Buckeye Golf Association
newsflash
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Together we can make a difference in golf

While trying to get through the "usual" winter in Ohio, I recently came across an article written after 9/11 by a golf course owner in Pennsylvania (see following). After reading this article I was even more adamant about getting the point across to all golf course owners that we must work together to reestablish golf in Ohio as viable and having a positive economic impact.

In the early 2000s we had similar problems, however we let them all slide. But with all the golf courses closing and player development going down, we must recommit, to making golf the best it can be. Each course cannot do it alone! WE cannot all live on an island, or in our own little world, and expect this just all of a sudden to get better. We must share ideas and concerns so we can solve or implement things together!

We have a State and National Association voice (Buckeye Golf Association and National Golf Course Owners Association) and we must use them to benefit us as owners and operators. The excuse of " they don't do anything for me" is no longer viable.

Maybe you assume they don't do anything, but when was the last time you did anything for them? We need to be involved in our communities, reaching out for more players or bringing players back to the game we all love. By joining the State and National Associations, you will be starting a journey of helping golf in Ohio and Nationally. **GET INVOLVED!**

Let the slogan be for 2019 "**TOGETHER WE CAN MAKE A DIFFERENCE IN GOLF!**" Join and be part of the effort to make Golf Great Again!

Rick Snode

Tannenhauf Golf Club

President Buckeye Golf Association

<u>**ARE WE AT THE BEGINNING OF THE END**</u>

<u>**OR**</u>

<u>**THE END OF THE BEGINNING?**</u>

By

John F. Evans, MBA, CPA
President, PA Golf Course Owners Association
Owner, Riverside Golf Club, Cambridge Springs, PA

There has been a lot written over the last several years regarding the troubles of the golf industry. Experts tell us that golf activity is down because a) the economy is in a recession, b) the industry is overbuilt, c) people are playing fewer rounds due to longer work weeks and less free time, d) the reduction in air travel in the aftermath of the 9/11/01 tragedy and e) any other reason one can imagine.

In reality, all of the above are true and certainly have contributed to the situation the industry now faces. However, I have a different view than some. You see, most industry observers believe that the effect of these factors and others is just temporary – they say trim expenses, eliminate poor performing properties (which is tough to do if you only own one golf course), focus on quality and service and have patience, the baby boomers are coming. I don't think it's that easy; in fact, I believe that, as an industry, we're at a crossroads. This game has been around this country for about 130 years and has enjoyed consistent growth until the last decade. Now, it is competing for people's leisure time and money with many other things, at a point when leisure time has never been in shorter supply.

I heard an official from the Cleveland, Ohio, tourist bureau speak a couple years ago about the "time-starved society" in which we find ourselves today. He was right – time is scarce and our statistics reflect it. Every year, more and more golfers play fewer rounds because they just don't have the time. Two income families, single parent families, kids in soccer and tae kwon do, two jobs, you name it. The three round per week golfer is becoming extinct, replaced by people who play 10 times a year. And, as for our hopes that the baby boomers (of which I am one) will save this industry – just read any AARP publication to find out how few fifty-somethings are planning to retire any time soon given the loss in retirement savings in the stock market the last 28 months.

No, I don't agree that we're perched on the edge of a recovery because I believe that the factors affecting us aren't going to change that much, if at all, any time soon. So, does that mean our industry is at the beginning of the end? It just might be if we don't get off our collective behinds and do something about it.

What can we do? Can we outlaw longer workweeks or two income families – obviously not. How about soccer; let's get rid of that! No can do. A national moratorium on construction of

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any new golf course or golf course expansion? A nice thought but not possible. Force the baby boomers to retire on schedule? Not at the rate my 401(k) has shrunk to a 201(k).

No, the answer to our dilemma isn't quite so easy, but it's not complicated – it's just exercising the leadership we already have within our grasp. We have all the elements for success we need; the challenge is to organize and mobilize them. Let me be more specific.

Every industry goes through a tough period from time to time – it's the price you pay for being around year after year. Unfortunately, it is our industry's turn in the barrel. For many golf course owners, this is a scary thought, as they have never experienced a business trough. For those of us who've been in other industries before, this is, unfortunately, all too familiar. The key strategies for surviving a business downturn are the same as for a football team – you need a good defense to keep you in the game and a good offense to put points on the board. And, the most important factor is to work together as a team.

Looking at the golf industry, we're not doing a very good job of working as a team so far. Most industries "circle the wagons" when things get tough – we're still shooting at each other by predatory pricing, negative advertising and avoiding state and national meetings and events. So, let's start by agreeing that our competition isn't the golf course down the street – it's everything else people do with their time and money. While we're trying to put each other out of business, many other recreational activities are flourishing at our expense. Let's start by ending this idiotic competition among ourselves and focus our efforts to more productive targets. And, let's get rid of the "tunnel vision" that is so prevalent in our industry. The problems we face are just too big for any of us to conquer on our own but, together, nothing is impossible. So, instead of staying away from local, state and national meetings, we ought to be flocking to them as a vehicle for developing and implementing collective actions that will help us to weather the storm.

