



# MASTER PLANNING & THE STATE OF THE GOLF INDUSTRY

Golf Inc.™

SPORTS &  
LEISURE  
RESEARCH GROUP



NGCOA

golf  
property  
analysts  
valuation • advisory

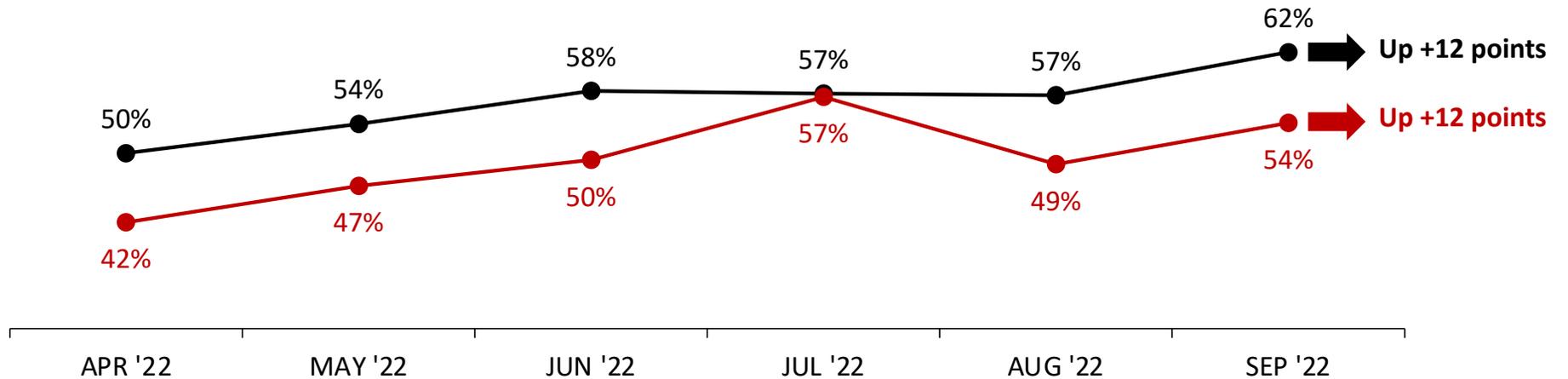
# People are More Budget Conscious as Recession Perceptions Escalate

Thinking about the current situation, please indicate how much you agree or disagree with each of the following statements.

## TOP 3 BOX AGREEMENT

■ I'm more budget conscious today than I was two years ago

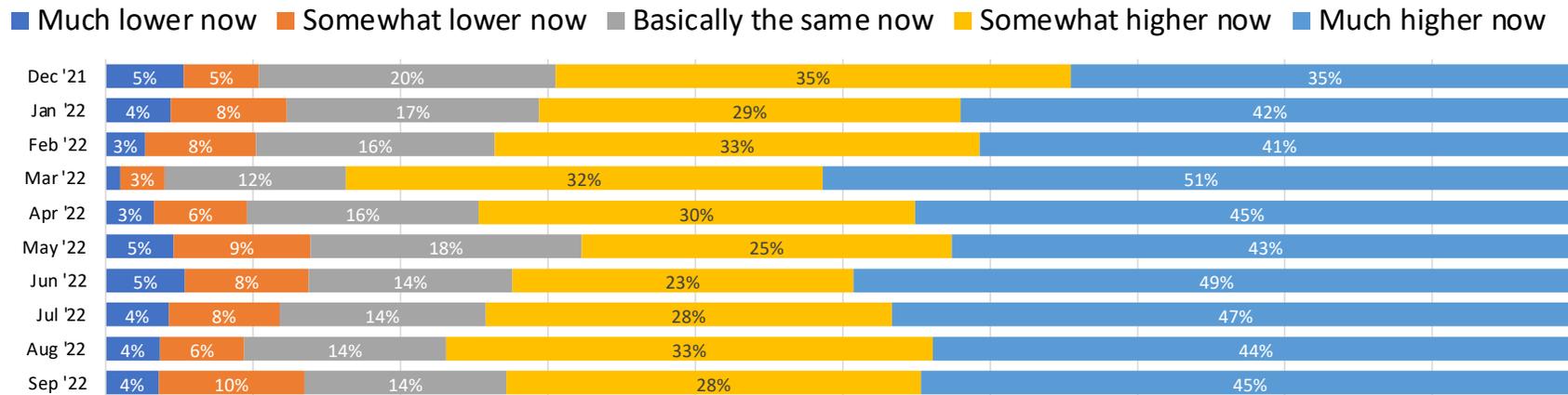
■ The economy is currently in recession



# Perceived Inflation Won't Quit

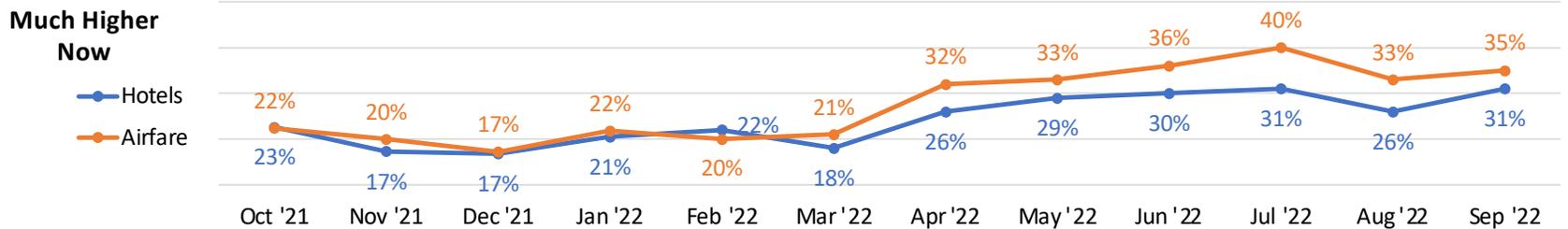
- Hotel Rates creep upward while airfare is stable

Compared to the six months prior to the pandemic, would you say that prices are...



