SPORTS & LEISURE RESEARCH GROUP

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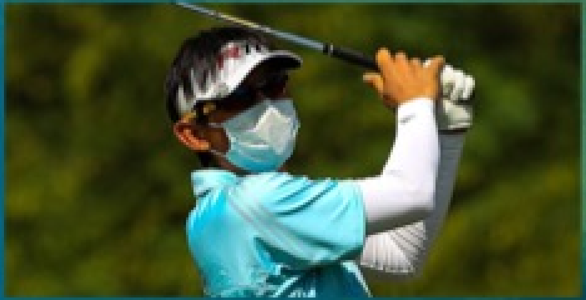
BEYOND THE PANDEMIC

Golf Market Trends 2021

The Back-to-Normal Barometer

AMERICA STANDS AT AN INFLECTION POINT

- We just completed the seventeenth wave of a monthly tracking study that listens to the voice of the consumer
  - Survey research
  - In-depth interviews
  - Social media analyses
  - Online dial tests

CNN
The New York Times
NBC
Washington Examiner
MediaPost
The Washington Post
Bloomberg
The Salt Lake Tribune
Forbes

What's it going to take to bring consumers back?

Where is the greatest pent-up demand?

What will the new normal look like?

How do various sports and leisure activities navigate through these times?

The Back-to-Normal Barometer

SPORTS& LEISURE RESEARCH GROUP | Engagious | ROKK SOLUTIONS
2021 BACK-TO-NORMAL BAROMETER

ORIGINS

2001 Golf Digest Companies Travel Confidence Index

- Measured golfer attitudes vs. the affluent general public
  - Willingness to travel
  - Willingness to spend on luxuries and discretionary purchases
  - Consumer attitudes on personal finance, the prospects for retirement and the U.S. economy

2009-Present Sports and Leisure Research Group Golfer Omnibus Work

- Presented annually at PGA Merchandise Show Wednesday Breakfast tracks forward looking golfer perceptions on the year ahead in:
  - Overall participation levels
  - Outlook on planned spending across hard goods, soft goods and travel categories
  - Golfer attitudes on personal finance, discretionary spending and the U.S. economy
  - Contemporary issues in golf

Golf 20/20 Meets Golf 2020

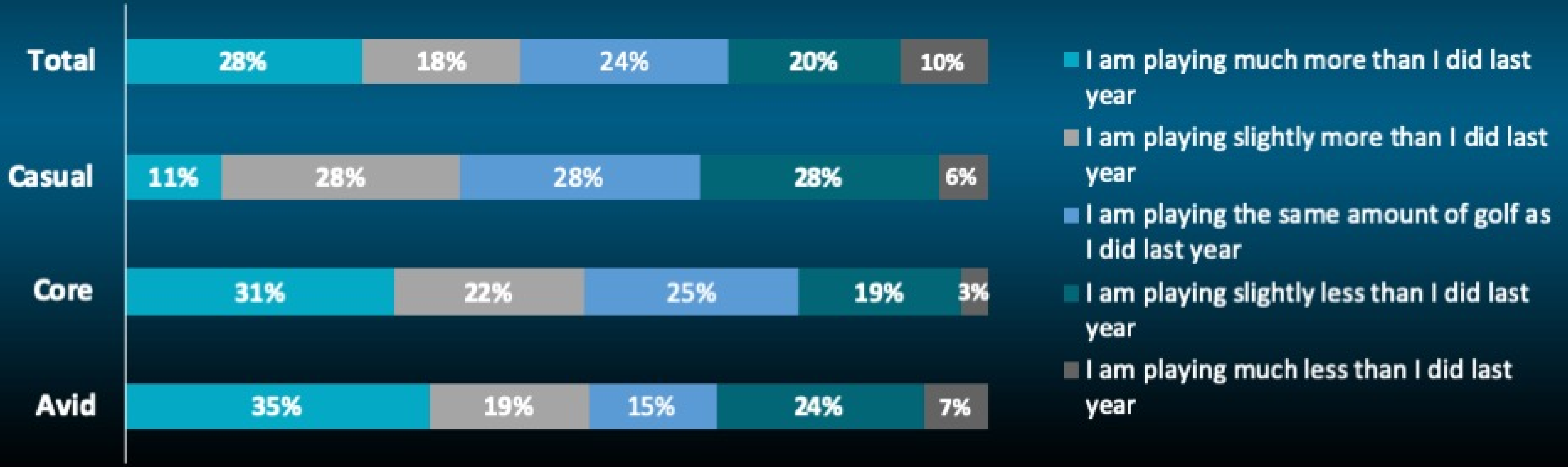
COVID HAS SPAWNED A POTENTIAL NEW GOLF BOOM?

- Anecdotally and empirically we see full tee sheets
    - Amidst reports of increased play from existing golfers
    - and renewed trial from lapsed and never before players
- Golf has successfully positioned itself in the short term
    - as one of the few viable options for outdoor recreation
    - AND socialization
        - Bars are closed—But not the drink cart!
    - Adhering to safety and sanitization protocols
    - An “oasis from the chaos.”

WHAT DOES THE LATEST BAROMETER DATA TELL US?

Golfers are Self Reporting Comparatively Higher Rounds Per Capita Than A Year Ago

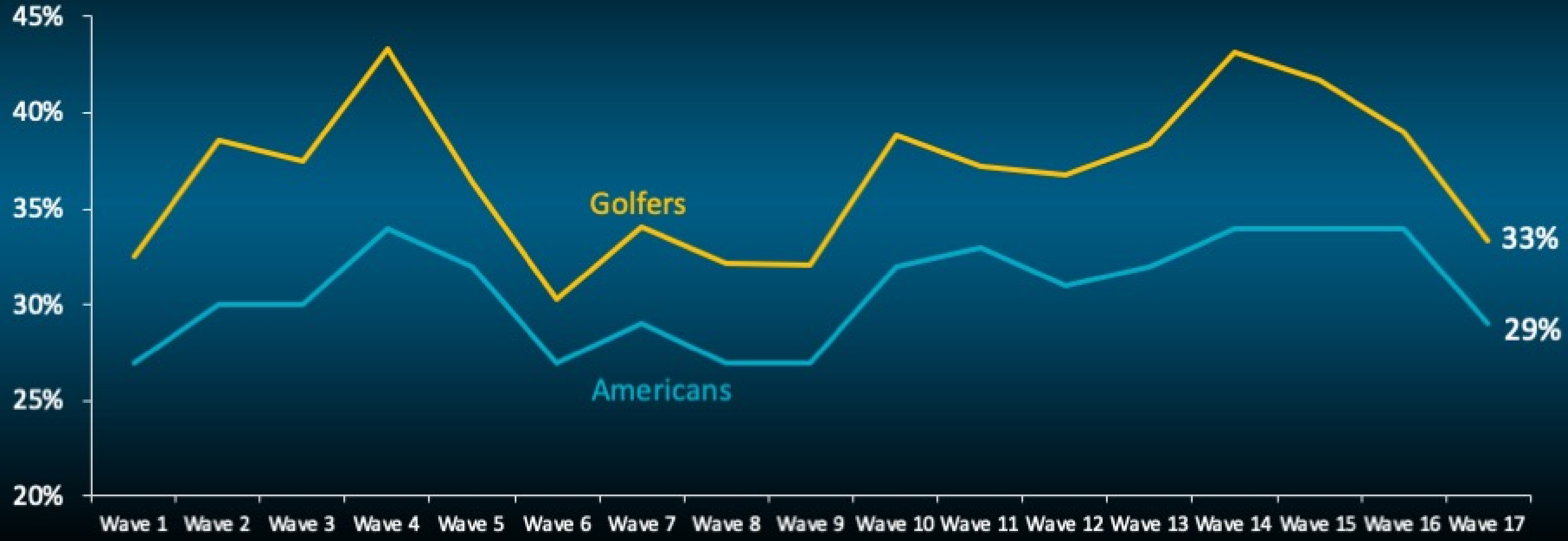
WHICH OF THE FOLLOWING BEST DESCRIBES YOUR GOLF ACTIVITY SINCE COURSES RE-OPENED IN YOUR AREA DURING THE PANDEMIC?



