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2015 MERCHANDISE SHOW

Golf Marketing Trend Watch

Presented January 22, 2015 by
Jon Last, President
Sports & Leisure Research Group

**SPORTS &
LEISURE**
RESEARCH GROUP





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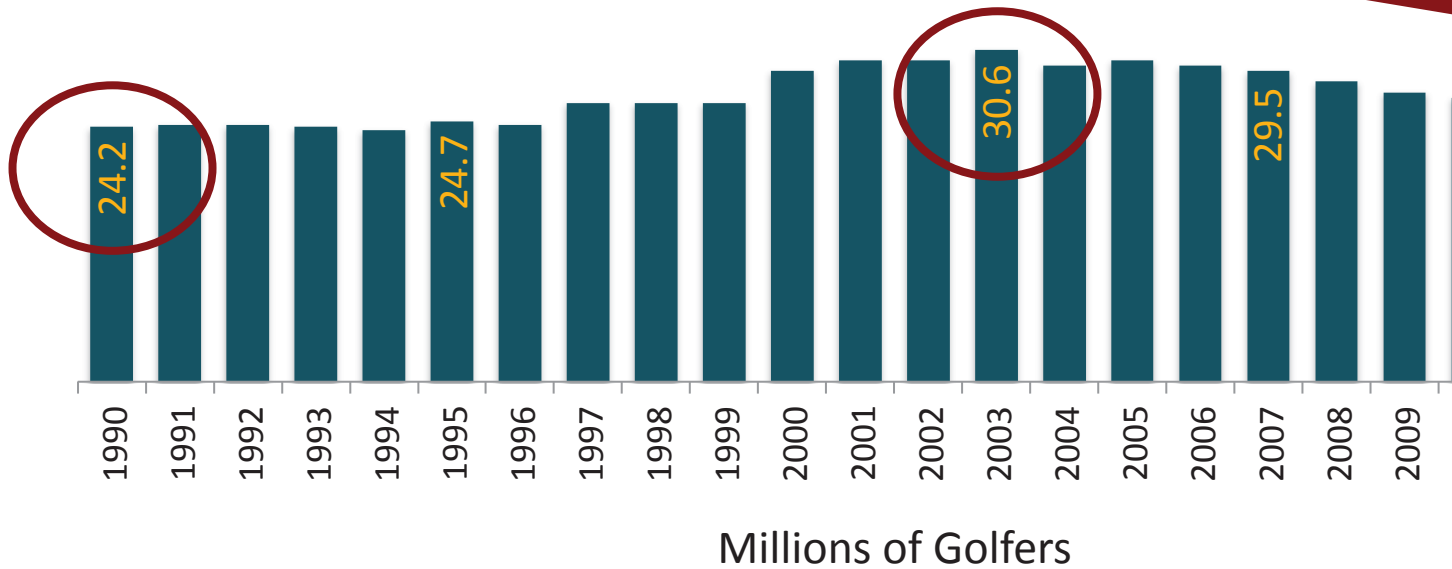
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IS THE SKY REALLY FALLING?

“Decade of
(+ a recession)



Source: NGF



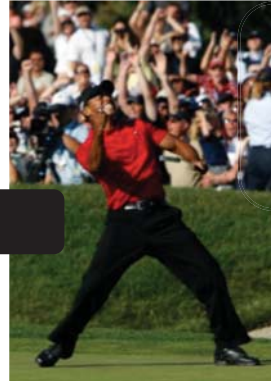
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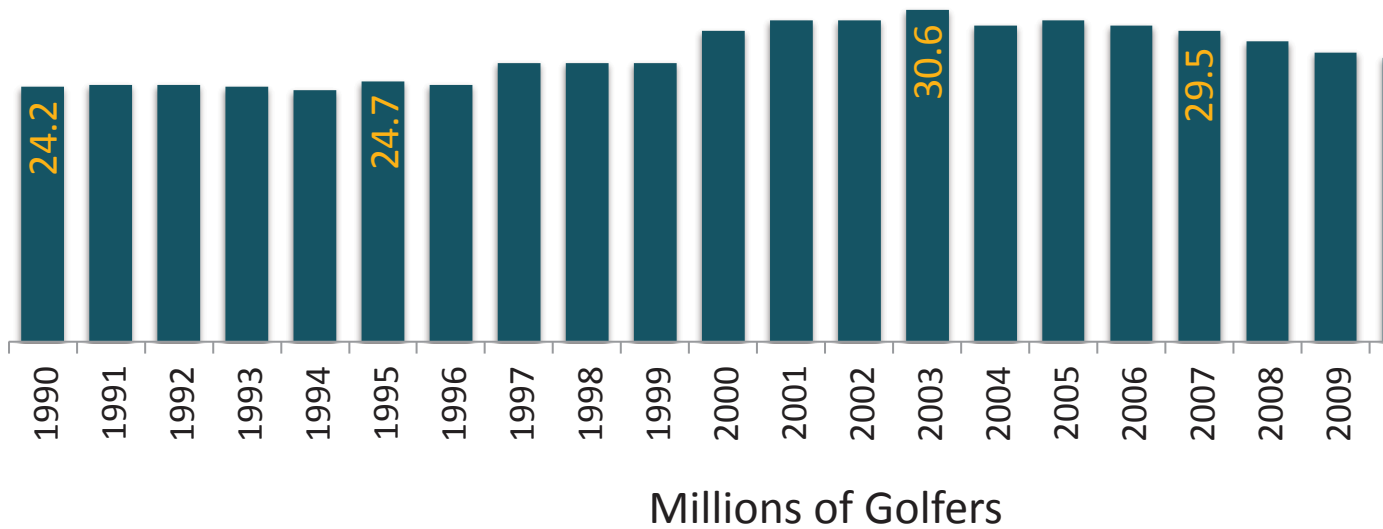


IS THE SKY REALLY FALLING?



