GOLF'S ECOSYSTEM

as we enter

"The New Roaring '20s"

SPORTS& LEISURE RESEARCH GROUP | ASGCA 1947 | GOLF

An Insights Driven Look at Golf’s Ecosystem in 2020

Participation and Golfer Attitudes

Golfers and The Macro Economy

Equipment and Retail

The State of Private Clubs

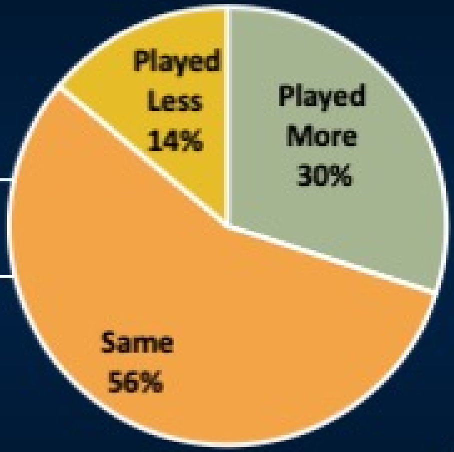
Facility Operations and Design

Golf Travel

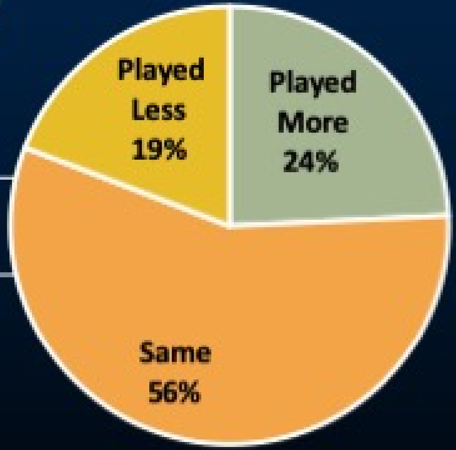
The Tournament Experience

POSITIVE UPTICK IN THOSE PLAYING MORE, THOUGH FLAT, REMAINS THE STORY

2020

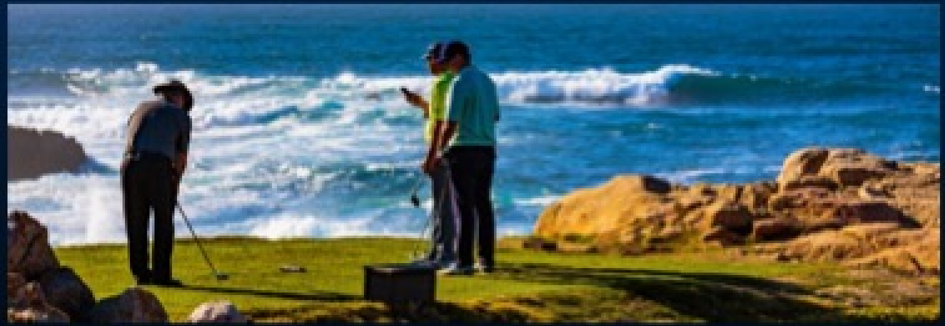


2015



11th straight year that more than **95% expect to play more or the same** in the year ahead.

62% wish they could play more than they currently do



Participation and Golfer Attitudes

BULLISH OPTIMISM ABOUT GOLF'S FUTURE:

52% strongly agree that they are optimistic about golf's future; **up +16% from YAG**

46% single year increase in those who strongly agree that *"The media has created unnecessary concern about the health of the game of golf."* (24% in 2020)

The New York Times

A MORE DIVERSE GAME THAN A GENERATION AGO

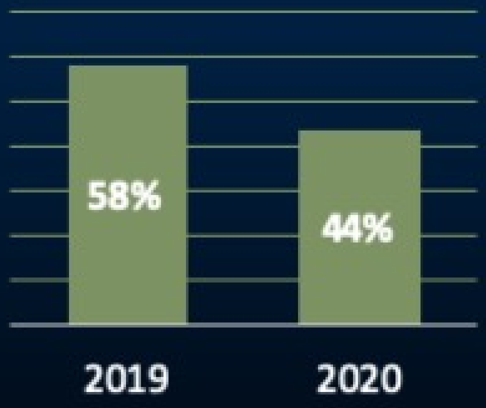
"Golf has become more inclusive and welcoming than it was a generation ago"

STRONG AGREEMENT

BULLISH OPTIMISM ABOUT GOLF'S FUTURE:

