

GOLF
BUSINESS
CONFERENCE
2023

A LOOK TO 2023:
Optimizing Revenue No Matter Which Way the Wind Blows

Prepared by:
**SPORTS &
LEISURE**
RESEARCH GROUP

Wasn't Golf 2020, Three Years Ago?



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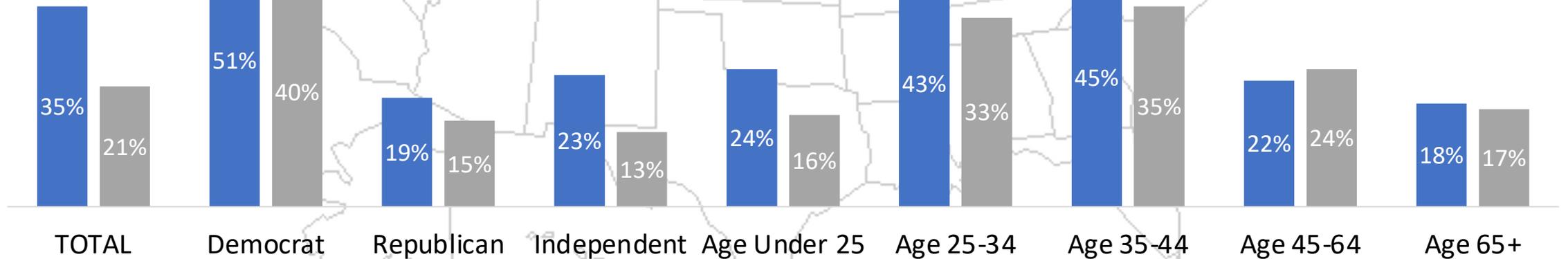
Less than Four in Ten Americans Strongly Believe that we Are on the Right Track

Looking ahead, please indicate how much you agree or disagree with each of the following statements...

America is on the Right Track

TOP 3 BOX AGREE

JAN '23 DEC '22

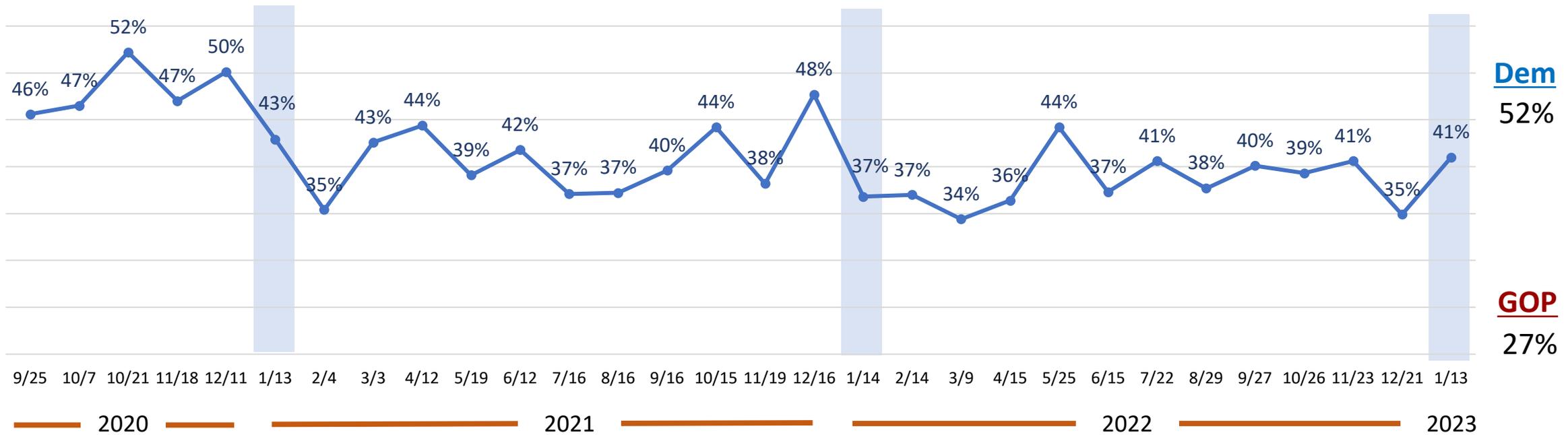


Overall Future Outlook Remains Muddled

Looking ahead, please indicate how much you agree or disagree with each of the following statements...

TOP 3 BOX AGREE

I'm optimistic about the future of our country

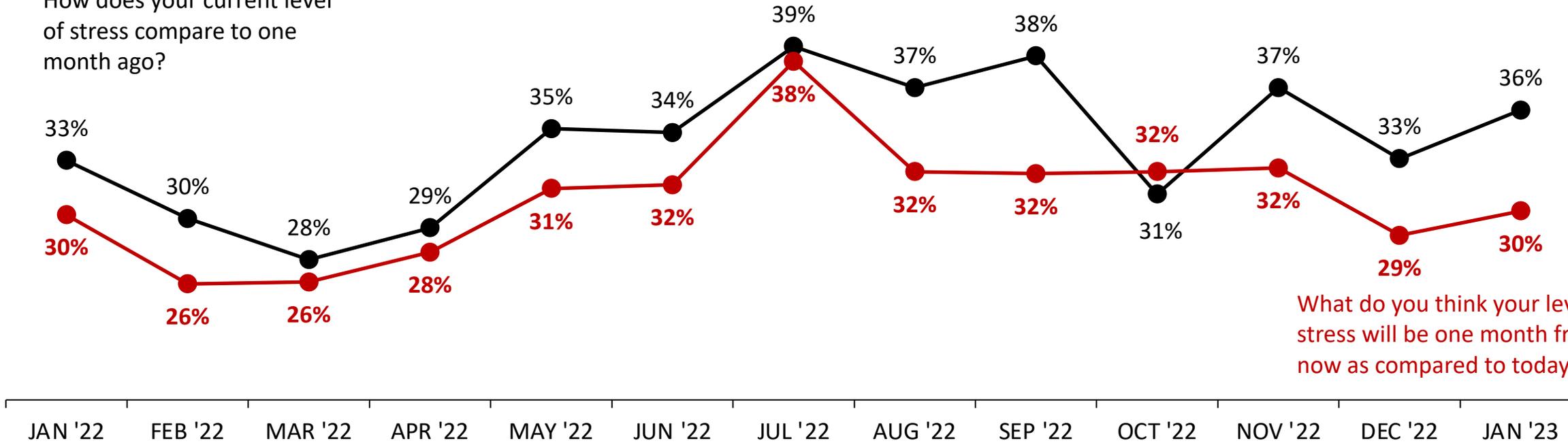


- 48% are very confident that “2023 will be a better year than 2022 was...” +14 points from last year!

Consumer Stress Levels are Comparable to YAG

TOP 3 MORE STRESSED

How does your current level of stress compare to one month ago?



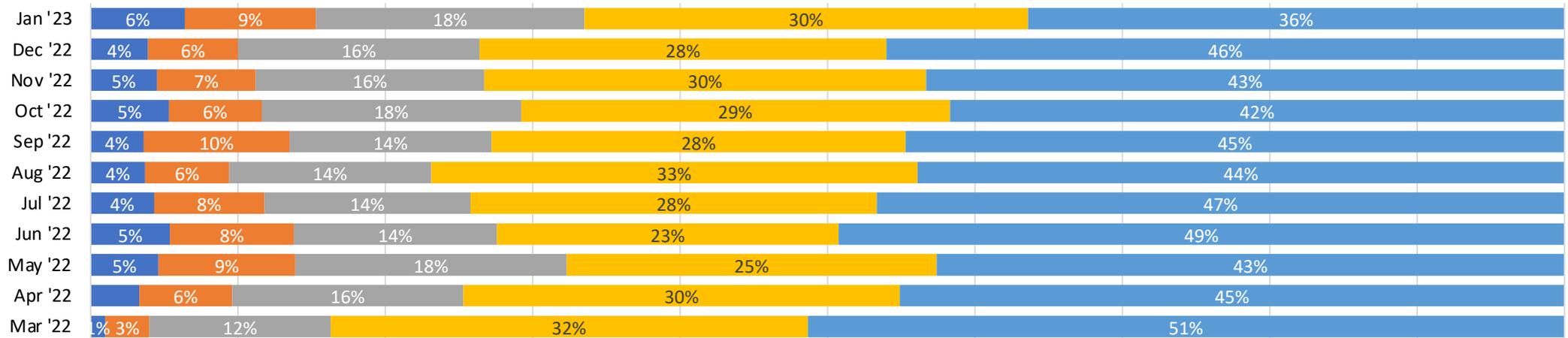
What do you think your level of stress will be one month from now as compared to today?

A Break in the Clouds? But 2/3 Still Feel Inflationary Pressure

Compared to the six months prior to the pandemic, would you say that prices are...