Tiger Bubble

- ◆ 32 wins between 1997-2000
- ◆ 7 Majors
- ◆ "Tiger Slam"



Source: NGF



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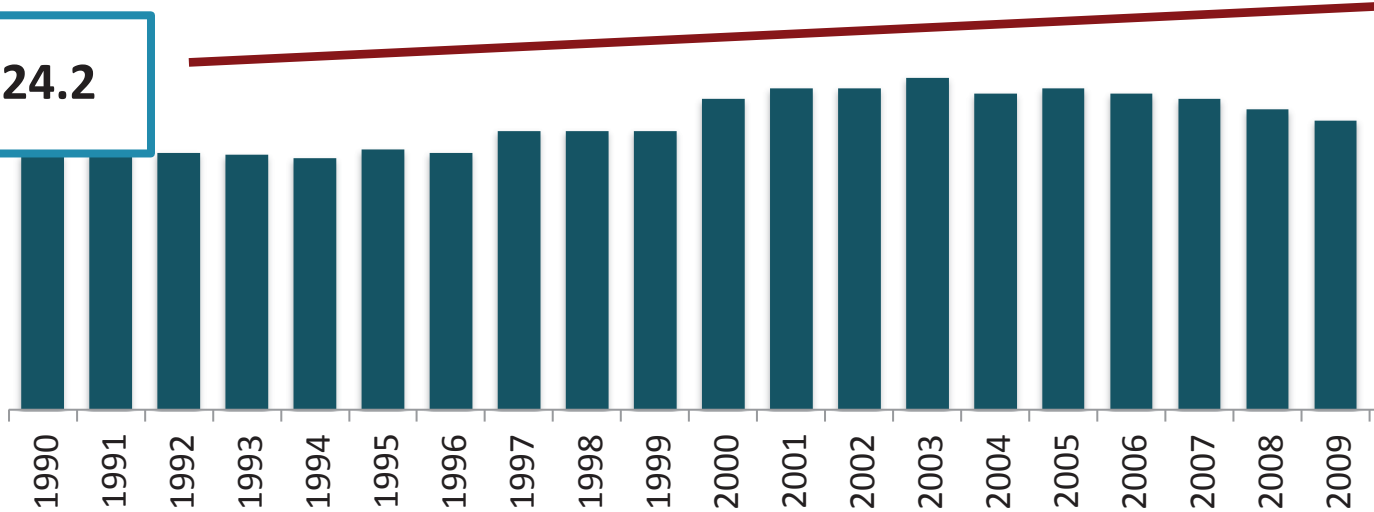
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IS THE SKY REALLY FALLING?

+2% Participation Growth!

24.2



Millions of Golfers

Source: NGF



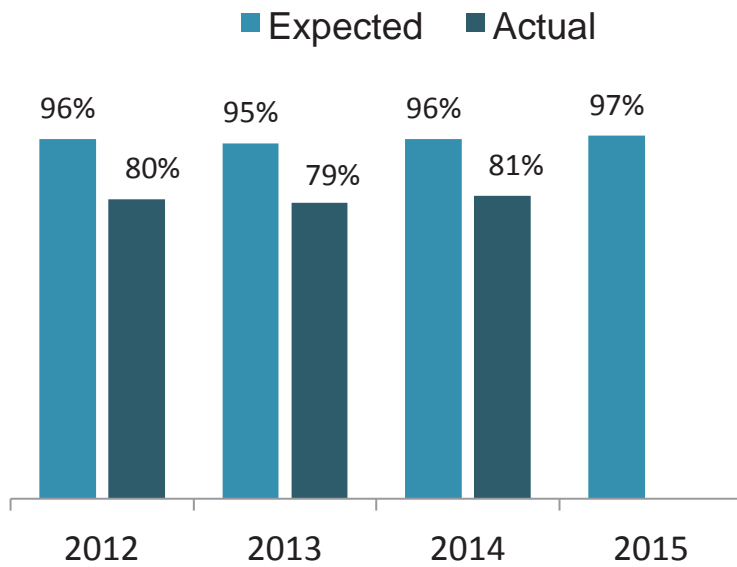
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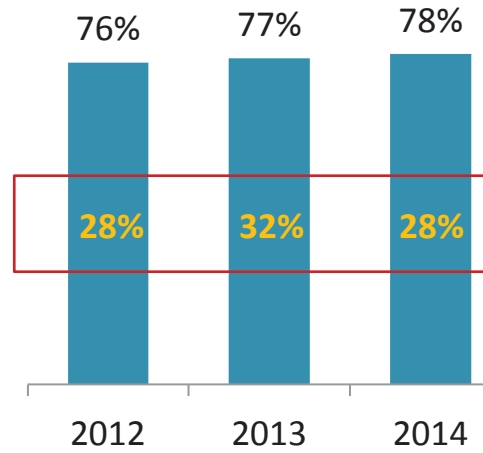
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But Recent Participation Flatness Has Us Jumpy...

Do you expect to/Did you actually play the same amount or more in...?



Do you expect to spend the same amount or more next year?



Source: Annual SLRG/SIGG Omnibus Study



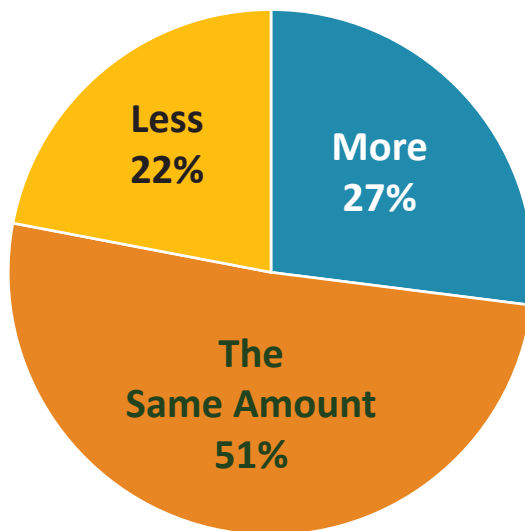
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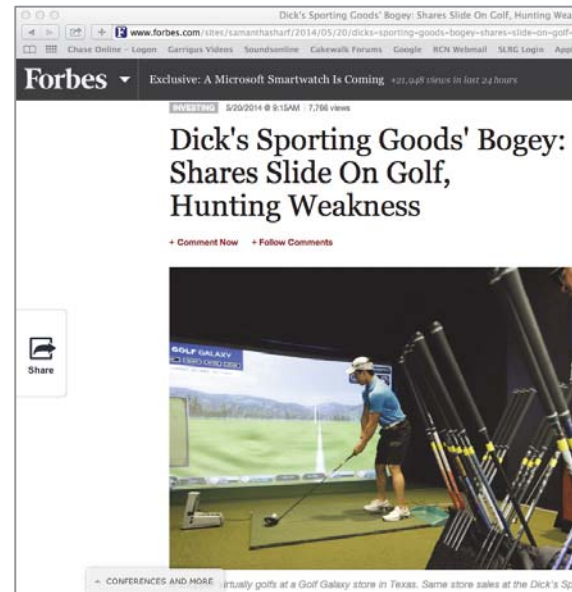
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.... And with Flat Retail Spending Expectations, We Rem Fierce Battle for Market Share

Q Overall, compared to 2014 do you expect that your 2015 total golf related spending for equipment and apparel will be...?