Consumer Items

Travel



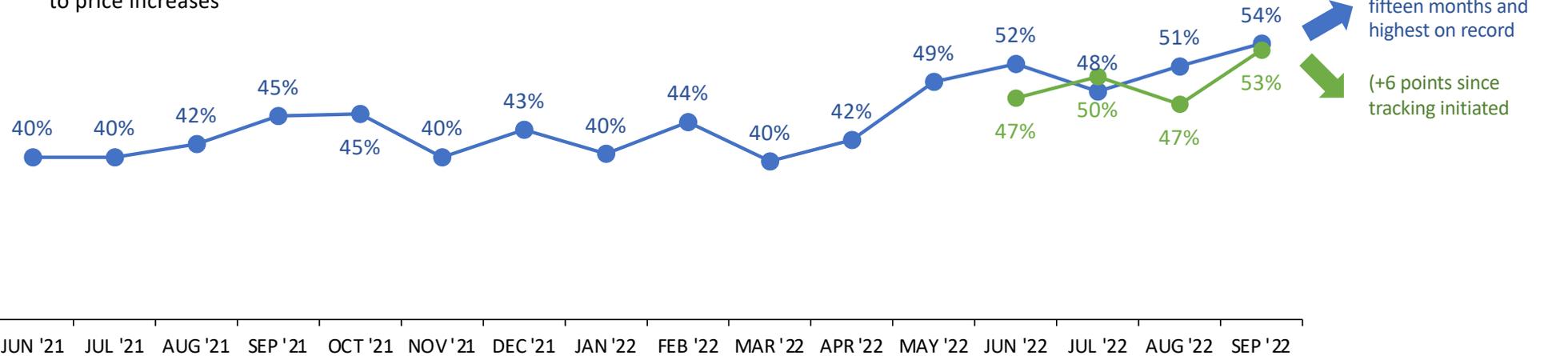
## ...And the Difficulty of Discretionary Spending Decisions Hit a New High

Thinking about the current situation, please indicate how much you agree or disagree with each of the following statements.

### TOP 3 BOX AGREEMENT

■ Today I have to make more difficult decisions about discretionary purchases than I did five years ago

■ I am spending less money on multiple items in response to price increases



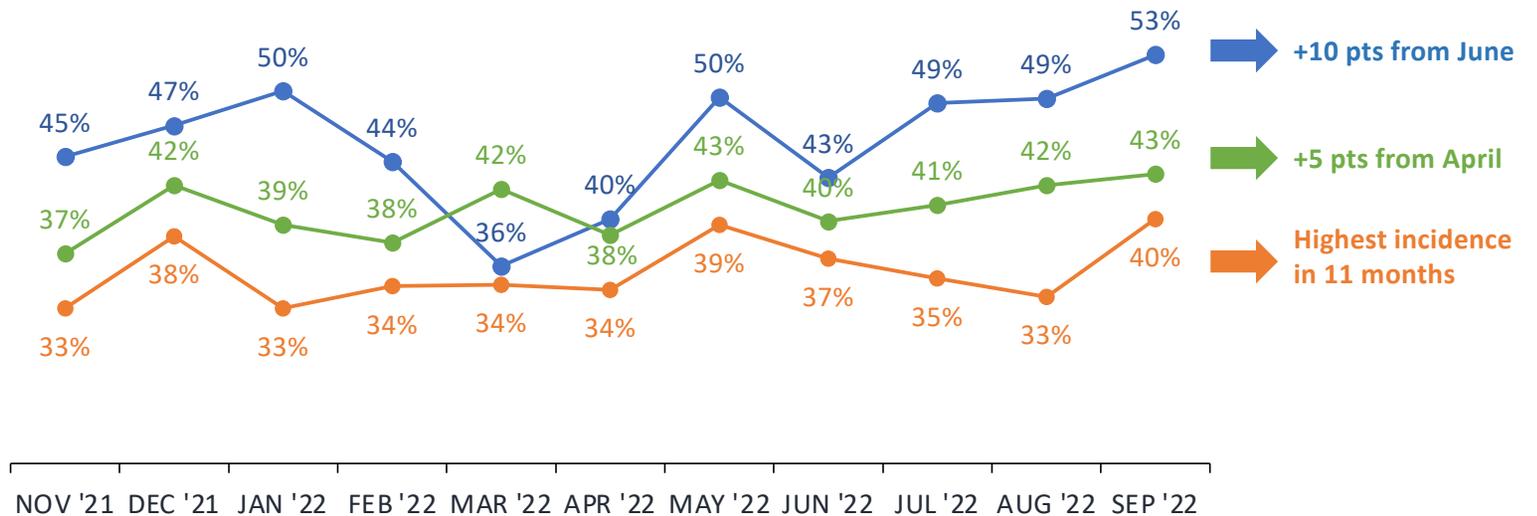
# Bucking the Trend: Travel Demand Continues to Hold on

## TOP 3 BOX AGREEMENT

I plan to take the same number or more business trips over the next six months as I did in the six months prior to the pandemic

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

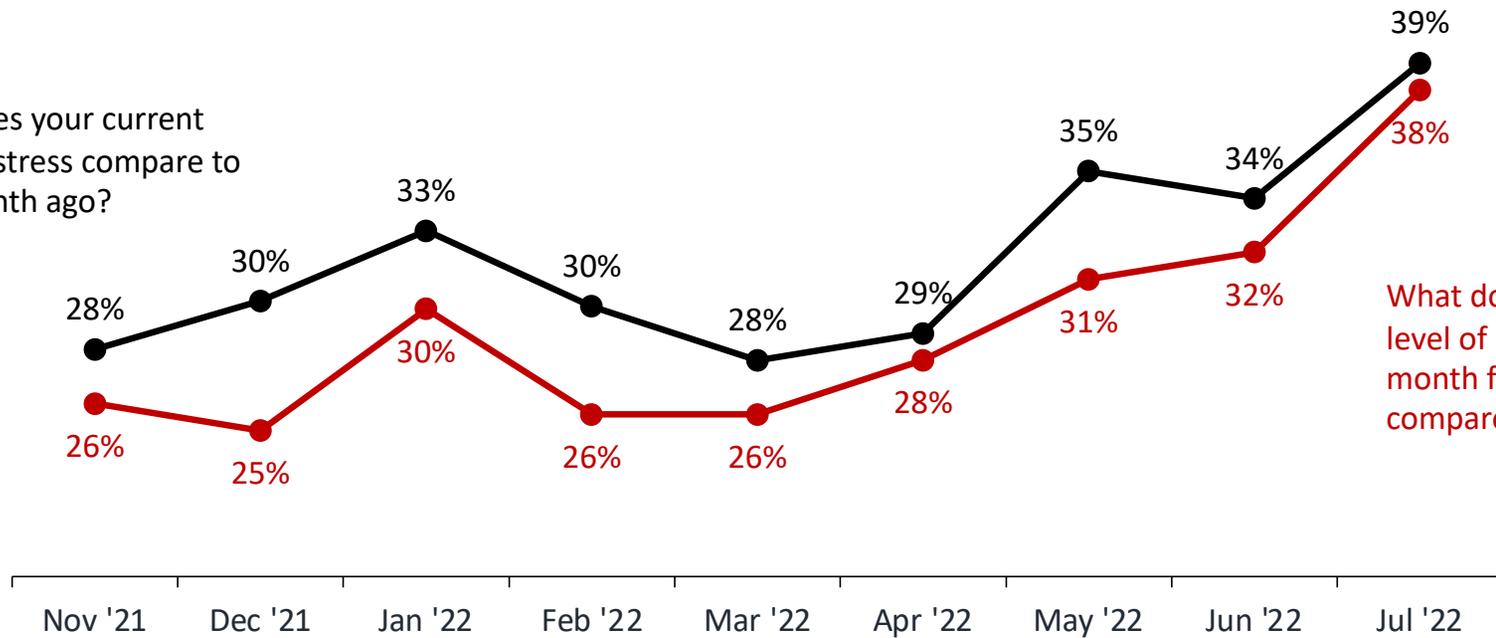
I plan to spend just as much or more money on travel in the next year as I did in the past year



