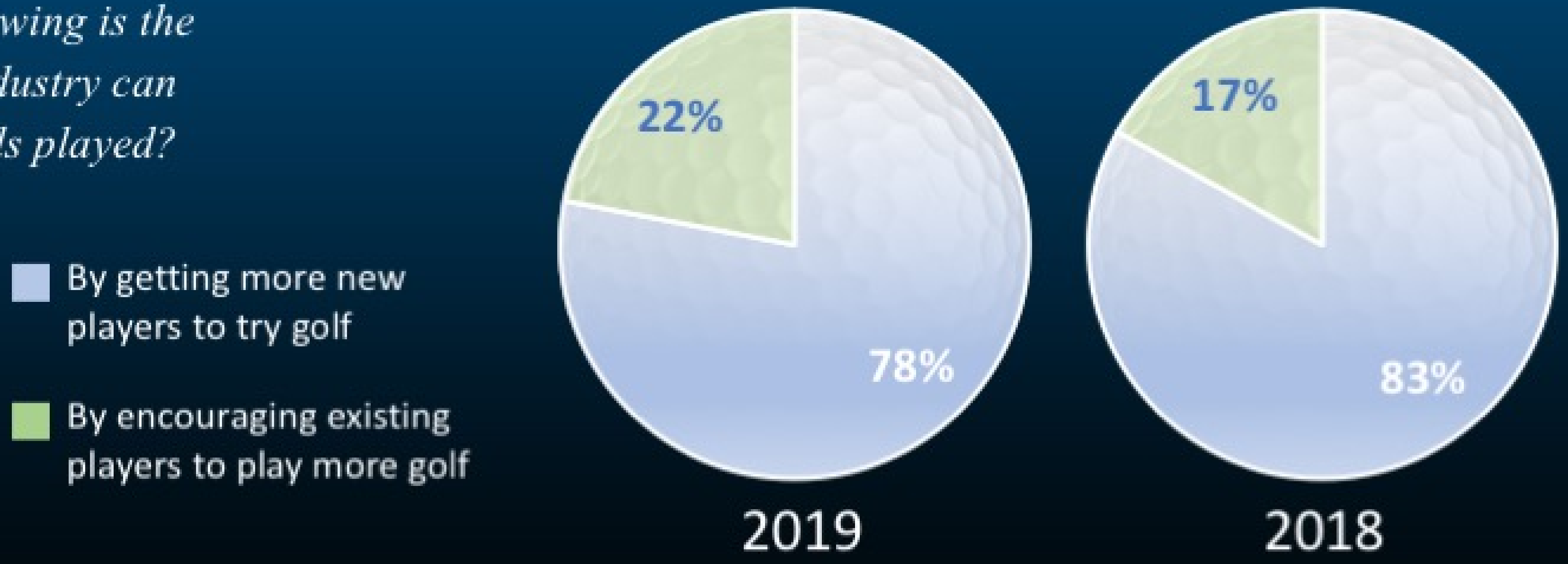


Golfer Perspectives On Critical Issues

…But We See Some Meaningful Shifts In Perspectives On Participation

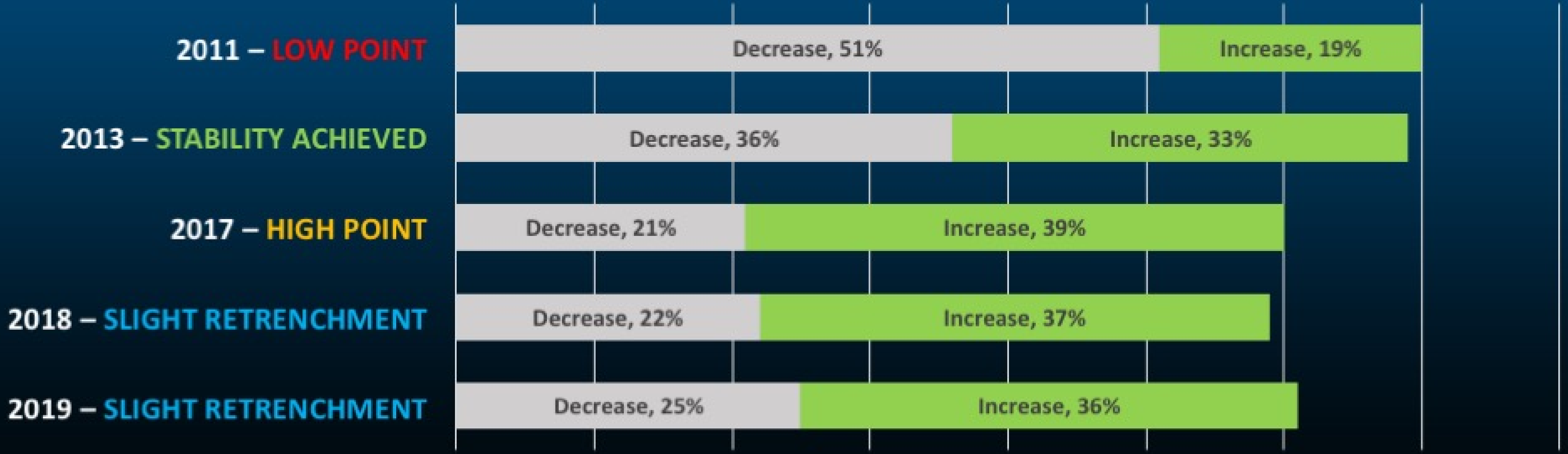
In your opinion, which of the following is the most effective way that the golf industry can increase the total number of rounds played?



