

## Reciprocal Rights – Are they are forgotten benefit?

*This issue has been reproduced by JBAS, first authored and published by Jeff Blunden in December 2006.*

The definition of reciprocal rights (RR's) is an agreement between clubs that allows its respective members to access and utilise each others facilities on a pre-agreed basis. This access has historically been provided at no cost, with "full reciprocity" to all club and course facilities available. Many agreements also allowed for immediate membership transfer between the clubs should the circumstance arise. The basis of the reciprocity agreements has been to provide members with access to like golf facilities that they may wish to utilise when travelling and were therefore far enough way to not enable regular use.

Data published in the Australian Golf Industry Report – 2004 showed that 23% of clubs had no RR's. Of the remaining 77%, almost half had RR's with more than 10 clubs and half had RR's with less than 10 clubs in total. At a quick glance this suggests that RR's are an established feature of most clubs, with plenty of variety offered. The key to this data however is identifying where these clubs are located.

Further analysis showed that the typical location of reciprocal club varied dependent on annual fee level. Two thirds of RR's at clubs with annual fees of less than \$1,000 clubs were within the state. The interesting find however was that for clubs with annual fees exceeding \$1,000 only 20% of RR's were within the state, evidencing the distance barrier to regular play at the higher end of the scale.

Annual Fee	Intra State	Inter-State
< \$1,000	8	4
> \$1,000	3	11

Source: Australian Golf Industry Report - 2004

In recent times the reciprocal definition has thankfully been further extended to often agree a cost for access arrangement, often equal to the member guest rate, and was a benefit reported by 2/3 of clubs with RR's in 2004.

Having established the level of reciprocity generally available, it is appropriate to discuss the reasons why reciprocal benefits are an important feature of club membership in the current environment.

The reasons are two fold. Firstly, our consumer research has found that younger golf members are seeking greater variety in the courses they play at. They are also seeking greater networking/business opportunities. Providing more local or accessible RR arrangements is a way of meeting both of these needs.

Secondly, the consumer research also found that nearly 90% of non-club members would be more attracted to club membership if more course variety was available. Again, more RR's would increase the attraction of membership as it is all about getting the product right for the market you are going after and highlighting the benefits which appeal to it the most.

The key to the modern take on RR's is to re-visit and rewrite/extend its definition. It need not necessarily allow full playing access and immediate membership transferability across different clubs or even unlimited access at a member guest green fee rate. A new definition might simply enable a limited number of rounds per year, even restricted to specific days/times at other facilities. Importantly you still get the variety desired.

Let's look at a specific market, the Melbourne metropolitan area and review what they are doing with RR's. This area is a very competitive golf market with over 90 golf courses (in fact the highest density of courses per capita in Australia at 1 in 42,000 people, including over 20 public access courses of reasonable standard.) You certainly can't argue about the variety available.

In terms of reported reciprocals, you can see in the table below that there is a heavy skew toward inter-state arrangements with most Melbourne clubs, with almost all fee categories nearing an average 30/70 intra/inter state mix.

<b>Annual Fee</b>	<b>Intra State</b>	<b>Inter-State</b>	<b>% Mix</b>
\$500-\$999	3	7	43%
\$1,000-\$1,499	4	14	28%
\$1,500-\$1,999	2	11	18%
\$2,000+	2	7	28%
<b>Average</b>	<b>3</b>	<b>10</b>	<b>30%</b>

Source: Australian Golf Industry Report - 2004

There are a few examples however of clubs in this market actively looking at their arrangements and it is pleasing to see some new initiatives being tried. A group of south eastern clubs have trialled a full field swap for a day, with now more regular mid week and weekend swaps agreed. It has also been recently reported that a few of the Sandbelt clubs are also trialling a time swap initiative. The same concept has also existed between a group of Sydney's best clubs for some time and I am reliably informed that there is never a vacant spot.

Golf Australia applauds these initiatives as both address the stated need of the current consumer - variety. To date these initiatives have been restricted to clubs in the higher fee categories but I encourage all others to give this some thought.

It is appropriate to offer a word of warning. Show your members another club's facilities and if they are seen as better you could loose them, but it also works the other way. Welcome a new person to yours and they might like it so much they want to stay. It is all about providing a product that the market wants.