Why Golfers are Playing More….It's Situation Specific

Golfers are More Likely to be "Recently Active" or "Ready to Go" vs. Sports Fans

Golfers Have Consistently Been More Confident Throughout the Pandemic



America Remains on Edge…

MOST ARE DISSATISFIED WITH THE COVID VACCINE ROLL-OUT

- They believe vaccine distribution comes down to their state and local government
- They are generally skeptical that government has an adequate process in place to distribute the vaccine
    - We have the doses, but distribution is behind schedule
    - Medical facilities seem to be under-staffed
    - It's unclear when they'll get it (some are higher priorities)
    - These factors are dampening their optimism about getting back to normal

America Remains on Edge…

EVEN WITH A VACCINE, "NORMAL" FEELS A YEAR AWAY

- Despite some already getting vaccinated and others planning to, they don't expect this will impact their willingness to fully engage in public activities in the near-future – the vaccine isn't a "silver bullet"
- They will continue to socially distance, wear masks, and take other precautions
  - We don't know who has been vaccinated by looking at them
  - Vaccinated people can still carry it and infect others, even if they have personally built up an immunity to the virus
  - Getting enough people vaccinated to reduce the spread will take several months

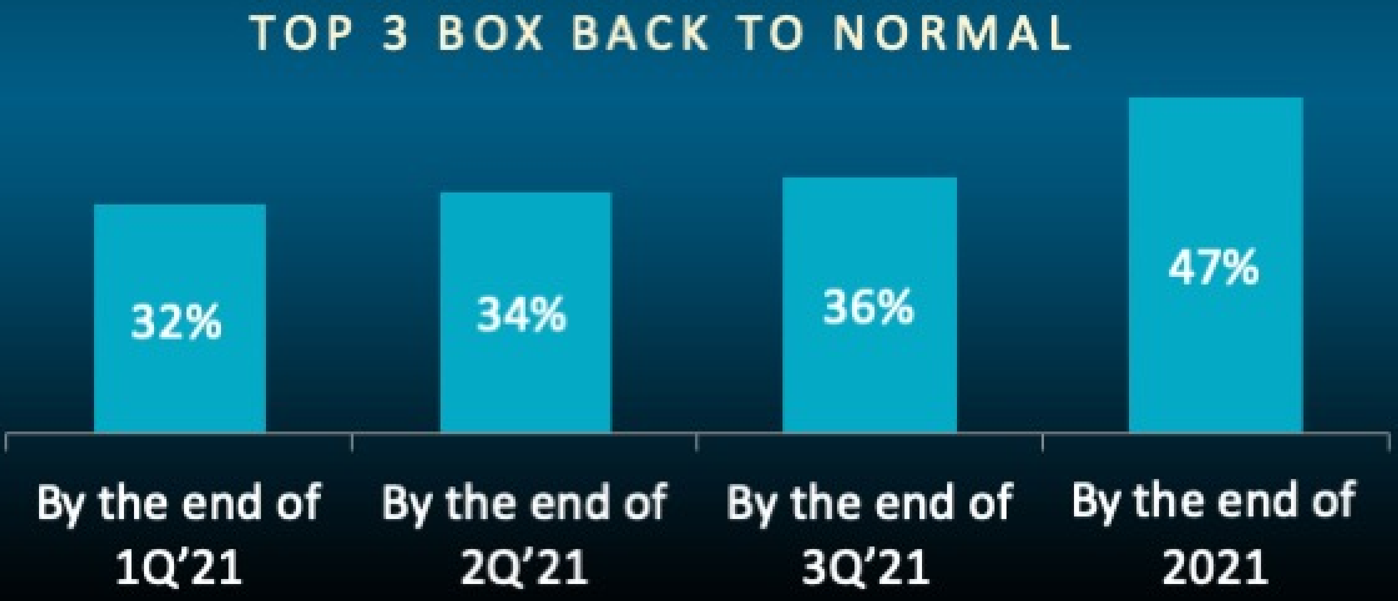
America Remains on Edge…

OUTLOOK FOR 2021

- All Mid January Depth Interview Respondents see light at the end of the tunnel with the pandemic, especially as more people get vaccinated
- Their expectations for this year include:
  - The pandemic will get under control – fewer cases and deaths
  - Anyone who wants a vaccine will be able to get one by June
  - Improved vaccines – fewer side effects; addresses new strains
  - Businesses will re-open, maintaining rules to ensure safety
  - Continuing to work from home until at least the late summer
  - Children will return to school full-time by the Fall

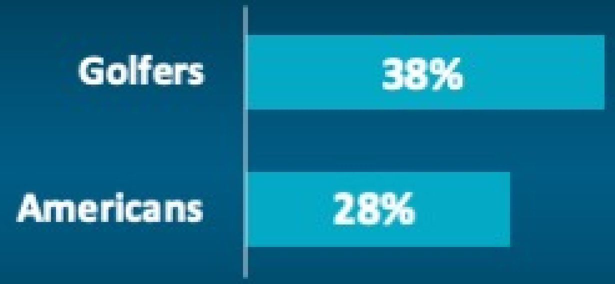
…So We Likely Have Much Of '21 to Ride Golf's Surge

Q. Using a scale from 1-10, where 10 indicates that from the standpoint of COVID-related restrictions, safety protocols, business closures, or capacity limitations, the country will be up and running as it was pre-pandemic, 5 indicates that things will be no different than they are today and 1 indicates we will be in full lockdown, where do you anticipate that the country will be…



Golfers Continue to be a Relatively Optimistic Cohort

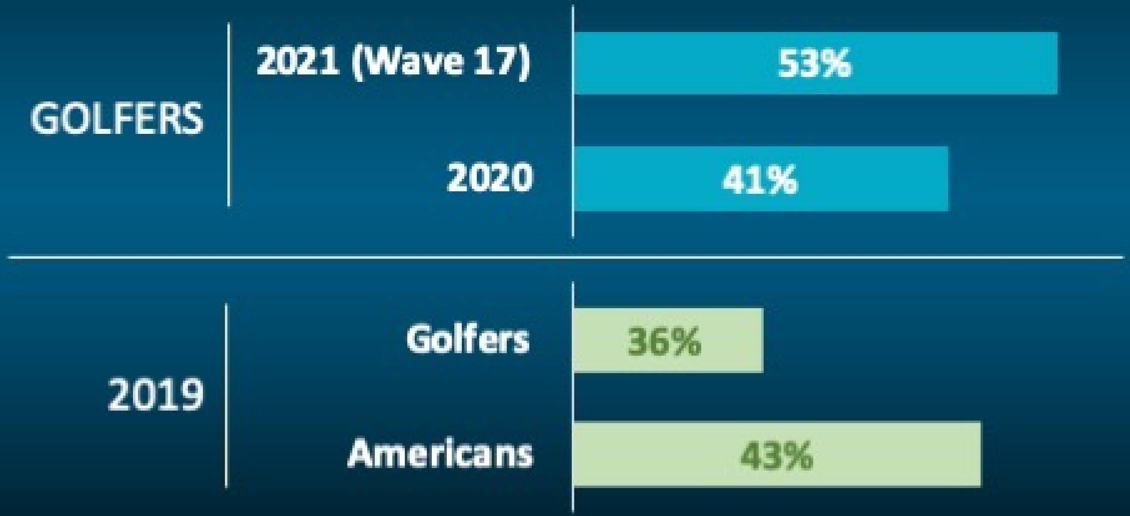
People will go back to spending freely on luxuries again in 2021



VS

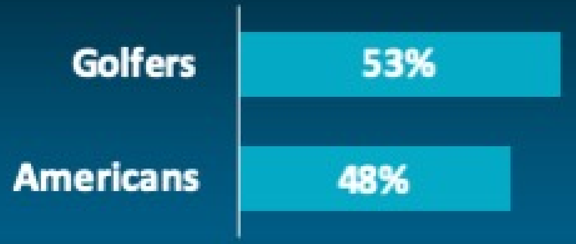
7% of golfers last year and **10%** in 2019

It's important for my life to include a variety of unique experiences

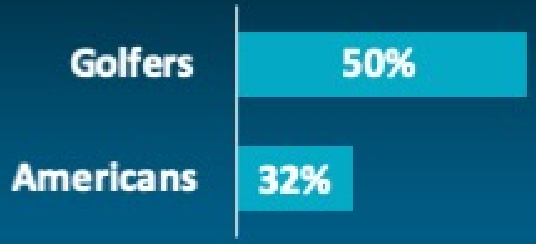


Golfers Continue to be a Relatively Optimistic Cohort

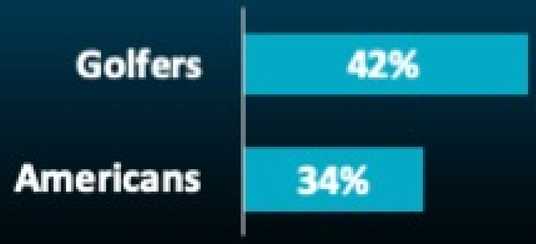
The best years of my life are still to come



