

Can You Handle The Truth?



RECURRING ISSUE

Building customer loyalty in the golf business is simple. That topic has been covered to excess, especially since 1993, when Pepper and Rogers brought “customer relationship management” to the forefront of every smart business owner’s conscience. So – why is this an ongoing issue for golf course owners and operators across Canada?

As Jack Nicholson stated in the movie, *A Few Good Men*, “You want the truth? You can’t handle the truth,” but here it is: The heart of the golf industry’s woes lie within the *average* golf course owner’s inability to **consistently execute**, providing a customer experience that equals or exceeds the price, and therefore, ensuring value.

The Real Reasons for Ineffective Customer Loyalty

Before you get offended, remember that the key word of the previous sentence is *average*. If we were to grade each golf course owner in the industry, one individual would head the list and one would be ranked at the bottom. Ranking, by its definition, causes separation. It would be naïve and incorrect to think that each golf course owner and each management team were superlative and the team at one facility had the same skills as the team at a competitive course. This is simply not the case.

CONSISTENT EXECUTION

A golf course experience represents the intersection of farmers, short-order cooks, teachers and retail merchandisers,

where golfers experience thirteen potential customer touch points on the assembly line of golf. The services at these touch points are largely provided by low-paid, seasonal workers hired to fill a short-term need. Finding a team skilled in each of the eight disciplines (geographic local management analysis, playable days review, technology, financial modeling and benchmarking, architecture, agronomy, operations – golf – restaurant – merchandising, customer tracking) is a huge challenge.

A diversity of intellect, knowledge, and skills exists within the golf industry. Often assembled at a golf course are a few full-time and some seasonal workers who rarely have an understanding of the course owner’s vision, receive limited training, work for low wages and long hours, and are attracted to the fringe benefit of free or discounted golf. This is not a formula for consistent execution.

Therefore, articles on “brand loyalty” are pointless until we first focus on how to consistently execute. Just as a trainer can’t make someone lose weight it is foolhardy to think an article from a self-proclaimed industry expert can bring about change. Change only can occur from within the individual.

NECESSARY STEPS FOR SUCCESS

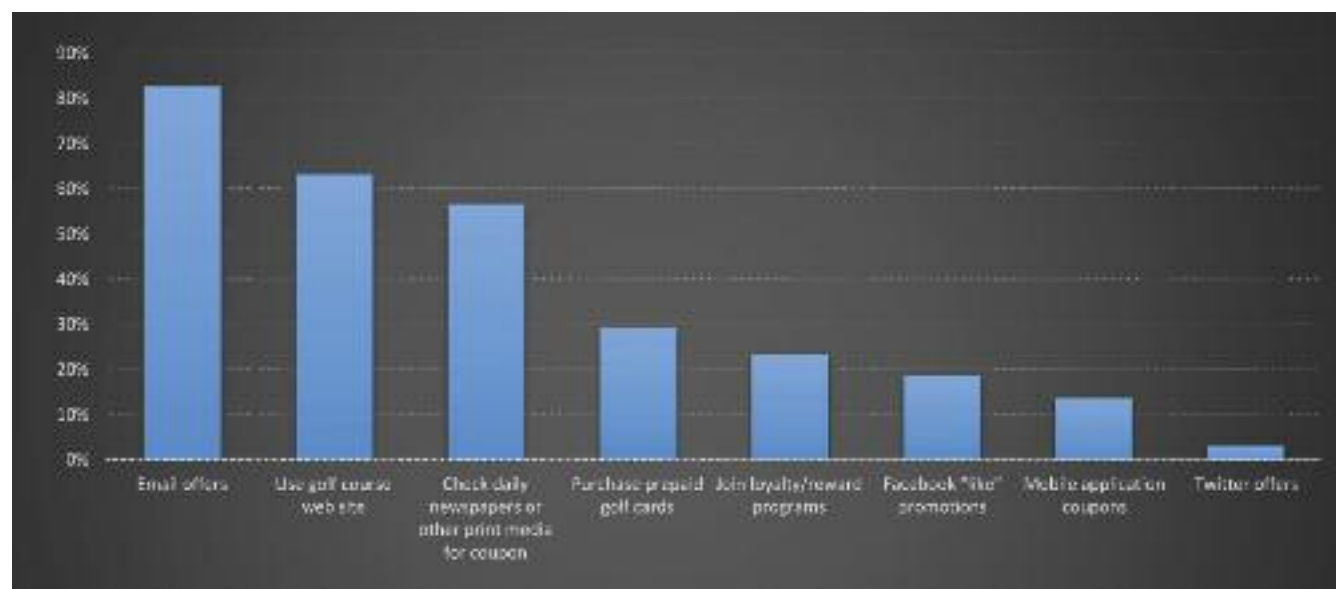
Establishing customer loyalty in the golf business is actually quite simple. The essential steps, that ideally you have already embraced, are summed up in the following:

