

Back of the Cup

A NEWSLETTER CONCERNING THE BUSINESS OF GOLF

Marketing – The Golf Industry’s #1 Weakness

If you take participation as the ultimate measure of marketing success then the disturbing reality is that when it comes to parts of the golf industry, particularly the club side, we are failing. Simply put we aren’t good marketers. Why?

In a roundabout way you might want to “blame” Greg Norman. Through his reign in the 1980’s and 1990’s he was all the marketing the industry appeared to need. In short, the industry and its managers and administrators didn’t have to be good at marketing. With this skill therefore never having been developed, fast forward to the present day and now that it is a skill we desperately need, many don’t actually know what to do.

Now we all know that this lack of marketing skill isn’t Greg’s “fault”, and that the market we now operate in is simply more sophisticated and the golf consumer is generally a wiser consumer. So as you consider your annual planning process at the beginning of this year, your need for effective marketing, and as the participation and member attraction challenge ahead only gets bigger for many, I hope that this article gives you some insight into marketing and some ideas and direction for the year ahead.

A recent conversation with a club captain of a group 1 club in Sydney is relevant to this topic. He told me that his club was soon to engage a marketing expert to help market memberships for their golf club. Further, this marketing expert was a friend of a board member with no background in golf.

As I was listening to what they wanted out of it, I was recalling an eerily similar conversation I had a few years ago regarding a very decent club in the south east of Melbourne. At that time it had just undertaken what they thought was going to be a “marketing review” with a specialist marketing company, one that they had hoped would deliver the same desired results as the club above is hoping for.

As a board member of the club in Melbourne said to me afterwards, all they got from the “marketing review” was a nice new logo which looked good on their now standardised letterhead! In short, the deliverable didn’t do anything to improve demand for the club and its facilities, as the results of any marketing process ultimately should. Now in that case it would appear that perhaps they didn’t know what they were getting from the “marketing review” or that someone mistook branding for marketing or vice versa.

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But what both of these examples indicate to me is that facilities are recognising the importance of marketing but don't have any real idea as to how to go about it. So with a particular focus on membership marketing, this issue of the BOTC takes a look at:

- what marketing is;
- why clubs already have much of the information they need for a decent strategy, they just don't know it;
- why some advertising efforts are possibly a waste of money; and
- what some of the membership marketing opportunities that present themselves in golf are but are being overlooked by many.

Before we start, the marketing experts in this world know that marketing is the 4 P's – Price, Product, Place, and Promotion. Much of what you do focuses on the first two, Price and Product – this is the value proposition offered up by your facility and a theme of many past BOTC articles. Accepting that with golf, you can't physically do much about the third P - Place, (the location of where you are selling your Product from), the focus of this article is squarely on the last P – Promotion.

For those of you who are advanced in this school you will know that the actual reality is that all four of the P's overlap to varying degrees with every decision made and initiative undertaken. You will also know that each has numerous layers and there will likely be a combination of higher level brand messages and "call to action" messages offered up in your promotion. With immediate results likely desired by many, this article focuses on some call to action opportunities.

So what is Marketing?

Marketing is not just another word for advertising or selling. It is a process, best summarised in the late 90's as:

"the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services, organisations, and events to create and maintain relationships that will satisfy individual and organisational objectives."

With reference to the diagram below, marketing could also be described as the actions required to help achieve the desired operational outcomes which are sought from the strategic plan.



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Despite generally being seen as the 3rd step in the overall planning process, in my mind, in golf, it is as important as the strategy and operational steps. The first two steps of the planning hierarchy assume that there are results that can be achieved from marketing. Without results, without marketing, both the Strategic and Operational steps become far less effectual and your ability to change your current reality will be very limited.

Generally the industry is far too soft and reserved with the selling side of marketing. Much of the advertising undertaken looks the same, suggesting that we appear afraid to be different from each other. To date retention has not been a key focus and as a result many clubs still let members go without even a phone call, nor do many even measure attrition, trying to improve their annual outcomes. Not understanding market size, limited focus has been put on the importance of generating repeat visitation. These are all things that successful businesses have been good at for a long time.

When visiting various facilities around the country and seeing these realities I've sadly concluded many times that they do not appear to recognise the importance of marketing, let alone be looking for where to start.

Without a national campaign to put golfers at your doorstep, now more than ever, your destiny is in your own hands. For many it is time to get serious about and become good at marketing. So how do you do it?

