

Back of the Cup

A NEWSLETTER CONCERNING THE BUSINESS OF GOLF

Welcome to the fourth edition of the *Back of the Cup*. In this edition we reveal the outcomes of the JBAS research piece undertaken in July, providing a definitive answer to the question “Why do you play golf?”

Those that attended the AGIC Forum at Sanctuary Cove in July received a sneak peak at the preliminary results but the final results are now in with additional commentary included in this BOTC edition. One would think that we’d know the answer to this basic question but the results extracted from this research identify some very interesting trends and, based on what I have seen, suggest that we’ve never actually promoted golf as what it really is.

Also Included in this edition is an extra article, titled *The World Around Us*. In the first edition of the BOTC I promised to provide insights into other industries and commentary on what JBAS is seeing in the wider world, providing parallels to the golfing industry where possible, and identifying what the golf industry could learn (or not learn) from it. Included in this article are three experiences recently had that touch on the importance of value for money, service and member retention.

Whilst mentioning the AGIC, the national rounds data collection project is now in full swing with a great response rate reported for month one of over 250 clubs. I do hope that the last BOTC has proven to be useful to those now tracking rounds or going a step further with some deeper analysis. Look out for some more information shortly from the AGIC and some preliminary analysis on the data received thus far. One month sure isn’t a trend but I am certain there will be some facts in there that will surprise some people.

This BOTC edition launches a new initiative of JBAS, that being Golf Research Australia (GRA) www.golfresearch.com.au. GRA has been created by JBAS to be the research vehicle that undertakes the consumer facing research projects (such as the main topic of this BOTC newsletter) that JBAS and its clients are interested in. Typical projects are expected to include specific or general equipment brand and perception studies, consumer spending habits, and retail outlet use. The first public project is being sent out to the market over the next couple of days and you are also invited to participate in it. The survey seeks to establish your usage and loyalty to a number of equipment brands, typical places of purchase, internet use and your general spending habits over the past 12 months and you can access it by [clicking this link](#) or going to the website above.

The survey also launches Golf Research Australia’s newly developed “*Committed Golfer Panel*”. The panel will be the only database used in the future by GRA as it continues to research the habits of the Australian golf consumer. In exchange for your

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opinions and responses to these research initiatives the Committed Golfer Panel members will from time to time be sent golf merchandise to use as each project occurs. For more information on the Committed Golfer Panel please visit www.golfresearch.com.au. Respondents to the above mentioned survey are invited to join the Panel at the survey's conclusion.

It seems like many are catching the strategic planning bug with JBAS fielding a number of calls in the last few months for assistance in this area. JBAS has recently facilitated some planning/strategy days and is currently running two club member research projects, results of which will feed into the development of such plans. If you'd like a look at the typical question structure used in the JBAS Club survey please click [here](#). (Note, you'll need to email me for a code to get past page one.) If you have any questions about the process you should follow or if you have any needs in this area please call.

One final point of interest is the equipment finance project that JBAS ran in conjunction with the AGCSA in July. This project is now being extended to seek the views that Club Managers have toward using finance options for their capital needs. The results from a survey of GM's this October will be presented by JBAS at the GMA Conference in Perth in December. As cash remains tight, an understanding finance options is vital.

Finally if you know someone who hasn't received this and may wish to receive future editions please pass on an email address and they will be added to the mailing list or point them to the website where they can sign up directly.

We trust you enjoy this edition of the *Back of the Cup*.

Regards,

Jeff Blunden

Director, JBAS

Book Plug...



*One last note, for those of you who have an interest in Golf Architecture, there is no better series of books world-wide than the fine collection published by Paul Daley. **Golf Architecture - A Worldwide Perspective Volume 5** has just recently been released and contains another great gathering of architecture stories from around the world.*

Paul has generously made a special offer to BOTC readers. Ordering details are: \$69.95 for the Regular edition and \$300 for the Limited edition, leather-bound copy. Go to www.fullswinggolf.com.au or email Paul at fswing@bigpond.net.au to get your copy.

The reasons and motivations for playing golf...

In July 2009 JBAS put a survey out to the wider golf playing market, seeking to identify the main reasons why golfers golf. This question had been asked back in 2005 but the mistake made then was that too few options were given and those that were available were sometimes a marriage of two reasons.

This time the question provided nine potential reasons, using a reasons list borrowed from the USA but tweaked for Australia, asking golfers to prioritise from the main reason down why they play. Some might say that there were other reasons for play, and some did say that they wanted to rank some reasons equally but the results received were pretty conclusive.