Source: 2019 SLRG Sports Omnibus

The Continued Evolution of Private Clubs

After A Strong Recovery, Membership Growth Has Stalled



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After A Strong Recovery, Membership Growth Has Stalled…As We See Evidence of Greater Financial Stability:

The Incidence of Respondents who are concerned about the financial stability of their Private Clubs has dropped in of the each of the past seven years from **36%** in 2013 to **22%** in 2019

- Consistent with observed drop in those who report that their clubs have aggressively reduced the price of membership

The Continued Evolution of Private Clubs

But More Change is Likely Ahead:

57% still believe that private clubs must make aggressive changes to remain relevant in the years ahead…unchanged from 2013

- “Gamification” to join in diversified programming and focus on family, juniors, women, younger members and convergence of home, office and club

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Golfers, the Economy and the State of the Union

52% strongly agree that there is no such thing as job security—an **eleven point improvement** since 2010; and all time best

Nearly **SIX IN 10** are very confident that they will have enough money to retire in comfort—**up seven points** vs a year ago

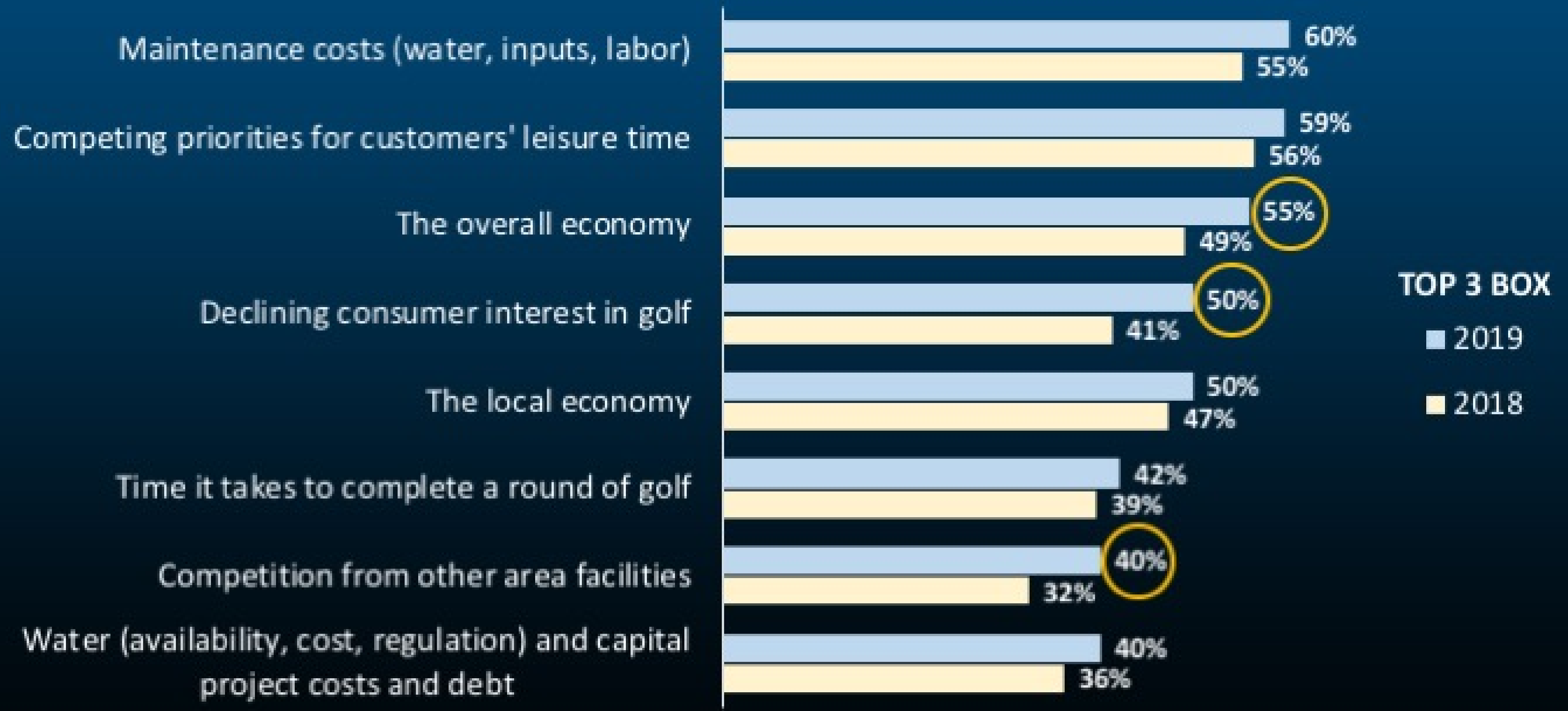
HOWEVER…

THREE YEAR LOW in golfers who feel significantly better about their financial situation in 2019 than a year ago…down from 42% to 34%