Turning to defensive measures, we need to organize and implement some meaningful cost saving programs to help us survive until the demand/supply relationship regains equilibrium. I recognize that getting everyone to support a single supplier system isn't going to happen overnight, but we'll never get there if we don't start somewhere. These programs could be a combination of local, state and national efforts, but they need to be coordinated nationally if the maximum effect is to be realized. And, I believe that every aspect of golf course operations should be explored – turf equipment and supplies, golf merchandise and supplies, food and beverage equipment and supplies, office equipment and supplies, insurance and vehicles – you name it. Also, we ought to find ways of sharing resources – equipment, people, programs – among courses in a given geographic area. And, we ought to be integrating our efforts so that the industry acts as a whole rather than as individual units.

As for the offensive strategy, it really boils down to one issue – player development. If you believe, as I do, that most of the factors effecting us are beyond our ability to control, then we have no choice but to get **MORE PEOPLE** playing golf. I'm not talking about 1 million more a year – unfortunately, that's too little too late. I'm talking about 5 million more a year for the next four years at a minimum. That will take the golfing population from 37 million (about 13% of the US population of 280 million) to 57 million (about 20% - the same as Canada). I would love to see an even faster increase, but fear our facilities just couldn't handle such a rapid

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expansion. If 20 million more people play just 10 rounds per year, that's 200 million more rounds or a 40% increase over current levels! That will go a long way to restoring the equilibrium in supply and demand we're all hoping to see.

Can this be accomplished? Yes, it can, but it will take an effort more extensive than any ever tried before by our industry. We'll need to develop and launch a national program to generate interest and demand (e.g. remember the "Got Milk?" campaign?), including securing the funding for such an undertaking, and coordinate the program with local courses so we can convert interest into commitment. Also, every golf facility, from the stand-alone range to the 54 hole resort, must make a commitment to this effort or all the advertising will be wasted. It will require insightful leadership and tremendous coordination, but it can be accomplished. Every local, state and national golf organization must be part of the effort for it to be successful.

In conclusion, I believe we are at the end of the beginning of golf in America. Our industry has finished its period of childhood and adolescence and is now poised to take on all the challenges and opportunities of adulthood. But, we have to take charge of our future before there is no future of which to be in charge. We cannot be satisfied by just "getting by" as nothing great has ever been accomplished by those trying to just get by. And, as I said before, we already have all the leadership we need. However, if we don't exercise that leadership, then we may truly be at the beginning of the end.

One Hole at a Time

Can Pay-by-the-Hole Technology be Widely Adopted Within the Golf Industry?

Written by Adam Schupak | February 2019

In 2013, his first year as president of the PGA of America, Ted Bishop attempted to tackle one of the biggest obstacles affecting participation: the time it takes to play. He purchased time clocks and planned to install a pay-by-the-minute system at The Legends Golf Club, the course he owns and operates in Franklin, Indiana.

"I had this vision that we were going to say that it should take 2 hours and 10 minutes to play an acceptable nine holes and you could come punch in and punch out and your credit card would be charged by the minute," Bishop recalls. "If you only had an hour to play then you'd be charged accordingly. I thought the concept was brilliant."

Bishop even got the buy-in of the PGA and found five other Midwest courses to partake in a test-pilot program. He expected it to attract customers late in the day, especially from businessmen hoping to squeeze in a few holes before sunset.

"We had a few conference calls, everyone was fired up and put the time clocks in and nobody, including myself, could figure out the right way to market it. It fell flat on its face," Bishop says. "Like a lot of things I've done in my life, it sounded great when I did it, but didn't always work out that way."

But the concept still has its supporters and a number of companies have introduced systems that allow golfers to pay by the hole – essentially paying only for as many holes as they play. For golfers, it's a way to tee it up before or after work or whenever they might have a window. For facilities, it's a chance to boost incremental revenue on what is typically unused inventory. On paper, it should be a viable alternative for both golfers and golf courses. But are these "solutions" proving to be any more successful than Bishop's effort?

NGF research finds that less than 1 percent of golfers have used a pay-as-you-go approach for golf, yet 46 percent of core golfers (those who play eight or more rounds a year) say they're at least "somewhat interested" in such an offering. Rounds of golf other than nine or 18 holes aren't particularly common, but may grow as savvy operators seek solutions to maximize yield management and mitigate oft-cited barriers to traditional participation related to time and money.

