

## The Monthly Benchmark

Welcome to the December edition of *The Monthly Benchmark*. This month's article looks at what I think is a vastly under-utilised and under sold benefit of club membership, that being reciprocal rights. This topic was lightly touched on in the 10-point sustainability checklist last month, and given that we are in the annual holiday period, when reciprocal benefits are most widely utilised, I thought it appropriate to examine the concept in more detail. The article references a particular metropolitan market and some recently announced initiatives. Research findings are also included, proving that these views have some supporting statistical validity behind them.

Much has been written about the increasing footprint of the social, public golfer. Some positive, some negative, with most of the later coming from the club industry. However there is a clear message for clubs in the behaviour of this market. It is variety. Knowing this, I think there is a real opportunity for clubs to better offer and promote the same feature. The old adage "if you can't beat them (and society says at the moment clubs won't) then join them" has never rung more true.

There has been a common thread through the first few articles and as I write more you will see how they all eventually link back to one another. What is essentially being created is a marketing framework of sorts, with suggested action points around the major parts of golf operations.

Before getting into this month's topic I'd like to thank all of those who responded with comments on the last edition when I wrote about member frequency, communication and its link to retention and some suggested "must do's" re club sustainability. I share with you below a cross section of comments received.

Thanks for this, makes for very interesting reading. Speaking as a marketer, I guess another challenge is to ensure that any member communications program adheres to sound marketing principles to ensure the communication engages the audience. I would encourage clubs to seek professional marketing advice to develop any marketing plan. – Industry Marketing Professional.

Just a bit of feedback and a thank you to yourself and to Golf Australia for starting communications around the golf industry, which I felt had been lacking before GA was formed. I have been involved in the golf industry for only two years, and it is comforting to know that I can now source many aspects of the industry through our own body. What you are doing is assisting managers to impress certain ideas to our committees through a knowledgeable body, and make us more aware of the help that can be provided by GA. – General Manager in South Australia.

Good stuff. Good to see you back behind the keyboard!  
– General Manager in Regional NSW.

Interesting data on the reciprocal arrangements, hard to believe that 90% of non-members would consider joining if closer reciprocals were offered but you can't argue with the stats. I guess if I was joining [X club] and could also play [Y club] from time to time it may affect my decision – I like the thinking and will be interested to see if the concept takes off with those important second tier metropolitan clubs. – Industry journalist/writer

I welcome all reader feedback or comments at any time, positive or negative, about any issue or any topic, believing that healthy informed discussion can only help produce positive results.

In the past month there have been a number of positive things happening at Golf Australia HQ. We have signed up our first Club Assistance Program (CAP) applicant in NSW (click [here](#) for more details) and I am also working with a few clubs on operational/marketing reviews. These reviews lead through to facilitated board meetings where future strategies and direction will be determined on an informed basis. It is all very interesting work and it is great to be working with passionate managers and directors.

On the product front we are investigating the addition of an on-line survey tool to our website. This will allow us to offer tailored survey capabilities to the industry, be it clubs or other bodies/companies. This service will enable us to add fresh data to the above club processes and also ensure that our and your views are equally up to date. If you have any survey needs please don't hesitate to contact us as this industry "in-house" initiative should prove to be very cost effective.

The key message in all of our communications is that the golf product should be evolving as the market (society and golfers) evolves. The reality of the 21<sup>st</sup> century is that golfers are consumers and they will choose to participate in the game of golf how it best suits them.

This article is also available for download from the Golf Australia website, ([www.golfaustralia.org.au](http://www.golfaustralia.org.au)), as are all past issues.

I hope you enjoy the read and find this article relevant and beneficial to your operation. Please forward to any other person who you think would also like to receive it. A Merry Christmas and happy golfing to all and may continued industry improvement be seen in 2007.



# Reciprocal Rights – the forgotten benefit?

The definition of reciprocal rights (RR's) is an agreement between clubs that allows its respective members to access and utilise each others facilities on a pre-agreed basis. This access has historically been provided at no cost, with "full reciprocity" to all club and course facilities available. Many agreements also allowed for immediate membership transfer between the clubs should the circumstance arise. The basis of the reciprocity agreements has been to provide members with access to like golf facilities that they may wish to utilise when travelling and were therefore far enough way to not enable regular use.

Data published in the Australian Golf Industry Report – 2004 showed that 23% of clubs had no RR's. Of the remaining 77%, almost half had RR's with more than 10 clubs and half had RR's with less than 10 clubs in total. At a quick glance this suggests that RR's are an established feature of most clubs, with plenty of variety offered. The key to this data however is identifying where these clubs are located.

