RESEARCH SUMMARY REPORT

MAY 2009

A snapshot of the Australian Golf Industry

AGIC
Australian Golf Industry Council

INTRODUCTION

This Research Summary Report been prepared by the Australian Golf Industry Council (AGIC) to provide a "quick reference" summary of the key statistics from various industry and consumer research reports which have been released over recent years. The information included in this summary report is valid at May 2009 and will be updated from time to time and placed on the AGIC website – www.agic.org.au.

GOLF AS A MAJOR CONTRIBUTOR TO THE AUSTRALIAN ECONOMY

In 2006 the PGA of Australia commissioned Ernst & Young to prepare a report on the economic value of the Australian Golf Industry. The Report, based on data for 2004, found that the Australian Golf Industry:

- has an annual economic value to the Australian GDP of $2.7 billion and is by far the greatest sport industry contributor to the Australian economy; and
- directly employs over 23,000 people with many thousands more employed in industries that have an association with golf

WHAT DO WE KNOW ABOUT GOLF FACILITIES IN AUSTRALIA?

There are currently 1,530 golf courses in Australia, with 81% of these courses located in regional areas. Numbers by state are summarised in the following table.

Number and Location of Golf Courses

State	Metropolitan	Country	Total	%
NSW	96	317	413	27%
Vic	85	293	378	25%
Qld	20	236	256	16%
SA	23	131	154	10%
WA	42	189	231	15%
TAS	5	70	75	5%
ACT	10	0	10	1%
NT	3	10	13	1%
Total	**284**	**1,246**	**1,530**	**100%**
Percentage	19%	81%	100%	

Source: Golf Australia

- Of the 1530 courses, there are 1,473 that have been affiliated (officially recognised and rated) by Golf Australia.
- 9-hole courses account for approximately 31% of all golf courses nationally.

Public Access

96% of all courses around Australia are accessible at certain times to all golfers, with 66% of courses having a regular mix of member and non member play.

New Golf Courses

A number of new golf courses have opened in recent years, adding to the supply pool generally available to the golfing public, with 36 new course openings reported since 2000. 75% of these courses are classified as either public or resort courses, with almost all courses being part of a wider development that includes either residential and/or resort facilities.

HOW MANY PEOPLE PLAY GOLF IN AUSTRALIA?

Number of Golfers

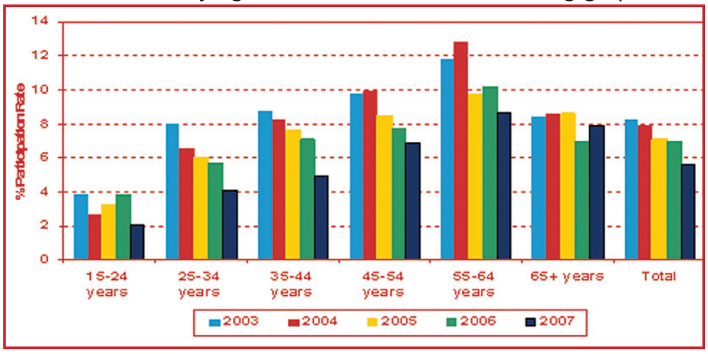
The Australian Sports Commission (ASC), via its annual Exercise, Recreation and Sport Survey (ERASS), involves over 13,000 respondents and tracks national participation for sports across Australia for persons aged 15 years and over. First conducted in 2001 ERASS has provided substantial statistical information regarding golf participation. Key recent statistics are noted below:

- In 2007 golf remained second on the ERASS Top Ten organised sport activities list, behind only aerobics/fitness and ahead of netball, tennis, all football codes, cricket, basketball and lawn bowls. 513,000 people reported playing golf as an organised sporting activity.
- In total 915,000 Australians played golf during 2007 – the last reported data year. This is nearly 6% of the total population aged over 15 years. Although showing a downward participation trend between 2001 and 2007 golf has remained a very popular activity played by around a million people of both genders and all age groups each year in Australia (average participation between 2001-2007 was 1.185 million).
- The national male/female ratio is reasonably consistent across all states of Australia with a national ratio approximately 80% men / 20% women playing the game. In 2007 9.1% of the total male population aged over 15 years and 2.2% of the female population base played golf.

Participation by Age

Participation in golf is substantially greater at an older age. The most participatory age group is that from 55 years to 64 years, with over 10% of the national population in that age group playing golf. The least participatory age group is that aged 15 years to 24 years, with less than 4% of the population in that group playing golf.