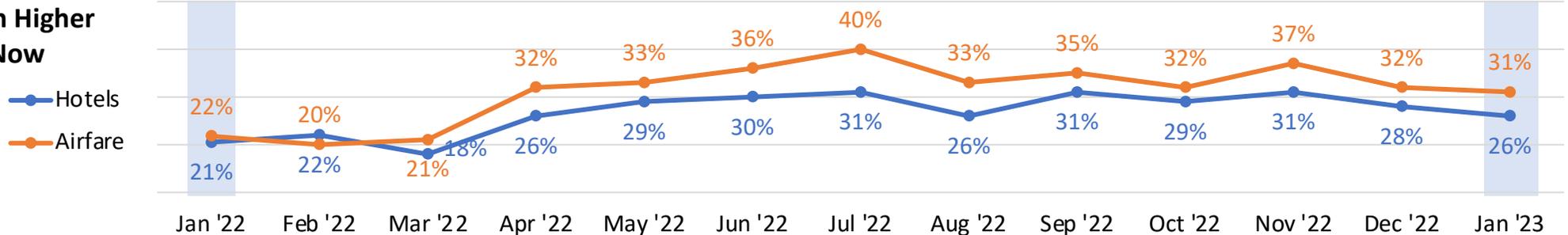
■ Much lower now ■ Somewhat lower now ■ Basically the same now ■ Somewhat higher now ■ Much higher now

Consumer Items



Travel

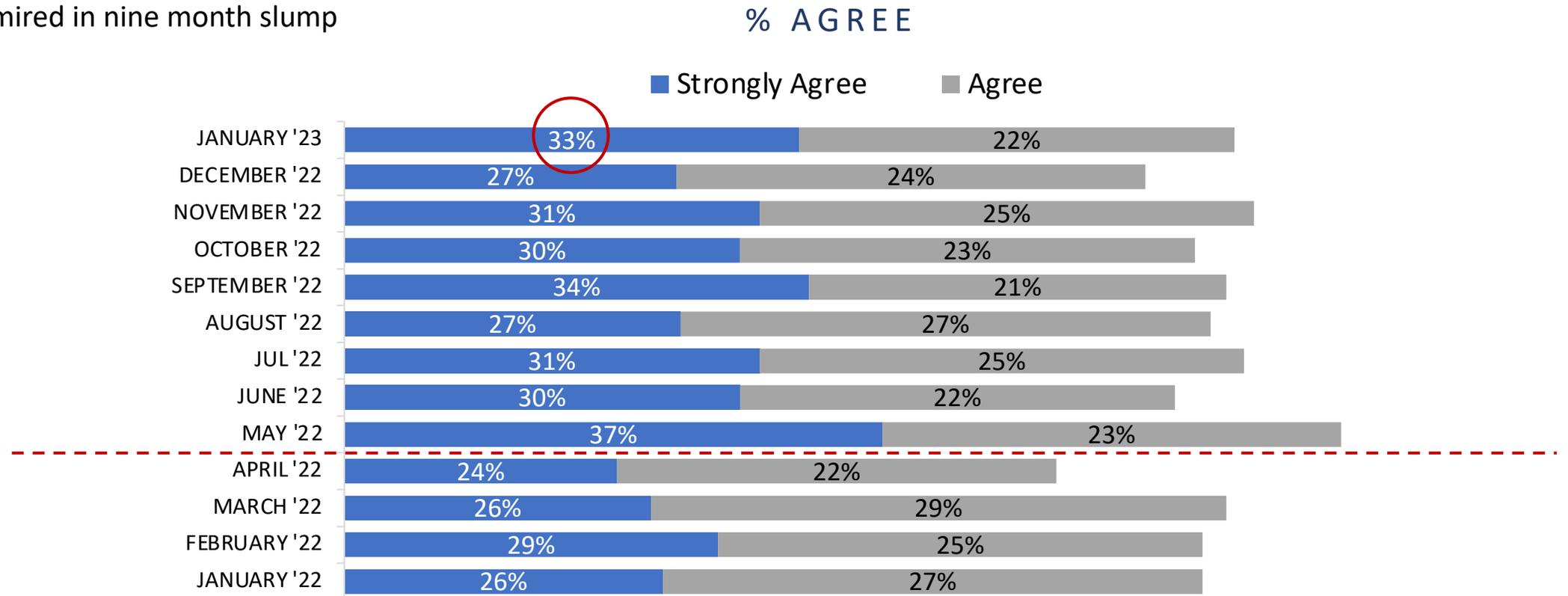
Much Higher Now



Service Still Lacking: Majority Feel that The Resumption of Normal Activities Have Been Particularly Underwhelming

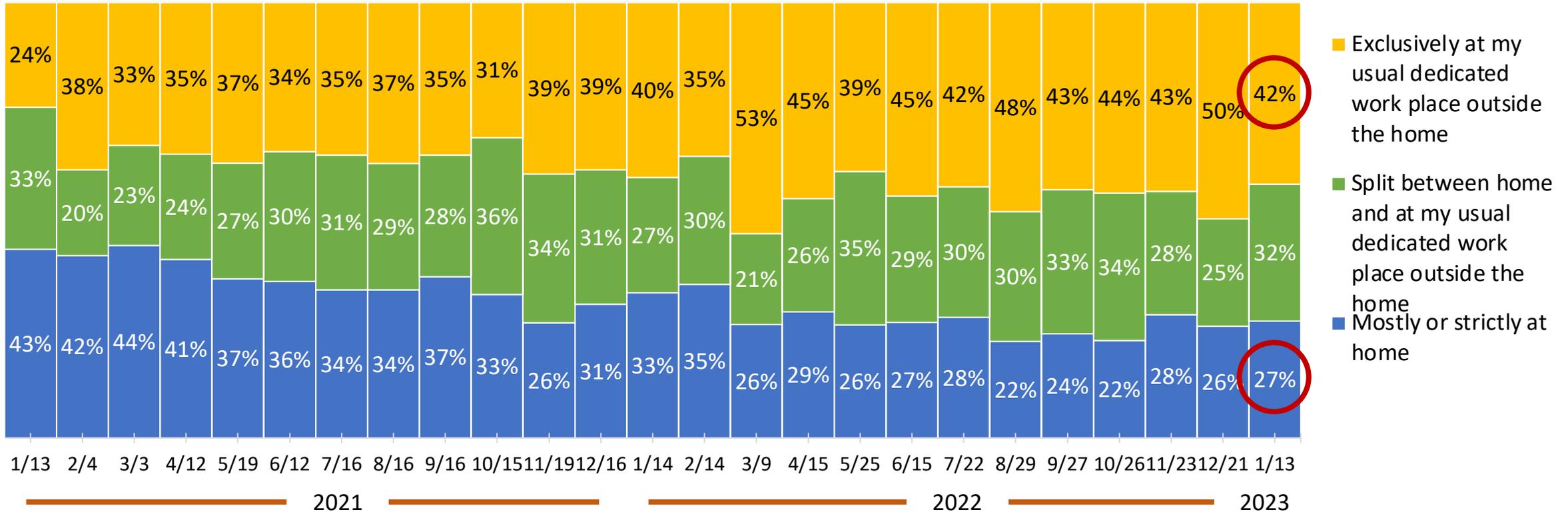
In general, the resumption of normal activities, that were limited during the height of the pandemic, has been underwhelming relative to my expectations and recollections of them, pre-COVID

- Still mired in nine month slump



Foundational Change: Less Than Half are Back Working in the Office Every Day

Are you presently working from home or in a dedicated workplace?

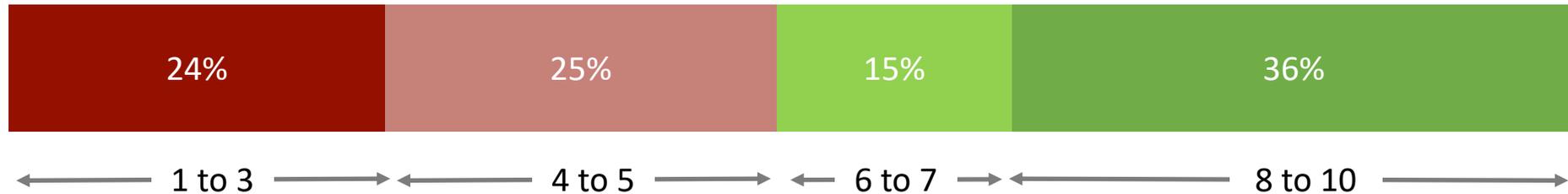


- **52%** strongly agree that *“the ability to work from home is something that I value or would value from my job”*

About Half of the Unemployed are Not Willing to Take Jobs That Do Not Offer the Opportunity for Remote Work

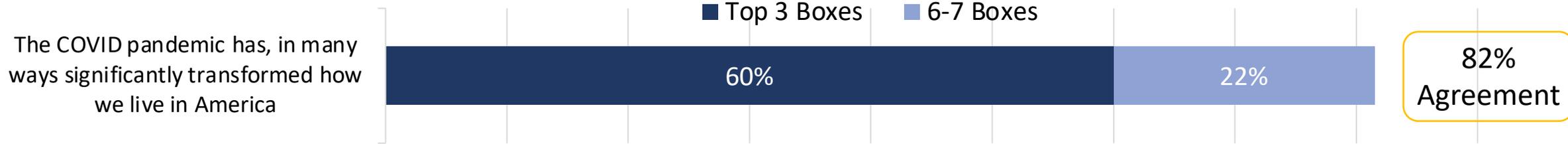
- One in four are strongly opposed to taking such work