# Consumer Stress Levels are Highest Since December of 2020

## TOP 3 MORE STRESSED

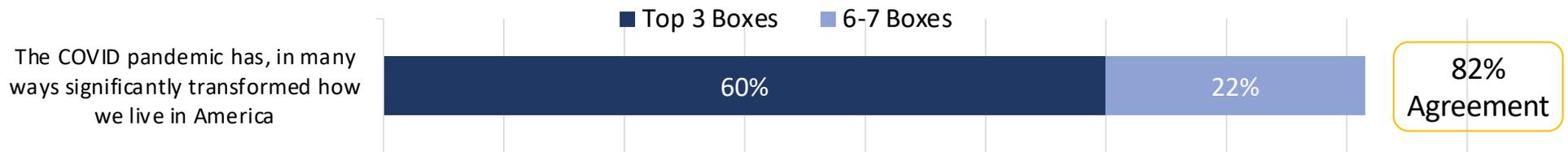
How does your current level of stress compare to one month ago?



What do you think your level of stress will be one month from now as compared to today?

# The COVID Pandemic Has Significantly Transformed How We Live In America

Looking ahead, please indicate how much you agree or disagree with each of the following statements



## We've Shifted Our Focus

Please indicate the impact, if any, that the COVID pandemic has transformed the way that we live in America

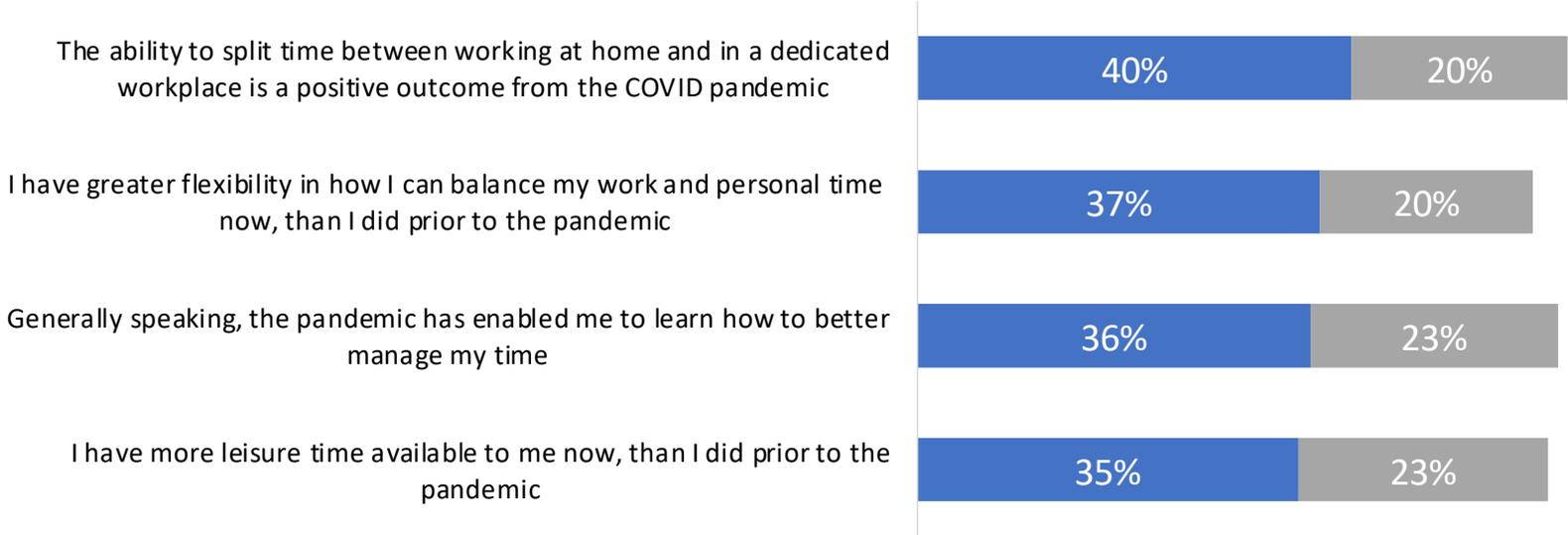


- 70% agree that "Since the start of the pandemic, I have been even more active in finding new ways to improve my personal wellness."