Rules Modernization Has Had An Immediately And Meaningfully Positive Impact

"I'd like to see The Rules Simplified"

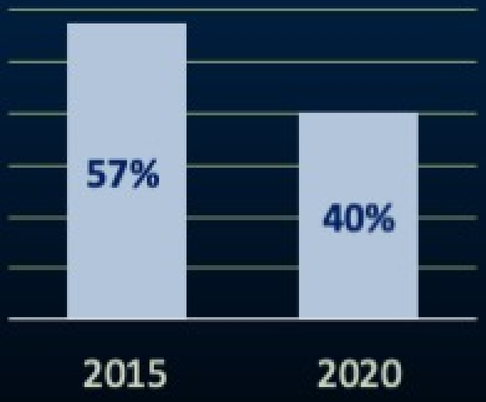


+24%
Improvement!

STRONG AGREEMENT

Significantly Less Concern About Participation:

"The game of golf is facing major challenges in regards to growing overall participation."



+30%
Improvement!

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Golfers and The Macro Economy

WHAT A DIFFERENCE 10 YEARS MAKES!

STRONG AGREEMENT

I feel that I will be much more comfortable in my retirement than my parents are/were

42% 2010 — 47% 2015 — 61% 2020

I'm confident that I will have enough money to retire in comfort

36% 2010 — 42% 2015 — 61% 2020

I plan to spend actively on useful pastimes in my retirement

55% 2010 — 51% 2015 — 61% 2020

I feel better about my financial situation today than I did a year ago

27% 2010 — 35% 2015 — 53% 2020

Compared to my parents, I'm more self indulgent

46% 2010 — 46% 2015 — 51% 2020

There's really no such thing as job security anymore

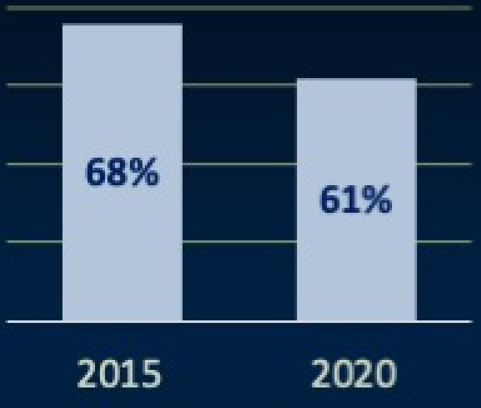
63% 2010 — 61% 2015 — 49% 2020

Dips below 50% for first time in ten years!

Golfers and The Macro Economy

STYLE VS SUBSTANCE??

11% FIVE YEAR DROP in those who strongly agree that purchase decisions are more about substance than about style



Yet others disagree…

"Gen Z's preference for the practical is already spelling the end of the Age of Influencers, as millennial-fueled passion for the Instagram aesthetic wanes."

Kantar—Influencer Marketing Has Peaked

MediaPost —January 2020

The Year Ahead in Equipment and Retail

HIGHER PRICE POINTS; FLAT DEMAND

Plan to Purchase in 2020

The Year Ahead in Equipment and Retail

HIGHER PRICE POINTS; FLAT DEMAND

Planned Per Capita spending

Another year of price escalation

- Median Anticipated Driver spending holds at $400
- Putters eclipse $200
- Replacement Grips eclipse $100; Big elasticity leap for Grips, Putters, irons; golf balls

Meaningful **+11%** year over year jump in those seeking mid-oversized putter grips

The Year Ahead in Equipment and Retail

HIGHER PRICE POINTS; FLAT DEMAND: Planned Per Capita spending

MEANINGFUL INCREASE


Grips
Index 114


Putters
Index 110

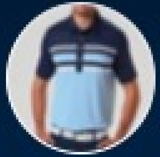

Irons
Index 108


Balls
Index 108

NOMINAL INCREASE


Drivers
Index 105


Wedges
Index 104


Apparel
Index 104


Woods
Index 103


Hybrids
Index 103

FLAT


Shoes
Index 100

DOWN


Bags
Index 93

The Year Ahead in Equipment and Retail

FUELED BY INCREASED BUY IN TO NEW EQUIPMENT EFFICACY STORIES:

+ 47% INCREASE from 2015-2020 of those who strongly agree that *"Buying new golf equipment can help me to immediately improve my game."*

+15% INCREASE from 2015-2020 of those who strongly agree that *"New golf equipment continues to become more technologically innovative every year"*... **AN 11 YEAR, ALL-TIME SURVEY HIGH!**