Who is your customer?

Speak to anyone having success selling and you'll realise that they have a deep understanding of their customer base. What they realised early on was that in order to sell, to market, you first need to understand who you are selling to – who your target market is.

Translating this to club land and membership marketing means that success first starts with a sound knowledge of your existing members. They have a demographic profile and you need to know what it is– age groups, gender, where they live (postcode distribution) and work (industry), frequency of visits to the club and what they are using the golf club for (is it predominantly comp golf, social golf, a balanced mix of golf/social entertainment?)

What you are specifically looking for in this information is anything that stands out – somewhere where you are over-achieving, an area or two where you appear to be a weak? Does any of this data point to new member opportunities?

With the wider profile understood, you need to then extract and understand the profile of the newer member (say <5 years) – same traits - age groups, gender, postcode, where are they coming from, what is the main reason for joining?

Is there anything different to the pattern exhibited by wider membership base? In the case of one of the clubs mentioned in the introduction of this article, a particular bank was delivering a number of new members – a real opportunity for the club to further explore, but it didn't, those dots were never joined. The takeaway here is that if a pattern appears in your data, then explore and pursue the reason why.

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When I ask what message accompanied it (ie was the importance of new members explained and the flow on effect to annual costs?) rarely have I found that the message was clearly articulated. In most cases results were also expected too quickly or they were a blanket offer.

You may well decide to just focus a referral program on the newer members only. Having just joined, they are ideally placed to bring in others with/behind them. I've seen lots of different programs, be they cash incentives (effective for clubs with an entrance fee), F&B credits, entry into a limited field golf event with a great prize. You need to work out what will best work for you, but stick with it and communicate the successes. When an opportunity arises, if there is an offer in place to meet it, outcomes will materialise.

Finally, why stop at members only? Given the current environment, I am amazed that many golf pros aren't being well incentivised to introduce new members. The 21st century reality is that WIIFM is front and centre in most peoples minds. (type it into Google if you aren't familiar with it). Accept this reality, and given the golf pro is a key gateway to members, make sure there is also something suitable for business generated through that door.

Advertising and message relevance

Advertising is a key part of the Promotion tool kit yet often I see money being wasted in untargeted membership advertising efforts. Remember that only 7% of the national population over 15 years play golf more than once a year and around 50% of this 7% will already be a member at a club. Run those numbers over your catchment area and you'll quickly find your golfer market is likely very small. How do you reach them?

Message content and its potential effectiveness is vital. By sheer weight of audience, you'll have better success with "a learn to play, golf is fun, golf is social, golf is healthy – and do it at my club" type message as it would be relevant to 93 out of 100 readers, compared to the "join our club" (implying current skill) message which would be relevant to less than 5 out of every 100 readers.

Knowledge gained from your member profile will show you what your catchment is. As part of a club review process recently undertaken by JBAS the geographic profile of a number of clubs in Melbourne was analysed. By mapping the postcodes from where their respective members came from it was found that in the case of two clubs, their catchment was almost entirely to their east and south with almost no demand coming from either the north or west. Don't automatically assume that catchment areas always have the club at the centre.

This point becomes particularly important when placing advertising material. If you choose to undertake advertising in general markets (local or regional newspapers) then be aware of its reach. It may be immediate to your club, but it may not be where you attract business from and could therefore be a waste.

Advertising - What is working for you?

In order to understand where promotion should be focused, a key source of information that I feel is too often overlooked within the industry is where current business is coming from or what channels are typically bringing the most success.

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Some other industries do it really well but in golf I have rarely seen evidence of anyone actively tracking the success of the various demand channels being pursued.

For example, if you are a believer in the directory advertising or marketplace sections in the back of our monthly industry magazines, (plenty are as all of them have a fair swag of ads in these areas each month) you should as a minimum be tracking the business you get (or don't get) from making this spend - every month, every quarter. If I was spending dollars in this area, I would be incentivising every advertisement so when people action it/redeem it, it becomes really easy to then measure what value it is bringing you. Further to this point, during all phone calls or enquiries received, a question that should be compulsory of all staff is "how did you hear about us?" or "what advertisement did you see?"

Data collected from all enquiries then enables you to determine how the market is typically finding you and what promotional efforts are or aren't delivering traffic. By tracking the revenue earned versus the expense made in each demand channel can you then make informed decisions about future spending - hopefully putting every dollar where you now know to be the most effective. Just putting an advertisement somewhere, hoping it delivers something or not tracking its effectiveness in today's climate is a pure waste of money.