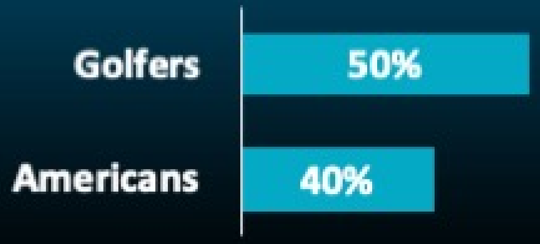
We have seen the U.S. unemployment rate reach bottom and the economy will add jobs before the end of '21



I'm confident that I will have enough money to retire in comfort

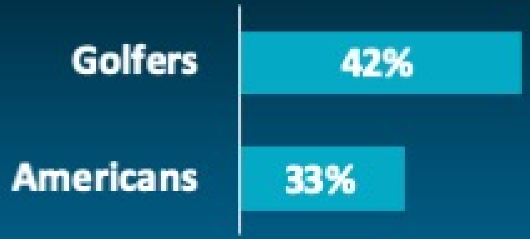


America is better off now than it was four years ago

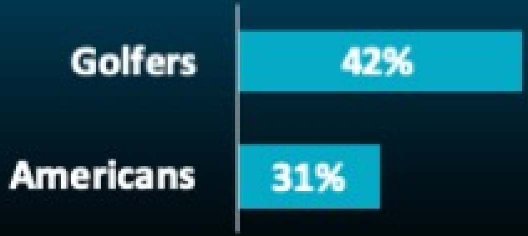


Golfers will be Quicker to Get Back to Travel

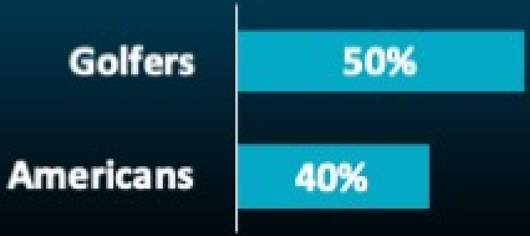
I'm planning to take a major vacation this year



Taking a vacation of over 500 miles or more is a priority for me and my family in the next 12 months

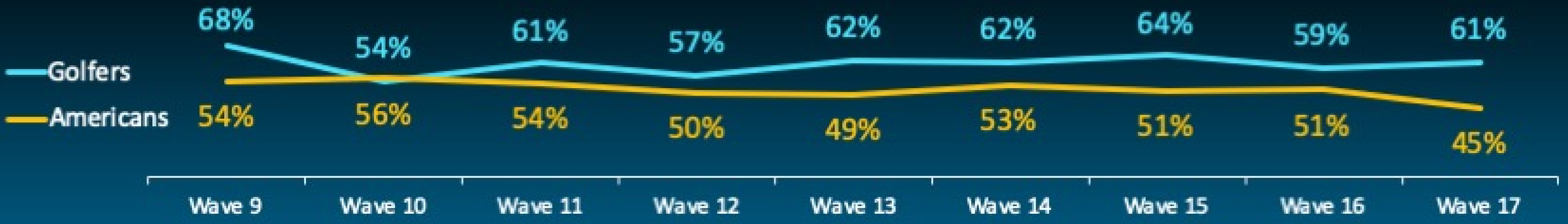


I plan to spend just as much or more money on travel in the next year as I did in the past year

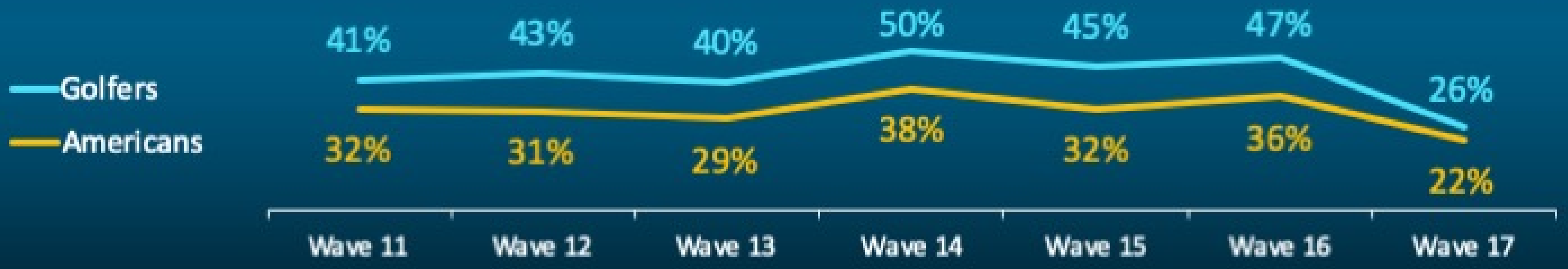


Golfers More Bullish About Moving on from the COVID-19 Pandemic

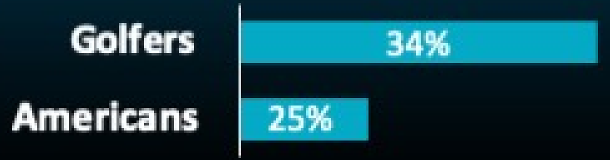
I will definitely get a COVID 19 vaccine when it is available



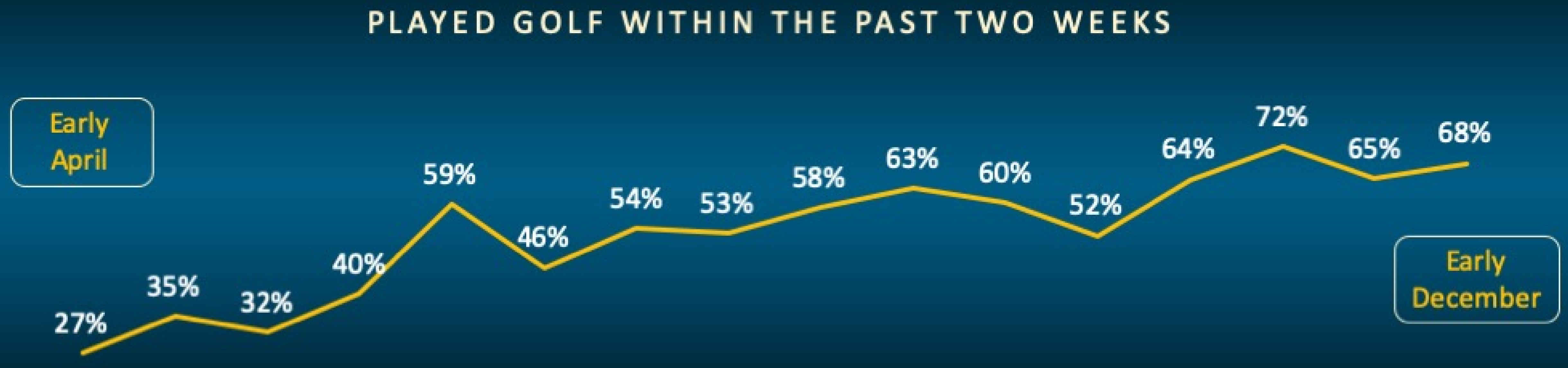
The Covid 19 Pandemic is less of a threat to Americans than it was this Summer