Source: Annual SLRG/SIGG Omnibus Study





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**A Firm Grasp of Market Tre
Can Optimize the Chance f
Success In This War of Att**





PGATM

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GOLF MARKET WATCH: TRENDS FOR MARKET SUCCESS



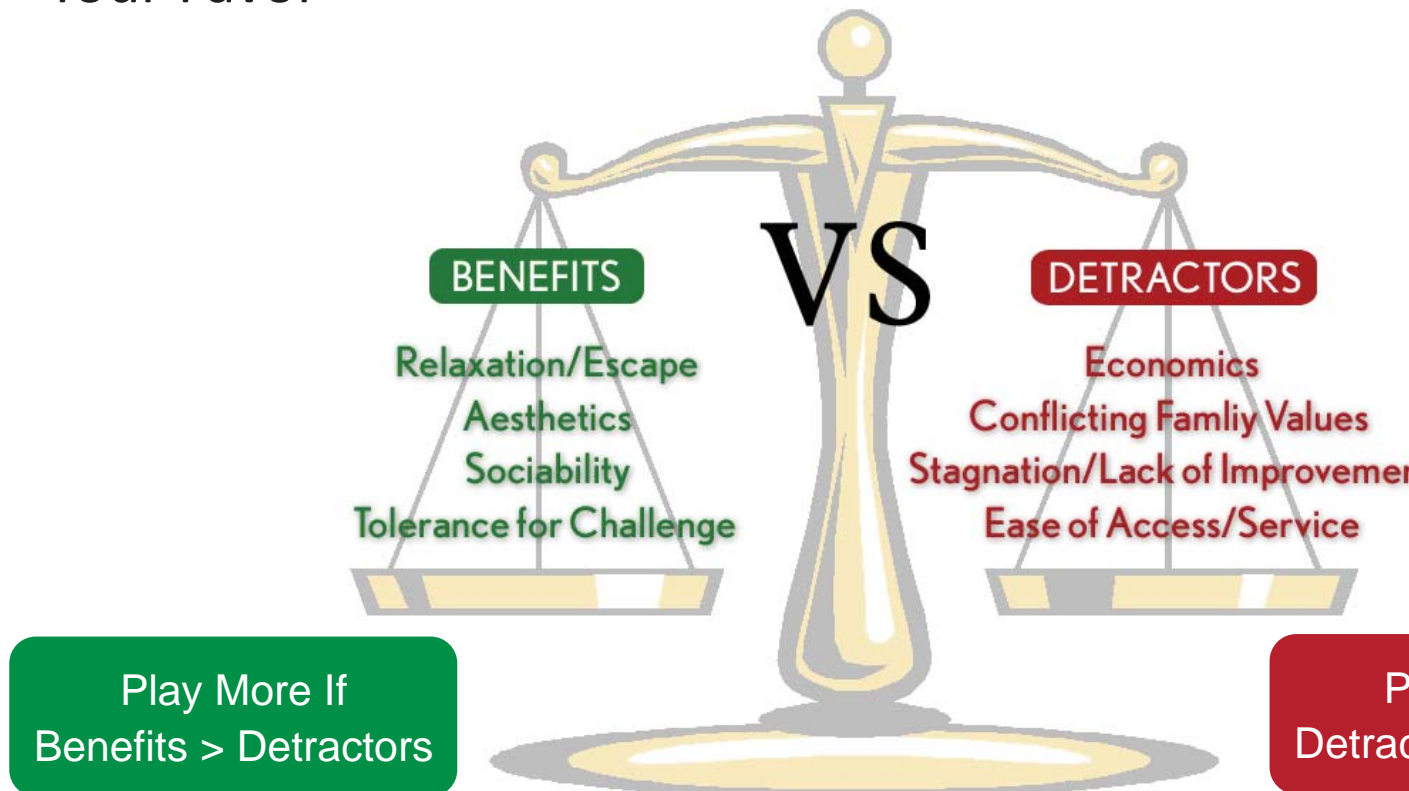


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1. Understand How to Tip The Attractor/Detractor Scale Your Favor






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2. Go Beyond Golf's Two Crutches and Provide Consistent

	They Say	They Mean	
Crutch #1 	"Golf is too expensive"	"I'm not getting value out of my experience" <hr/> "I spend on lessons & equipment but I don't get better"	Custo of pla
Crutch #2 	"I don't have enough time to play golf"	"My on-course experience doesn't justify the time investment"	Too serv impr