# The Pandemic Helped Us to Re-Prioritize Time Allocation

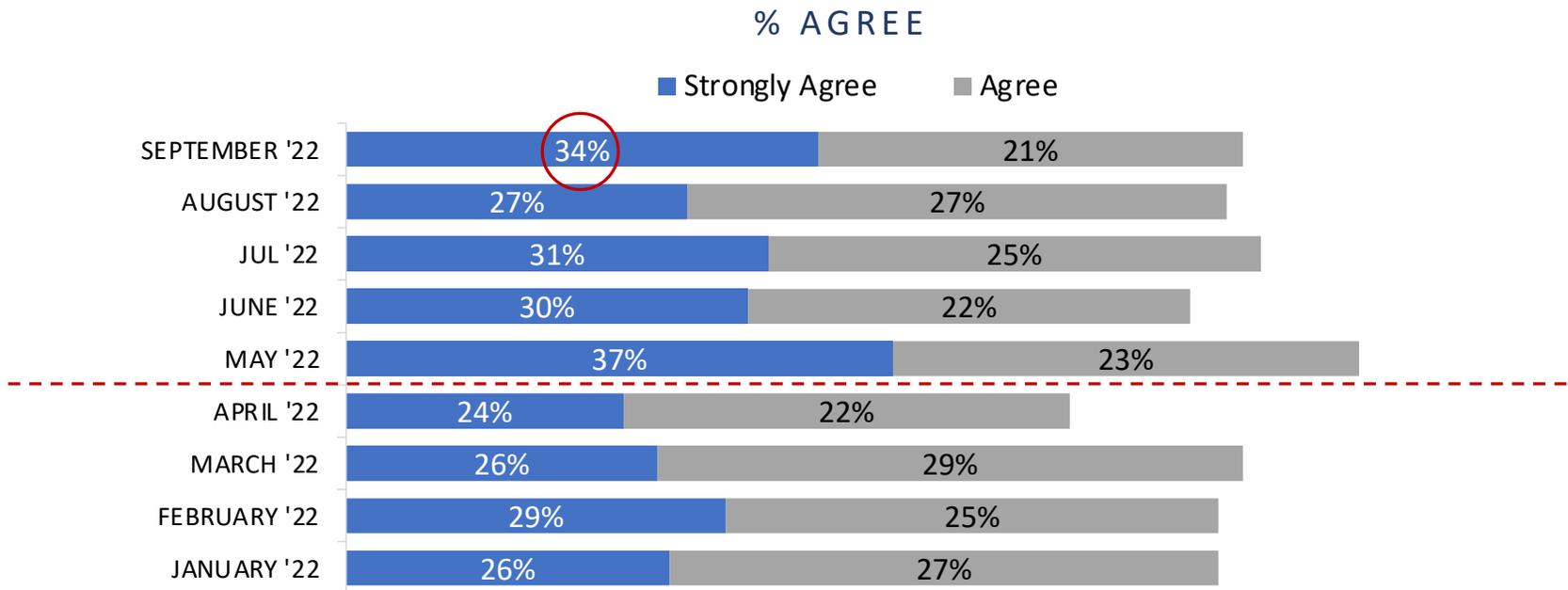
Please indicate how much you agree or disagree with each of the following statements

■ Strong Agreement   ■ Agreement



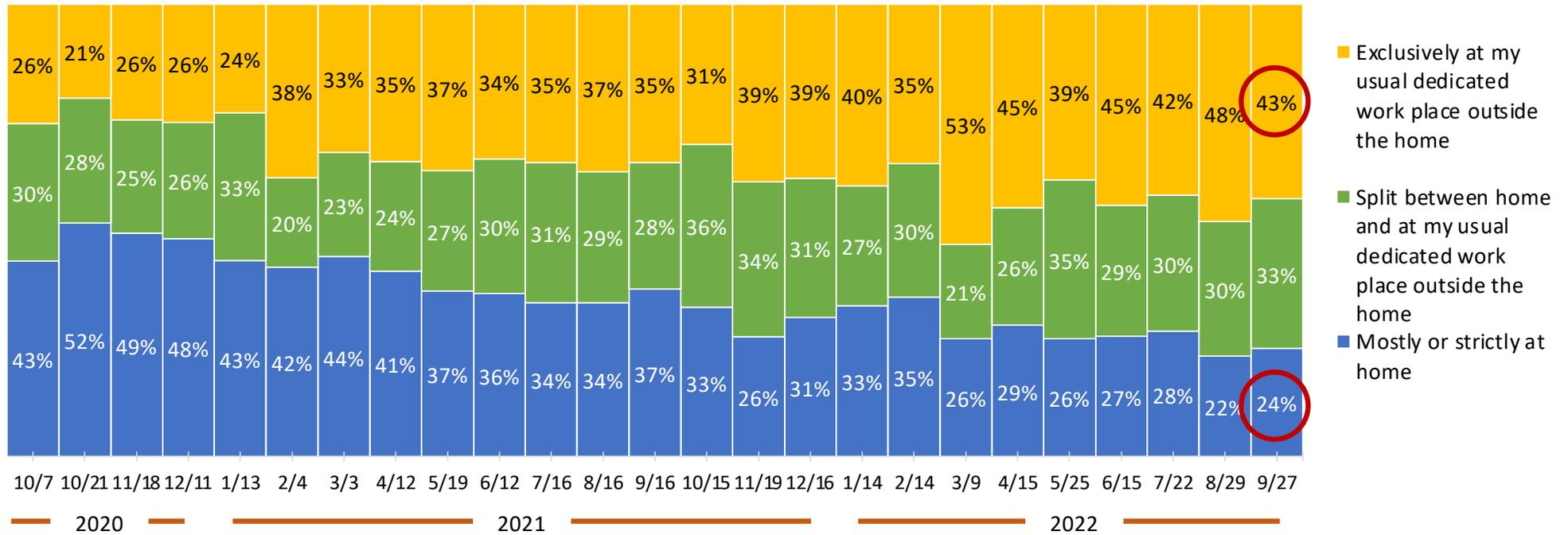
## ...Though, the Resumption of Normal Activities Have Been Particularly Underwhelming Since Spring

*In general, the resumption of normal activities, that were limited during the height of the pandemic, has been underwhelming relative to my expectations and recollections of them, pre-COVID*



# Hybrid Work at Second Highest Incidence Since November '21

Are you presently working from home or in a dedicated work place?



- Those back to work exclusively outside of the home retreats to July levels

## About Half of the Unemployed are Not Willing to Take Jobs That Do Not Offer the Opportunity for Remote Work

- One in four are strongly opposed to taking such work



**Q.** How willing would you be to take full time work that did not afford you with any opportunity to work remotely? Please use a scale from 1-10, where “10” indicates that you would have no hesitation whatsoever to take a job that does not allow for any remote work and “1” indicates that you would definitely not take a job that does not provide for a remote work opportunity.