I play golf because of the enjoyment/satisfaction I receive from...?

Rank	Reason for Play	% Top Box Scores
1	Time spent with the people I play with (social experience)	20%
2	Challenge of scoring well (trying to beat my handicap)	19%
3	Being outdoors and doing some physical exercise (health benefits)	18%
4	Shot euphoria (hitting good shots)	14%
5	Course design (challenging/good design)	7%
6	Competing against my playing partners	7%
7	Course conditioning/aesthetics	6%
8	Playing in formal competitions	6%
9	Increasing business opportunities	2%

Source: JBAS Research

Note: Top box is measured as the % of responses for which a rank of 9, (most important) 8, or 7 were recorded.

“...The opportunity to play and be with people who you know and who you enjoy spending time with is the reason that gets us out there the most...”

In terms of the survey sample, just over 700 responses were received, 90% of which were male, almost two thirds were aged greater than 45 years, 60% were from a metropolitan area, 70% played at least fortnightly, and the average handicap approximated 19, right on the national average.

The key findings....

- Golf, despite being a singular game, is very much a social sport. The opportunity to play and be with people who you know and who you enjoy spending time with is the reason that gets us out there the most.
- The challenge of scoring well, beating one's handicap, is key to many. Golf is by comparison to many other sports, a very hard game to play. Unlike many other sports though the playing field is levelled via the handicap so our individual challenge actually can be comparable. (Note, this doesn't mean playing in a formal competition to beat one's handicap by, in fact much the opposite, as discussed a bit later.)
- Being outside and enjoying the walk in the park is another key attraction, proving that Mark Twain was obviously wrong in his opinion of golf. Given the health benefits associated with golf and the non impact exercise gained via participation you'd think the government would be interested in incentivising people to play.
- The joy of hitting a good shot, termed shot euphoria, is a key enjoyment measure. As a mate of mine used to say, golf isn't a game, it is a disease – I am sure he was referring to the shot euphoria disease, and the pursuit of doing it again.

Interestingly, one of club golf's key promoted benefits over casual based golf, that being the ability to play in formal competitions, ranked well down the list, gathering only 6% of the top box vote. This response option was added to clarify what the golfer actually defined as the competition challenge - was it the club event competition or the personal competition with one self's skills? Clearly it is the later.

Does this matter? Yes it does as it has implications for club operations when handicapping can occur on any round played, be it in a formal club competition or not, as proposed under the Slope system being rolled out over the coming years.

Does a regular place in the Saturday morning competition suddenly have as much importance? If I can get the handicap challenge fix, (as this survey suggests is a key reason for play) in another way, then no it doesn't. What does this then mean to the weekly calendar of club competitions as we know them, and the club operating and staffing structures designed to support them? There is much more to this topic, including what may be the real reasons behind the change in handicapping systems. I'll save this for a later edition of BOTC as the topic is still being further researched.

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The full story...

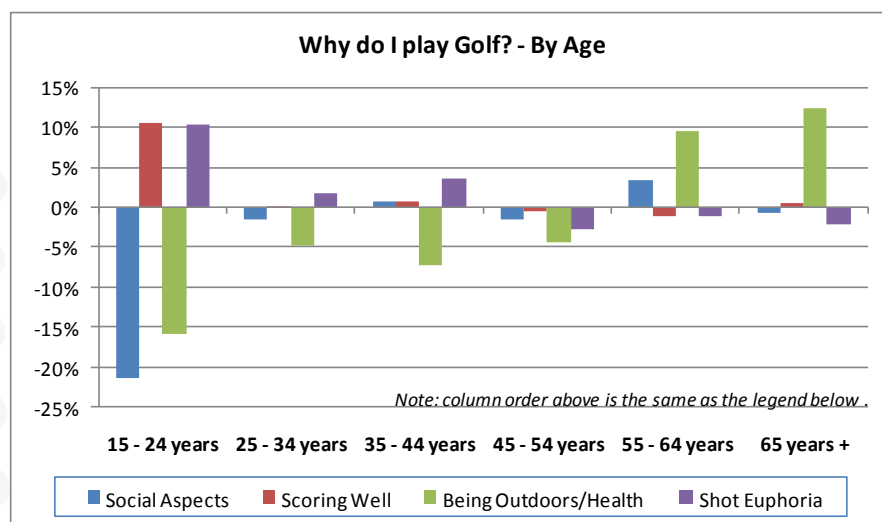
As I tell many of my clients who look at research results, the real story being communicated is not always visible in the high level results provided. The top four responses above have therefore been further analysed by age, frequency of play, handicap and gender, providing a more segmented view of the motivations for golf participation in Australia. The graphs contained in the following analysis illustrate the percentage difference between the average score for the motivations for play and the average returned for the particular segment being measured.

