



A GOLF COURSE OWNER'S

10 YEAR PLAYBOOK

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Why Today's "Land Grab" is Your One-Time Chance
to Win in Tomorrow's Economic Downturn



The economy has been frothy for a long time now. Baby Boomers are retiring and playing a ton of golf...but neither will last forever.

This article is aimed at helping golf courses in tight markets to win market share while you still can, offset your senior players as they begin aging out of the system, and survive the next wave of golf course closings.

Here's what we cover:

- The current "Baby Boomer Glut"
 - What happens when the Boomers age out of the system?
 - Addressing "Rate Creep" as the senior shift continues
 - 5 Mathematically proven strategies to win when the market turns
 - Why the traditional golf lesson model is broken
 - Why clubs are living in cognitive dissonance with their marketing
 - Who will be the winners and losers 10 years from now?
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There's No Time Like the Present

With the tremendous economic tailwind that we've been experiencing since 2009, if your facility isn't thriving then it's time for some big and fast changes. When the correction comes, there won't be room for all of us.

“So, is now the best time to exit? ...Or are there corrective measures that can save your facility for the long-term?”

Despite continued economic growth since the recession of 2009, golf participation has remained relatively flat. This is our reality despite all of the “Grow the Game” campaigns and large-scale initiatives to get people out onto golf courses.

Data suggests that the balance of supply (i.e., number of golf courses) and demand (rounds played) still has some distance to travel before market equilibrium.

I wish that weren't the case, but more golf courses need to shut down, or (far less likely) we need to drive a lot more participation.

The Baby Boomer Generation

Those questions aside for the moment, let's talk about the seismic generational shift that the golf industry is experiencing. This is only going to happen once in all our lifetimes by the way.

As the Baby Boomer generation is growing older and reaching the end of their careers, their frequency of play has continued to increase as anticipated – but it won't last forever.

We're in the midst of a senior golfer bubble right now.

Golfers 55 to 70 are carrying the golf industry on their back. But as we try to appeal to the next generation of players, there are big-time implications for alienating this “gray foundation” of our customer base.

So, how do we continue to delight our Baby Boomers, while providing compelling opportunities for Gen-Xers and Millennials to experience our game? With a little craftiness, the two don't necessarily need to be mutually exclusive.



The Skiing Industry

The first step toward a solution is in conceding that there is no one-size-fits-all golf industry solution.

Consider the skiing industry. Traditional downhill skiing is akin to our Baby Boomers playing golf. It's more of a traditional experience, a classic discipline, with old school rules, etiquette and methodologies.

On the other side, the introduction of snowboarding resonated big time with the younger rebellious crowd – but not without its share of bumps and bruises. Skiers detested snowboarders at first.

Despite some natural friction between the two camps initially, they've evolved into a coexistence that has literally saved the industry and created a much larger pie for everyone to share.

Snowboard culture has built half-pipes, ramps and parks that skiers initially scoffed at. They dress differently, and behave differently in practice. Today, snowboarding has reached a level at or beyond traditional snow skiing in many circles.

Golf courses are simply going to have to deal with the cognitive dissonance between the Baby Boomer generation and the younger crowd if we're going to get over this hump.

Stay with me.

We're in the Midst of Big Time Generational Shifts

In the last decade or so, the 55+ population in the US has swelled from about 70 Million to over 91 Million people overall.

While the 55+ crowd accounts for only 28% of the population, they account for more than half of all rounds played.

We have considerably more senior players as a share of the total golf market than we did 10 years ago.

Now, it's important to note that Baby Boomers aren't playing golf quite as often as the previous generation, but the net effect is that the older crowd accounts for a much greater percentage of total rounds played – and thus financial impact on facilities.

Looking ahead, the Baby Boomer generation is going to be replaced by a group whose overall participation is meager by comparison.

This gray wave is a one-time event for the golf industry.

We need to make the most of this opportunity in the next 10 or 15 years before the Baby Boomers age out of the system. At the least, we need to bide our time until we can find replacements in terms of people and volume in the generations to follow.

The Takeaway: We're going to be faced with 4.5 Million fewer Next Gen golfers than Baby Boomers before them.

Our current golf product and our marketing messaging just isn't resonating with the younger crowd.

As an industry, our solution has been to create a bunch of well-intentioned golfer development programs which haven't really impacted the numbers overall. If there has been impact at all, the needle has only been moved modestly at best.

We're going to need a more transformational welcome mat for the next generation.

A Slow Death from Senior Rate Creep



As an aside, rates and green fees for senior players warrant careful consideration at the facility level. The growing group of retirees and senior golfers are shifting their regular games from the weekends and prime time slots to weekdays and off-peak hours.

We need to recognize the revenue delta between peak and off-peak rates, as well as the general expectation of senior discounted play. Owners and operators need to remain diligent in managing senior age cutoffs (probably raise them up) and discount percentages (probably reduce the benefit) to mitigate this affect.