<10% strongly agree that people will go back to spending freely on luxuries in 2019

Facility Operator Pressures and Priorities

Q. Most significant issues that can impact the sustainability and financial health of your golf facility



In 2019, Facility General managers are significantly more concerned about competing priorities for customers' leisure time and the length and difficulty of the golf course

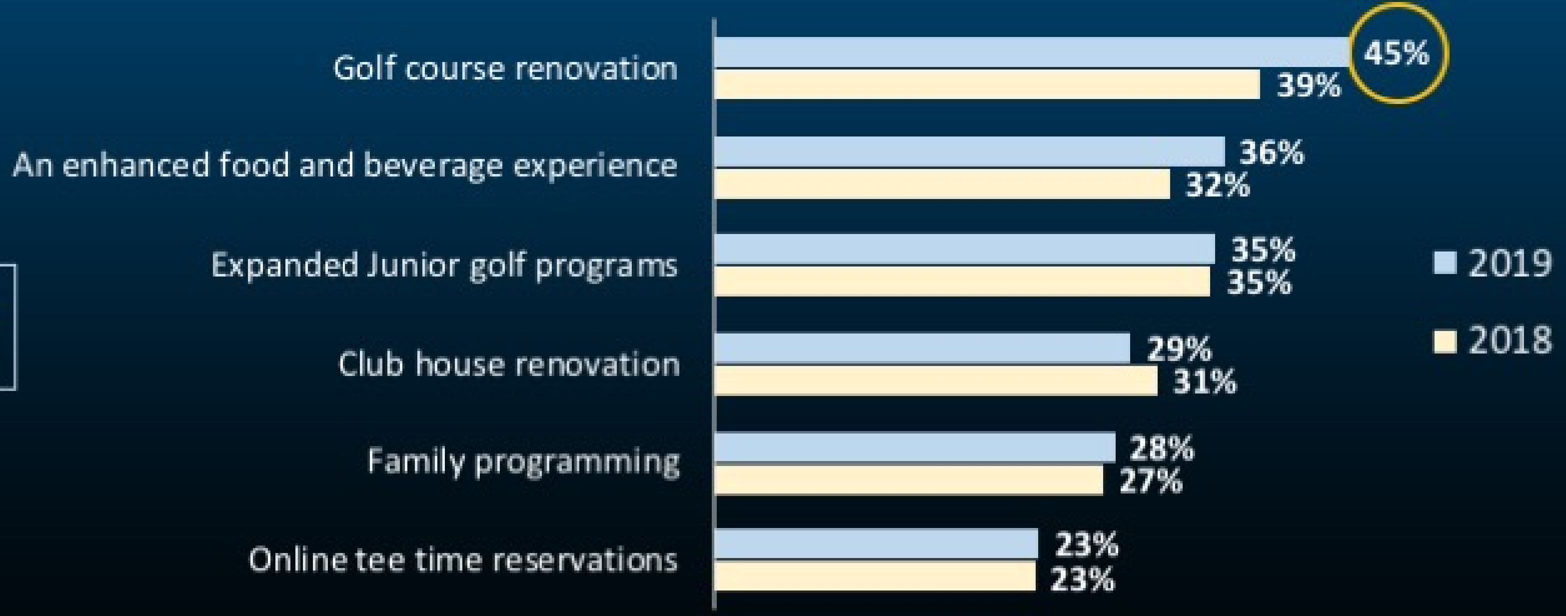
Source: 2019 ASGCA/SLRG Golf Market Trend Watch

Facility Operator Pressures and Priorities

Golf Course Renovations Are Even More Coveted in 2019 as the Most Wanted Enhancement for Facility Operators!

Q. Which, if any, of the following potential enhancements would be of significant interest to your guests or members, and/or increase the usage of your operation?

Would be of significant interest SUMMARY



Source: 2019 ASGCA/SLRG Golf Market Trend Watch

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Golf Travel—Indulgence and Luxury to Escape the Chaos

Bullish Signals, but Heightened Competition

I plan to spend actively on useful pastimes in my retirement	49% ('11)	VS	**58%** ('19)
Golf is my personal oasis from the day to day chaos	36% ('09)	VS	**54%** ('19)
I'm planning to take a major vacation this year	44% ('10)	VS	**52%** ('19)
I feel that I will be more comfortable in my retirement than my parents are/were	37% ('09)	VS	**59%** ('19)
Compared to my parents, I'm more self indulgent	38% ('09)	VS	**48%** ('19)

STRONG AGREEMENT

Source: 2019 SLRG Sports Omnibus

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Golf Travel—Indulgence and Luxury to Escape the Chaos

OPPORTUNITY:

The ‘mini vacation market’— **24%** strongly agree that they are taking more vacations of shorter duration than they used to.

Source: 2019 SLRG Sports Omnibus

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Golf Travel—Indulgence and Luxury to Escape the Chaos

MOVING TO THE OPPORTUNITY:

Source: 2019 SLRG Sports Omnibus

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