Q. *How willing would you be to take full time work that did not afford you with any opportunity to work remotely? Please use a scale from 1-10, where “10” indicates that you would have no hesitation whatsoever to take a job that does not allow for any remote work and “1” indicates that you would definitely not take a job that does not provide for a remote work opportunity.*



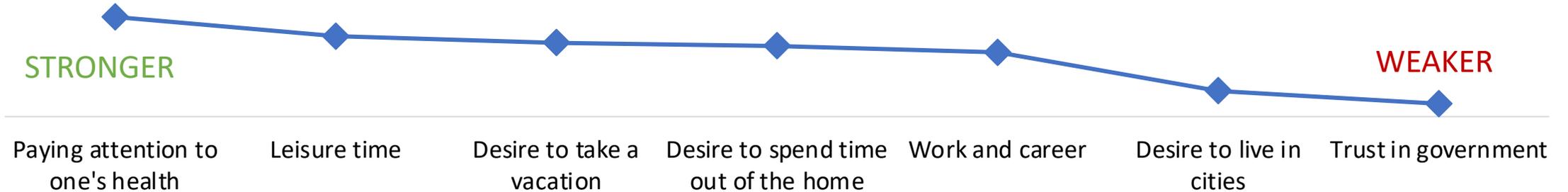
The COVID Pandemic has Significantly Transformed How We Live In America

Looking ahead, please indicate how much you agree or disagree with each of the following statements



We've Shifted Our Focus

Please indicate the impact, if any, that the COVID pandemic has transformed the way that we live in America

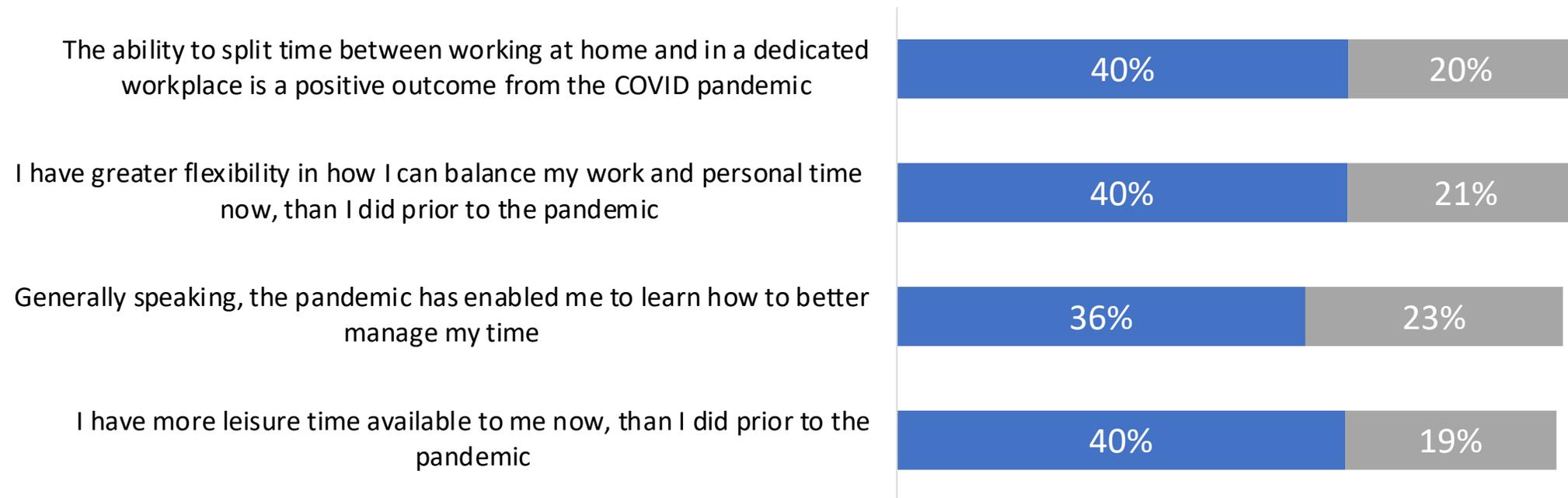


- **70%** agree that *“Since the start of the pandemic, I have been even more active in finding new ways to improve my personal wellness.”*

The Pandemic Helped Us to Re-Prioritize Time Allocation

Please indicate how much you agree or disagree with each of the following statements

■ Strong Agreement ■ Agreement



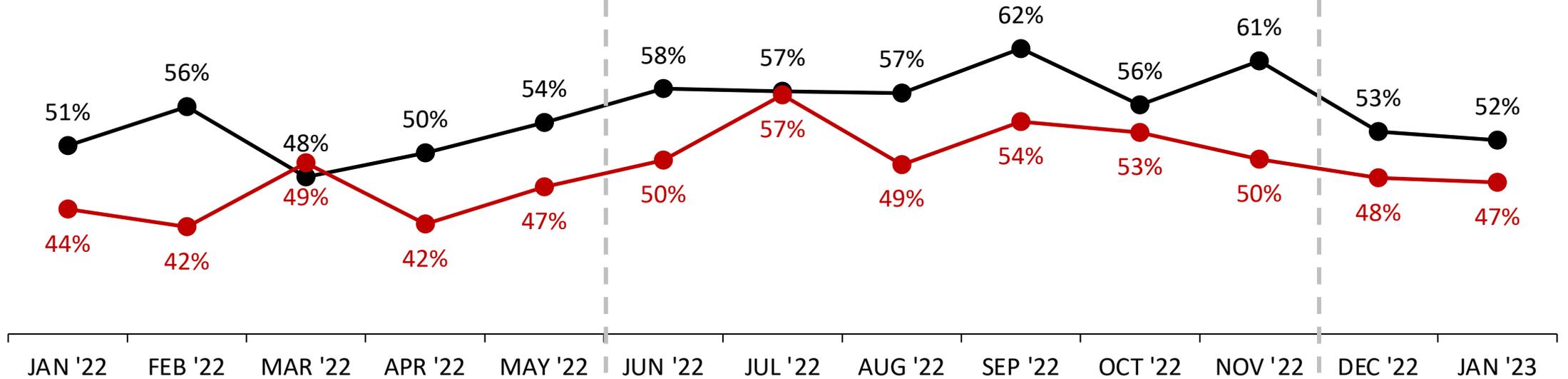
A Lessening of Budget Consciousness and Recessionary Fears??

Thinking about the current situation, please indicate how much you agree or disagree with each of the following statements.

TOP 3 BOX AGREEMENT

■ I'm more budget conscious today than I was two years ago

■ The economy is currently in recession

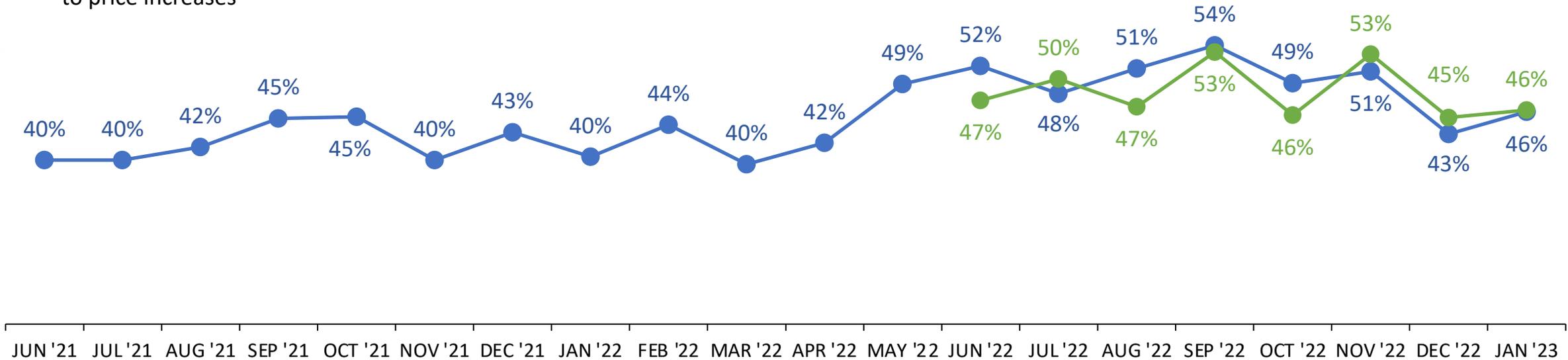


Consumer Discretionary Spending Remains Challenged, but Improving

Please indicate how much you agree or disagree with each of the following statements.