Golf By The Hole

Harvey Silverman, co-founder of Quick.Golf, and Pascal Stolz, CEO of eGull Pay, are leading the charge to make partial-round golf part of the game's vernacular.

Silverman launched Quick.Golf, a browser-based service that allows courses to sell golf by the hole, in September 2016 and says users are playing anywhere from three to 13 holes, with six being the average number. Course operators can choose from a revenue share or a subscription model designed for municipal facilities that aren't set up to pay third-party commissions. So far, it doesn't integrate with any tee sheet or point-of-sales system. Quick.golf has signed up 48 courses and predicts that number to grow to between 100 to 200 by the end of 2019. "The magic number in golf technology is once you get to 500, you're for real," Silverman says. "It's going to take us a while to get there."

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Stolz cited a similar number of U.S. courses, along with 70 in Europe and Australia. (eGull is owned by Blue Green, France's largest course owner/operator.)

If the "time barrier" is as significant as suggested, why haven't these upstarts done better?

One possible answer is that the golf industry is notoriously slow to adopt change. Even modern-day standards like metal woods and soft spikes weren't immediately accepted. Stolz observed that many courses still don't offer nine-hole rates despite the fact that more than 3 million nine-hole rounds were recorded by GHIN in 2018, according to the USGA, and nearly two out of three golfers report playing at least one nine-hole round last year.

Silverman blames the slow growth on course operators and PGA professionals unwilling to think outside the box when it comes to offering an alternative way to play.

"We're constantly pushing this rock up a hill against a mindset that says golf is either nine holes or 18 or that's it," Silverman says.

Stolz cited a "fear factor" as a leading deterrent.

"Golf is the only sport that you can't play for an hour," Stolz says. "For some reason, the golf industry doesn't want to give away a nine or 18-hole potential round for an I-don't-know-how-many-holes-you're-going-to-play."

NGF research shows that younger golfers — those between 18 and 49 — and core golfers who play less frequently are almost twice as interested in a pay-per-hole option than their older and more avid counterparts. If such a system was utilized by their home course or one nearby, 10 percent of those interested say they would "definitely" play more. Another 30 percent indicated they would "probably" play more often.

A Win-Win Deal

Among operators, some have expressed concern that the pay-per-hole systems might have problems interacting with their existing management and tee-time booking technology. Others have said they're worried about how these limited rounds might interfere with or negatively impact regular play.

Allan Parkes, the golf operations manager at Shepherd's Crook Golf Course, the Zion Park District owned and operated layout in Zion, Illinois, isn't among the detractors. He added Quick.Golf last year and called it a win-win deal that saves money for customers while generating revenue at off-peak times.

"I couldn't find a reason not to do it," Parkes says. "We have unused inventory that we're throwing in the garbage every day. The way I look at it is, can I get some share of a golfer's wallet instead of none of it?"

Parkes recounted how a half-dozen workers at a distribution warehouse for the Meijer Grocery chain in nearby, Kenosha, Wisconsin, drive 15 minutes across the border, play for 30-35 minutes and step on the gas to get back to work before their hour-long "lunch break" expires.

Both Stolz and Silverman agree that early adopters who believe in the concept are finding success with their products, but it requires a commitment. Stolz says 60 percent of golfers who try eGull use it again. The average user is playing seven holes and becoming a recurring golfer.

"We're finding that customers who were playing three times a year are instead playing twice a month," Stolz says.

eGull's mobile app works much like Uber, tracking in real time how many holes a golfer plays via a smart phone's GPS and bills the golfer only for the holes played. It is free for courses to join eGull, which debuted in France in April 2017 and the U.S. seven months later, and employs a revenue-share model charging a 20 percent commission. It is also exploring a subscription plus commission-based model in 2019. Stolz said the company projects to be in 1,500 courses by the end of 2020, and said part of its strategy is to identify pockets of interest of 15-20 courses in metropolitan areas to stimulate expansion.

"For it to take off, some of the big tee sheet providers — EZLinks or GolfNow — will have to open up their gates so we can indicate tee times for golfers that want to play just a few holes," Stolz says.

He says 80 percent of tee times using eGull are teeing off after 2 p.m., when golf courses tend to be less crowded.

Parkes mused that golf course operators could learn a thing or two from the restaurant business and how they manage their inventory.

"There is no waste," Parkes says. "It all goes in to the vat and tomorrow's potato leek soup special. The people who do the best at managing their inventory are going to have the best bottom line and I'm all for anything that can help generate more play."

The question is whether a pay-per-hole offering, whether done internally, through a tee-time management system or by an outside company like eGull or Quick.Golf, might be viable for particular facilities from a logistical and execution standpoint — not to mention consideration of whether a course's routing is conducive to it. The interest seems to be there, but ultimately operators have to determine whether it will work for them.

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