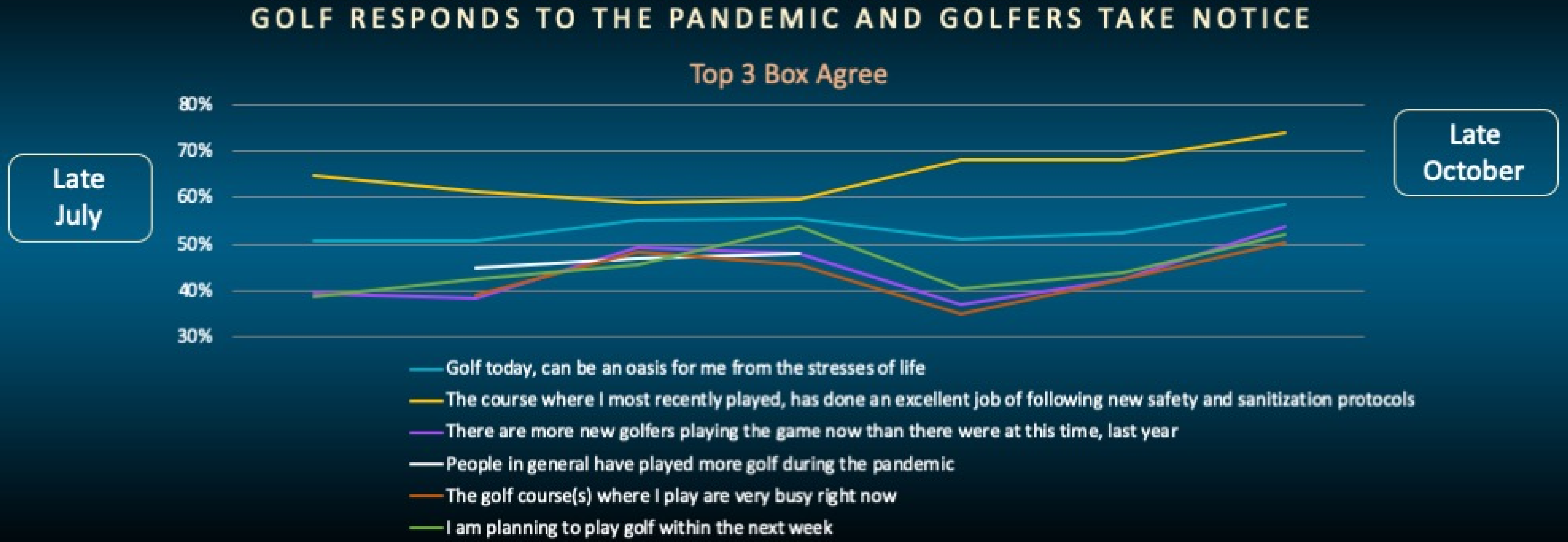
- The Prospect of catching COVID 19 is not as scary to me now as it was at the start of the pandemic



A Look Back at 2020's "UpSwing" Carrying into 2021



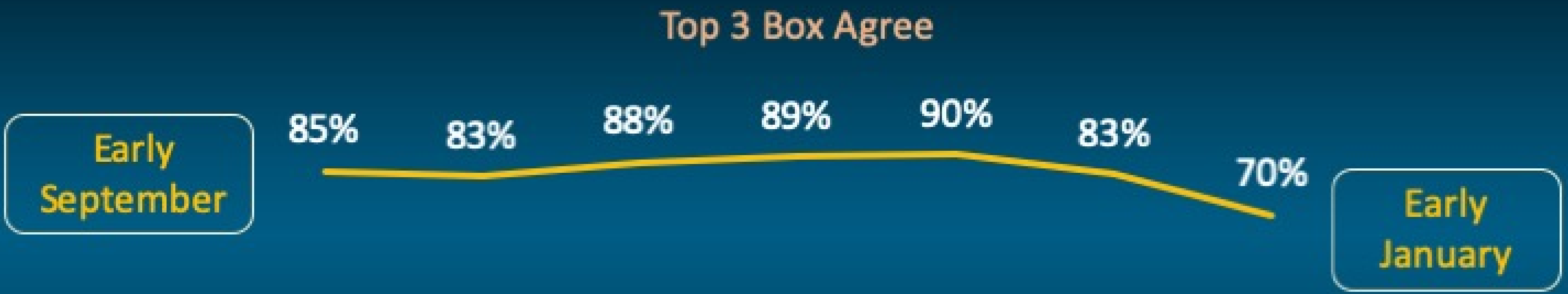
A Look Back at 2020's "UpSwing" Carrying into 2021



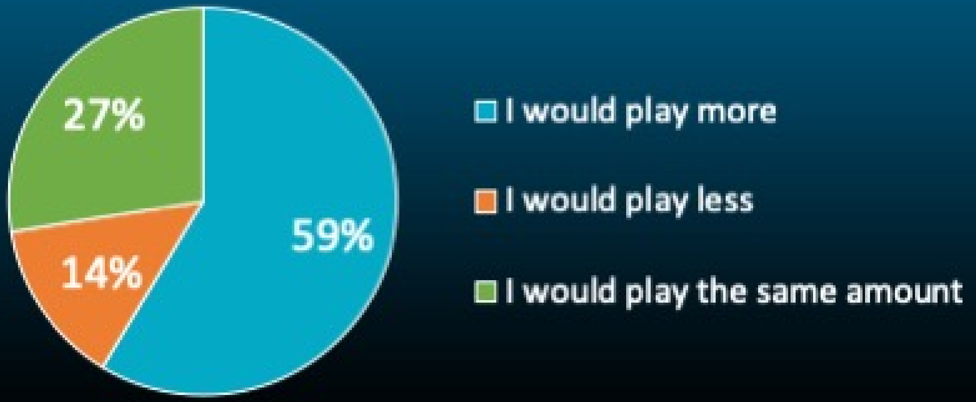
A Look Back at 2020's "UpSwing" Carrying into 2021

GOLFERS ARE BULLISH ON SURGE RETENTION

Those who have begun to play more golf, this season, will be playing just as much or more golf, a year from now.



Assuming once a COVID 19 vaccine is available to you, and other traditional forms of entertainment available to you, what best describes the amount of golf that you will play relative to last year?



72% strongly agree that golf is one of the safest sports to play during COVID

THE BIG ATTITUDINAL SHIFT: RIDING A CREST OF EXUBERANCE!

"I'm Optimistic about the future of the game of golf…"

+90% Over The Past Three Years!

TOP 3 BOX

"I'm excited about the current state of the game of golf…"

+100% Over The Past Three Years!

TOP 3 BOX

The State of Private Clubs

59% feel that clubs in general **NEED TO MAKE AGGRESSIVE CHANGES** (consistent with where we were in 2015 and up slightly from **55%** last year)

- **59% FEEL THEIR CLUB SHOULD** (up significantly from 38% last year)

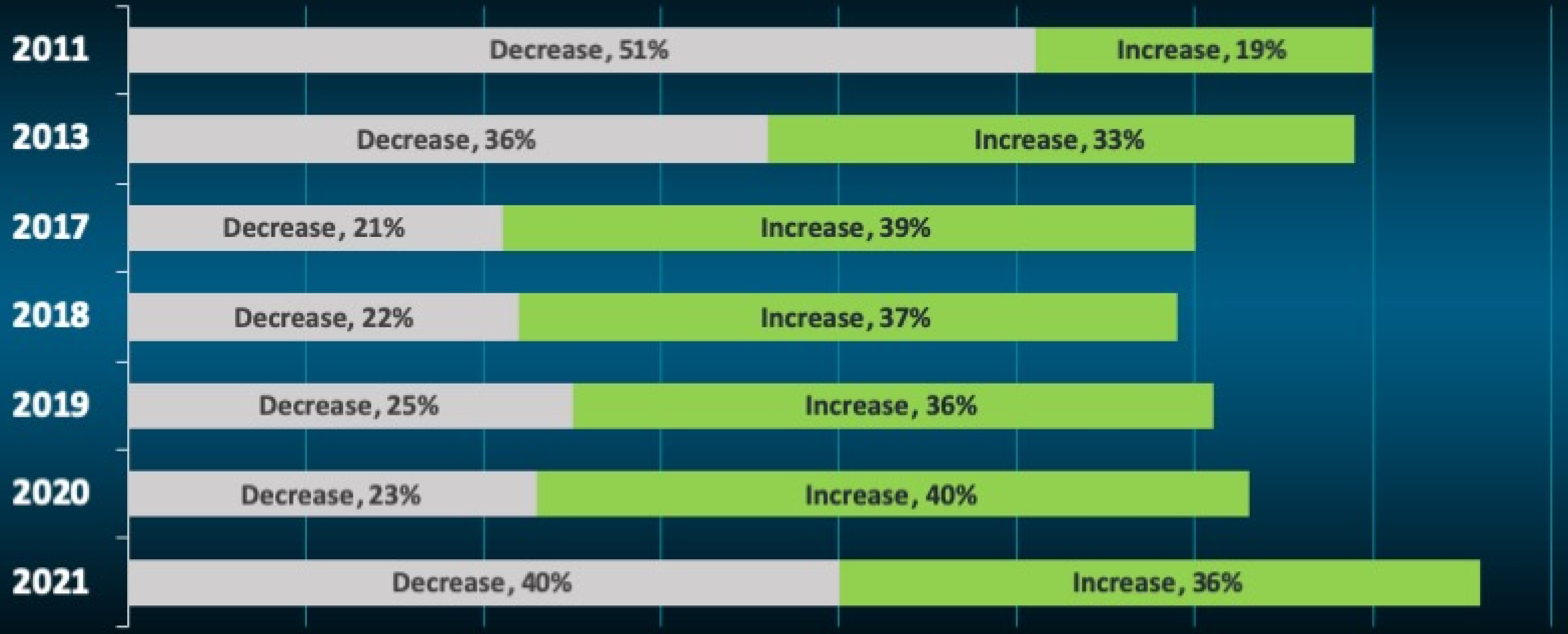
55% HAVE MADE CONCERTED EFFORTS TO GET YOUNGER (Up from 51% last year)