AND MORE BULLISH ATTITUDES ABOUT SPENDING

"I'm more budget conscious than I was two years ago—top three box agreement"

The Year Ahead in Equipment and Retail

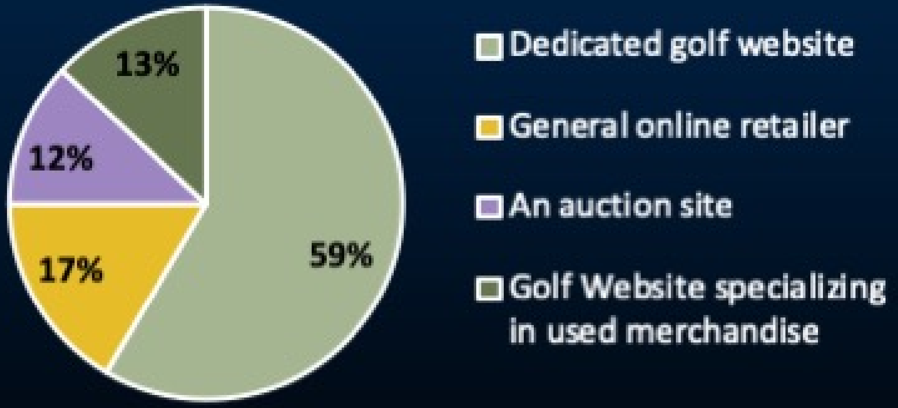
CHANNEL PREFERENCES

Where are you going to make your next purchase?

	2020	2019
Off Course Specialty	40%	39%
Online	22%	22%
Green Grass	21%	22%

A CLOSER LOOK AT ONLINE PREFERENCES
Home of the Deal Seeker!

Just **OVER HALF** go to dedicated golf websites, with auction and second hand merch sites commanding **¼ OF ONLINE SALES**



The Year Ahead in Equipment and Retail

SEEING IS BELIEVING

NEARLY 60% FIND IN STORE DEMOS critically important in determining which equipment to purchase; **50%** feel the same about **ON COURSE DEMOS**; Next is **GOLF PUBLICATION RESEARCH (41%)**

Trend reversal suggests **GROWING LOYALTY—31% now** strongly agree that they've found one brand of equipment that they plan to stick with when they make their next purchase—**up from 24%** last year **AND** five years ago (2015)

The State of Private Clubs

A NEW WORLD—BUT A STABLE ONE

55% feel that clubs in general **NEED TO MAKE AGGRESSIVE CHANGES** (down from **57%** YAG and **60%** in 2015)

- **37% FEEL THEIR CLUB SHOULD** (unchanged but down from 40% five years ago)

51% HAVE MADE CONCERTED EFFORTS TO GET YOUNGER (unchanged) but down from 57% in 2014

Meaningful one year uptick in those whose club has put more **EMPHASIS ON WOMEN'S PROGRAMS** (30% vs. 25% YAG and **ALL TIME HIGH**)

The State of Private Clubs

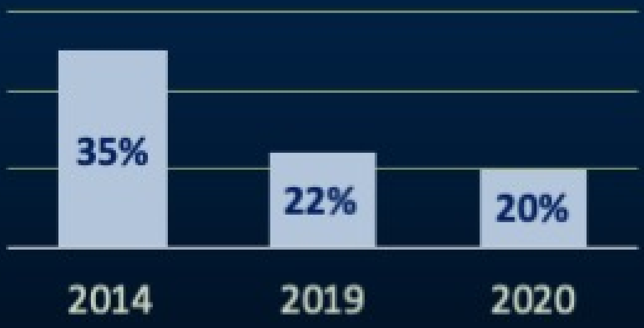
A NEW WORLD—BUT A STABLE ONE

25% have recently initiated a variety of new **NON-GOLF PROGRAMS TO ATTRACT FAMILIES**…slight uptick from 23% YAG but flat from five YAG

LESS CONCERNED ABOUT THE FINANCIAL STABILITY of their club

MEMBERSHIP COSTS ARE STABILIZING

% WHO HAVE Aggressively Reduced The Cost Of Membership In Recent Years



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The State of Private Clubs

A NEW WORLD—BUT A STABLE ONE

Membership Growth Update

Facility Operations and Design Trends

MOST COVETED FACILITY IMPROVEMENTS

Would be of significant interest SUMMARY	PUBLIC			PRIVATE		
	2020	2019	2018	2020	2019	2018
Golf course renovation	41%	39%	40%	46%	47%	37%
An enhanced food and beverage experience	35%	33%	31%	37%	36%	33%
Expanded Junior golf programs	31%	30%	36%	31%	37%	33%
Family programming	14%	23%	27%	42%	31%	28%
9-hole golf outing followed by a casual dinner party	24%	20%	31%	31%	21%	32%
Club house renovation	31%	25%	30%	26%	29%	32%