Existing traffic – A genuine opportunity

A promotional opportunity for new business that I see often ignored or being overlooked is the potential opportunity that exists with member guests and public golfers. Rounds data from the AGIC indicates that nationally, over 25% of rounds played at member clubs are played by non members. This suggests that the current reality is that no matter who you are, a number of potential membership conversion opportunities presenting themselves annually at our clubs. Unfortunately, however, there is typically little to no follow up done with these markets. They are not just a source of green fees, they are potential new members and you should be engaging with them.

In most cases all member guests and public golfers will personally be paying a green fee at the golf shop prior to play. In ALL cases, you should be collecting contact email information (incentivise it if necessary with a monthly draw) and then, most importantly, communicate with them afterwards, asking for their thoughts on their experience. If no guest information is collected, there would be nothing inappropriate with sending this post round email to the member, asking them to forward it to their recent guest.

I'd encourage this process to be pursued with golf groups or corporate days as well. If organised by a 3rd party, have them send a post event email on behalf of the club (hopefully they are already doing it for their own feedback so it could easily be integrated.) You can never communicate with too many people.

Now some of you may not be interested in the views of your visitors or your guests. Their views may not change the way you do business. The point being made is that the pretence of the communication is not necessarily only about gaining feedback. It is about establishing a relationship, and offering a future opportunity, and potentially securing future business.

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For those who are interested in the views of guests and visitors, you'll gain a good insight into what they thought of your golf course and associated facilities and whether the experience is value for money - Important information if this market segment is a key part of your P&L.

Taking the communication a step further, you might like to make them a repeat golf offer (return within a certain time to receive X) gaining you future income and furthering the relationship. And one step further again, this communication is a non offensive way to market membership opportunities, letting them know that should they be interested, openings within membership exist. For me this would create a great first impression as it would show me that the facility knows what it is about, appreciates its customers and has a well organised process.

Last year JBAS did some work with a Sydney club in this very area. It had approximately 400 golfers on a public golfer database, collected from its tee time booking system. In surveying these people for the first time some valuable data was collected as to public perceptions of the facility, important as 40% of rounds were non member. When asked toward the end of the survey about interest in receiving membership information, near one third asked for information providing full contact details! For a club with less than 1,000 members, this initiative instantly delivered over 130 new enquiries. The best part of this was the cost. Apart from the time investment it was zero!

Done properly, the only channels you really should need to generate all the new member demand you need should be your existing members and the data you collect (and then use) from the other users of your facility.

Conclusions

This article offers a brief insight into marketing and a couple of ideas as to how facilities can help themselves. There are many more. But know that marketing is far more than the production of a brochure, an advertisement or a website. Your marketing efforts need to result in actions from your target market, making the phone ring. Tracking its effectiveness is key, will take work and may require some new skills to be learnt. However once the systems are setup, less work will be required, you'll be more efficient, and more revenues will flow.

If you want to talk about marketing, or need help with your promotional initiatives, want to measure their effectiveness, or want to understand the views of your guests, or simply want to talk about the general overall health of your business, then JBAS would welcome the conversation.

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About JBAS



Jeff Blunden, Director of JBAS

JBAS is an independent advisory company offering dedicated, professional advice to the golf and leisure industries. Over the past seven years Jeff Blunden, the Principal of JBAS, has provided specialised advisory services to over 80 different clients in the Australasian region.

Invaluable assistance has been provided in most aspects of the golf industry, including club operations, new developments, project and membership structuring, strategic planning and market and consumer research.

As the author of most of the major reports produced for the industry, the resultant knowledge held by the company is significant and with an on-going commitment to research, the beneficiary of this knowledge is the clients of JBAS.

Specialist services offered by JBAS include:

- Operational analysis and financial reviews
- Asset oversight services
- Business strategic planning
- Competitive market reviews
- Board presentations
- Equipment brand/market share studies
- Member survey studies
- Consumer research projects
- Pro shop/retail operations reviews
- New development/market feasibility studies
- Expert witness services
- Asset due diligence
- Asset valuation assistance
- Clubhouse development and spatial needs studies

If you have a need in the golf industry JBAS is able to provide you with all of the necessary knowledge and experience required to help ensure you achieve your goals.

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