TOP 3 BOX AGREEMENT

- Today I have to make more difficult decisions about discretionary purchases than I did five years ago
- I am spending less money on multiple items in response to price increases



Bullish on Travel

TOP 3 BOX AGREE

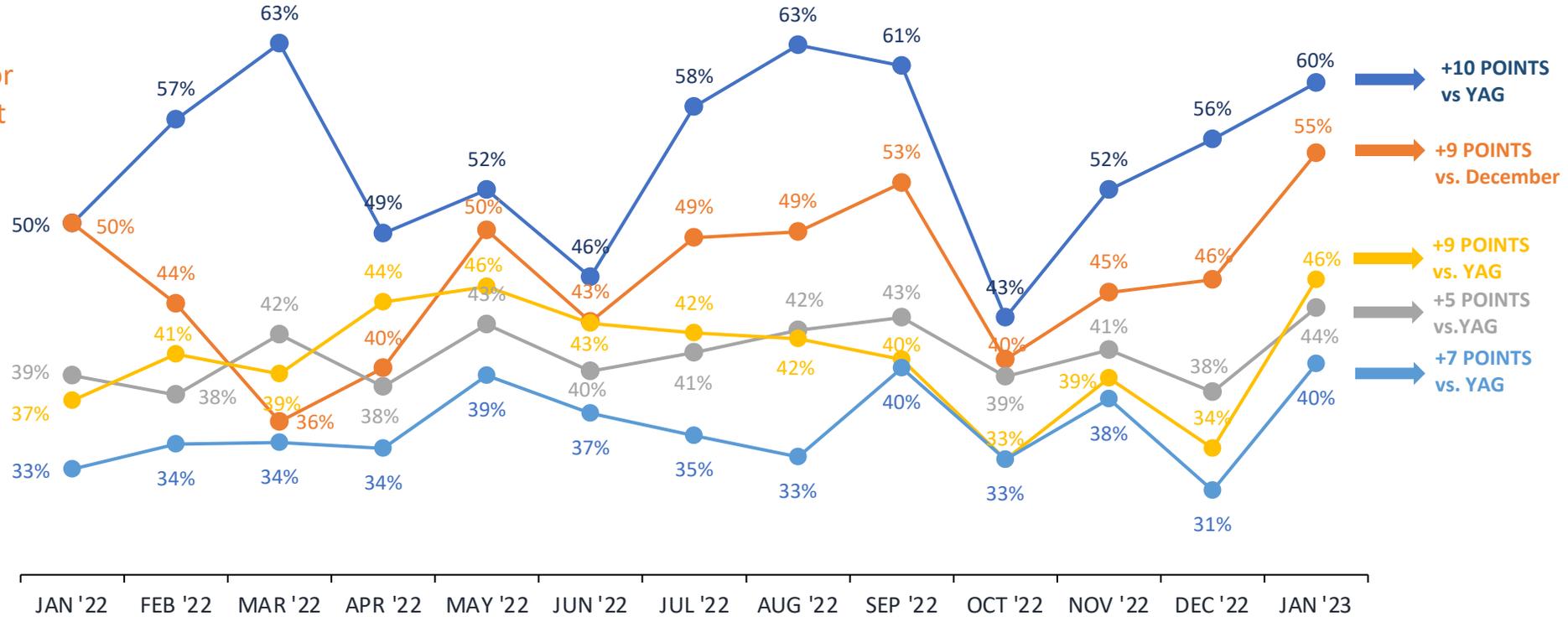
I'm likely to take a domestic business trip in the next six to twelve months

I plan to take the same number or more business trips over the next six months as I did in the six months prior to the pandemic

Taking a vacation of over 500 miles or more is a priority for me and my family in the next 12 months

I'm planning to take a major vacation this year

I plan to spend just as much or more money on travel in the next year as I did in the past year

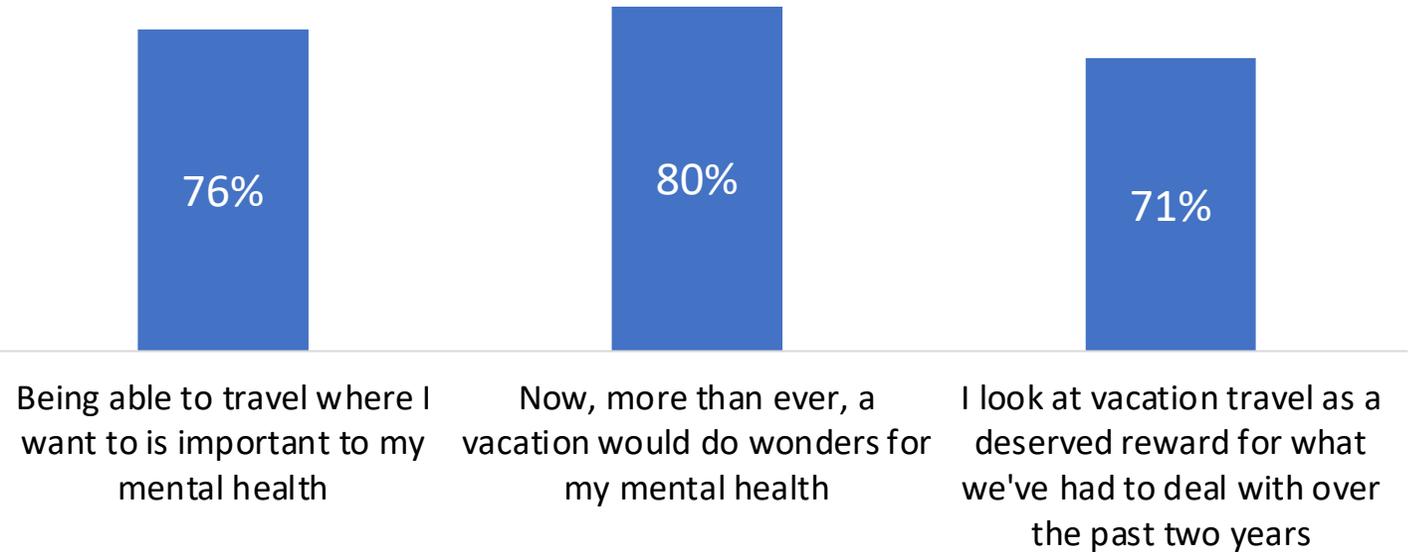


People “Need” a Vacation

Please indicate how much you agree or disagree with each of the following statements

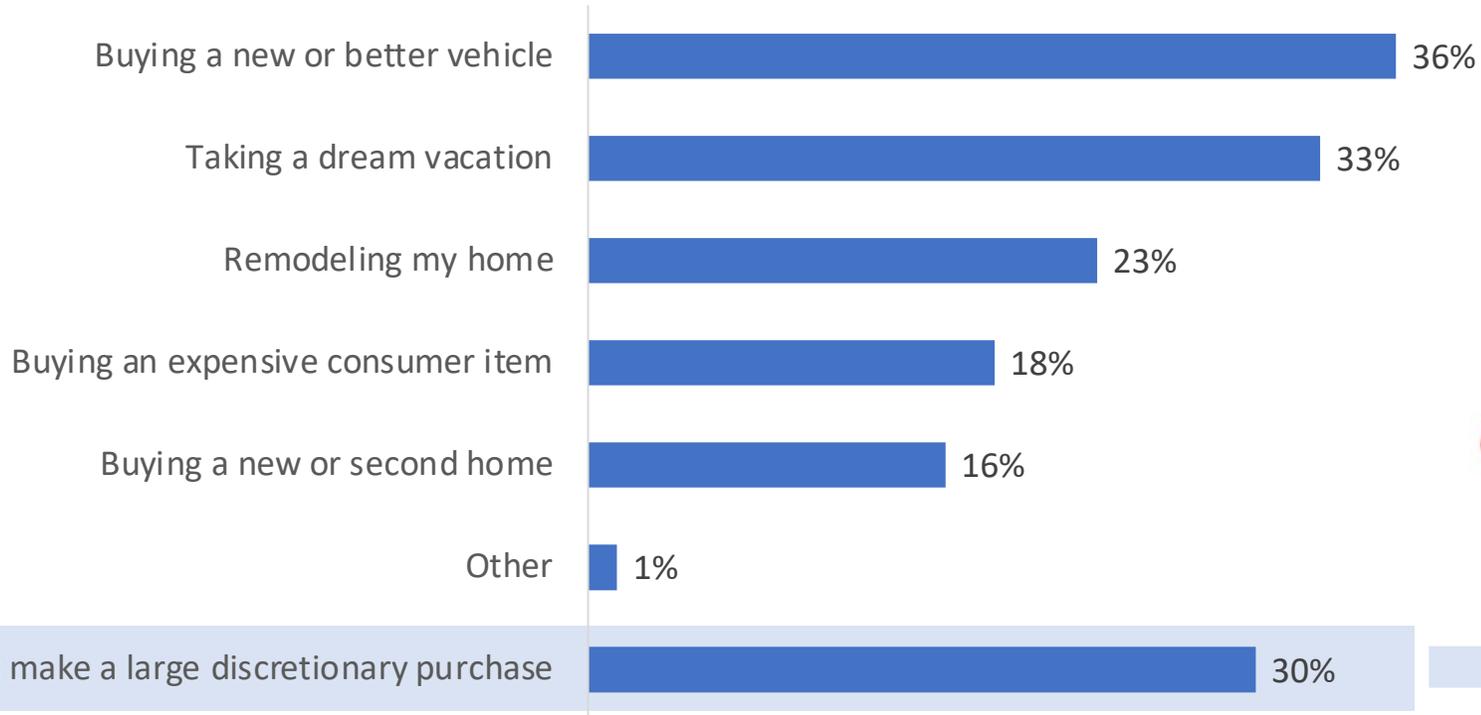


AGREE

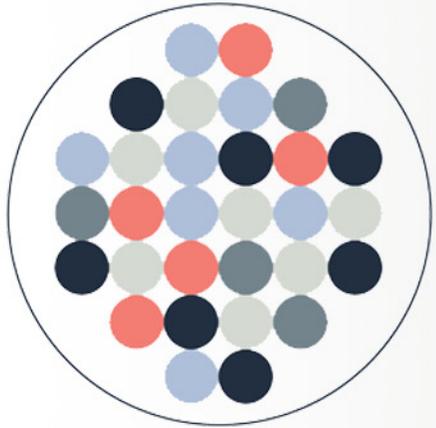


Large Discretionary Purchases Are Not Off the Table in 2023

Which, if any, of the following large discretionary purchases are you planning to make over the next six months?