## A Significant Majority of Americans Feel Isolated

**59%** of Respondents Agree with the statement: *“Compared to before the start of the COVID pandemic, I feel more isolated from the world around me.”*

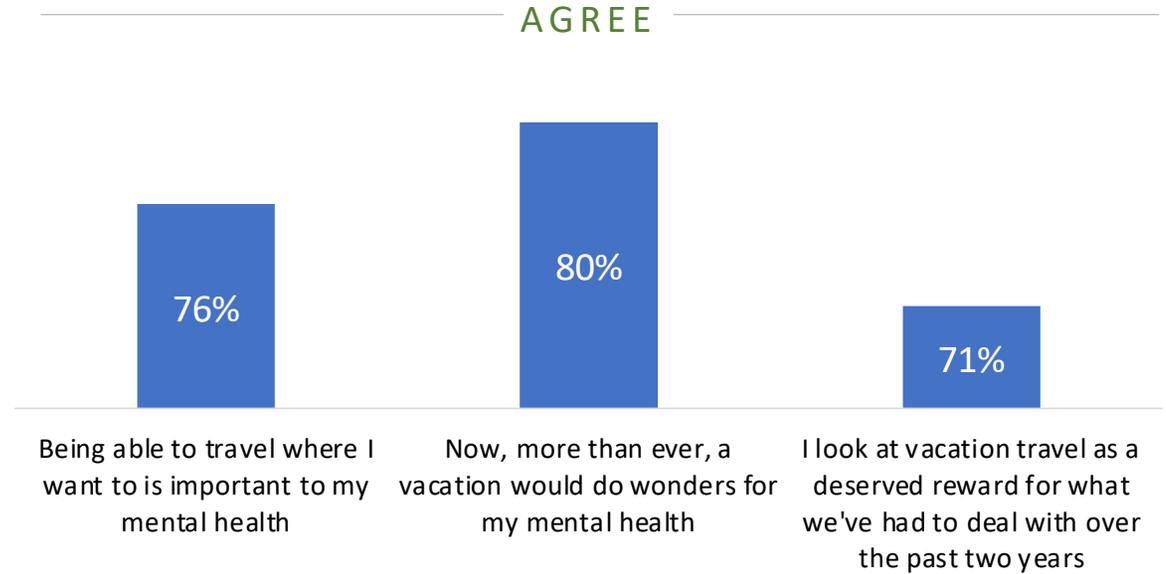
### FEEDS:

- Partisan divisiveness
- Mistrust on who and what to believe
- Dearth of and redefinition of socialization opportunities



# People “Need” a Vacation

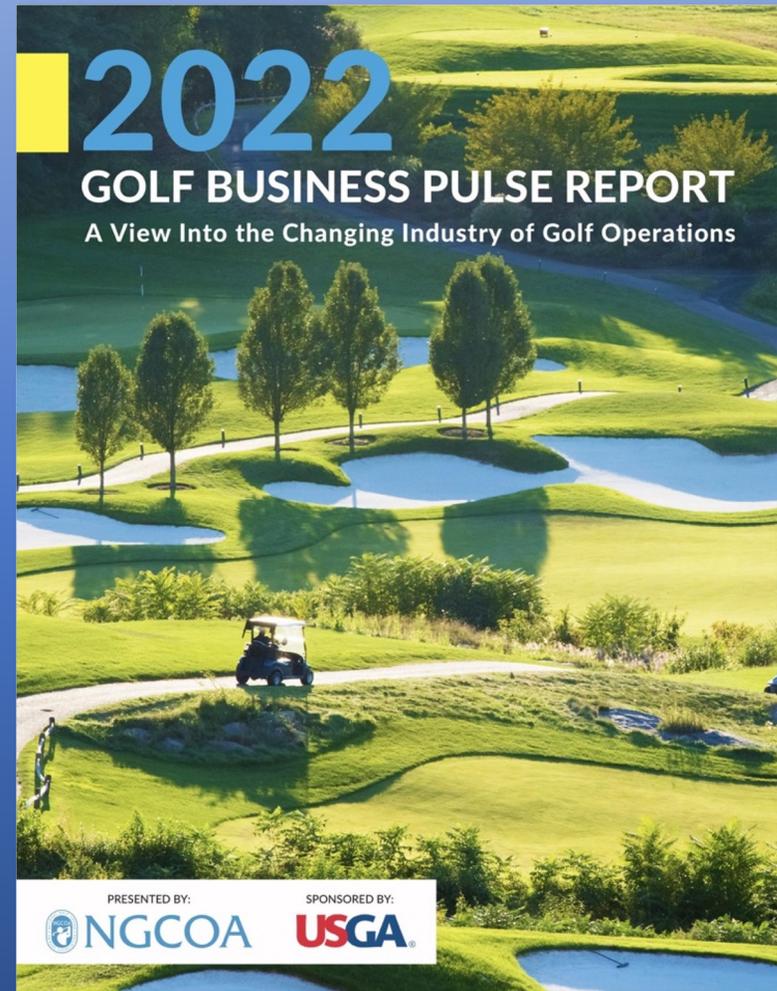
Q. Please indicate your agreement with each of the following statements



## But Golf Still Enjoys Two Strong Points of Competitive Advantage:

1. The Failure of Competitive Recreational Activities to Adequately Seize Upon the Latent Demand
2. The Transformation of the Work Experience Yields New definitions of work/life balance and utilization of time





# 2022

## GOLF BUSINESS PULSE REPORT

A View Into the Changing Industry of Golf Operations

PRESENTED BY:  **NGCOA**      SPONSORED BY:  **USGA**

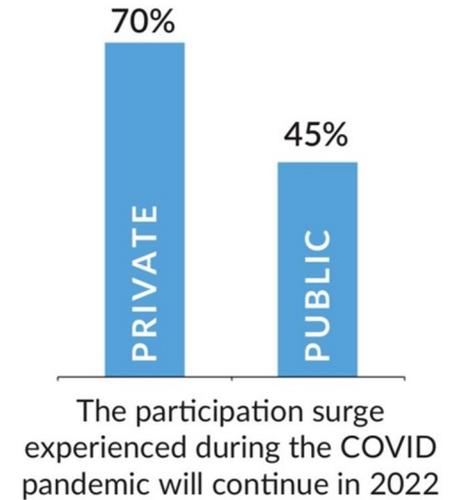
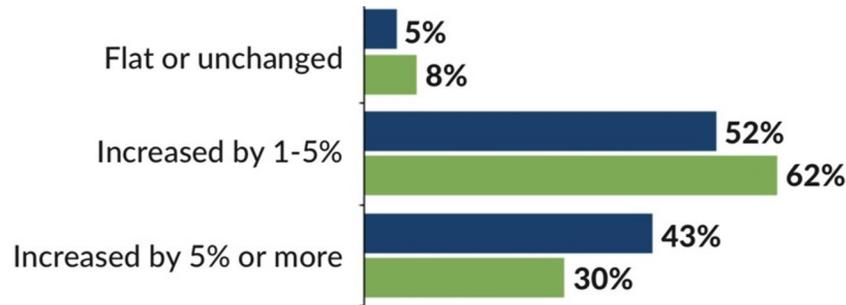
2022 Golf Business Pulse Report  
A View Into the Changing Industry of Golf Operations

# The Macro, The Environment, The Climate, The Mood

- Inflation and Recession Concerns
- Hubris Concerns
- Rate Confidence v Overconfidence
- Performance Anxiety

What are your average pricing expectations for 2022 vs. 2021 for green fees/memberships?

