



Club Sustainability – A 10 Point Checklist

Introduction

Golfers are consumers and as such, face a multitude of outside influences and pressures that compete with their availability or desire to participate in golf club activities. Following is a succinct 10-point check list to assist clubs achieve greater financial sustainability.

The Goal

Sustainability is largely achieved not through reduced costs but through increased revenue. Accepting this, revenue growth can occur in three ways:

1. Finding more customers (members, green fee players and other facility users) (Goal 1)
2. Satisfy / maintain existing customers (Goal 2)
3. Get both the new customers and the existing customers to spend more at the club (Goal 3)

With national club membership numbers having fallen approximately 7% between 2000 and 2005 (see table below), the reality is that golf clubs are currently operating in a buyers market, not the sellers market that existed during the 1990's. The seller therefore needs to 'get smarter' in how they retain the current customer and how they attract the new one.

National club membership (2000 – 2005)

Year	National	Regional	Metro
2000	490,000	300,700	188,500
2005	454,800	272,000	181,000
% change	-7%	-10%	-4%

Linked to each of the three goals above, and in no particular order, are 10 "must do's" for clubs to achieve sustainability.

1. Customer Communication (Goals 2 & 3)

A particularly concerning statistic for some clubs is that analysis of rounds frequency data showed that despite an average frequency of 32 rounds a year, up to 50% of members are actually only visiting club facilities once a month. It is therefore vital that with a view to retaining members, any member communication be widely distributed, not just club based.

The use of email is a particularly cost effective and increasingly popular method of communication should be being used in the golf club environment, either to provide information or be a channel for easier customer feedback (see Point 3 – Member Surveys).

2. Customer Frequency (Goal 2 – leading to Goal 3)

Put simply, rounds played equate to frequency and frequency equates to spending! An increase in frequency leads to increased revenue, which in turn results in improved club sustainability! The 2004 Golf Industry Report had found that many clubs still do not track their membership rounds, indicating that little is known about current member patterns, let alone, and more importantly, what they spent at the club.

The 2005 Golf Consumer survey found that almost 25% of members expected to leave their club within the next three years and it was no coincidence that the majority of these people currently play significantly less than the average (60% of these members were playing less than twice every three months).

The point being made is that once clubs have the ability to measure frequency they can then start targeting those members who are seldom seen and who by definition are therefore more vulnerable and likely to leave the club environment.

3. Member Surveys (Goals 2 & 3 – linked to member communication)

Member satisfaction has a big impact on club sustainability. Clubs are therefore encouraged to regularly seek the views of its membership, with the aim being to monitor satisfaction. Surveys are the best tool to do this, delivering a rounded view of membership opinion. Equally important for clubs is the communication of survey results back to their members and an outline of how the relevant points raised will be actioned.

4. Member Retention, Recruitment and Incentives (Goals 1 & 2)

In general terms member retention and recruitment incentives are a vastly under-utilised tool within the golf industry with no "call to action" on either the member introduction or new golfer front. Industry research has revealed that as individual golfers, 50% of us know at least two other people who would like to start playing the game, yet the industry hasn't successfully tapped or encouraged its own playing base to bring these new players forward.

Clubs are therefore encouraged to consider the fostering of their own membership bases by offering relevant incentives to those best positioned to deliver new members, the existing member, on the basis that it is more cost effective and far reaching than the singular

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marketing or advertising efforts developed by clubs themselves.

5. Membership Structures (Goals 1 & 2)

Whilst the industry has generally been proactive in tackling the traditional member / associate membership category and conversion to either five, six or seven day memberships, there are two other areas of operations – the transition of juniors to adult memberships and the cost of discounts given to special membership categories – that have received less attention.

Almost 50% of the club playing base is now aged 55 years and above, meaning that there is increased pressure on discounted age group membership categories which in turn leads to resulting shortfalls in membership revenue.

The definition of “Junior” should also be re-visited, with clubs to consider the other and somewhat more important financial commitments that juniors typically encounter during the 18 to 24 age period.

6. Know your market (Goals 1 & 2)

It was imperative for clubs to be aware of the wider market in which clubs are operating. This means trends within their local regions, the membership numbers, frequency of play, fee pricing and what their nearest competitors were doing to attract new customers.

7. Payment Plans (Goals 1 & 2)

With recent increases in interest rates and petrol prices being two notable examples, the disposable household income has never been under more pressure. It is no coincidence that most service providers now offer payment options, which help address customer retention and personal cashflow challenges.

Approximately 50% of clubs nationwide are now offer some form of annual fee payment option, with survey statistics revealing that not surprisingly, the higher the annual fee and the less frequent the play, the more likely the desire for payment options from club members. Flexibility in payment options is also more desirable for younger age groups.

8. Club Reciprocals (Goals 1, 2 & 3)

Reciprocal playing rights are a much forgotten benefit of golf club membership and more local reciprocal programs should be established.

The 2004 Golf Industry Report indicated that 50% of reciprocals rights clubs were located interstate, effectively putting significant distance between the club

member and one of their benefits. New reciprocity programs need not be in the form of full playing rights across different clubs, but might comprise a limited number of games.

Golf Australia consumer research has found that nearly 90% of non-clubs members would be more attracted to club membership if more course variety was available.

9. Reward your best customers (Goal 3)

This suggestion is linked closely to Point 2 – Understanding Customer Frequency. Drawing a comparison with private business owners, the golf industry should be no different to the private sector in recognising and rewarding member loyalty.

10. Non-playing members (Goals 2 & 3)

How much effort is made with communication to your non-playing membership base? Industry research has found that members moving to ‘non-playing’ membership status are usually taking the first step towards their eventual exit from the club.

Non-playing members should therefore receive all club communications, following the mantra that “the member you know is easier to get to than the member you need to find and compete for.”

Conclusions

Success in the current day will be achieved by those who understand what they are selling and importantly know what their current and future consumer wants. These successful clubs have accepted that, just as products evolve, so to must the golf club for them to remain relevant to today’s consumer.