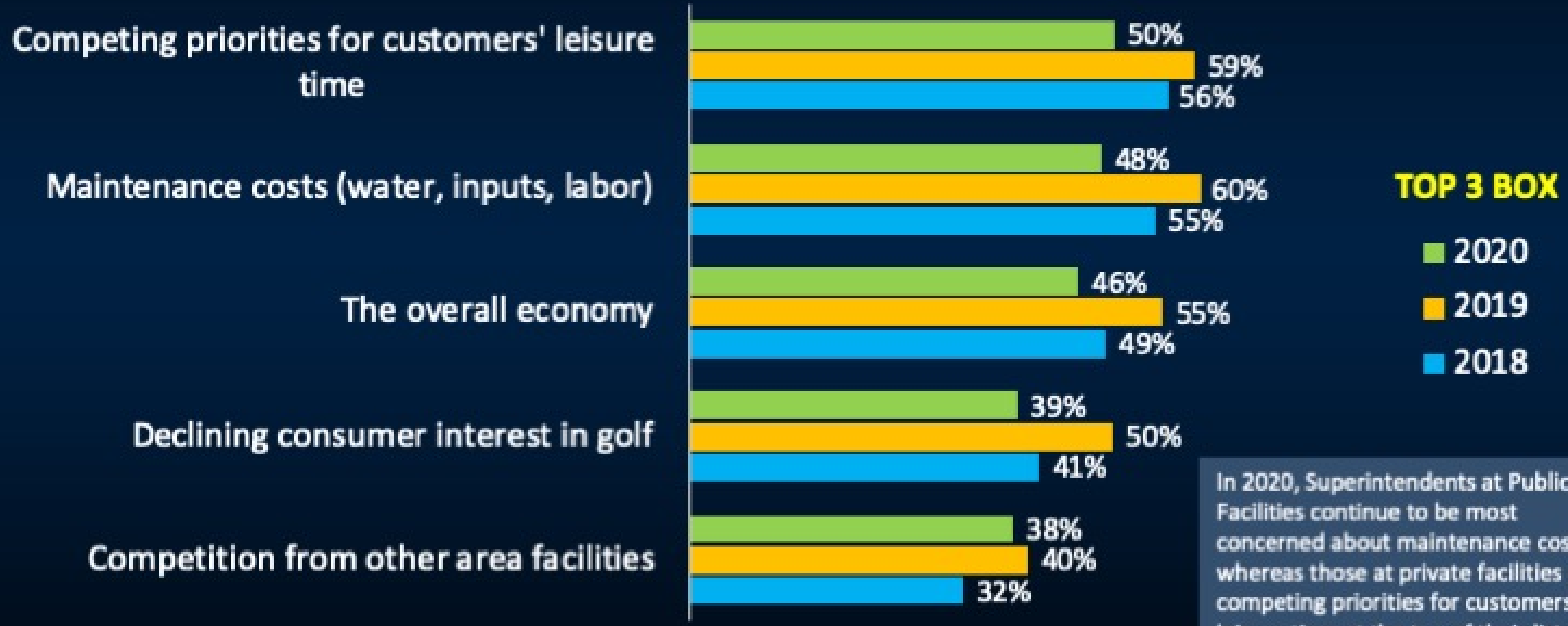
Facility Operations and Design Trends

ARCHITECTS ON WHAT GOLFERS WOULD VALUE

ARCHITECTS Top 3 Box Agreement	2020	2019	2018
Additional tee box options that allow for a shorter golf course	83%	81%	81%
A dedicated short game practice/learning area	78%	83%	85%
An enhanced practice range	76%	81%	81%
A re-design of one or more holes on the golf course	58%	63%	61%
A state of the art fitness facility and gym	49%	52%	50%
Additional, dedicated outdoor event space	44%	54%	48%
A newly designed, more modern and trendy bar area	42%	50%	45%

Facility Operations and Design Trends

WHAT KEEPS FACILITY OPERATORS UP AT NIGHT



In 2020, Superintendents at Public Facilities continue to be most concerned about maintenance costs, whereas those at private facilities place competing priorities for customers' leisure time at the top of their list.