Put the Guarantee Back in Golf



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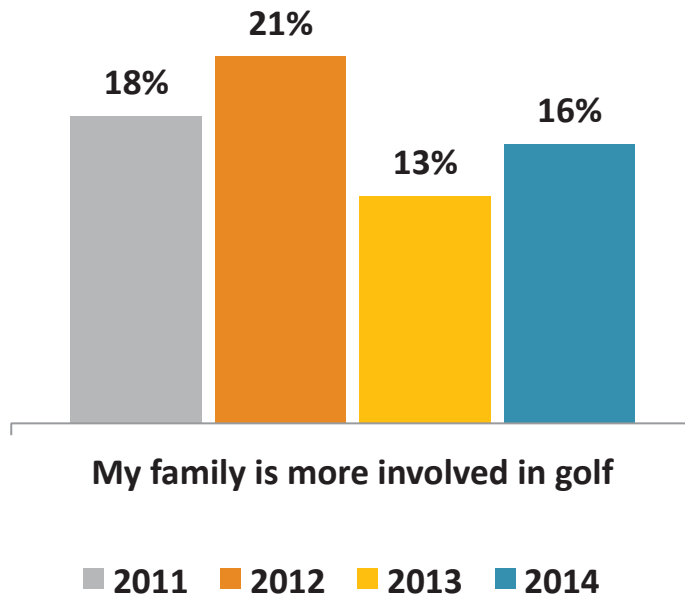
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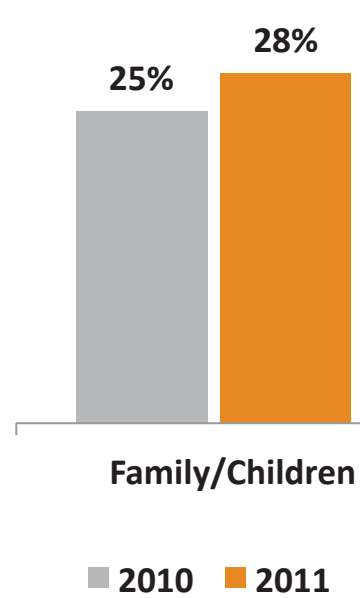
3. Embrace Family-Centric and Multi-Generational Marketing



Why Golfers Are Playing More



Why Golfers Are Playing More



- A Most Child-Centric Focus: Club Memberships are No Longer Mutually Exclusive
- The Sandwich Generation Comes of Age
- Multi-Generational Travel: The Delight of Having the Best of Both Vacation Types



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4. What about Those Millennials?

- Entry Ramps---Yes
- Goofy Golf and Trying Too Hard---No





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4. What about Those Millennials?



Key observations from younger players—Age 18 and under:

- Both men and women tend to be more fashion and style conscious than their older cohorts.
- They are more apt to engage in new media, particularly social media, and make purchase transactions.
- They perceive themselves to be more innovation savvy and more self-indulgent.
- They appreciate the opportunities present in social media and technology on the golf course.
- They are generally less apt to consider golf to be their primary sport... Thus, they pose a potentially greater attrition risk.

Source: PGA Golfer Portrait Series, SLRG



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4. What about Those Millennials?

MALE GOLFERS < 30 Yrs. Golfing And Lifestyle Attitudes

Attitudinally, younger men are less passionate about golf, but more willing to spend on green fees, golf merchandise and lessons



Source: PGA Golfer Portrait Series, SLRG

MORE LIKELY than Older Golfers to

- I usually play golf with members
- I often order golf equipment through online
- If I see something I like, I don't worry about price
- It is important to me to wear fashionable apparel
- I'm usually the first among my friends to purchase new golf equipment
- Golf equipment and merchandise from pro shops are competitively priced
- I will take at least one lesson from a PGA Professional this year



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4. What about Those Millennials?

- Boomers and Millennials aren't as different as some might lead you to believe

MediaPost News Events Awards More

MARKETING:sports

From The 'Me' Generation To The 'Pay Attention to Me' Generation

by Jon List, 4 hours ago

Comment

Last month in this space, I spoke to a need for sports marketers to think about multi-generational approaches in their brand development and communications strategies. Noting that the sheer size of Boomers and Millennials have created an almost singular focus on these two generations, at vastly different life stages, I drew parallels across them, culled from some of our recent fan and consumer research. Subsequently, in framing remarks for a recent conference presentation, I've thought further about how, what on the surface appears to be dichotomous generational values, may actually be quite complementary. Let me illustrate

AS YOUNG ADULTS

Boomers

Individualistic self expression through civil disobedience

“Don't work for 'the man'”

The power of community

Millennials

Individualistic self expression through social media sharing and journalism

Frustration with “unfairness” should be running through my mind at time I'm 35”

The power of community

LATER IN LIFE

Boomers

Self actualization through collection of experiences and a redefinition of retirement

Golf as a manifestation of community

Millennials

Similar generational values



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5. When Will We Truly Embrace Women?

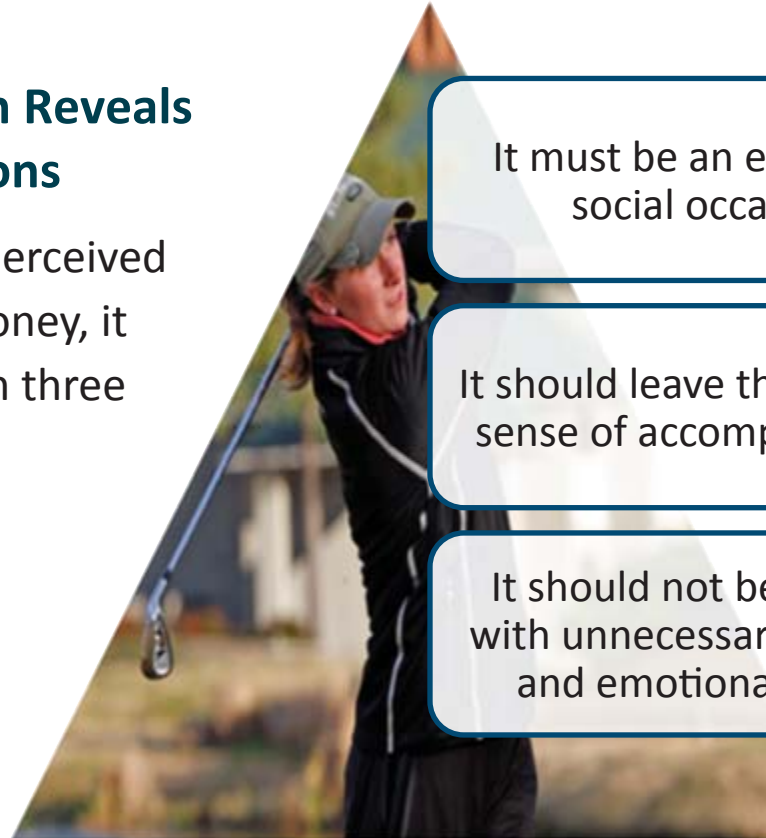
SLRG Women's Golf Research Reveals Three Over Arching Conclusions

- For the golf experience to be perceived as worth both the time and money, it must satisfy women's needs on three key dimensions:

It must be an e
social occa

It should leave th
sense of accomp

It should not be
with unnecessary
and emotional





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5. When Will We Truly Embrace Women?