- 1) Install an integrated tee time reservation system that interfaces with your POS system. Club Prophet, Fore Reservation and Jonas are among the many superior software providers that can provide the functionality required.
- 2) Use the software to build a customer database that tracks customer frequency, spending and preferences.

Customer Relationship Management

- Twelve percent of a golf course’s annual customers generate 60% of the course’s revenue.
- Twenty-five percent of the golfers generate 85% of the revenue.
- Many daily fee golf courses have at least 50 customers who spend in excess of \$4,000 annually.
- While only 50% of the golfers who played a course in 2012 will likely return in 2013, identification of core customers and defectors provides the foundation for a club’s marketing program.
- This information is gleaned from operational reports that can be developed from tee time reservation software that is fully integrated with the point-of-sale program.

A Golfer's Preferred Method of Communication



3) Construct a website. The website must accomplish the following:

- Allow the golfer to book a tee time on the home page in three clicks. Few golf course web sites are this efficient.
- Permit the customer to self-register for tournament opportunities, merchandise specials, and tee times that are priced consistent with the course's yield management strategy. Fortunately, more courses provide this functionality.

With the information collected, custom-tailor email messages to the demographic profiles of your customers on a bi-weekly or customer-requested frequency to win and build loyalty. Why is email preferred? In a recent survey conducted by Golf Convergence, email was a golfer's preferred method of communication to learn about course events and offers, as noted in the chart above.

The key to success in building loyalty is crafting messages to golfers based on their preferences and their degree of loyalty. The identification of core, new customers (acquired), and defectors (lost customers – those who haven't played in 90 days) is essential.

As identified by Peter Hill, Chairman of Billy Casper Golf, and confirmed in the research undertaken by Golf

Convergence, the profile of a golf course's customers is well known. A golf course has 8,000 distinct customers ranging from a minimum of 3,500 to a maximum of 11,000. Courses in Canada are likely to trend to the lower number. Ten to 20 percent of the customers are "initiators" and make the tee times for their foursome.

Identifying those golfers and sending unique messages to them is vital. The typical golfer plays four to seven rounds per year. The ability to induce the "initiator" to book your golf course that incremental time will increase revenue. Fifty percent of the customers will play the golf course only once per year, and 50 percent who play will not return the next year. A facility's core customers (13%) play six or more times per year. For a golf course to reach its financial potential, gathering, analyzing and working these numbers is the key to success. It is just that simple.

COLD HARD TRUTH

Having traveled over 2.5 million miles to 41 countries to visit over 4,000 golf courses during the past 25 years, my opinion, formed from the experiences gathered, is that theories and meaningful facts to guide golf course owners are abundant. They are promulgated by trade associations, industry publications,

and rogue experts like myself, but the information most often seems to fall on the deaf ears of those who believe only they have the answer to their woes.

The *average* golf course owner will continue to bemoan the economy, the weather, the oversupply of golf courses, and third-party tee time companies as the uncontrollable forces beyond their grasp that are causing their financial troubles.

However, if action is taken that guides the golf course owner to leverage existing industry knowledge, including assembling and training qualified management and staff, then profits will shortly ensue, and money will not be an issue. The truth, if you can handle it, is that consumer loyalty is actually that simple.



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