Less than a third aren't thinking about something big!

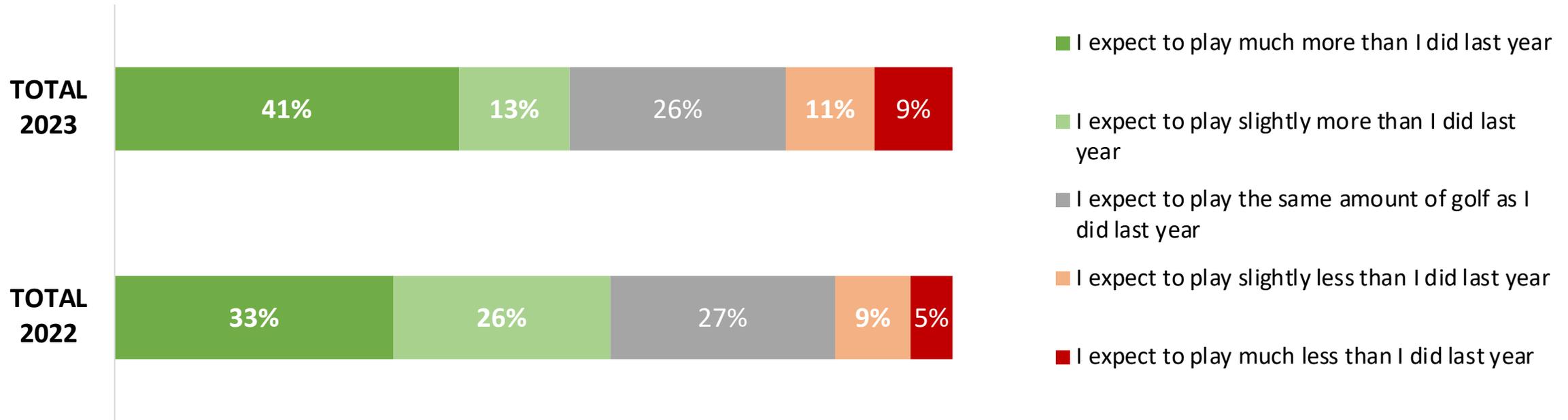


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A CLOSER LOOK AT THE GOLF MARKET

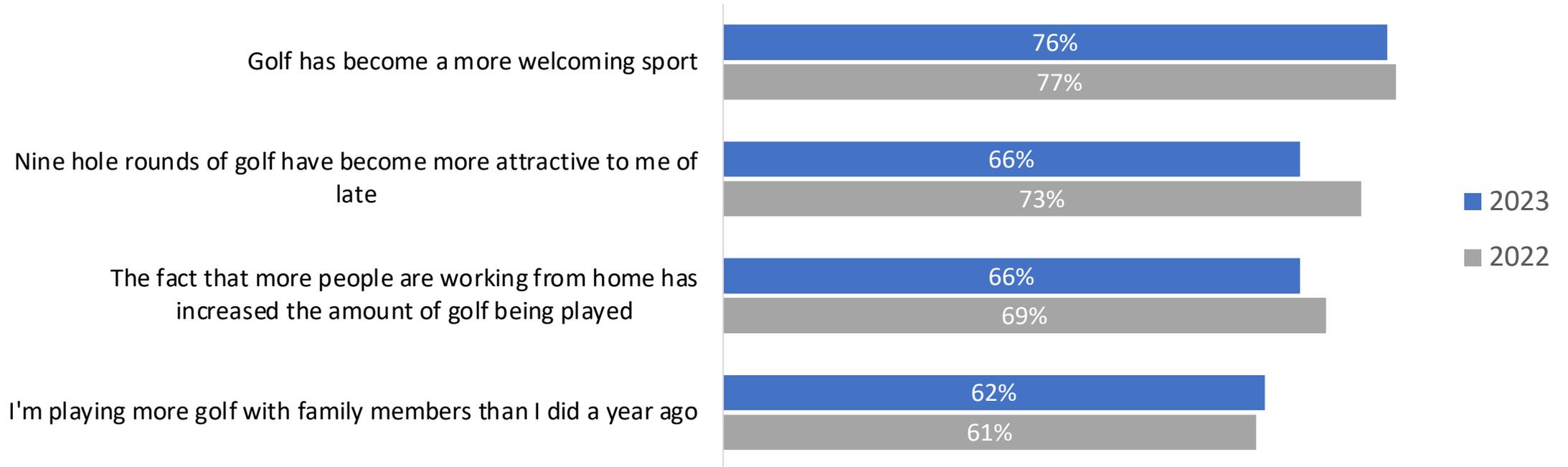
Golf's "Upswing" Remains Stable

Which of the following best describes your anticipated golf activity in 2023?



Golfer Attitudes Align with Continued Strong Demand

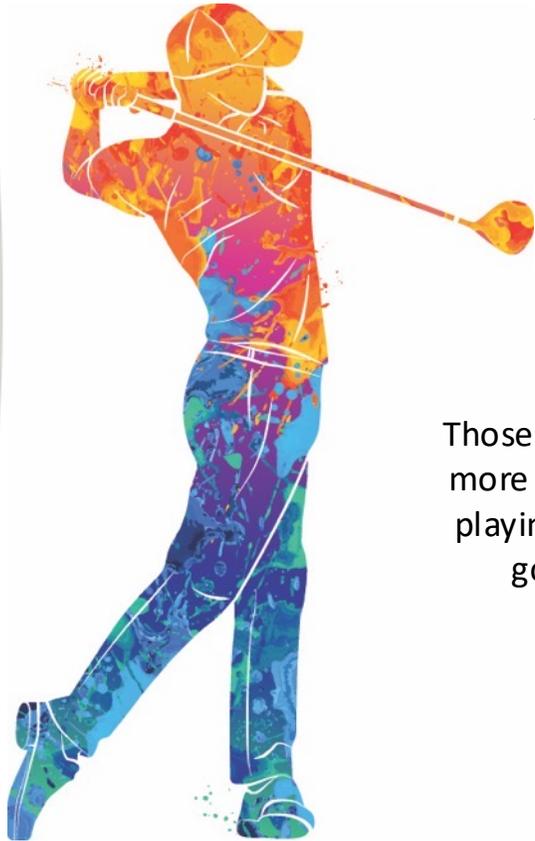
- 2/3 of golfers agree that *“We are at the cusp of seeing significant growth in golf participation”*
- 71% believe that those who took up golf during the pandemic, will continue to play the same or more rounds in 2023



Even More of an “Upswing”

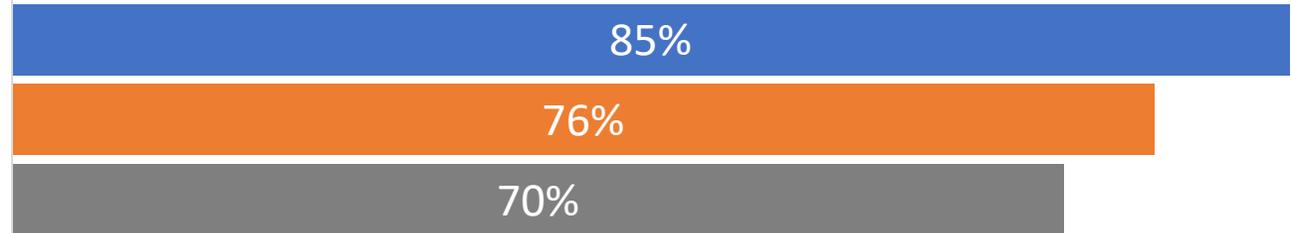
Please indicate how much you agree or disagree with each of the following statements.