Significant upticks from YAG in those clubs who have put more **EMPHASIS ON:**

- Junior Programs — 55%
- Women's Programs—49%
- Non Golf Family Programs—49%

The State of Private Clubs

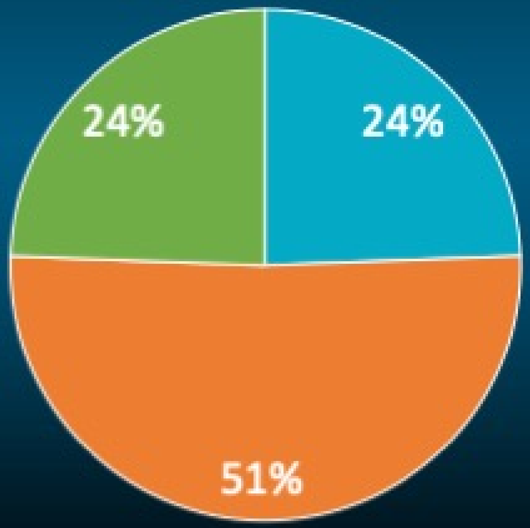
Membership Growth Update



Facility Operations and Design Trends

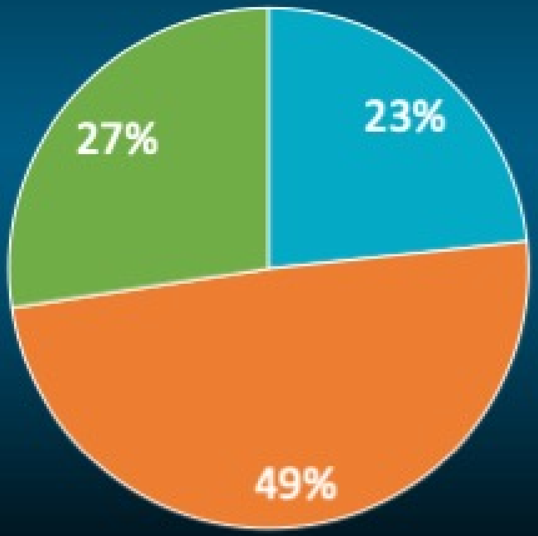
A Significant Majority of Facilities Have Seen Increased Play Create Additional Stress On Their Course Maintenance Program This Year

Q. Which of the following best describes the situation at your facility?



PUBLIC

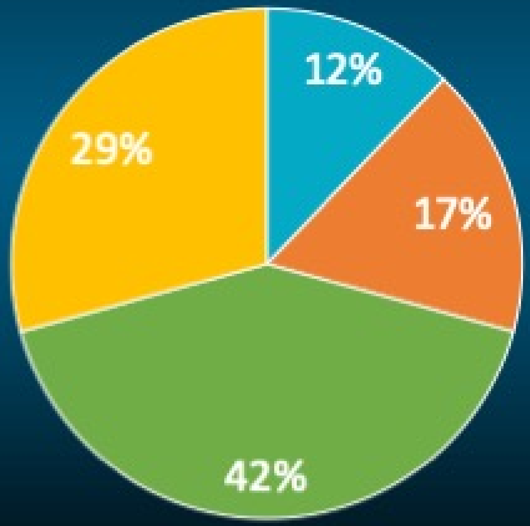
- The impact of increased play at my facility has created significant additional stress on our course maintenance program
- The impact of increased play at my facility has created moderate additional stress on our course maintenance program
- The impact of increased play at my facility has had no material impact on our course maintenance program



PRIVATE

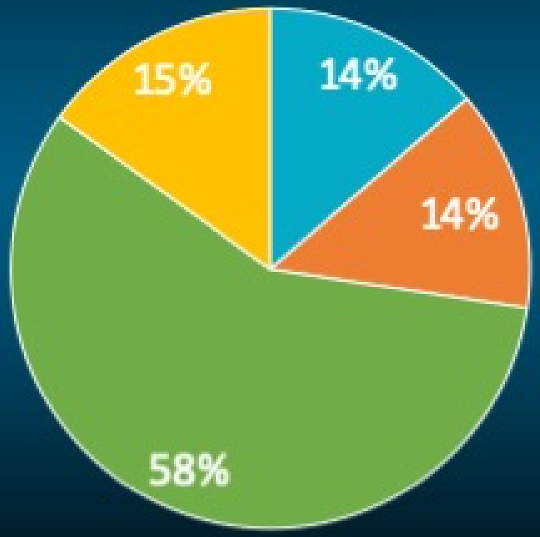
…But These Added Stresses, Created By Increased Play, Have Neither Accelerated Or Delayed Timetables For Capital Projects

Q. What, if anything has been the impact of increased play on facility decision making regarding capital projects to improve the golf course?



PUBLIC

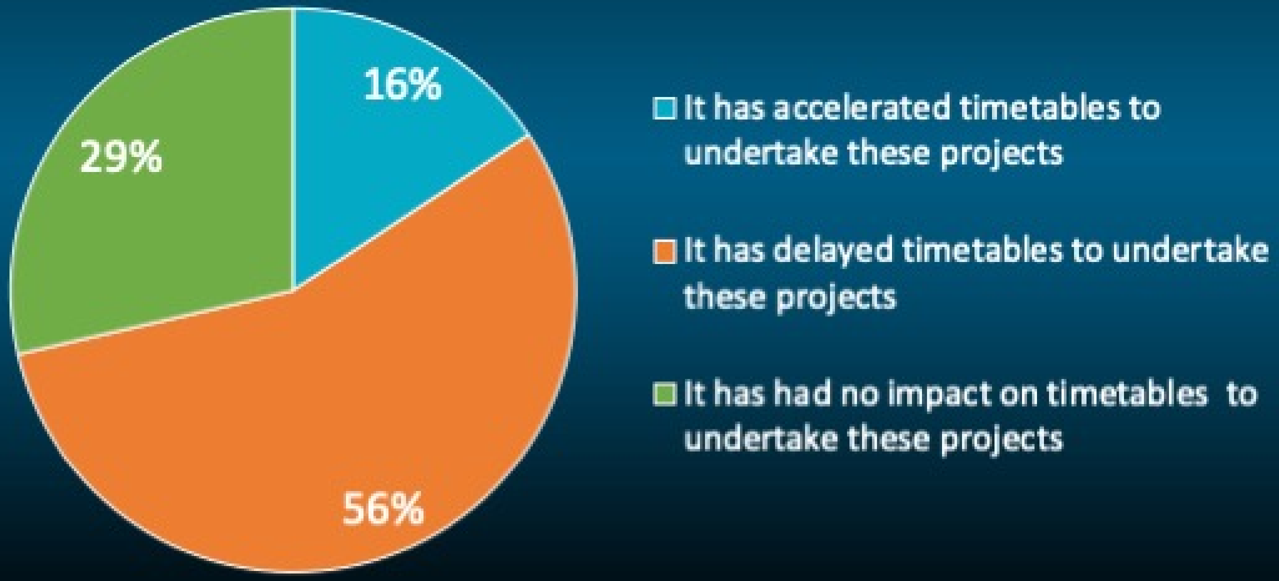
- It has accelerated our timetable to undertake these projects
- It has delayed our timetable to undertake these projects
- It has had no impact on our timetable and we are proceeding with these projects at our typical pace
- It has had no impact on our timetable as we are not planning any capital projects at this time.