What is the “recipe” for success in attracting and retaining women?

Our analysis suggests that facilities can enhance women’s perceived value of a round of golf by addressing three fundamental issues.

Step 1 - Eliminate extraneous physical and emotional stressors

- Provide ample restroom facilities throughout the course
- Ensure there is sufficient drinking water available, as well as healthy food options
- Provide ample directional signage, as well as additional navigational aids (maps, GPS) in carts if possible
- Ensure there is a well-designed and appointed ladies’ locker room; particularly if one exists for men
- Seek opportunities to streamline the tee-time booking process

Step 2 - Reduce frustration with the game itself

- Keep course well-maintained. Aesthetics are important.
- Re-evaluate tee box placements, so that more women can reach green in regulation
- Provide more short holes
- Offer 9-hole play and/or other flex pricing

Step 3 - Enhance the “social” aspects for women (especially appealing to Lapsed Golfers)

- Increase potential playing partners by offering women’s golf leagues
- Provide more “off-the-course” or clubhouse social opportunities, such as a sit-down restaurant, special interest events and after hours “socials.”



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6. Boomer Values Meet New Definitions For Retirement

Zooming Ahead...

GODSPELL



MEETS

GOD'S WAITING ROOM



A Redefinition of Retirement

- Active, relevant and engaged lifestyle of unique experiences

A Redefinition of Retirement

- Active, relevant and engaged lifestyle of unique experiences

Health conscious: 60 i



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6. Boomer Values Meet New Definitions For Retirement

In Contrast with: Cocooning



Faith Popcorn
Futurist

In times of uncertainty and distress, there is a strong desire to stay in comfort zones:

- Home based and family activities
- Embracing tightly defined communities
- Gravitation towards familiar and trusted brands



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6. Boomer Values Meet New Definitions for Retirement

Implications for Marketers

ZOOMING AHEAD vs. COCOONING: MEETING IN THE MIDDLE

- Become part of the community
- Become part of the conversation
- Leagues and family golf = increased participation
- Be authentic and relevant
- Structured “Experiences Light”



COCOONING



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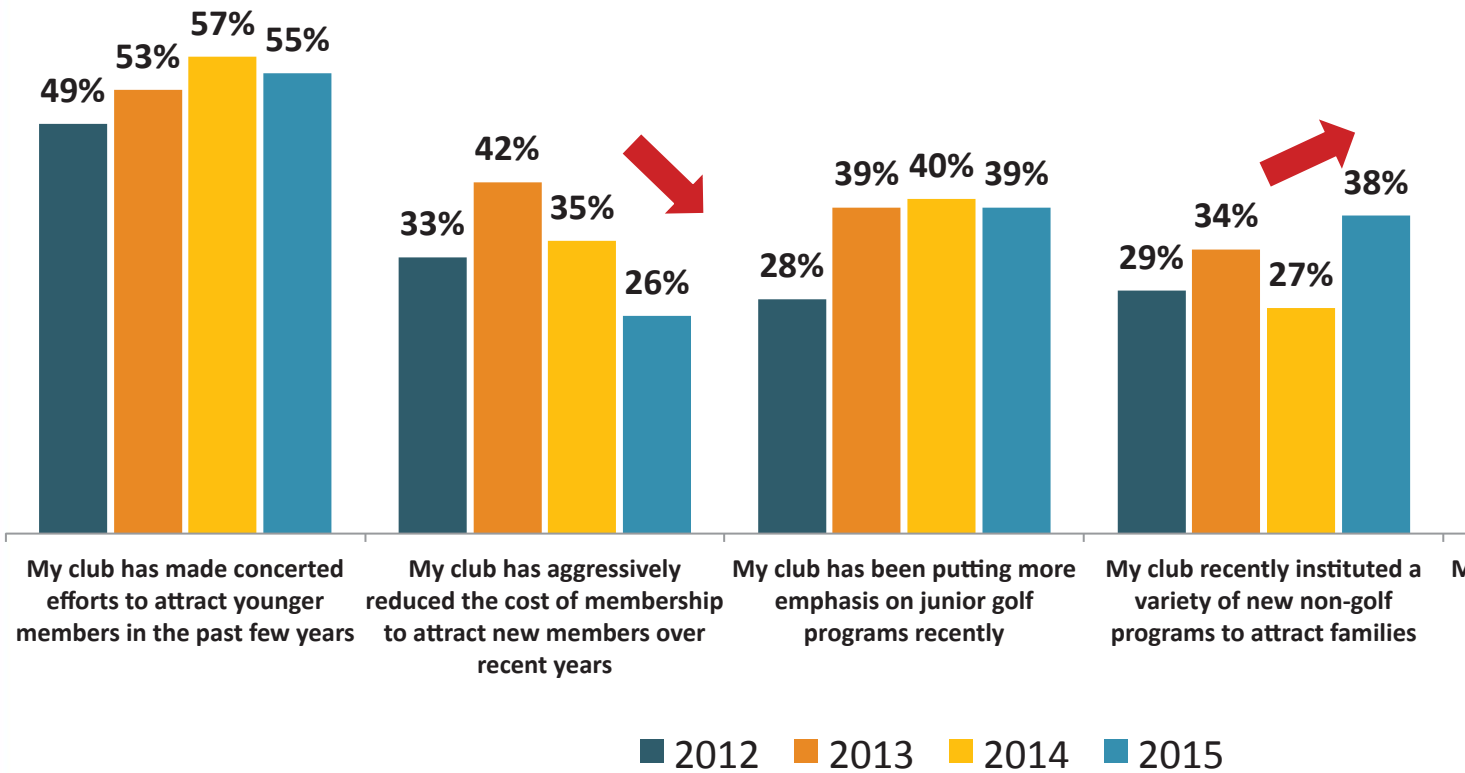
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7. The Private Club of the Future—Adapting To New Re

- Continued push towards a younger membership, while discounting fall favor...When will women's program's come to the forefront?