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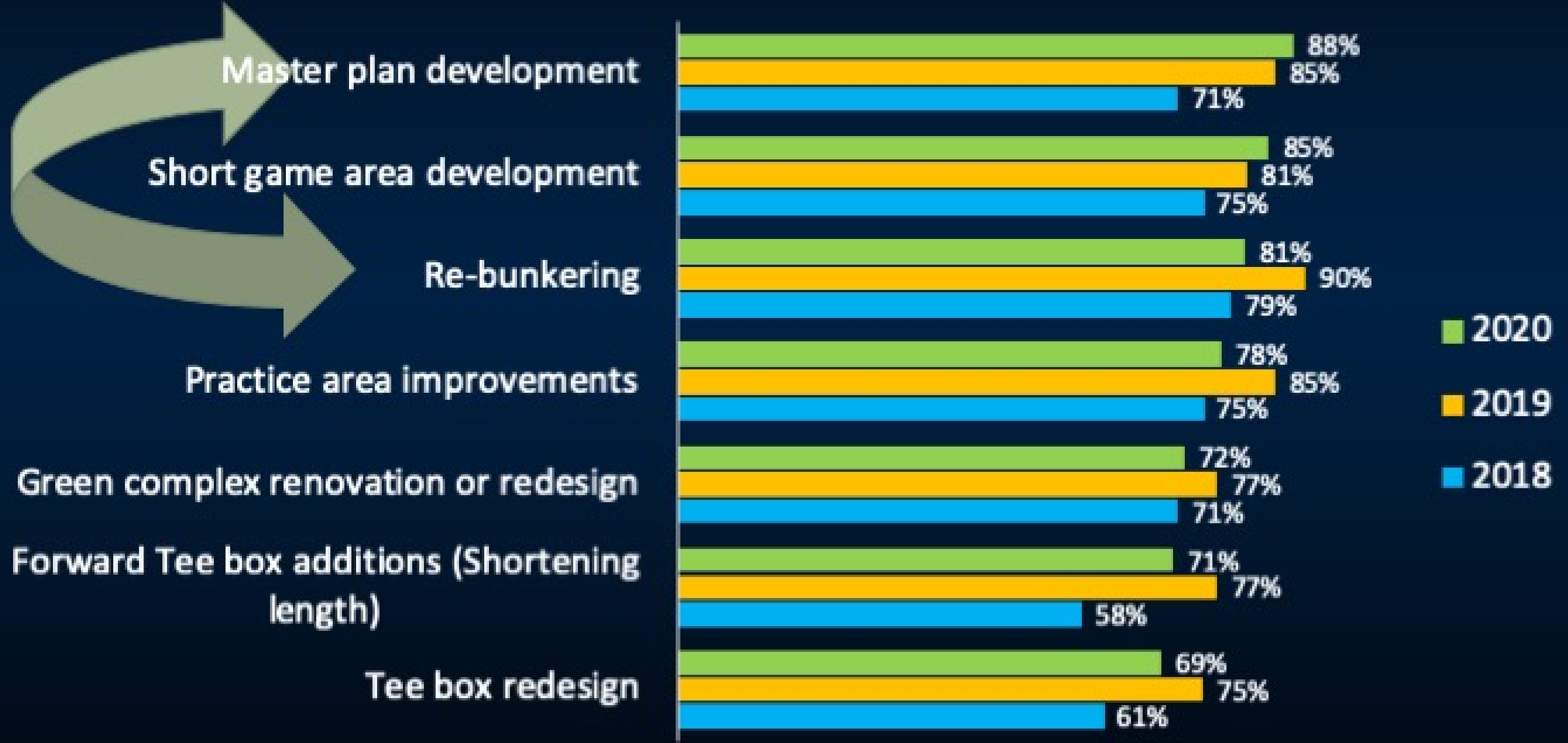
Facility Operations and Design Trends

WHAT ARCHITECTS HAVE BEEN DOING



The Golf Traveler

ON THE MOVE AND OPTIMIZING THE EXPERIENCE

Averaging **13 NIGHTS PER YEAR** in a hotel, on vacation

96% playing golf while on vacation

16% attending a tournament golf event, while traveling

45% strongly agree that the idea of retiring to a **GOLF COMMUNITY** is appealing to them