PRIVATE

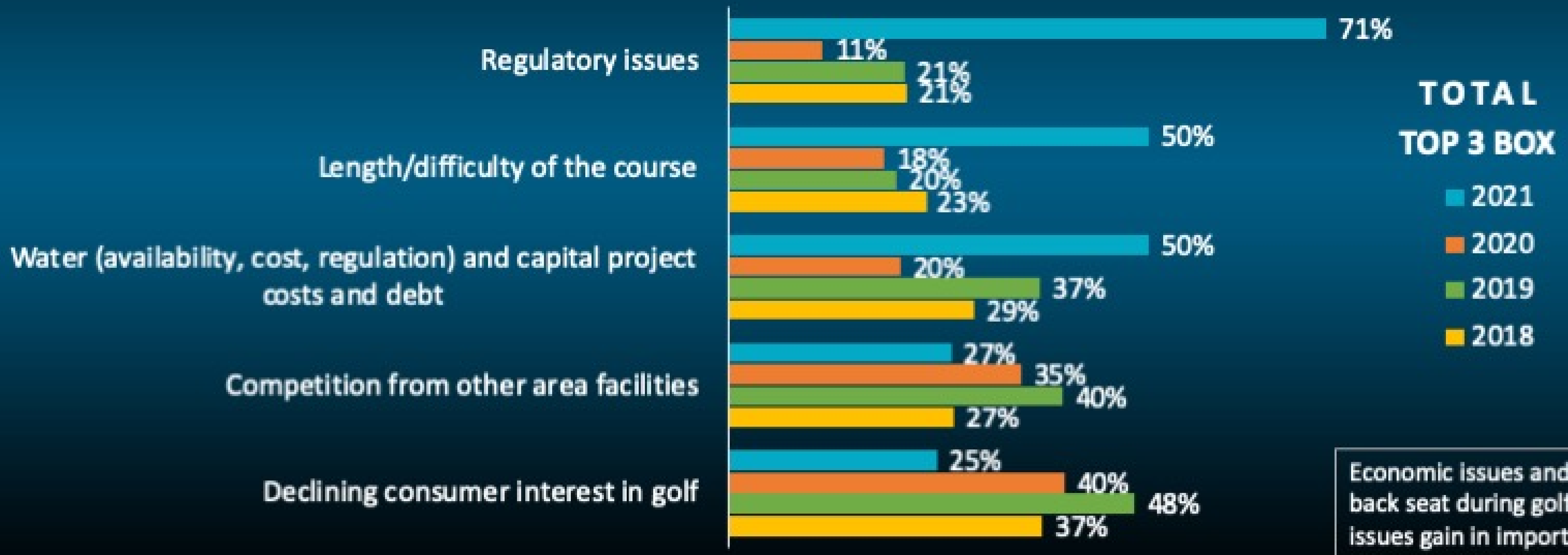
...But Architects See COVID Impacts Delaying Decision Making

Q. What, if anything has been the impact of COVID 19 on facility decision making regarding capital projects to improve the golf course?



Regulatory Issues Vault to the Top Among Huge Shifts in the Most Significant Issues Impacting Facility Financial Health in 2020

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



Economic issues and consumer interest concerns take back seat during golf surge, as course length and water issues gain in importance

Meaningful Shifts in Most Significant Issues at Both Private Clubs and Public Facilities

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

TOP THREE BOX	PUBLIC			PRIVATE		
	2021	2020	2019	2021	2020	2019
Regulatory issues	73%	8%	24%	68%	13%	17%
Length/difficulty of the course	51%	11%	22%	48%	23%	19%
Water (availability, cost, regulation) and capital project costs and debt	51%	19%	37%	48%	21%	38%
Competition from other area facilities	15%	38%	44%	32%	33%	36%
Declining consumer interest in golf	29%	38%	56%	22%	41%	42%
Time it takes to complete a round of golf	17%	35%	46%	29%	34%	34%
Maintenance costs (water, inputs, labor)	21%	41%	54%	27%	44%	53%
The local economy	10%	32%	42%	16%	34%	48%
Competing priorities for customers' leisure time	20%	38%	59%	8%	46%	44%
The overall economy	10%	49%	46%	3%	36%	55%

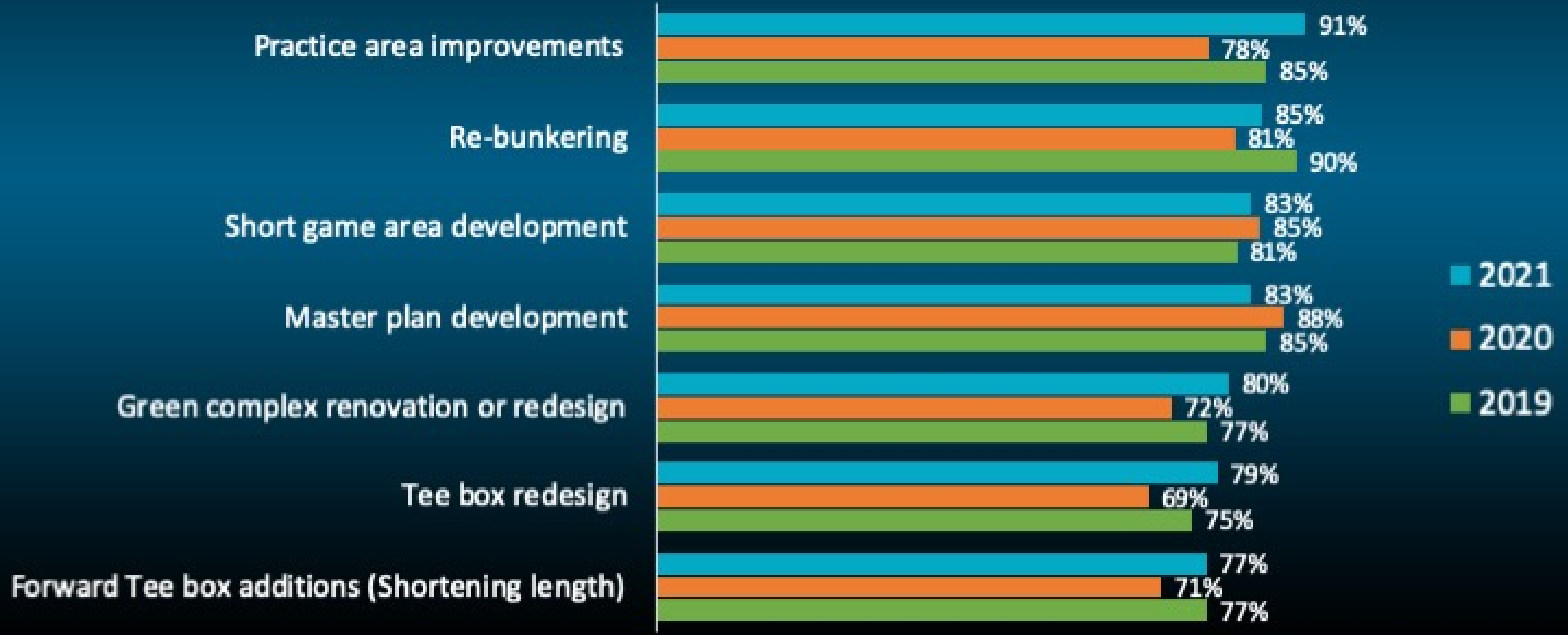
Labor Continues to Dwarf other Factors as The Single Biggest Impact On-Course Maintenance Budgets

Q. Which of the following has the biggest impact on your course maintenance budget?

	PUBLIC			PRIVATE		
	2021	2020	2019	2021	2020	2019
Labor	83%	79%	81%	84%	88%	90%
Equipment	7%	14%	9%	12%	5%	-
Plant protectants (chemicals, fertilizer, nutrients)	7%	4%	-	2%	-	5%
Water costs	-	4%	6%	2%	3%	5%
Insurance	3%	-	-	-	-	-
Competitive practices of other local golf facilities	-	-	3%	-	5%	-

Practice Area Improvements is the Most Prevalent Type of Project for Architects; Master Plan Development Falls to Third