TOP 3 BOX AGREE



Those who have begun to play more golf, this season, will be playing just as much or more golf, a year from now

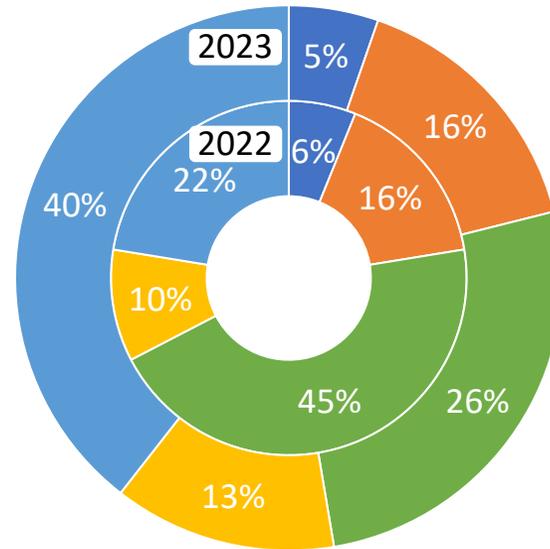
■ 2023 ■ 2022 ■ 2021



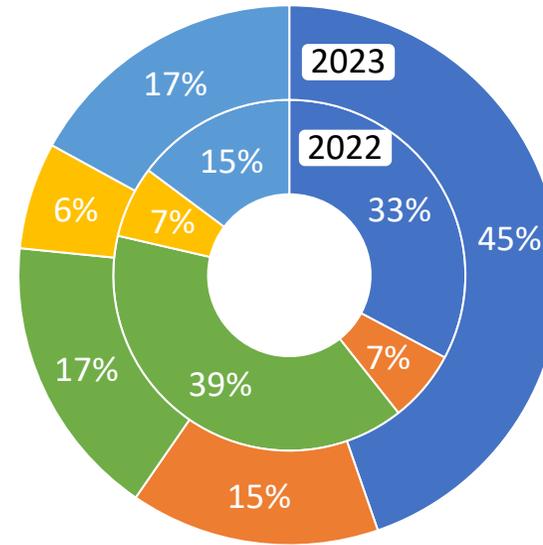
Equipment Purchase Interest Continues to Rise

Thinking about the golf equipment purchases that you have made in 2022 how does this compare to your anticipated purchases of golf equipment in 2023?

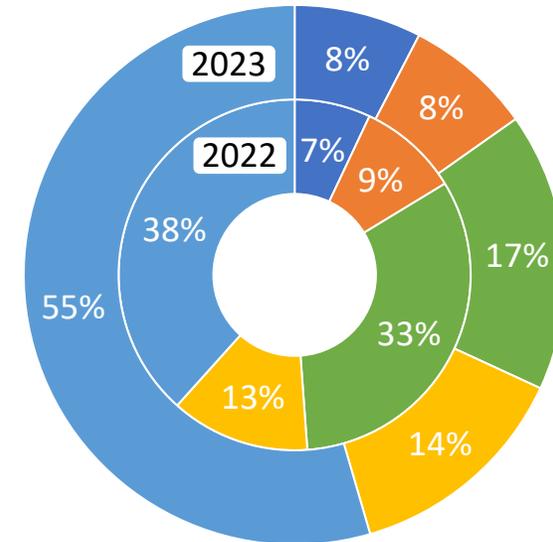
- I did not purchase any golf equipment in 2022 and do not anticipate purchasing any in 2023
- I did not purchase any golf equipment in 2022 but plan to purchase some in 2023
- My 2023 golf equipment purchases will be about the same as they were last year
- I will buy less golf equipment in 2023 than I did last year
- I will buy more golf equipment in 2023 than I did last year



CORE



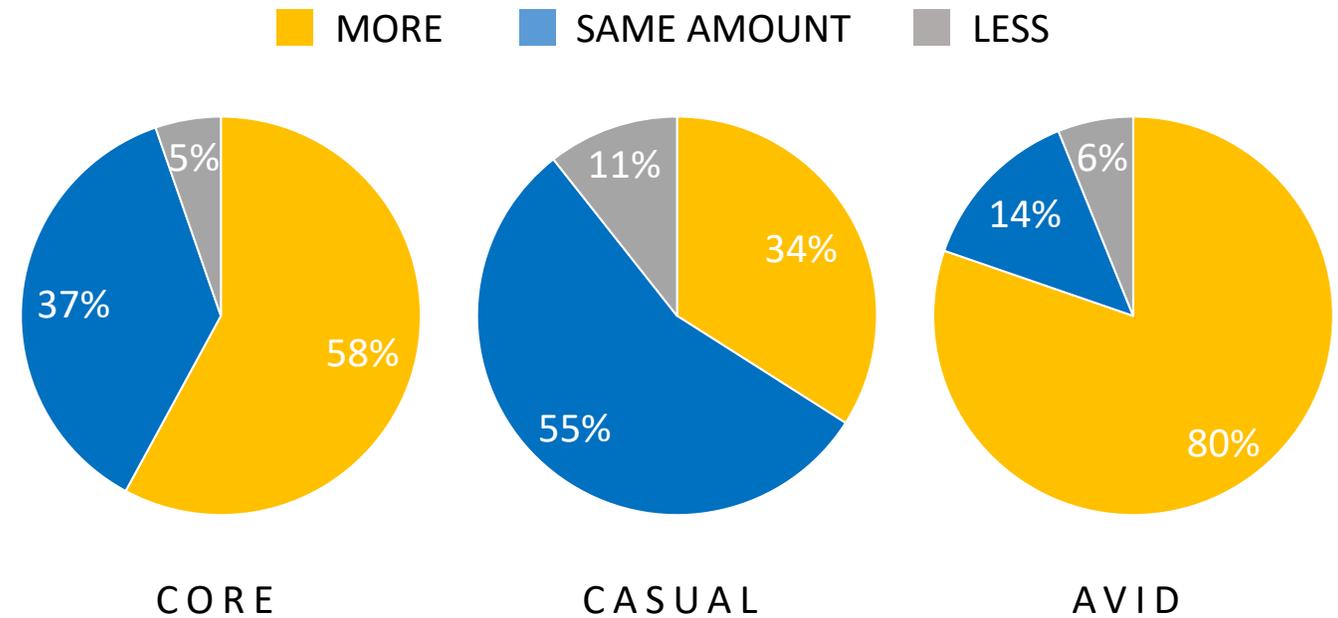
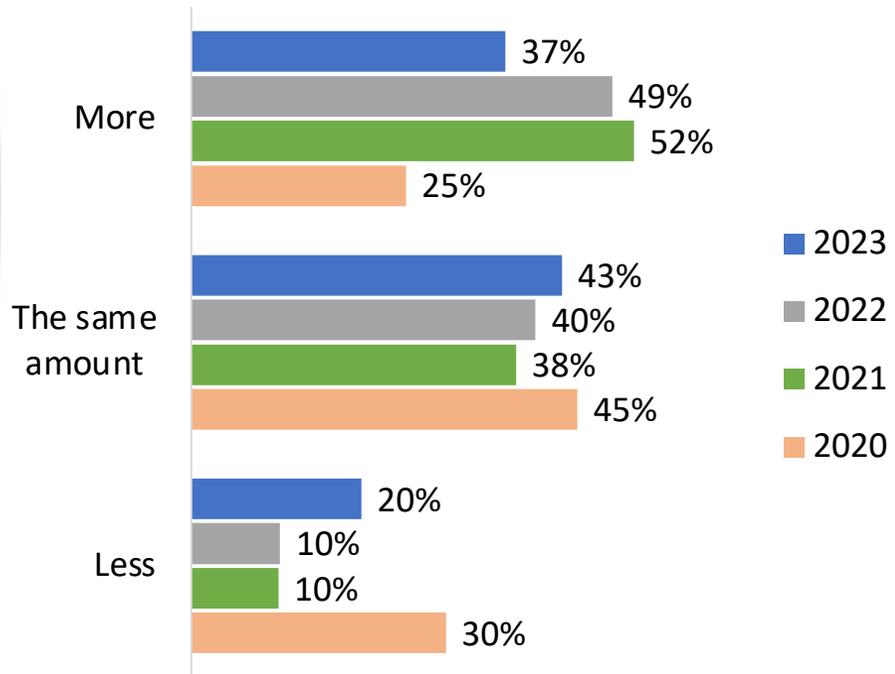
CASUAL



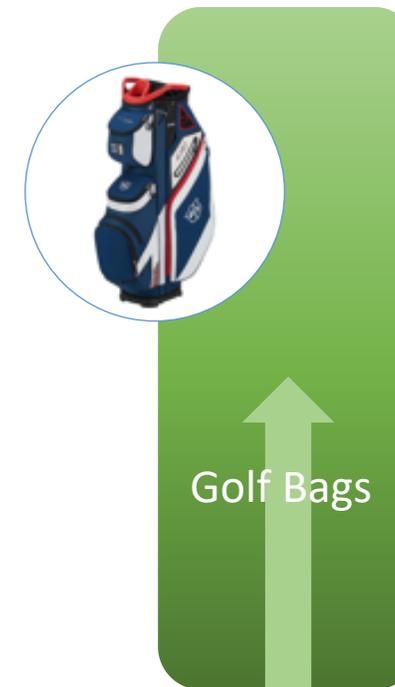
AVID

Outlook on Equipment and Apparel Spending in 2023 Prioritizes Best Customers

Overall, compared to 2022 do you expect that your 2023 total golf related spending for equipment and apparel will be:



