

The Changing Golf Member Demographic

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The golf industry is under-going a transformation as pressure on the industry traditions is coming from changes to the way we live, what we want, and how much time we have. Our recently released Australian Golf Industry Report also revealed a number of trends within the industry which will change the way the club industry operates.

We live in an environment where we move cities more often, are required to be more flexible in our employment, and where there are a greater choice of recreational activities (who ever heard of bouldering 20 years ago?) The baby boom period is here and these people are healthier and will live longer.

What impact are all of these changes having on golf clubs?

A new game is happening at golf clubs across the country and it isn't croquet. This new game is likely growing at your club and it needs some attention. This game has as its participant the aging male members, lots of them, as identified in the previous article. Without you knowing it, these guys have started placing a strain on your club, a strain that will be one of the biggest issues you have had to face. Let's look at him.

The 50+ male member

This guy, if not already, will soon become your biggest concern from a golf playing point of view. Why is this member any different to older guys before him? Well he is healthier, will live longer, probably hits it a bit further with his thin-faced driver and generally enjoys a better quality of life. He is aware of cholesterol and maybe even drinks lite beer. He will play more golf, as his kids have left home and he can use golf as an excuse for keeping fit.

What is the impact of this? Improved health, and general quality of life will lead to a slower attrition rate. The majority of your members (55% of golfers nationally are aged 55 years or older) will be the ones playing most often. Two, three, maybe four times a week. Competition for tee times, particularly those in peak periods (early mornings, cooler, less windy periods) will be great. Maybe you will be forced to revisit the policy concerning the release of the weekly tee sheets or eliminate roll-up start days?

Have you relied on a certain level of attrition year to year? What happens if this slows? Are the joining fees that new members pay is the source of capital funds required for the following year? If so, fewer new members however means a smaller capital fund. The current club model actually depends on attrition and needs membership turnover.

Example	Now	The future
Total members	1,000	1,000
Annual attrition rate	10%	5%
Annual new members	100	50
Annual joining fee	\$1,500	\$1,500
Increase in Annual capital budget	\$150,000	\$75,000

Consider the example above. A 5% change in the attrition rate results in capital funds available being 50% below the amount previously generated! How do you make up this shortfall? Growing membership levels above your desired capacity to makeup this shortfall in capital funding will only lead to even more congestion, impact quality of service and increase member dissatisfaction.

Obviously this budget impact is based on the assumption that you have a waiting list or there is sufficient new demand available in the market. It also assumes that joining fees are used for capital purposes and are not used to subsidise annual operating costs. If in fact you have no new demand and the latter is also true, then you really do have a problem when capital is required for a project at your club.

Our consumer research shows that the majority of male members want to play more often. As female participation grows, their reduced access to courses (fewer designated competition days) will be pressured – they will naturally want more time, from a busier golf course. It isn't a matter of where the head on crash will occur, but how soon it will happen.

Let's look at demand. According to Ernst & Young's research nearly 83% of club golfers played at least once a week. 48% of these golfers play more than once a week, and 19% play more than twice a week. We can confidently suggest that this latter group (of lucky individuals) are likely club members and isn't made up of people who work a 5-day week and have other weekend commitments as well. Our research also shows that these golfers are in the category we are talking about, the 50+, likely semi-retired/retired male.

Four years ago, it was estimated by the ASC that only 34% of golfers played more frequently than fortnightly. Our estimates (based on the patterns of 12,000 surveyed golfers) now suggest it is more like 65% across all playing types. Using the same ratios, it can be concluded that the number of club players who participate on at least a weekly basis has increased significantly. Therefore these lucky individuals who used to average 35 to 45 rounds a year are now averaging more like 50 to 60 rounds a year. So although total membership numbers have fallen, total rounds played have increased due to more frequent participation.

Look at the impact of this trend on member yield. Member yield (annual fees divided by number of annual rounds played) is a good measurement of the positioning of annual fees. Private clubs are known for providing better quality facilities and conditions than public courses. This naturally implies that the average per round fee should be higher.

	The Past	The Future
Annual fee	\$1,500	\$1,500
Rounds played	35-45	50-60
Cost per round	\$35-\$45	\$25-\$30

When you consider the cost of maintaining a private golf course of this size (700+ members and annual fee \$1,500 +) is near \$2 million dollars, the question needs to be asked, "Can your club afford \$25 to \$30 green fee members?" There is definitely something wrong with the picture. The 50+ male is definitely here. How are you dealing with him?