Q. Please indicate which of the following you have been involved with over the past 24 months



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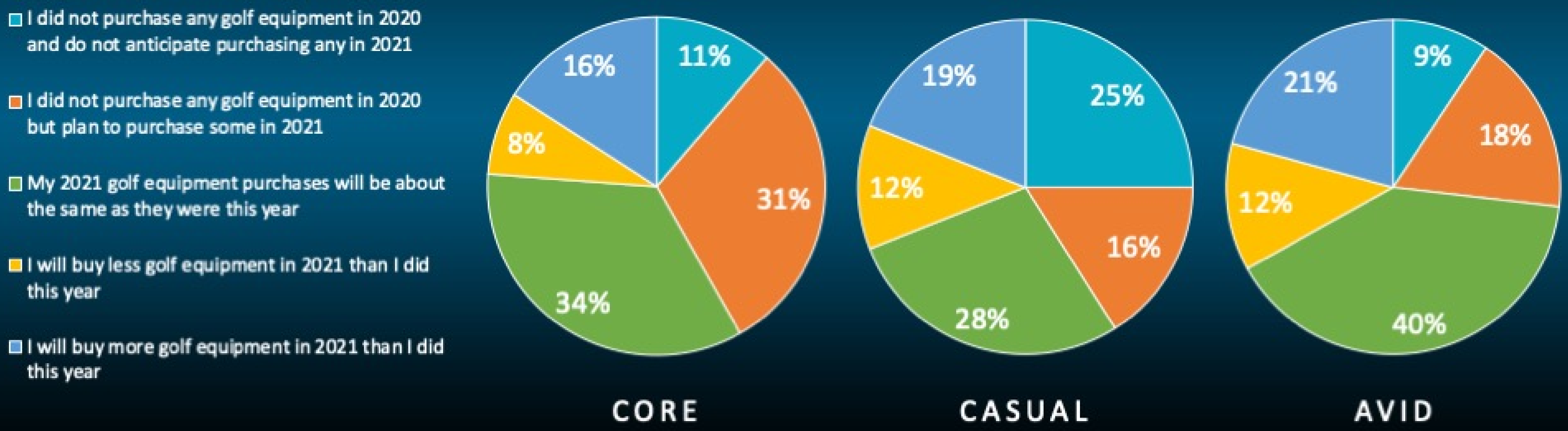
BEYOND THE PANDEMIC

The Year Ahead in Equipment and Retail

Equipment Demand Remains Strong

Q. Thinking about the golf equipment purchases that you have made in 2020 how does this compare to your anticipated purchases of golf equipment in 2021?

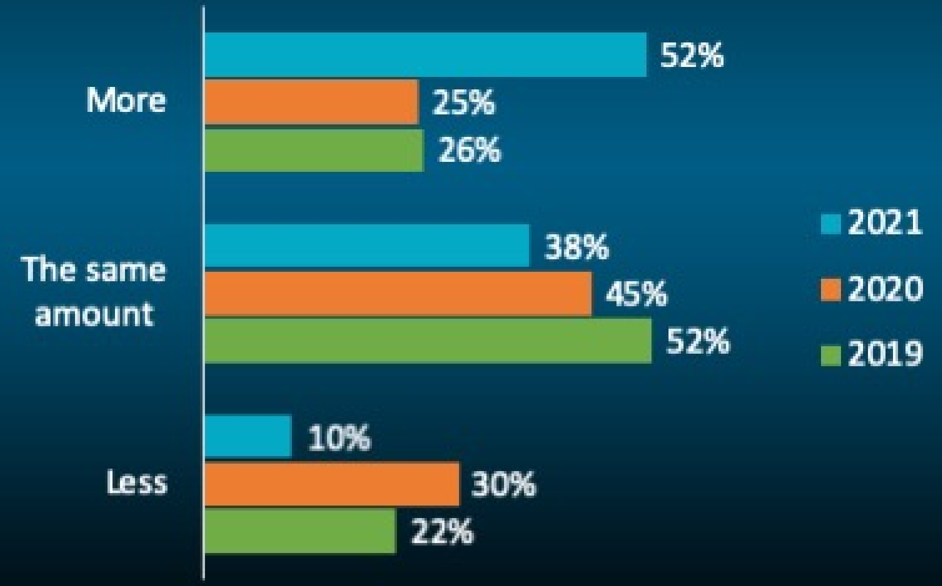


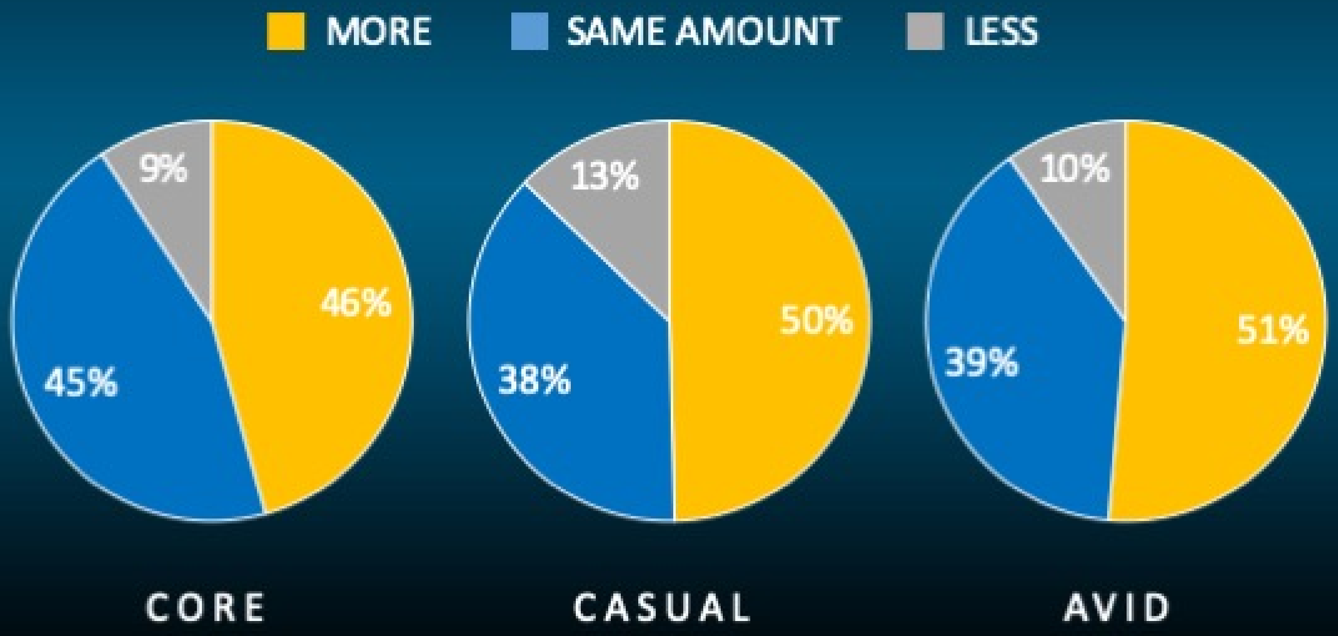
Price Points Stabilize But Demand Increases Virtually Across the Board

Plan to Purchase in 2021

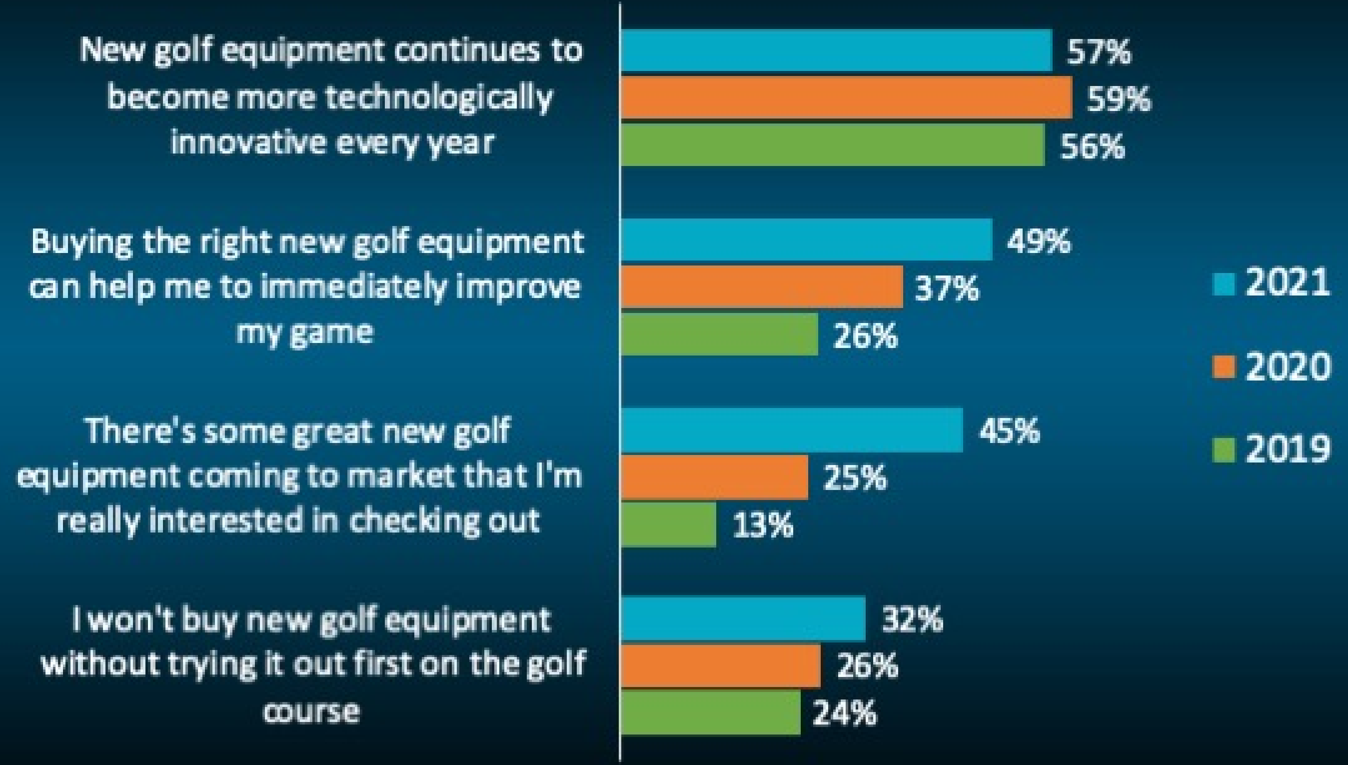
Price Points Stabilize But Demand Increases Virtually Across the Board