Further analysis showed that the typical location of reciprocal club varied dependent on annual fee level. Two thirds of RR's at clubs with annual fees of less than \$1,000 clubs were within the state. The interesting find however was that for clubs with annual fees exceeding \$1,000 only 20% of RR's were within the state, evidencing the distance barrier to regular play at the higher end of the scale.

| Annual Fee | Intra State | Inter-State |
|------------|-------------|-------------|
| < \$1,000  | 8           | 4           |
| > \$1,000  | 3           | 11          |

Source: Australian Golf Industry Report - 2004

In recent times the reciprocal definition has thankfully been further extended to often agree a cost for access arrangement, often equal to the member guest rate, and was a benefit reported by 2/3 of clubs with RR's in 2004.

Having established the level of reciprocity generally available, it is appropriate to discuss the reasons why reciprocal benefits are an important feature of club membership in the current environment.

The reasons are two fold. Firstly, our consumer research has found that younger golf members are seeking greater variety in the courses they play at. They are also seeking greater networking/business opportunities. Providing more local or accessible RR arrangements is a way of meeting both of these needs.

Secondly, the consumer research also found that nearly 90% of non-club members would be more attracted to club membership if more course variety was available. Again, more RR's would increase the attraction of membership as it is all about getting the

product right for the market you are going after and highlighting the benefits which appeal to it the most.

The key to the modern take on RR's is to re-visit and rewrite/extend its definition. It need not necessarily allow full playing access and immediate membership transferability across different clubs or even unlimited access at a member guest green fee rate. A new definition might simply enable a limited number of rounds per year, even restricted to specific days/times at other facilities. Importantly you still get the variety desired.

Let's look at a specific market, the Melbourne metropolitan area and review what they are doing with RR's. This area is a very competitive golf market with over 90 golf courses (in fact the highest density of courses per capita in Australia at 1 in 42,000 people, including over 20 public access courses of reasonable standard.) You certainly can't argue about the variety available.

In terms of reported reciprocals, you can see in the table below that there is a heavy skew toward inter-state arrangements with most Melbourne clubs, with almost all fee categories nearing an average 30/70 intra/inter state mix.

| Annual Fee      | Intra State | Inter-State | % Mix |
|-----------------|-------------|-------------|-------|
| \$500-\$999     | 3           | 7           | 43%   |
| \$1,000-\$1,499 | 4           | 14          | 28%   |
| \$1,500-\$1,999 | 2           | 11          | 18%   |
| \$2,000+        | 2           | 7           | 28%   |
| Average         | 3           | 10          | 30%   |

Source: Australian Golf Industry Report - 2004

There are a few examples however of clubs in this market actively looking at their arrangements and it is pleasing to see some new initiatives being tried. A group of south eastern clubs have trialled a full field swap for a day, with now more regular mid week and weekend swaps agreed. It has also been recently reported that a few of the Sandbelt clubs are also trialling a time swap initiative. The same concept has also existed between a group of Sydney's best clubs for some time and I am reliably informed that there is never a vacant spot.

Golf Australia applauds these initiatives as both address the stated need of the current consumer - variety. To date these initiatives have been restricted to clubs in the higher fee categories but I encourage all others to give this some thought.

It is appropriate to offer a word of warning. Show your members another club's facilities and if they are seen as better you could loose them, but it also works the other way. Welcome a new person to yours and they might like it so much they want to stay. It is all about providing a product that the market wants.



## Golf Australia Club & Industry Advisory Services

Golf Australia is now the formative source of industry advice and in its role as the National Sporting Organisation it is able to provide fundamental advisory services to the golf industry.

Jeff Blunden heads up the Club and Industry Advisory service offered by Golf Australia, providing real, affordable assistance to those that need help, not only in the interpretation of data but also its effective implementation via proper strategy development. Jeff is well known to many within the golfing industry through the golf advisory work previously undertaken at Ernst and Young.

The services that Golf Australia offers include:

- Club Assistance Program (see below)
- Golf club financial and operational review services
- Board meeting facilitation services
- Residential/Golf feasibility studies
- Project structuring, budgeting and business planning advice
- Golf industry research, including member and consumer surveys
- Market demand and feasibility/relocation studies

Clients receiving these services have included management companies, local governments, other industry associations and interest groups, developers, financiers, and equipment manufacturers.

To find out more about the services Golf Australia can offer you please contact Jeff at [jeffb@golfaustralia.org.au](mailto:jeffb@golfaustralia.org.au)

### Club Assistance Program

The Golf Australia Club Assistance Program (CAP) is a program that has been designed to provide clubs with assistance in their planning and strategic development.

Golf Australia has recognised that the skill, time and resources to do the work required to successfully address the current challenges presented by the industry operating environment may not always be readily available at all clubs around the country. Golf Australia has therefore created a program which gives clubs access to the skills required on a project by project, consultative basis.

The services provided via the program ensure that real, informed and affordable assistance is available to those that need it, not only in the interpretation of industry data and its relevance to micro markets but also effective actioning of the relevant information via proper planning and strategy development.

A \$100,000 fund has been set aside for the CAP for the 2007 calendar year. The fund will be provisioned on a pro bono basis to clubs, at a time and expense cost to Golf Australia.

Click [here](#) to link to the Golf Australia website to find out how to apply for the Club Assistance Program.