Reasons for Play - by Age

When the data is analysed by age some really interesting trends materialise. As illustrated in the graph below, it is clear that there are different main motivating reasons for play across the total age spectrum. For the young it is all about scoring well and shot euphoria, the company is not as important, nor is being outside, (but I am sure they enjoy both with realising it.) My guess is if they don't experience shot euphoria rather quickly they'll move on to another sport.

As the age brackets move upward both of these motivations decline in outright importance as being outdoors and the social aspects offered more even importance above that already recorded.

"...For the young it is all about scoring well and shot euphoria..."

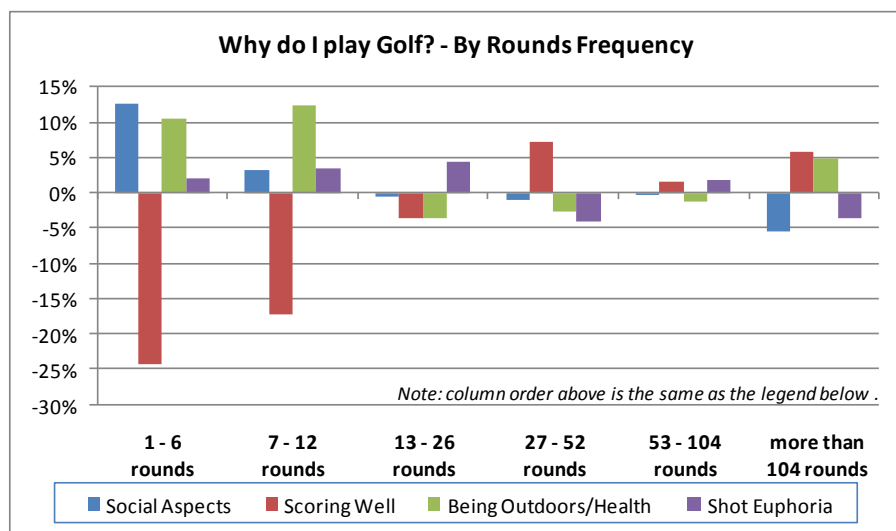


Reasons for Play - by Rounds Frequency

Reasons for play when assessed by rounds frequency, in my view, gives a good insight into the motivations of people new to the game. As our administration (marketing?) bodies attempt to grow the demand pool, this information gives some insight into what message should be put out there.

As illustrated in the graph below, for those with low rounds frequency, golf is all about the social aspects and being outside. Scoring well is irrelevant (they are likely realistic that given their frequency they won't), with scoring well not actually getting on the radar til rounds frequency gets to at least fortnightly average. Once there though it becomes the key motivation. Shot euphoria is sort after (not always achieved) and for those playing lots of golf, thankfully they do enjoy being outside!

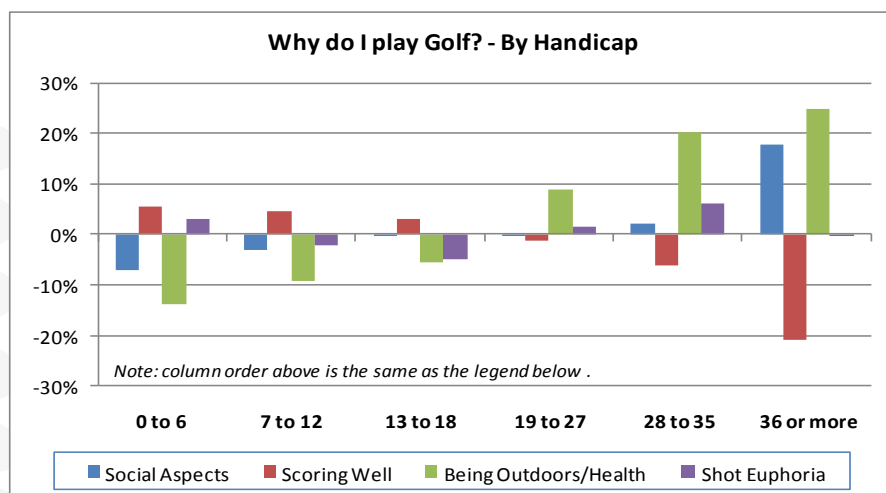
"...for those with low rounds frequency, golf is all about the social aspects and being outside. Scoring well is irrelevant..."