■ PRIVATE ■ PUBLIC



"I'm concerned that the golf industry will push price increases too far."

■ Top 3 Box Agree ■ 6-7 Box Agree ■ 4-5 Box Agree ■ Bottom 3 Box Agree



# The Workforce

- We are competing against the rest of the world for quality staff
- What is your work philosophy as an employer?
- Fear of Automation?

*“We’ve benefited from cheap labor for a long time in the whole business world. We can’t pay equipment operators \$10 anymore. The ability to find people becomes tougher and tougher. I’m a capitalist to the end, but I have to pay a living wage.”*

Issues that can impact the sustainability and financial health of a golf facility.

**RANKED 1st**

- Labor issues
- The overall economy
- Competing priorities for customers' leisure time
- Competition from other area facilities
- Capital project costs and debt
- The local economy
- Maintenance costs (water, inputs)
- Water (availability, cost, regulation)
- Regulatory issues
- Time it takes to complete a round of golf

Thinking about labor issues, please rank the challenges of each of these...

**RANKED 1st (Most Challenging)**



## TOP 3 BOX AGREE



# The Customer Experience

- Golf Entertainment
- Formats and Fun

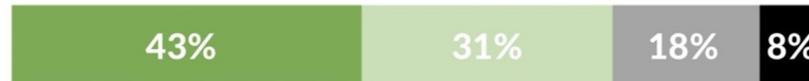


## HEAVY INVESTMENT IN SIMULATORS AND GAMIFIED RANGES

More than a quarter of owners surveyed indicated that both simulator/launch monitor availability and smart ranges or practice areas including Toptracer technology and other gamification elements were extremely important to the success of their golf facility over the next two years. An even greater incidence of owners saw this as an important and growing revenue source.

■ Top 3 Box Agree   ■ 6-7 Box Agree   ■ 4-5 Box Agree   ■ Bottom 3 Box Agree

*Golf ranges will become a significant new revenue source over the next several years*



74% agreement

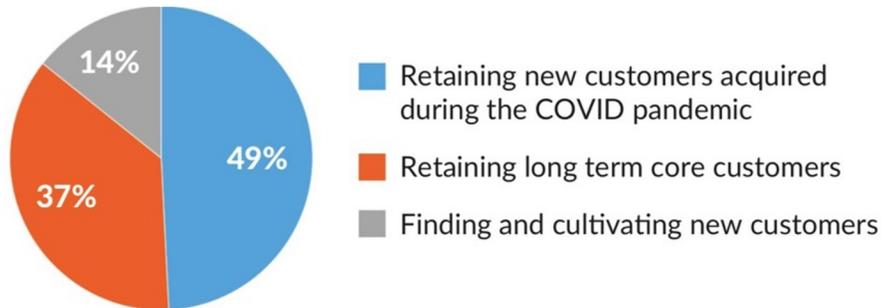
## Customer Capture and Retention

- Conscious and intentional work?

Yet, regardless of how the marketing pie is sliced, there is alignment in the recognition that the industry needs to do a better job of cultivating new players. **87% of owners agree that “Golf needs to do a better job of managing the customer journey of golfers once they complete their initial introduction to the game.”** Part of this includes flexibility in the core product offerings. A similarly high two thirds agree that golf facilities need to focus more on providing alternatives to the traditional 18 hole round.

Over the next two years please rank the importance of the following marketing efforts or objectives.

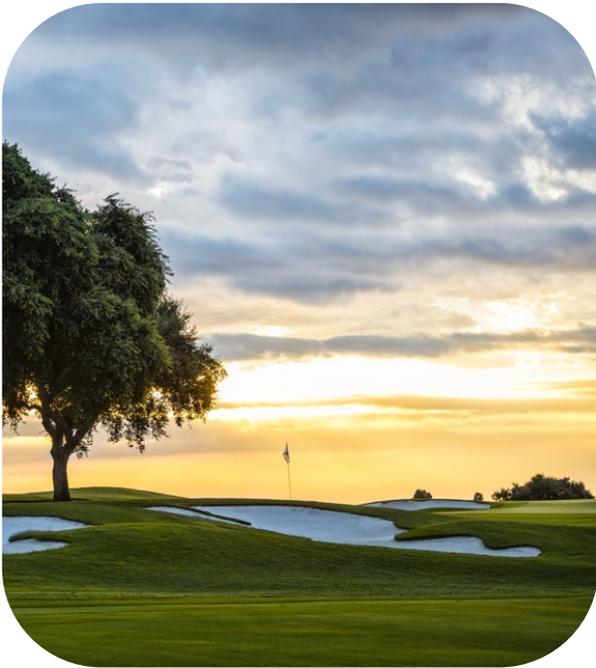
SUMMARY TABLE - Ranked 1st



Yet, in a follow-up question, less than half of facility owners considered themselves as very good at measuring the golfer experience. Just one-in-five claimed to conduct focus groups or other formal face-to-face discussions with golfers and while 44% indicated that they had conducted customer surveys, only 6% utilized professional marketing researchers in these efforts.

## Customer Capture and Retention

- What funnel are you drinking from? Your own or a third-party?



**83%** Agree

*“Public golf facilities need to take back more control of their tee time inventory.”*

**77%** Agree

*“Moving golf facilities away from third party tee time providers is an important industry priority.”*



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## Club Cultural Audits

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## WHAT?

**A Club Culture Profile** is an immersive and rigorous look at key elements of the club's culture. It's imperative in assessing membership attrition risk and member alignment on club priorities, utilization and long-term stability.

Utilizing a mix of qualitative depth interviews and survey research with current, former and prospective members, the **Club Culture Profile** will yield a comprehensive assessment of member sustainability and the attractiveness of the club relative to its competitive set. Summary measures from both supply/demand analysis and consumer research can be compared to a normative database to help evaluate critical issues and points of differentiation.

