

Supply and Demand for Golf in 2016

NEWEST INDUSTRY STATS AND REPORTS: GOLF'S "MARCH METRICS"

by David Gould, Staff Editor

The end of the first quarter is a high point in the golf industry for putting out data on participation and supply-demand trends in the golf-course market. "March Metrics" would be an appropriate tag for this reporting and analysis—dedicated number-crunchers give it almost as much attention as their NCAA tournament brackets.

Studying all the new information about golf activity in 2015 and the multi-year trend numbers that go with it, we get a snapshot that would prompt neither dismay nor jubilation. Rounds played went up slightly, the number of golfers (those age 6 and up who played at least once) dipped from 24.7 million (the count in both 2014 and 2013) to 24.1 million, and there was a net reduction of 148.5 courses, or a 1 percent contraction from 2014.

The reduced number of players and the rise in rounds-played are two facets of the same story, according to the NGF. Its report stated: "While the total drop in golfers from 2014 to 2015 was within the statistical margin of error, the results do suggest that a slow leak in overall participation persists."

But is this "slow leak" a true bottom-line concern? Possibly not, based on the fact that "NGF analysis continues to show that attrition is confined mainly to those who never really got into the game." So, people who played very little, didn't travel for golf and didn't buy much merchandise make up the 600,000 dropouts, according to the data.

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Meanwhile, "about 80 percent of all golfers, or 20 million of the 24.1 million, make up a committed base who accounted for 94 percent of all rounds played and all equipment spending in 2015."

These committed golfers in the base are the folks whose activity drove the overall increase in rounds played that came to 1.8 percent, versus 2014. (This stat gets generated by an entity called the National Rounds Played Coalition, comprised of NGF, Golf Datatech, the PGA of America and the course owners group.)

It's interesting to think about core golfers versus in-and-out types from the standpoint of the game's top teachers.

Top-tier golf instruction is the one aspect of industry activity that speaks almost equally to core-market and entry-level golfers alike. If you can teach and coach well, the committed, skilled players will flock to you. And yet, superior teaching skills also make someone ideal for engaging with a newer player or a returning player. Proponent Group members vary in the focus and energy they put behind new-golfer efforts—it's also true that an individual member may be very active in this area at one point in their career and less so at another time. Overall, it's likely that Proponent members had significantly more involvement with that "committed base" that plays and spends at such high levels than with the population that just took



Will Millennials take to the game as previous generations have? In 2015 they were the biggest group trying golf for the first time.

up golf last year, or left in 2015 having “never really got into the game.”

That being said, our March Metrics for 2016 include intriguing data about golf’s front gate and who might be walking through it. Compared to the all-time high figure for new beginners in a given year—2.4 million Tiger-inspired folks back in 2000—the 2015 metric for new beginners, 2.2 million, isn’t far below that. “And the biggest group of beginners in 2015,” the NGF report pointed out, “were Millennials.”

Meanwhile, the attitude data that measures interest in playing golf “is at an all-time high with an estimated 37 million non-golfers saying they are interested in taking up the game.” These wannabes aren’t just daydreaming about participation, apparently, given that last year 7 million “pre-golfers,” if you will, took part in the game “at a driving range, a TopGolf facility or on an indoor golf simulator.” Note to Proponent members: Perhaps the player-development push you’ve been considering ought to get some extra energy going forward.

Even Pellucid, the research and consulting group that has generally thrown cold water on golf’s player-development initiatives, bestowed high praise on PGA Junior League Golf and predicted further impressive growth for the program. In particular, group CEO Jim Koppenhaver pointed to the skill sets of PGA professional as “ideal for this activity.” Other youth team sports are overseen, he said, by “ultra-competitive adults reliving their glory days or by Type A corporate



Will golf’s current player-development programs fill up courses with the next generation of golfers? The jury is still out.

Discussing PGA Junior League Golf, Koppenhaver called PGA professionals “ideal” leaders of the program. He said other youth team sports are overseen by “ultra-competitive adults reliving their glory days or by Type A corporate personalities with their win-at-all-cost approach.”

personalities with their win-at-all-cost approach,” whereas golf professionals tend to be “selfless role models... with a soft spot for seeing kids learn, grow and succeed.” While that description paints coaches of other sports with an almost absurdly broad brush, what’s stated about the golf professionals who manage PGA JLG teams has a clear ring of truth to it.

The last metric to briefly pick apart is course count, and what it means for the high-echelon golf instructor. In 2015, a total of 17 new courses opened for business while 177 shut down—not for renovations but for good.

“Daily fee, lower-priced and 9-hole courses continue to be the segments that are disproportionately represented among the closures,” explained the NGF, adding that about two-thirds of the courses that closed in 2015 “had green fees of \$40 or less.” So, new openings are barely a blip—whereas back when they came in droves it represented a rich opportunity for teachers—but the courses that are closing hardly seem like ideal places of employment for a Proponent Group member. **PG**