Reasons for Play - by Handicap

The trend created when reasons for play are assessed by handicap is a mirror image of that emanating from frequency of play. For those with high handicaps social aspects and the great outdoors are key, with scoring well or shot euphoria not on the radar (they haven't had much yet?). As handicaps reduce shot euphoria increases as a motivation and being outside is less of a reason for play. It is interesting to note that scoring well and the social benefit motivation always tend to work against each other. Can you be really sociable and still score well?

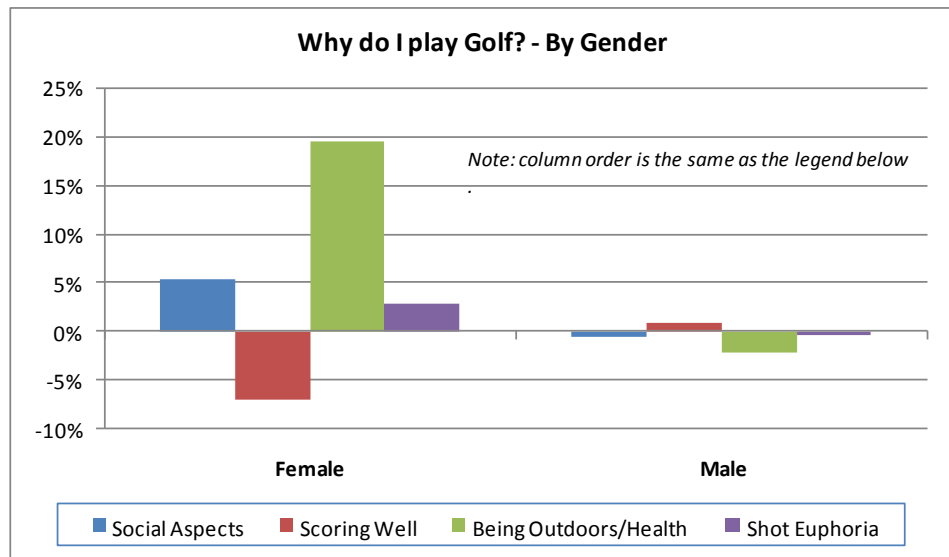
"...As handicaps reduce shot euphoria increases as a motivation and being outside is less of a reason for play..."



Reasons for Play - by Gender

In case you ever wondered, there really are different or stronger motivations for play evident in each of the genders. The graph below illustrates these very clearly, identifying that for females, being outdoors is the key motivating factor, over 20% greater than the same for males. Social aspects are also more important than when compared to males. With scoring well the lowest of the four motivating factors, golf from women appears to not necessarily be about the end result, it is the fun had in getting there.

"...identifying that for females, being outdoors is the key motivating factor... social aspects are also more important than when compared to males..."



Conclusions

So what is golf? For the youth it is about shot euphoria and scores, for the more aged the walk in the park becomes important, much like the infrequent, high handicapped and female golfers who all seek the walk and the social aspects delivered by the game. The better one gets the more important scores, as a major reason, become.

"...it can generally be summed up as a fun outdoor game to be played whilst enjoying the company of others..."

Clearly it is a lot of things to a lot of people but in totality it seems to me that it can generally be summed up as a fun outdoor game to be played whilst enjoying the company of others. Trouble is these messages aren't to be seen anywhere in golf's promotion of itself?

This research now provides a number of pointers as to how golf could be promoted to the wider non golf playing community (only 93% of the population.) As a US colleague of mine so aptly once stated, I feel however that "...it's going to require change by an industry and sport that has traditionally liked to lead in the dance by telling consumers what it is and why they should play it."

This is now the 21st century however and it is well and truly a consumers world. The consumer has spoken with regard to golf, are the administrators and other industry leaders now going to listen and act?

The World Around Us...

As outlined in the introduction, I promised to provide insights into other industries, comment on what I am seeing in the wider world and provide parallels to the golfing industry where possible, here are three experiences recently had that touch on the importance of value for money, service and member retention.

Are you offering value...?

For those of you who attended the Queensland Golf Club Forum in late July you would hopefully recall my story about the experience I had whilst in Brisbane at the *Coffee Club*, a well known chain of coffee shops. I'll share it with you all here in written form as I think there is a lot to be learnt from the experience.