Historical trends by age are illustrated in the following graph



Source: Based on an analysis of ERASS Reports

HOW MANY GOLFERS ARE MEMBERS OF A CLUB?

In 2007 Golf Australia report that 350,745 men and 94,606 women (total 445,351) were members of an affiliated golf club, 49% of the total golf population.

Analysis of the Golf Australia data on club membership between 2001-2007 shows the following:

- Club membership numbers have fallen by approximately 8%.
- Declines in numbers have been reasonably consistent across both genders however different patterns do appear when assessed on a state by state basis.

HOW MANY GOLFERS ARE SOCIAL GOLFERS?

Based on an analysis of the ERASS participation data and Golf Australia membership data for 2007, the size of the social golf market (i.e. golfers who are not members of a golf club) is estimated to be approximately 470,000 or 51% of the total golf population.

The social golf market, as a percentage of the total golf market, is largest in the states of Western Australia and Victoria with 67% and 57% of these markets respectively being social golfers. Tasmania and NSW have the highest proportion of club based golfers.

HOW MANY ROUNDS ARE PLAYED IN AUSTRALIA EACH YEAR?

The combination of the annual ERASS data and club rounds and survey data from Golf Australia enables an estimate of annual rounds played to be made.

The following table summarises total rounds played since 2001, with the subsequent average per golfer also identified.

The annual round count, based on the methodology currently available, shows a reasonably consistent annual result when compared on a per golfer basis.

Rounds Played Summary

Year	Total Rounds	Av Per Golfer
2001	30,572,000	27.0
2002	34,359,800	30.4
2003	34,164,600	30.2
2004	32,169,900	28.4
2005	29,738,500	26.3
2006	30,185,700	26.7
2007	29,225,000	31.9
Average	31,487,954	28.7

Source: Based on an analysis of ERASS and Golf Australia data

Rounds Played by Frequency (rounds per year)

Descriptor	Frequency	% of Golfers
Infrequent	1-6 times	21%
Occasional	7-12 times	14%
Core	13-26 times	15%
Keen	27-52 times	24%
Avid	53-104 times	19%
Avid	104+ times	7%
Total		**100%**

Source: Based on an analysis of ERASS and Golf Australia data

- It is reported that 65% of golfers play more than once a month, and 26% play more than once a week. 21% of golfers indicate they only play a few times each year.
- Analysis of the percentage size of each of these demand segments over the period measured shows that the segments have remained reasonably consistent in size.

Rounds Played Share of Market

Having estimated total rounds, the inclusion of rounds data sourced from club surveys conducted by Golf Australia allows golf club members and social golfers market share estimates to be made. These are summarised in the following table:

2007	Golfers	Share of Market	Rounds Estimate	Share of Market
Club	445,351	49%	16,197,000	55%
Social	469,649	51%	13, 028, 000	45%
Total	**915,000**	**100%**	**29,225,000**	**100%**

Source: Based on an analysis of ERASS and Golf Australia data

Key data identified above includes:

- According to 2007 data, golf club golfers account for 49% of the total participation market but 55% of the total rounds market, indicating a higher level of annual frequency than social golfers.
- The total estimated number of rounds played by Australian golf club members during 2007 was approximately 16.2 million.
- Over the past four years golf club members have averaged approximately 31 rounds each per annum.
- Social golfers, accounting for approximately 45% of the total rounds played nationally, have a slightly lower level of annual frequency than golf club members, and over the past 4 years have averaged 23 rounds per year.

WHOLESALE GOLF EQUIPMENT SALES

Introduction

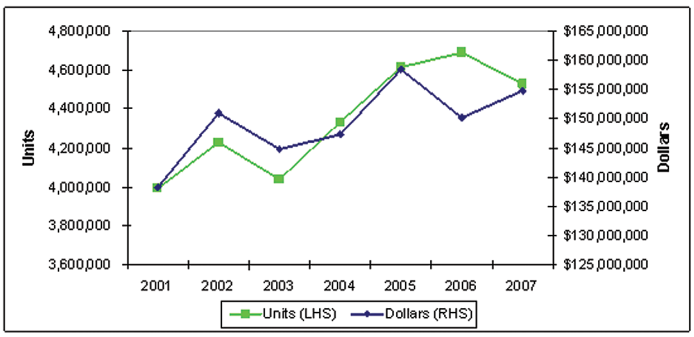
Golf wholesale equipment sales is a key indicator as to consumer behaviour and demand for golf equipment at the retail level. This information is collected quarterly by the Australian Sporting Goods Association (ASGA), formed in 1981 to act as the peak body representing a broad spectrum of sporting goods and active lifestyle industry participants including golf equipment manufacturers. Current membership of ASGA is held by 90% of all golf equipment manufacturers.