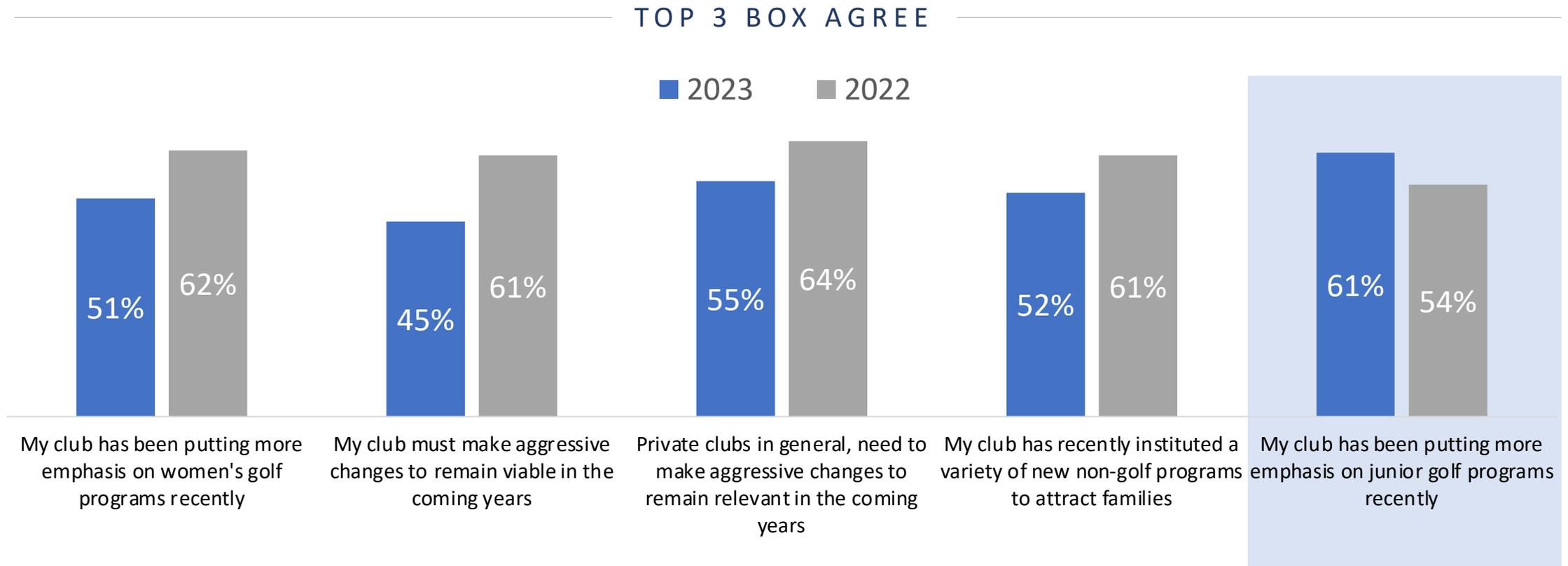
Significant Year over Year Increases in Equipment Purchase Intent



Growth in intent is meaningfully more pronounced among core and avid as well as mid handicappers (10-20 Index)

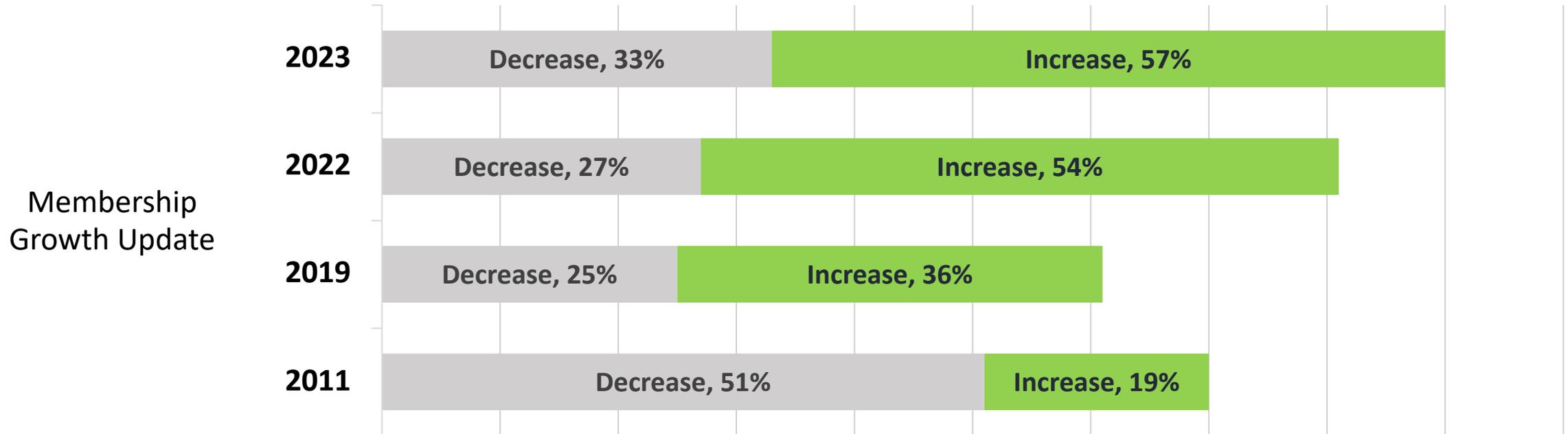
Beyond a Heightened Focus on Junior Programs, are Clubs Getting More Complacent?

As a private golf club member, please indicate how much you agree or disagree with each of the following statements.



The (Mostly) Haves and The Have Nots:

- An Uptick in Clubs Both Increasing and Decreasing Membership



- **39%** report full memberships and/or maintenance of a waiting list for new members...consistent with the 43% reporting the same in 2022.

Inflation and the Labor Market

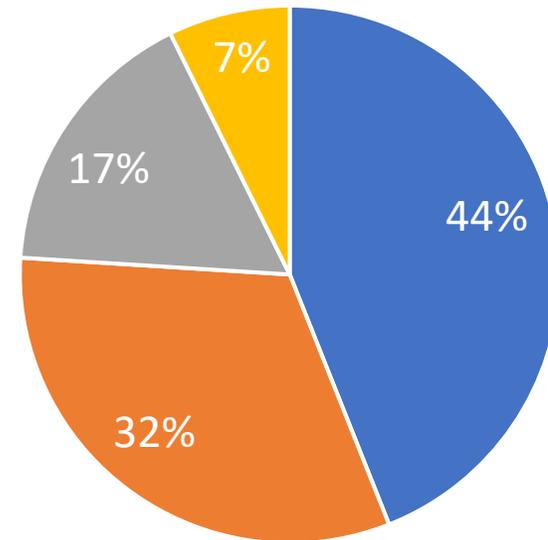
Issues that can impact the sustainability and financial health of a golf facility.

RANKED 1st

- Labor issues
- The overall economy
- Competing priorities for customers' leisure time
- Competition from other area facilities
- Capital project costs and debt
- The local economy
- Maintenance costs (water, inputs)
- Water (availability, cost, regulation)
- Regulatory issues
- Time it takes to complete a round of golf

Thinking about labor issues, please rank the challenges of each of these...

RANKED 1st (Most Challenging)



Finding Quality Staff

Filling Open Positions

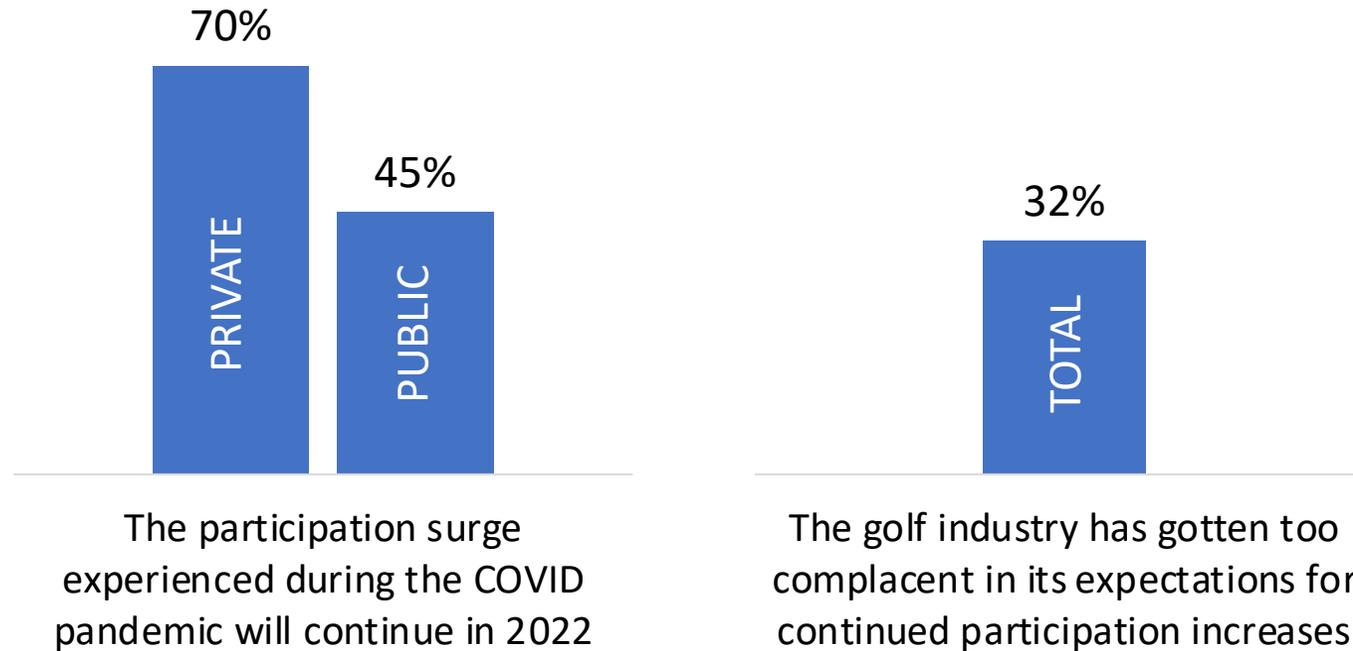
Managing Labor Costs

Retaining Staff

There Was Some Concern that Growth Would Abate in 2022...Particularly at Public Facilities

- One-third saw flattening profitability and worry about complacency

Please indicate your agreement with each of the following statements.