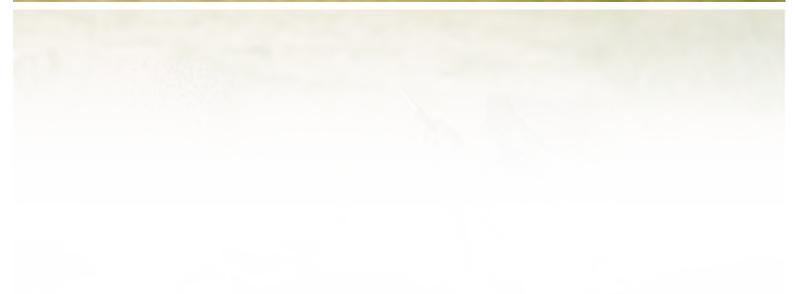


# WHY?

The **Club Culture Profile** Can Be Used By Clubs In A Variety of Situations.

**These include:**

- Clubs preparing to develop Master Plans
- Clubs considering market repositioning
- Clubs requiring deferred maintenance on aging or outdated facilities
- Clubs seeking membership development
- Clubs considering major reinvestment in facilities
- Clubs experiencing cultural, generational evolution
- Clubs seeking to restore or enhance their “reputation”
- Clubs experiencing utilization pressures
- Clubs experiencing high membership and staff turnover



# Key Areas of Inquiry for a Club Culture Audit

## Member Perceptions of:

- Cost/value
- Amenity mix
- Club atmosphere
- Club reputation
- Utilization patterns

- Interpersonal dynamics and cliques
- Member composition and diversity
- New member onboarding
- Club leadership and member inclusion
- Club Rules and Bylaws

- Member communications
- Sense of community
- Member development planning and attrition



- Utilization distribution (recency, frequency, monetary)
- Net Promoter Scores/Advocacy
- Share of Customer across amenities
- Longevity/Retention Measures
  - Churn
  - Average member tenure
- Desired enhancements to evaluate priority alignment or lack thereof
- Broad measures of satisfaction and attrition risk
- Attitudinal homogeneity vs. diversity of attitudes
- Homogeneity vs. diversity of interests outside of the club

## CHALLENGES

Do you know *and understand* your competitive market?

Have you considered location and demographics?

Have you done an *objective* analysis of your facilities and infrastructure?

Have you defined *mandatory* projects (deferred maintenance) from *elective* enhancements and additions?

Do you have your “fair share” of the membership market?

Have you identified the (present & future) “culture” of your club?

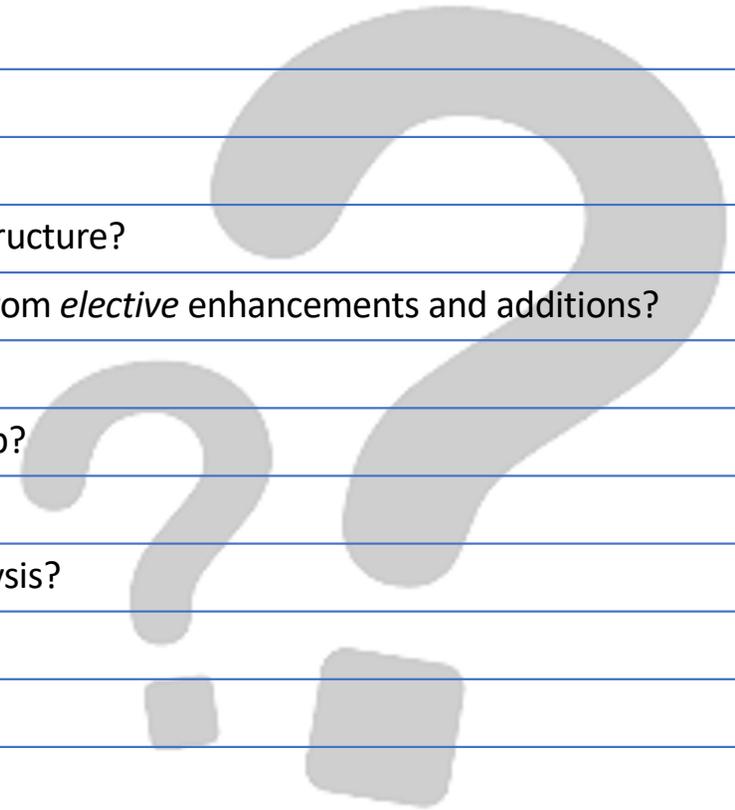
Have you planned adequately for capital needs?

Are you making strategic decisions with objective data and analysis?

How is your club maintaining its competitive edge?

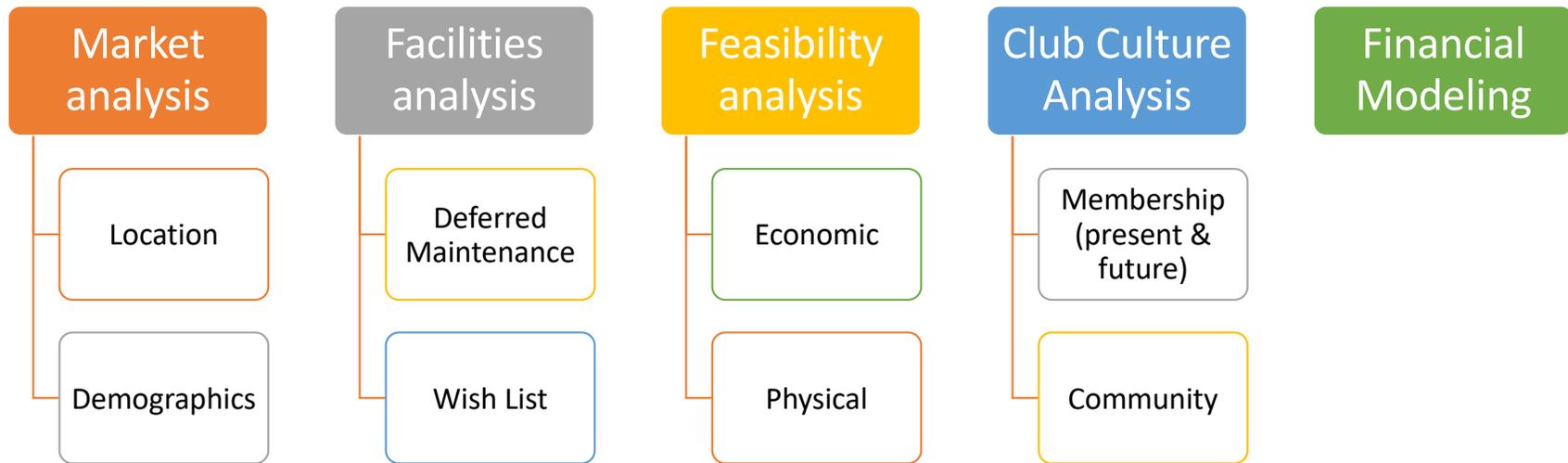
How does your club compare to your competition?