TOP 3 BOX AGREEMENT



Mean: 10 point scale

Base: National Sample of Private Club Members



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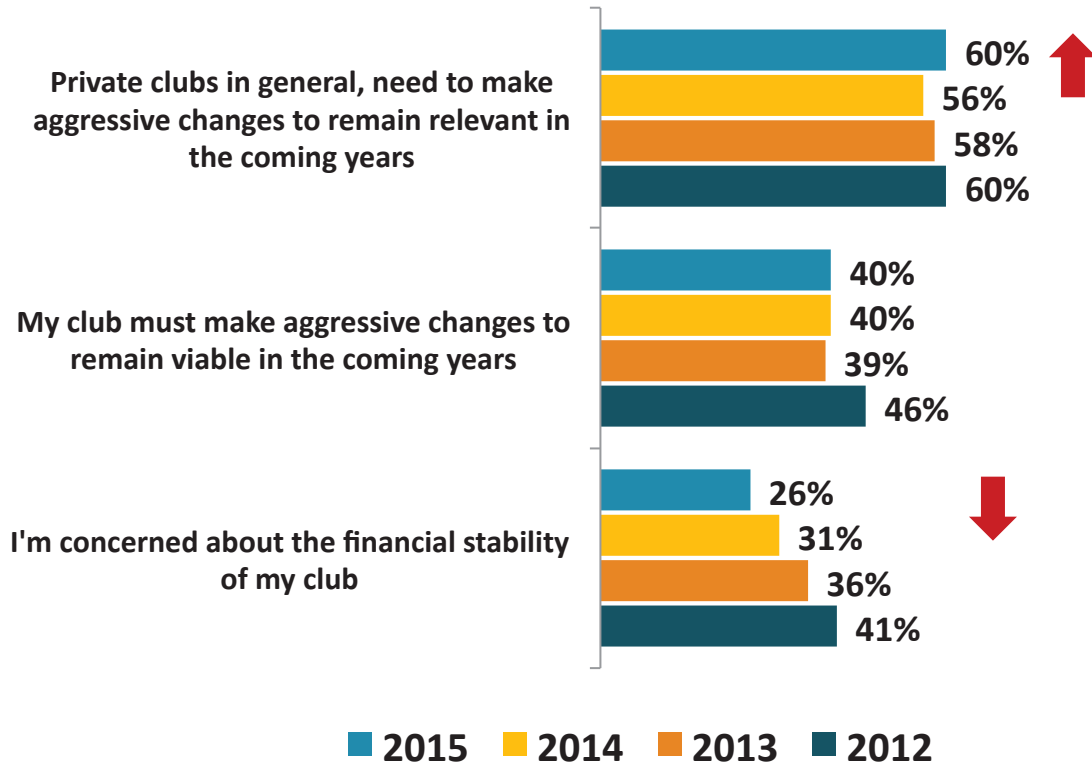
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7. The Private Club of the Future—Adapting To New Re

The worst appears behind us

TOP 3 BOX AGREEMENT



Mean: 10 point scale

Base: National Sample of Private Club Members





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7. The Private Club of the Future—Adapting To New Realities

A Closer Look at Critical Success Factors for Clubs Looking to Enhance Member Services

Trust

Unique opportunities offering better value

Personal and dedicated "go to" people

Real time, easily accessible communication

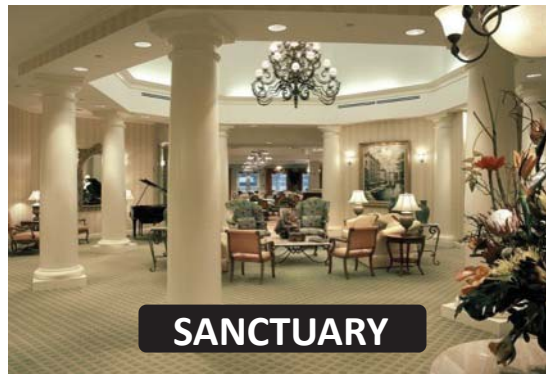
Create away events

Unexpected pleasant surprises

SANCTUARY

Appreciation for the family

Consistent exceptional service delivery





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7. The Private Club of the Future—Adapting To New Realities

More New Paradigms for the Golf Club/Facility of the Future



- Personal Concierges
- Portability
- Social Spaces
- The Health Club Model
- Family Programming
- Create the ultimate Clubhouse
—Literally and Figuratively

