Recession presents opportunities

Private clubs should not be afraid, says Club Corp. America vice president

By Peter Blais

A recession like the one most of the country is experiencing can be a time of opportunity for private golf clubs if managers listen and respond to their members.

"Don't run scared," advised Jerry Gelinas, vice president of marketing with Club Corporation of America, which operates 200 private clubs nationwide.

"Opportunities are out there. If you take advantage of them, you will have a better club. In good times, clubs tend to relax. In a recession, you have to be targeted."

At the center of the target is the club member. Private clubs have a big advantage over public facilities when it comes to membership. Most private club members are financially secure. They are better able to weather an economic downturn and keep their memberships than are their public club counterparts, Gelinas said.

"You're not dealing with a member who can't afford your club, even in tough times," he added.

But you are dealing with a member who has priorities. If a club is not meeting his needs, he'll go elsewhere.

"The question is 'How do you make your club more valuable so he'll give your club a higher priority?'" Gelinas said. More on that later.

Recessions are generally not broad-based. Some people will be hurt during an economic slowdown, while others will be unaffected, or even prosper.

"For a manager to understand how economic conditions in his area will affect his club, he must know certain things, like what

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Japanese continue U.S. buying spree

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primarily courses that have already been built. Ninety-three were complete, 14 under construction and 15 in planning stages at the end of 1990.

Christopher Mead, who has been tracking the transactions, said there are probably many more Japanese-owned courses in the United States, "some of them bought under U.S. corporate names and others purchased under Japanese names but not known to Mead Ventures or the executives and industry experts we consulted."

In a 180-page report released in mid-January, Mead said Japanese companies own less than 2 percent of the country's 14,000 courses. But, he said, because they own such "trophy courses" as Pebble Beach in California and Grand Cypress Resort in Florida, the market value of Japanese-owned courses may comprise as much as four or five percent. Cosmo World paid around $800 million for the Pebble Beach complex alone.

Mead predicted Japanese firms would own between 500 and 1,000 U.S. courses by the year 2000. He added that although that is still a small percentage of total U.S. ownership, it is "a major portion of the newer and trophy courses and of those not only in Hawaii but also in California, Oregon, Washington, Arizona and certain other states."

Japanese firms own nearly all Hawaii's non-public courses — 37 or 38 in all. "With no more courses left to buy (in Hawaii), Japanese have been forced to build, and they appear to be doing so with surprising speed," Mead reports.

He said in his report that most of the 40 or more courses planned or under construction on the Big Island of Hawaii, Oahu and Maui, are being built with Japanese funds or with the expectation of a sale to Japanese buyers.

Meanwhile, Mead said Japanese own at least 32 courses in California, eight in Texas, seven in Oregon, six in both Arizona and Georgia, five in New York, four in Florida, three each in Nevada, North Carolina and

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Landmark, Daiichi put $739 million deal in works

CARMEL, Calif. — Daiichi Real Estate Co., Ltd. of Tokyo, Japan, in joint venture with senior management personnel of locally-based Landmark Land Company, Inc. and international Pacific Rim and European investors have plunged heavily into the United States golf course market.

Golf course and resort areas on both coasts, plus Oak Tree Golf and Country Club, Edmond, Okla., will be bought for $739 million.

Closing date for the first phase of the transaction is March 31. If options are fully exercised, Landmark would receive an additional $106, then $92 million.

Golf courses include three rated among the top 100 in the world.

Properties are spread among such Landmark developments as Kiawah Island, South Carolina; Palm Beach, Fla.; Polo & Country Club, and California courses Carmel Valley Ranch, Moreno Valley, PGA WEST, LaQuinta, Oak Valley and Mission Hills in Rancho Mirage.

Gerald G. Barton, Ernest O. Vossler and Joe W. Walser, Jr., of Landmark will be new team members.

The transaction is subject to approval by shareholders and the Office of Thrift Supervision.

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CCA official: Recession 'beatable' for private clubs

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his members do for a living and how often they visit his club,” Gelinas said.

Even private clubs in a relatively depressed area are in potentially good shape. As the 1990s unfold, the oldest of the massive Baby Boom generation are heading into their late 40s and early 50s, the age when most people join clubs. The 45-to-54 age group is expected to add 11.7 million people during the decade.

“That’s a pretty big market,” Gelinas said. “The demographics should overshadow any cyclical economic problems.”

Finally, private club members are value conscious and media sophisticated. They demand clubs offering prestige and value suited to their particular needs. Clubs must position themselves accordingly to be successful.

“Potential members will usually reject a canned sales pitch or standard set of benefits,” Gelinas said. “They want benefits that fit theirs’ and their families’ needs. We’ve found a strong trend toward the entire family becoming part of the club environment.”

Families present a significant opportunity and a more stable membership, the CCA executive said. “It’s easier to resign from a club if there’s just one person involved, say a golfer. But if the wife is in the tennis league, the son in the junior golf program and the daughter on the swim team, it’s less likely the club will lose a member,” he explained.

Whatever a member’s involvement, it must be meaningful. In some cases, a member may want relaxation. For others, it may be self-improvement. Still others may want competition.

“One of the responses at some CCA facilities has been to provide an atmosphere in which members can conduct business. That could mean building a private meeting facility with audio-visual equipment or simply making business guests feel welcome by giving a free sleeve of balls to a guest playing with a member.”

“The whole point is to listen,” Gelinas said. “And then respond.”

Focus groups give a sense of what members want. They should be followed up with written questionnaires for specific recommendations.

Another source of information is local real estate brokers and developers. They are the ones bringing residents, and thus potential members, within distance of the club.

“The dining area can fill another need. CCA has traditionally priced its a la carte menu at or below neighboring restaurants. “Clubs can subsidize the a la carte menu with their private party business. The parties are the real money-maker,” Gelinas said.

If a club does its homework, aggressive advertising is unnecessary to keep and recruit members, Gelinas said. “It will happen naturally. The key is to develop the product first. If it’s good, word will get out. And you can’t beat word-of-mouth advertising,” he added.

CCA’s experience in its corporate home state of Texas is a good example of what private clubs can accomplish during lean economic times. Despite an economic slump that lasted most of the 1980s in the Lone Star State, Club Corporation closed none of its country clubs during the last decade. In fact, the number of Texas clubs grew to more than 40.

Texas is on the road to recovery, while much of the country is gearing for an economic slowdown. But even in difficult economic times, Gelinas said: “There are enough opportunities out there for private clubs. They should have positive plans that count on revenue generation rather than cost cutting.”