How Far can Revenue Enhancement Go?

“I’m concerned that the golf industry will push price increases too far.”

■ Top 3 Box Agree ■ 6-7 Box Agree ■ 4-5 Agree ■ Bottom 3 Box Agree



Personalized Service Vs. Automation

Please indicate your agreement with each of the following statements.

TOP 3 BOX AGREE



Exceptional customer service is the most important differentiator for successful golf facilities

68%

Automation and self service options will become more important for golf facilities in the coming years

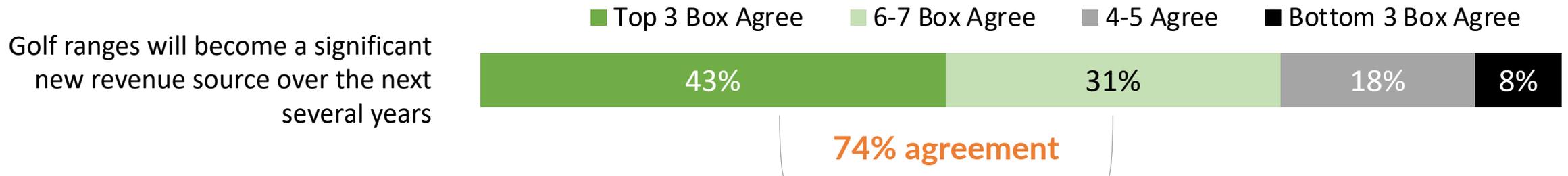
38%

The Focus on Golf Alternatives and Amenities

A Continued Emphasis on More Forward Tees and “Non-traditional” Rounds



Heavy Investment in Simulators and Gamified Ranges



Source: NGCOA Golf Business Pulse 2022

Most Coveted Amenities



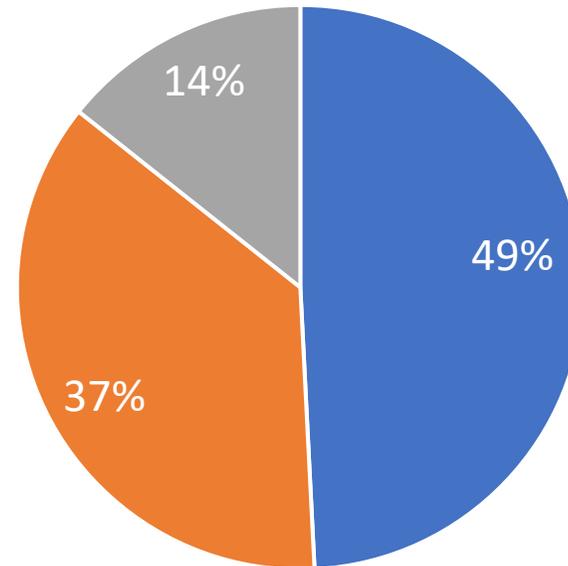
- A newly designed, more modern and trendy bar area
- An enhanced practice range
- A dedicated short game practice/learning area
- A state of the art fitness facility and gym
- Additional dedicated outdoor event space
- More casual living room space for social interaction

Extending the “Upswing” in Participation

Over the next two years please rank the importance of the following marketing efforts or objectives.

RANKED 1st

- Retaining new customers acquired during the COVID pandemic
- Retaining long term core customers
- Finding and cultivating new customers



- **87%** of owners agree that “Golf needs to do a better job of managing the customer journey of golfers once they complete their initial introduction to the game.”

The Three C's

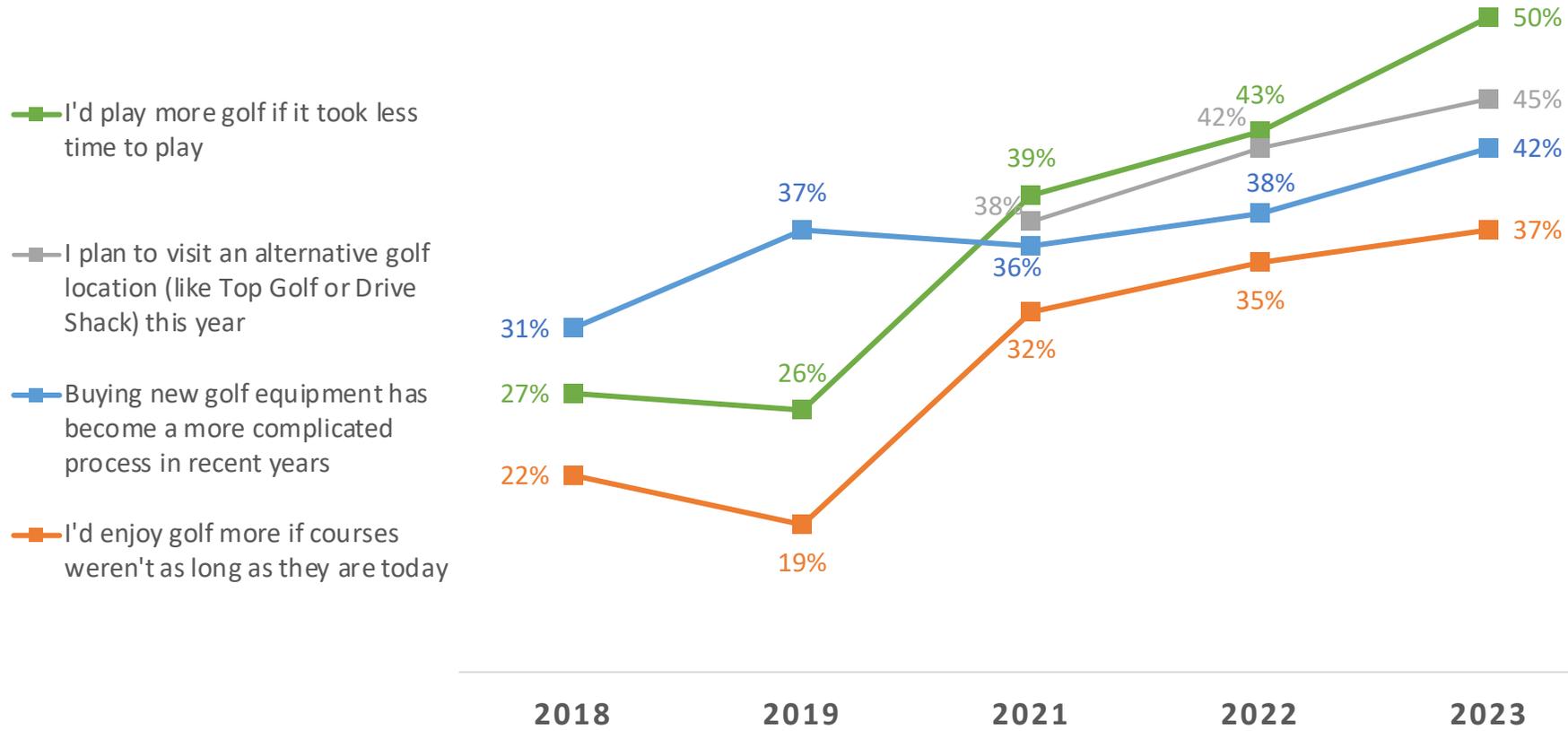


A NEW ERA OF CUSTOMIZATION, CONVERSATION AND COMMUNITY BUILDING

- Behavioral data meets Attitudinal Data
- Critical Initiatives:
 - Optimizing database integration
 - Pulsing consumer attitudes—cultural member audits
 - Customer Segmentation
 - Manage the Golfer Lifecycle beyond Onboarding
 - Take the stigma out of forward tee utilization
 - Loyalty Marketing programs
 - Gauge Price Elasticity

Trends to Keep an Eye on in 2023

Please indicate your agreement with each of the following statements



- Suggests greater reliance on technology aided purchase guidance
- Suggests greater primacy for gamification and alternative golf
- Suggests continued push towards pace of play initiatives like forward tees

Meeting Demand and Optimizing Revenue in the 2023 Environment

THE REALITIES

- **91%** of owners increased rates last year
- Three in ten are concerned we are pushing things too far
- Consumer expectations defy the economic headwinds....but for how long?

THREE SCENARIOS



AN IMPERATIVE:

- Price Elasticity Testing in a Local market Context
 - Pioneered and deployed in Consumer Package goods
 - Refined for Sports event ticketing optimization
 - Primed for today's Yield Management Focus

Other Top Line Management Best Practices? The Ratcliffe Approach