Annual Sales

ASGA reports on two key variables within the equipment sector, these being units sold and their equivalent dollar value. Categories tracked are Woods, Irons, Wedges, Putters, Bags, Buggies, Gloves, Apparel, Balls, and Shoes.

Data for the period 2001 to 2007 reveals that total equipment unit sales have grown by an average of 2% per year to reach 4.5 million units at the end of 2007. For the same period in terms of their dollar value, sales also increased by the same annual amount to reach approximately $154 million. The following graph summarises total unit and dollar sales for the period 2001 to 2007 as reported by ASGA.

Annual Unit and Dollar Sales – 2001 to 2007



Source: ASGA, AGIC Analysis

Note: A$ sales by year are heavily affected by AUD/USD cross rates and therefore an unreliable indicator of sales trends

AUSTRALIAN GOLFERS IN WORLD RANKINGS

Australia currently has around 100 male PGA professional's playing on international golf circuits, including 24 on the US PGA Tour. In May 2009 11 men were ranked in the Top 100 Official World Golf Rankings (source: Official World Golf Rankings). Australia currently has around 30 female professionals playing on international circuits, including 4 in the Top 100 and 10 in the Top 200 Rolex Rankings (source: Women's World Golf Rankings). With regard to amateur players 6 players were in the Top 100 R&A rankings as at May 2009 with 13 in the Top 200.

THE HEALTH BENEFITS OF GOLF

The benefits of leisure-time physical activities in terms of reduced risks of cardiovascular disease are well established through a number of epidemiological studies. A graphic example of the health benefits of golf is a 2008 study conducted by the Karolinska Institutet in Sweden (published in the Scandinavian Journal of Medicine & Science in Sports). The study found that the death rate amongst golfers is 40 per cent lower than the rest of the population, which equates to an increased life expectancy of five years. The study is based on data from 300,000 Swedish golfers and shows that golf has beneficial health effects regardless of sex, age and social group, with the effect even greater for golfers from blue-collar professions than for those from white-collar professions.

THE ENVIRONMENTAL BENEFITS OF GOLF COURSES

The environmental benefits of golf courses are increasingly being acknowledged by research. Golf courses often occupy significant tracts of urban land that may be in ecologically sensitive areas and their "green space" provides a number of benefits to the environment including wildlife refuges and corridors, remnant vegetation and indigenous flora reserves. A preliminary study by the Australian Golf Course Superintendents Association (AGCSA), examining the likely carbon footprint of Australian golf courses, indicated that an average 18 hole golf course is likely to sequent around 80 Tonnes of carbon per year. Although the study is limited in its size and nature the preliminary findings are positive. Further research in this area is currently being progressed. The golf industry in Australia is also becoming a world leader in environmental management with close to 200 golf courses across Australia amongst the first golf courses in the world to adopt the AGCSA promoted Environmental Management Plan that achieves an ISO 14001 Standard.

CO-ORDINATION OF FUTURE RESEARCH

The AGIC is committed to assisting in a co-ordinated approach to research across the Australian Golf Industry into the future. This will entail the co-ordination of discussions and agreements between the various industry groups conducting research to ensure targeted research that is complementary. Whilst the majority of research will be conducted by individual agencies, the AGIC may at times seek to commission research on behalf of the entire industry. Individual agencies will be requested to provide summary reports from their research to be included in future AGIC research summary reports.

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Australian Golf Industry Council (AGIC)
Representing the following bodies:
PGA of Australia (Chair)
Golf Australia
Australian Golf Course Superintendents Association
Australian Ladies Professional Golf
Golf Management Australia
Society of Australian Golf Course Architects
Australian Sporting Goods Association
(including Golf Manufacturers and Suppliers)
Golf Course Owners and Developers

AGIC CONTACT DETAILS:
Phone: 03 8320 1911
Fax: 03 9783 0000
Email: info@agic.org.au
www.agic.org.au

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