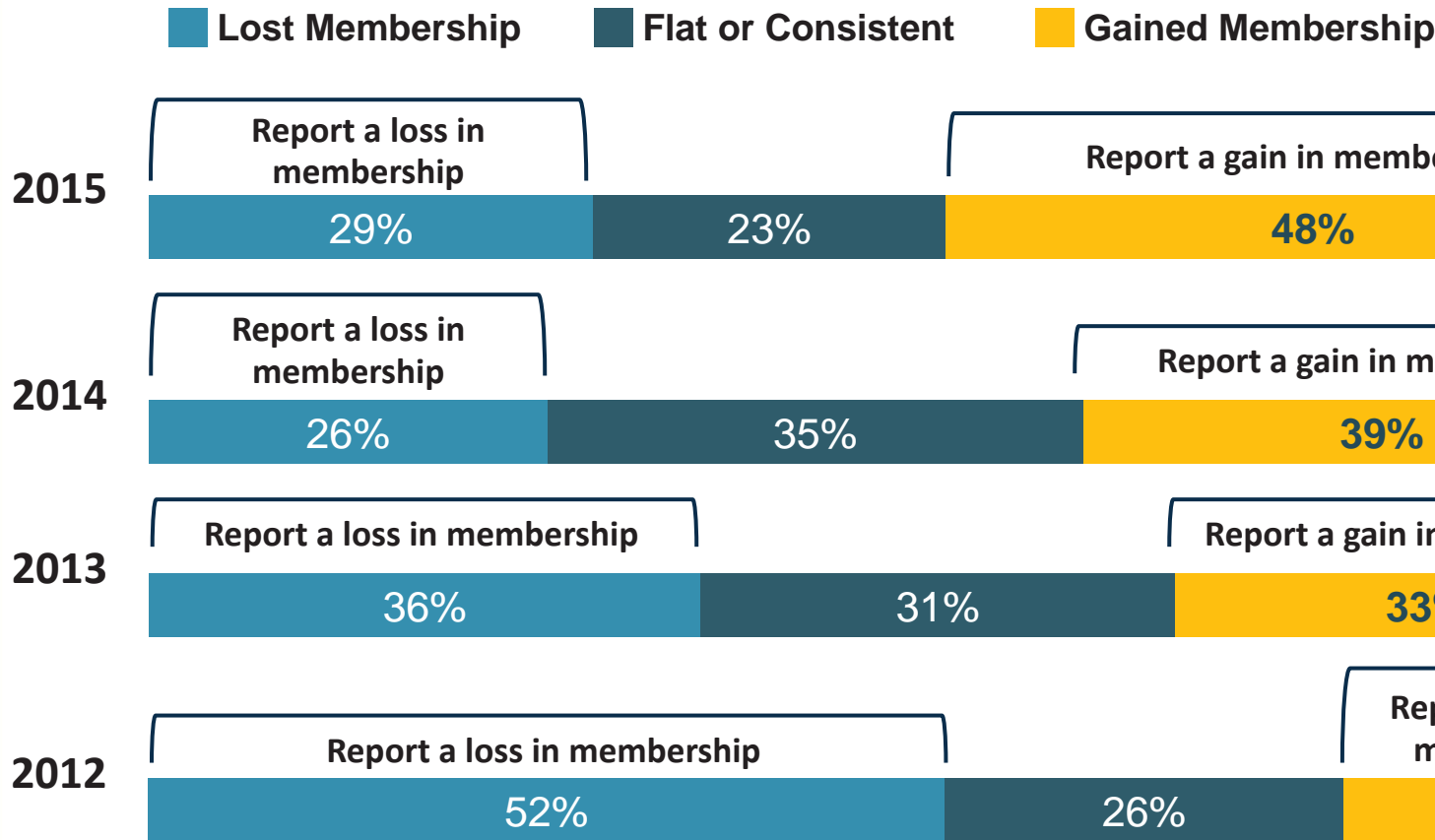


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7. The Private Club of the Future—Adapting To New Realities And It's Starting to Reap Dividends



Base: National Sample of Private Club Members

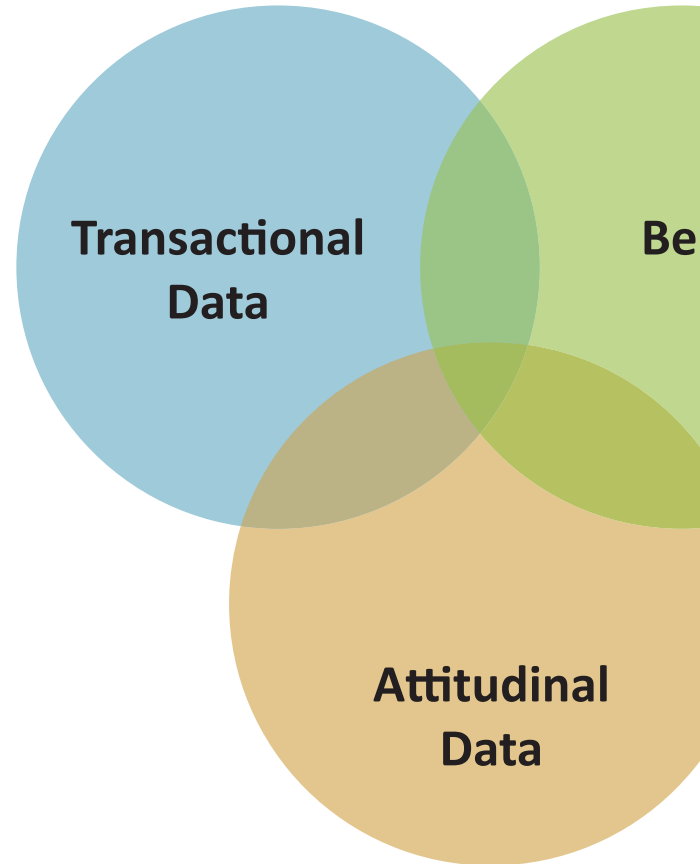


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8. It's About Customization and Personal Touches





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9. Building a Brand Community Through Golf

What is a Brand Community?

- A specialized community, based on a structured set of social relationships among admirers of a brand.
- Basic elements must exist to form a community
 - ✓ Consciousness of kind – we, not me mentality
 - ✓ Shared rituals and traditions – common culture
 - ✓ Sense of moral responsibility – obligation to each other
- Marketers play a vital role in establishing the basic elements

*Sources: Albert M. Muniz, Jr. and Thomas C. O'Guinn, Brand Community in Journal of Consumer Research, Vol 27, March 2001
James H. McAlexander, John W. Schouten, & Harold F. Koenig, Building Brand Community in Journal of Marketing, Vol 66, January 2002*



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9. Building a Brand Community Through Golf

Marketers Are Building Brand Communities By:

- Providing long-term context for relationships to develop
- Creating opportunities for customers to experience the brands unrealized potential
- Recognizing loyal customers by providing incentives and rewards
- Fostering positive relationships with the customer, the brand, the and other stakeholders including marketing partners



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9. Building a Brand Community Through Golf

Consumers Engage Brand Communities By:

- Participating in events
- Serving as brand evangelists – carrying the marketing message into other communities - resulting in new customer leads
- Constituting a strong market for licensed products and brand extensions



**TWO WAY
COMMUNICATION**





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10. Deliver a 2C2R Experience

LOYALTY MARKETING FOUNDATIONS

Communications

Community

Recognition

Reward

2C - 2R



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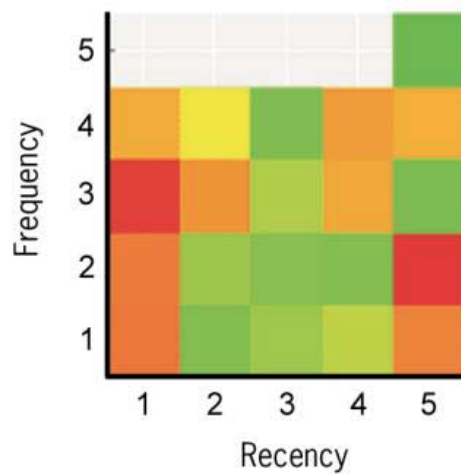
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11. Database Mining for Customer Insights

RFM Analysis Mends with Concept Testing Research

- RFM Model to identify cells “high value customers”
- Integrate with Attitudinal Studies and Marketing Effectiveness Research to Optimize “One-to-One” Marketing Communication



Monetary

Low

Medium

High





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12. Media Proliferation: More is More

MEDIA'S NEW INFLECTION POINT:

“With the proliferation of new media—those most engaged see new additive rather than as replacements for traditional, trusted so

— November

MediaPost's
MARKETING*sports*

In fact, it appears to have **FUELED** the consumption level of sports





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Media Proliferation: How Golfers are Consuming Media

VORACIOUS.