Again, there is no one-size-fits-all solution. I recommend a deep dive into the data of your customer makeup, play habits, and available time slots on a weekly, monthly and seasonal basis.

When you do the math, this “rate creep” could impact top-line revenues between 3% and 8% or more.

So, What Can Club Owners Do?

The mission is to provide a compelling environment for the Next Generation of golfers to replace the Baby Boomer generation – all without disrupting or alienating the Baby Boomers while we're at it.

Now, every club and every marketplace is completely unique. It's a matter of both Art and science in equal parts.

The art is in understanding the position that your club occupies or could occupy in the marketplace, your unique value proposition, targeting opportunities, and taking inventory of the resources that you have at hand.

The science is in customer data. Don't rely on subjective opinions or guesswork from your staff or your Board. You need to be leaning on actual usage data, financial reporting, feedback and real-life preferences to guide decision-making and measure performance.

There are five major areas that I would look to first:

1. Retention Over New Player Development

New players need to be convinced, educated, and armed with equipment.

You're also required to supplant some other activity in their "lifestyle ecosystem" to turn them into frequent players. It's hard and expensive.

Golf defectors are a much easier and less expensive sell. The reasons for leaving golf may be very easy to overcome – like golf's just not top of mind. Personal invitations or email reminders bring over 50% of players back after just a few touches. Lapsed golfers already know how to play, have golf clubs, and probably have a social network that supports them returning to the game and staying longer-term (bigger ROI).

Engaging your own membership is proven to deliver the highest win percentage in recruiting new members. New members in particular who are looking to validate their decision to join the club, or who are looking for playing partners present the best opportunities. Have them make a list of friends or other lapsed golfers who may be interested in the club.

Cold sells are really hard to pull off.

2. Take A Financial Deep Dive

Boards of Directors on a volunteer part-time basis, and even full-time salaried staff rarely have the time or the motivation to dig deep into expense side details. An audit of every single dollar spent always yields quick wins.

Be careful not to take the easy way out by simply cutting staff or other amenities that negatively impact customer experience or perceptions.

We find that unchecked procurement practices fall way out of line over time. Make sure that significant orders are weighed against multiple offers from competing vendors. You'll get push-back from your staff in this area, but the wins come quickly and they are very significant.

3. Relax the Atmosphere and Support Fun



Traditional rules of play and decorum often don't resonate with the younger crowd. Consider more relaxed dress codes, the use of technology, and revamping your company culture with an emphasis on fun at all costs.

Of course, this requires a perceptive staff that is able to communicate well, and understand the individual needs of each customer. Not everyone wants to pay to

have their clubs cleaned and carried out to the car for them. Conversely, not everyone wants music blaring on the driving range.

Build a welcoming environment positioned around the benefits of exercise, social interaction, and at its basic level, smiling and fun. It's that simple.

4. Embrace the Modern Time Crunch

News Flash: We're living in a fast-paced world of always being connected and never being too far away from the next thing – whether that's work, socialization or entertainment.

6-Hour days at the golf course (including transit time and post-round affairs) just doesn't appeal to a huge portion of your potential customer base.

Consider deploying programs marketing in ways that address the time objection head on: "The 90 Minute Golf Experience" or "3-Hole Loop and a Lager". It might be something like a 3 or 6-hole loop with drink ticket, or 50 range balls and a 3-hole loop in a cart. After practice, it's always fun to try it out on the golf course.

Find a way to allow dawn and dusk play, whether your golf shop is open for business or not. The honor system works better than you might believe.

Give people quick and easy ways to experience your facility – and make it social when you can. Low barriers to entry and a great gateway to 18-hole rounds and membership initiation fees.

5. Reinvent Your Way of Doing Business (or Die)



This is the big one guys.

Look, golf is not what it used to be. Just like Toys R Us and Blockbuster, failing to innovate and address shifting demographics, competition and market demands will mean the demise of your business. This is not an opinion. Unless you're the likes of Augusta National, it's a certainty over time.

That said, I believe the golf industry's historic lack of agility presents an incredible advantage – winning the race to market.

The clubs with an ear to the ground, adapting to new technology, and deploying customer focused solutions best will win.

For instance, give careful thought to the business case for your golf instruction programs. I'm talking about paid individual golf lessons, clinics and junior programs.

Are golf lessons actually driving net new business to the club? Is instruction serving to quantifiably reduce membership attrition? Are your golf instructors actively marketing your facility or just themselves? Is everyone aligned with the club's vision?

I'd wager that a close inspection or independent customer survey would reveal that a traditionally structured golf lesson program is bringing minimal business impact (if any) to the club.

I believe that golf lessons should be free...

I know, that's a radical statement. Let me explain.

Lessons Are A Gateway Drug for Beginners

The fact is that traditional golf lessons are expensive and intimidating for newcomers. They are structured in a way that is most convenient for the instructors, far from an optimal learning environment for students.