As a bit of background, I need to confess that I am a bit of a connoisseur of raisin toast – we all have our quirks and this is one of mine. As those of you who are also connoisseurs of something, I know you can relate when I say that we go to extreme lengths to find the best. In doing so (call it market research) you'll have enough experiences on which to draw from and offer some informed opinion along the way. So back to the *Coffee Club* experience and what should be learnt. Long term readers of BOTC will know that right now success in the golf industry is all about getting/providing both service and value, certainly not what I got that fateful morning.

Let me say that on a scale of 1 to 10 I gave the raisin toast a five. Nothing special, a tad thin, not enough fruit, but served really quickly. Score 1 for service. It is the value side that didn't score so well. One piece for \$4! Can you believe it? I was shocked. When I questioned the waitress she said "I just work here but that's the Coffee Club for you," an equally wrong comment to make.

What bothered me the most however was how they can think that it is value? This is where the consumer (me) gets upset, and feels ripped off. To make matters worse I had to then order a serve of plain toast (2 thick slices for \$4!) which I felt was much better priced. The message here is always check your value proposition, asking would you regularly pay that yourself. If you don't then you'll end up losing customers, permanently, like the Coffee Club now has with me.

"...What bothered me the most however was how they can think that it is value?..."

Service expectations...

The next story coincidentally also concerns coffee but is really getting at service expectations. Hopefully many of you will relate to the following story.

JBAS moved offices to North Sydney about two months ago and as many of you will know it is a really competitive coffee market. Every second place is a coffee outlet and all the brands are there. As a result you can get a good daily cup for \$2.50 with a loyalty card thrown in as well. This is great for someone like me who likes a cup or two a day, plenty of testing to do as I searched for a regular destination. Once I establish loyalty with a certain provider, they'll consistently get my business.

So after about a week of testing I settled on a place right near my office. Good quality, close by, with loyalty card. A small chain that has worked hard on its brand and who present themselves really well. What let them down however in this outlet was the service approach. I go there every day, morning and afternoon, takes a while to warm up, first few visits is that getting to know you stage. Not much familiarity though coming back, no recognition. I give them some benefit of the doubt, thinking there must be lots of faces to remember.

Second week much the same, more benefit given, third week, fourth week, no change, they continued to look at me like I was totally unknown to them and had never seen me before. No familiarity whatsoever and the same two guys run the place each day! Same questions every single time - What would you like? Small or large? Sugar with that? Questions I answered exactly the same way over 50 times!

So I've now taken my money elsewhere, my \$1,000 a year in coffee spend. Really good product but no idea about service. The point being made here is that successful businesses do both well. The staff and service provided become part of the product, they appreciate customers and engage with them. In this case there was no engagement at all and now they have lost my business. Are your staff part of the product?

Member Retention – would scaring them work?

A final anecdote about my interaction with the world over the last few months. This one involves my membership of the NRMA, the NSW motoring body that provides road side assistance. One of those things that you hope you never need but are best to have, don't want to actually make a call, but an annual fee that you just write off of as cost of owning a car. So what happened recently was that I was a little tardy in renewing my annual membership, I think a week or so overdue.

So imagine my surprise then when I received from the NRMA an overdue notice on about the eighth overdue day (talk about a small leeway period!), that contained a statement that should I not pay the overdue bill "soon" they would charge me, for the privilege, a \$50 administration fee! \$50 bucks, on a \$90 annual fee – this is a fee more than 50% of the total membership!

Now given I am interested in all things membership, I decided to call them and try to find out a little more about their administration fee strategy. I wanted to know what their thinking was, was it actually a reverse psychology strategy? Well after being passed around what seemed like the whole NRMA administration, I finally got to the voice mail of the Head of Strategy. If anyone knows Mike Kaye, Executive General Manager Strategy & Capability for the NRMA, tell him I'd welcome a call as the question remains unanswered. The NRMA Annual Report actually says that "membership subscriptions have grown for the first time in many years, driven primarily my membership retention initiatives." I wonder if this large administration fee was one of them?

So this got me thinking whether such a strategy could work in the golf industry? After all, I did pay the membership pretty quickly after I got the threat of a totally disproportionate admin fee. Could club managers, as they chase up late membership payments, whack on a large admin fee, and see if it scares people into more quickly renewing? It got me..... !

The trouble is that I am certain that I need the NRMA more than they need me as one of their members at the moment, just the opposite to club land...so maybe it is not a good time to test out the theory...

"...I wanted to know what their thinking was, was it actually a reverse psychology strategy?.."

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 70 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 will be 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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