Golfers are increasing their usage of all media channels to enhance their golf experience. Television, print and websites are most prevalent.

ADDITIVE.

In a fragmented environment, new media channels have seen slow but steady adoption. However, new media consumption isn't coming at the expense of traditional media.

DIFFERENT.

Golfers prioritize their media for golf in different ways than they do for other sports.

DIVERSE.

Cross platform usage patterns show golfers perceiving different media having unique value across various content areas.

ENGAGEMENT.

Print golf media shows particular strength in delivering content in an undistracted environment, while heavy DVR usage and multi-tasking behaviors create a conundrum for television advertisers.



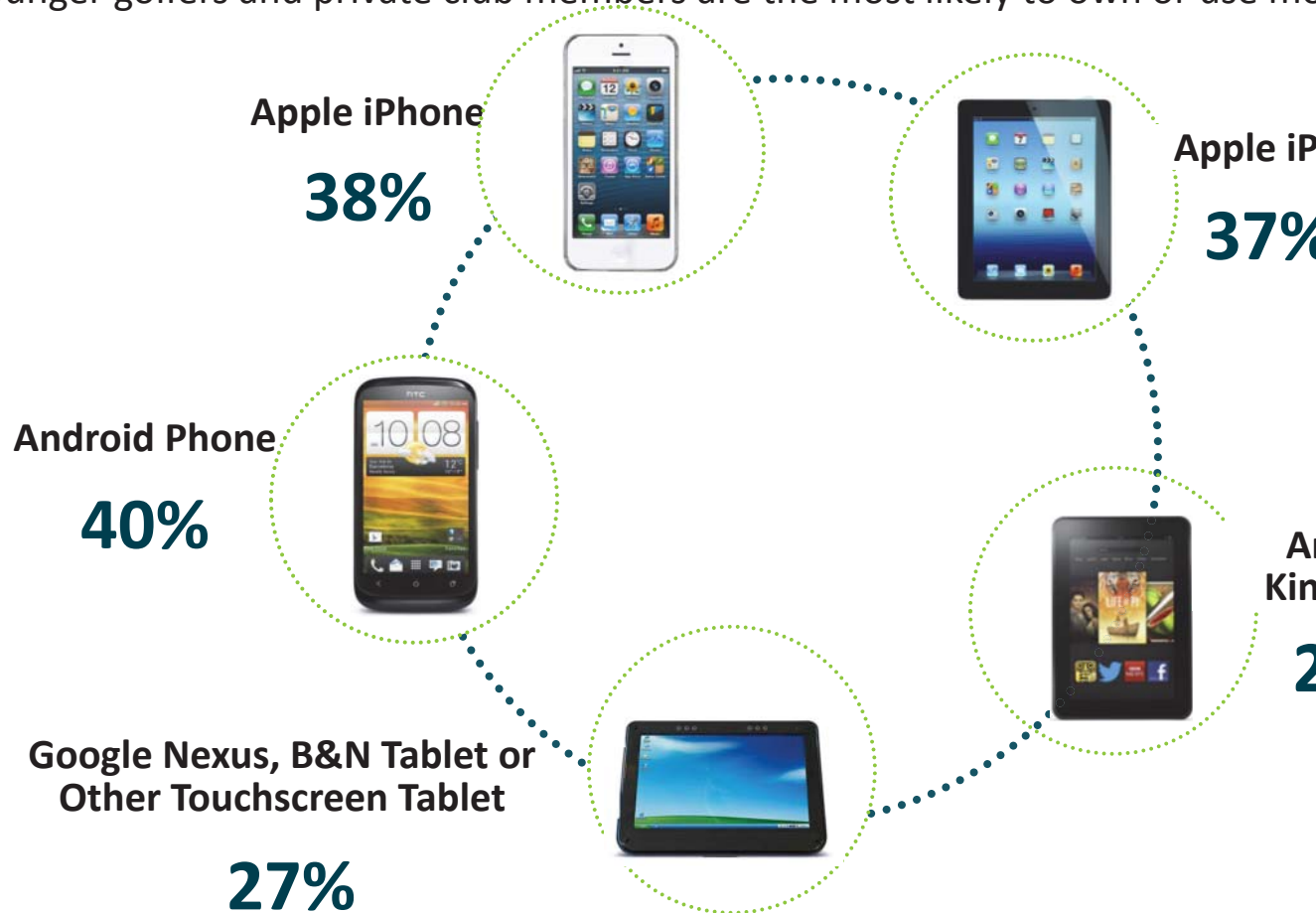
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High Rates Of Device Adoption

- 3 in 4 own or use a smartphone on a regular basis
- More than 6 in 10 (62%) own or use a tablet on a regular basis
- Younger golfers and private club members are the most likely to own or use mobile devices





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In Summary: A Dozen Take-Aways To Optimize Your Golf Marketing



- 1 Understand How to Tip The Attractor/Detractor Scale
- 2 Go Beyond Golf's Two Crutches and Provide Consistent Value
- 3 Embrace Family-Centric and Multi-Generational Marketing
- 4 What about Those Millennials?
- 5 When Will we Truly Embrace Women?
- 6 Boomer Values Meet New Definitions For Retirement
- 7 The Private Club of The Future—Adapting To New Realities
- 8 It's About Customization and Personal Touches
- 9 Building a Brand Community Through Golf
- 10 Deliver a 2C2R Experience
- 11 Database Mining for Customer Insights
- 12 Media Proliferation: More is More



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