A customer first mindset is critical. If you're not providing the best solution for the customer, they'll find it elsewhere – at another facility, online, or in another sport altogether.

Wouldn't more regular 15-minute sessions be better for your game as a player than hour-long sessions spread months apart?

Lessons Extend Time of Enjoyment

On the other end of the spectrum, consider your growing population of senior players at risk of aging out of the system and leaving the club. Have you calculated the value of keeping them around for an extra 3 – 5 years? But how? This isn't a

group known for spending on golf lessons – they typically feel hopeless and helpless.

What if you could scrape handicap data, identify older golfers with declining performance, and personally offer them free golf lessons? Your pros could help them work around their ailments and physical limitations, giving them confidence, and thus keeping them in the game and active at your club longer.

...The math plays out.

I say dig your heels in the sand and renegotiate fee structures or flat salaries with your teaching staff so that golf lessons could be offered free of charge to all your customers and prospective customers. We've done it at many clubs in the past and it works.

FREE Is A Marketing Weapon of Mass Destruction

Wouldn't free lessons attract a big buzz, new bodies and referral business?

Or how about a more personal touch...Let's say your pro is at the supermarket or in a local restaurant. Imagine how powerful it would be for him/her to invite a family of four out to the club for some free golf lessons as a friendly courtesy.

Free golf lessons are the ideal gateway drug for newcomers as well as an incredible marketing narrative – but you've got to be first to market. If you're the 4th local club to include golf lessons in the experience, the story isn't so compelling.

The clubs that roll out progressive customer-focused programs like this are going to win.

I can tell you about many more.

Golf Courses are Existing in Cognitive Dissonance

The definition of cognitive dissonance is the mental stress or discomfort experienced by a person who simultaneously holds multiple contradictory beliefs, ideas or values – usually when performing an action or when confronted with new information that contradicts existing beliefs, ideas, and values.

Pleasing your Baby Boomers, while enticing the Next Generation of players to replace them is the golf industry's reality at present.

The skiing industry managed to pull it off, so I don't see why golf should be any different if we can get mobilized.

The great news is that golf isn't going away in any of our lifetimes, but our universe is changing and the market is predictably evolving.

The intricate balancing act of competing for net new younger customers without disenfranchising your aging Boomer base is the key to survival.



The Bottom Line

If your club isn't winning big time right now, it's time for drastic measures or to cut bait.

We're in the midst of an 8-year economic tailwind with marketing opportunities we may not see again for a very long time.

When the next market correction happens, and further down the line when Baby Boomers really start aging out of the system, it's going to be much more difficult and costly to bring new blood into your club.

Get it while you can. It's a total golf marketing land grab right now.

Clubs with a progressive mindset, a positive culture and a loyal audience in place are going to win when our feet get held to the fire as an industry. Those without the attention will lose.

Dig deep into the ways that you are doing business. Reinvent your focus on attracting and converting new business, and triple down on customer focused programming. Don't wait for other clubs to beat you there.

In the macro, if we continue on our current course, the golf industry is going to look much different in the next 15 or 20 years. By different, I mean the pie we're sharing will be smaller.

So, as an owner with limited money, energy and resources, how do you prioritize highest impact activities?

Do you choose to cater to the Baby Boomers, and the relatively narrow window of opportunity that we have to make hay with them? ...Or do you go after Gen-Xers and Millennials to attract some new blood for the long term?

This is the million-dollar question, and it's going to be a different answer for every unique facility and ownership circumstance. There are indeed creative ways to win in both arenas, but laissez-faire is guaranteed to lose.

As an industry, we have to keep the Baby Boomer generation happy at all costs for the short term. They are the foundation for industry performance in its current state.

In doing so, we need to be cautious about granting them the same rights and discount privileges as their predecessors. Senior perks and discounts take bites out of revenue that'll impact facilities in ways you may not see coming.

On the other side, we need to develop fresh messaging and product positioning for the younger crowd. We need to roll out an experience that brings them in and makes them stickier. The truth is that we're probably going to have to concede some of the traditions that just don't resonate with this new customer base.

Success hinges on knowing your customer, emphasizing fun, focusing on lapsed golfers, deploying technology, reinventing old ways of doing business, and addressing the modern time crunch.

About the Author



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Founder and Principal of KPI Golf Management and PGA Master Professional (one of only 352 out of 29,000 PGA Professionals and Apprentices in the USA). Mr. Brown was also the Founder and CEO of Brown Golf Management. Brown Golf became one of the fastest growing Golf Management Companies under his leadership and has been on Golf Inc Magazine's annual list of Top 25 Management Companies in the world for several years. Prior to starting Brown Golf, John was a long time executive with Troon Golf. Troon managed clubs, under Mr. Brown's leadership, have won the prestigious Best of Troon Award two different times.

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