Q. Overall, compared to 2020 do you expect that your 2021 total golf related spending for equipment and apparel will be:





Golfers Continue to Lock into the Allure of New Equipment



WORTH NOTING:

A **THREE YEAR HIGH** in those who strongly agree that buying new golf equipment has become a more complicated process in recent years...**38%**...overall and nearly **50%** among SINGLE DIGIT HANDICAPPERS

A Broader Look at Participation

43% plan to visit a **TopGolf** location this year…53% of those living in designated urban/city markets

45% plan to play more 9-hole rounds this year vs. last year

-8% DROP in those who believe the game is facing major challenges in regards to growing overall participation

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BEYOND THE PANDEMIC

Seizing the Surge

Amidst Worry, YOU Need To Have Their Backs

- Wisdom, certainty, and trust are in short supply
- Americans don't believe others are being as diligent in their adherence to safety protocols as they are
- In the absence of clear guidance, one's confidence to re-engage is tied to an ability to control the health risk of a given experience
- Your challenge: Can you enhance the semblance of personal control? Can you provide the certainty people crave?
    - Message: *"You don't have to worry about others' behavior; we've got you covered."*

Example of Giving Certainty & Getting It Right

At the hotel, they did the extra guidelines and took the effort to have extra cleaning, make sure [there was] spacing. The staff and everyone was wearing masks. It had a pool [at] the place that we stayed, and they had it set up that you would schedule your time there. That way people weren't interacting too much. It's kind of what I was expecting that they would do in a case like that. [Their attitude was,] 'We're going to try and stay open, but we're going to follow the guidelines how we're supposed to.' It was a great experience overall.

– Nick (Male, age 36, California)

WYSIATI: “What You See Is All There Is"

- Customers want more information on what you’re doing
- Demonstrate your commitment to cleaning with evidence throughout the business
    - Hand sanitizer stations
    - Cleaning staff
    - Information available on protocols
    - Certificates/checklists posted
- Reinforce commitment at other key touchpoints
    - Website for making reservations
    - Additional reassurance for employee contact that they don’t see

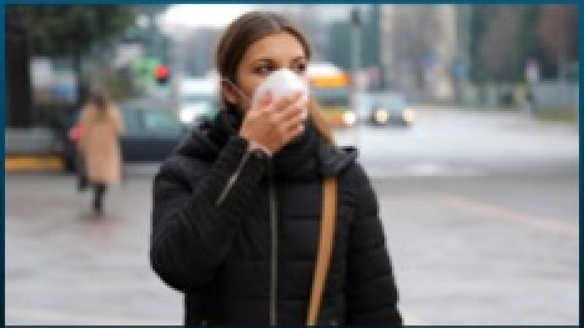
Remember *Goldilocks*

- Too much overt prevention is no fun; too little signals danger
  - Customers want companies to take steps that aren't overbearing
  - Yet they may question if the business should be open
- Fear/anxiety impedes enjoyment, especially with kids
- People don't expect returning to normal to be "normal," and some will make their own changes
- Business travelers may accept more inconveniences than pleasure travelers

What's Creating Greatest Levels of Reassurance?

- Increased and visible cleaning of public spaces
- Facial Covering Requirements Indoors
- Abundantly Available Hand Sanitizer Stations
- Spacing of furniture and fixtures
- Limited capacities
- Temperature Screenings
- Touchless Transactions
  - Including QR Code usage for F&B menus and automated ordering
- Physical/plexiglass barriers

Implications

- We're at an inflection point
- The country's patience has been increasingly tested as economic and social concerns are at par with health concerns; while public trust is at a low point
- Properties that successfully do the following will prevail:
  - Creatively engage their customers—Eschewing the empty, "We're in this together," platitudes
  - Offer hope and clear expectations for a return to normalcy
  - Articulate their efforts to assure a safe and thoughtful return
  - Get the testing protocols right for employees & guests
  - Do their homework so they know who's ready to go, & who's not

Implications

SHORT TERM

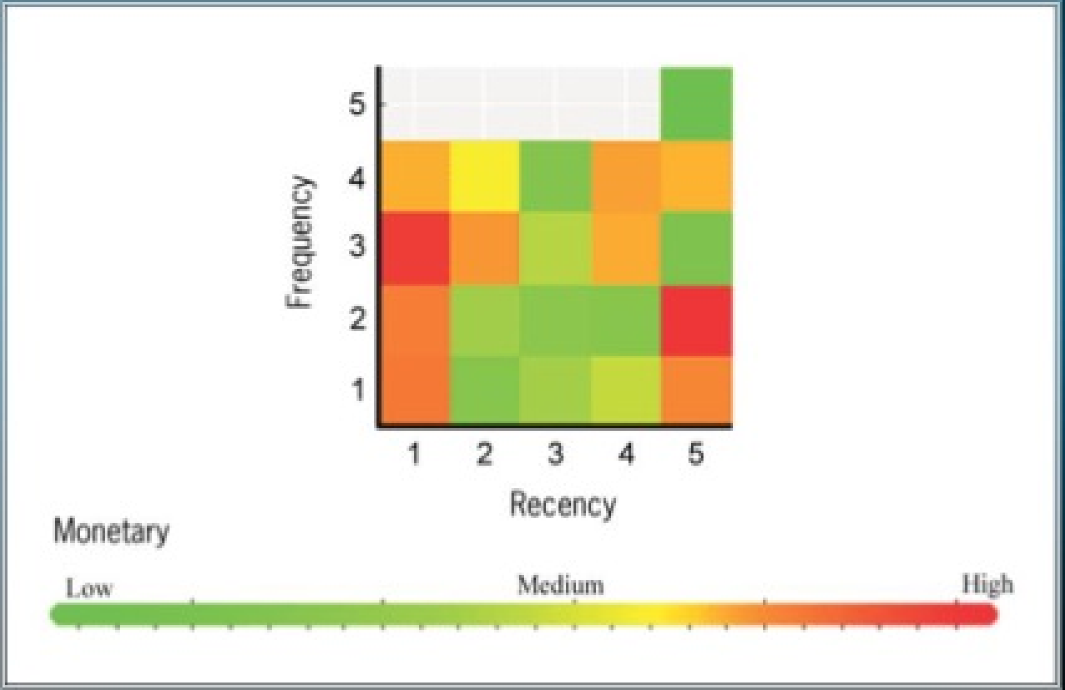
- A Significant Opportunity to Create Enduring Connections
  - Strike while the iron is hot

LONG TERM

- Remember the Short Lived Tiger Boom
  - Be welcoming and create the right experience
  - Connect with your customers
  - Think broadly about the competitive set

Know Your Customer

DATABASE MINING FOR CUSTOMER INSIGHTS



- RFM Analysis Melds with Cutting Edge Concept Testing Research
  - RFM Model to identify cells of "best customers"
  - Integrate with Attitudinal Segmentation and Marketing Effectiveness Research to Optimize "One-to-One" Marketing Communication

Loyalty Program Tent Poles

2C – 2R

Communications

Community

Recognition

Reward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