The Golf Traveler

ON THE MOVE AND OPTIMIZING THE EXPERIENCE

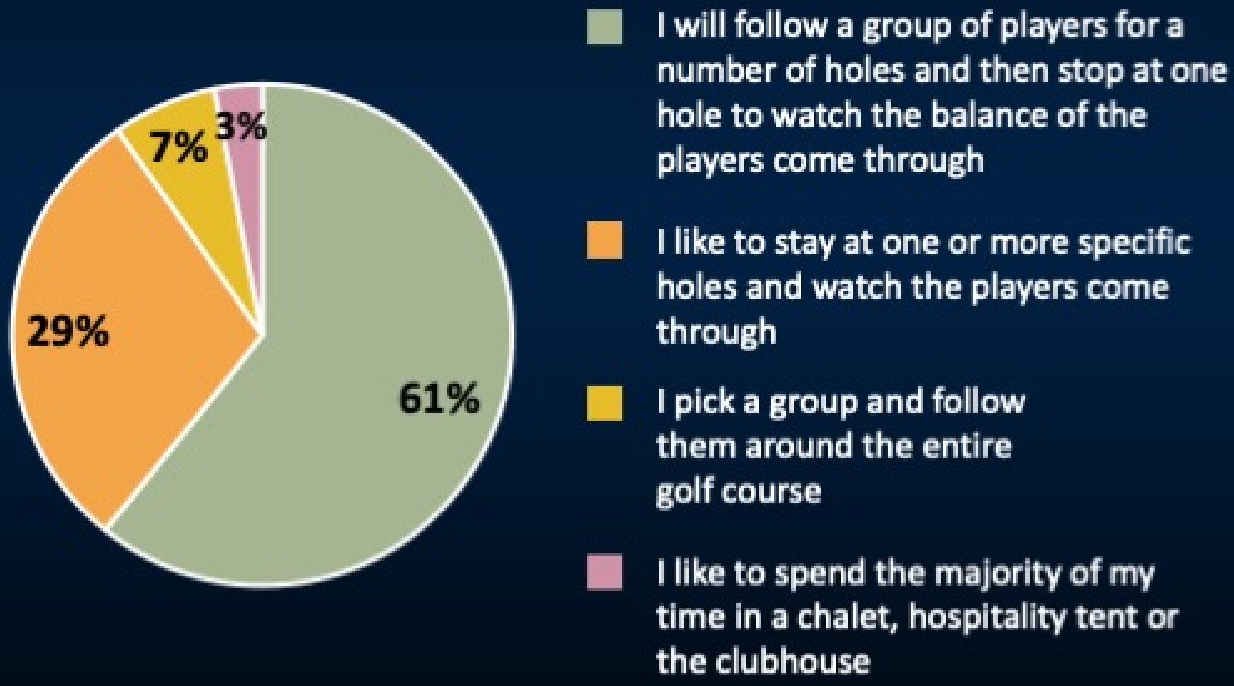
PLANNING TO TAKE A MAJOR VACATION THIS YEAR

LOOKING FOR ADVENTURE

It's important that vacation travel includes some element of adventure

The Tournament Golf Experience

Q. Which of the following best describes your viewing preferences at a professional golf tournament?



51% have attended a tournament within the past two years

➔ The fight for Fan Attention

New TOUR Rights Fees contracts and onset of Gaming promise big revenue Infusions

The Year Ahead

WHAT WE'RE THINKING...

PARTICIPATION: BULLISH—BUT?

- Tee Time Consolidation
- Enough entry ramps?
  - — Top Golf IPO and derivatives
- Who's a participant?
  - — 40 Million—begs clarification and appropriate definition of "participant"

THE MACRO ECONOMY

- 10 Years ago golfers were much less confident about the future—It's a far cry from fears of 11% unemployment
  - — But prior data suggests high sensitivity

The Year Ahead

WHAT WE'RE THINKING...

EQUIPMENT OVER THE PAST TEN YEARS AND WHAT IT MEANS FOR 2020

- OEM Consolidation
- Technical innovation messaging
- Higher initial price points with cascaded/used product a staple now
  - — Juxtaposed against the premium design studios
- Constant shoppers are here to stay—The Roger Dunn effect
- Retail consolidation and transformation
  - — Online's new role as a more prevalent and legitimate transaction facilitator

The Year Ahead

WHAT WE'RE THINKING...

FACILITY / SUPPLY DYNAMICS

- Greater stability
- On the public side, the winners have embraced technology to forge better customer relationships, while tapping into the resources of digital tee time providers that have not been without their detractors.
- However, the proliferation of digital tee times has simultaneously made the game more accessible and offered greater marketing resources.
- The new EZLinks—GolfNow marriage and its impact

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