What is the club’s *realistic* market position?

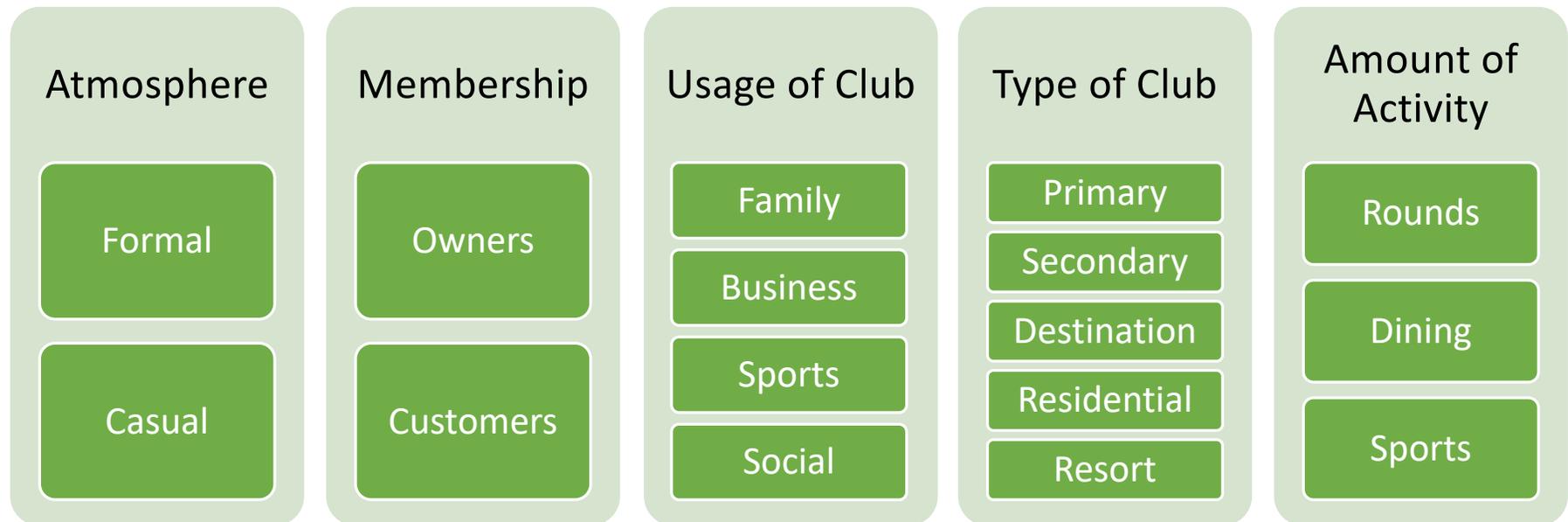


# STRATEGIES

Develop & Implement Your Club's Master Plan with Independent and Objective:



## CLUB CULTURE - DEFINED



## CLUB CULTURE - DEFINED



### Owners



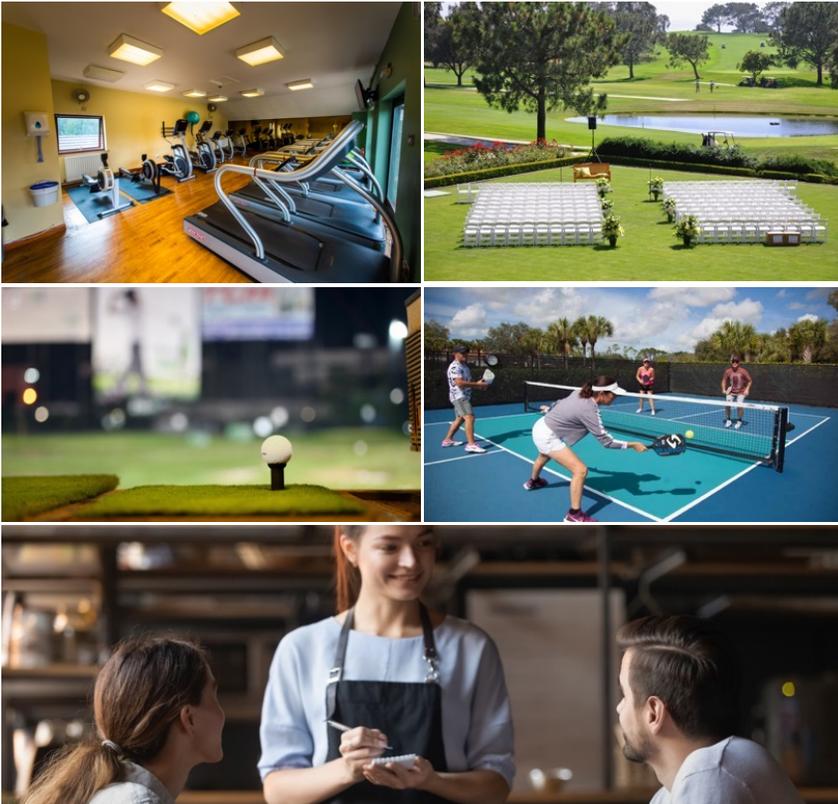
- Seek to improve club
- Willing to pay for enhancements
- Pride in "their" club
- Sacrifice for the good of the club
- An eye to the future membership
- Replace divots and fix ball marks
- Respectful to staff

### Customers



- Complain about most expenditures
- Resist cost increases
- All about "me"
- "Let the next guy pay for it"
- No Assessments

# FACILITIES



Amenities

Golf/Practice/Learning

Fitness

Tennis

Paddle

Pickle

Squash

Dining/Banquet

Swimming

Equestrian

# ECONOMIC FEASIBILITY

## \$ COST versus:

- Revenues
- Expenses
- Reserves
- Capital
- Assessments
- Capacity/Demand
- Dues
- Usage

# OPERATIONS

## \$ Revenues

- Enhanced performance
- More members (if needed)
- Increased Usage
- Appropriate Pricing

## \$ Expenses

- Expense Management
  - Hours
  - Staffing
  - Maintenance
  - Buying
- Tax Assessment Analysis



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