Manufacturers hedge bets on distribution

By HAL PHILLIPS

Ten years from now, golf courses will likely purchase their accessories — cups, flags, signage, tee and yardage markers, etc. — directly from the factory. In the meantime, however, accessory manufacturers run the gamut of sales approaches, as distribution lines shrink and increased competition render traditional margins obsolete.

Accessories occupy a unique place in the golf course purchasing universe. On the one hand, courses need a new influx of product every year. This repeat business is the market's saving grace, as even quality cups, flags and the like need replacing on a regular basis.

On the other hand, distributors can't be expected to sell, with equal vigor, $15,000 mowers and disposable tee towels. Some accessory makers feel their products are ignored by distributors, whose traditional cuts of profit were always high for such inexpensive items. A huge influx of accessory manufacturers during the 1980s has made price an increasingly competitive issue, further squeezing margins.

As a result, many firms are hedging bets, putting in place direct marketing systems complemented by an in-the-field sales force to push the product in person. Of course, if manufacturers don't have a catalogue, it doesn't matter what they do — they're cooked.

"We do deal directly with the course, but we have sales reps who deal with the courses," said Philip Thompson, president of Eagle One Golf. "We've found that sales reps are more focused on selling our products. We've found that distributors are very concerned about selling mowers and such, and accessories are something of a second child.

"Also, when you have a thousand lines, a distributor can't possibly keep it all in stock. If they deal directly with us, we always have the stock."

Of course, golf is a unique industry in that personal relationships still influence a large portion of sales. Here is where the distributor has the advantage.

"We're trying to hang in with the distributors," explained Mike Neal of Fore Par, Inc.

Upscale trend takes hold in the accessory market

By HAL PHILLIPS

There was a time when flags were flags, tee markers were tee markers, signs were signs and 150-yard markers were simple bushes located on the right-hand side of the fairway. No more.

Consistent with trends affecting other aspects of the industry, golf course accessories have been swept along by the urge to go upscale. As new course openings are dominated by facilities bearing the "upscale daily-fee" moniker, accessory makers are responding with products more consistent with the "member-for-a-day" experience.

Good ol' fashioned competition has compounded the impact, as existing courses upgrade their accessories — mostly tee markers and signage — to keep up with the Joneses, i.e. new facilities down the street.

"I think most golf courses have always looked for easy ways to appear more upscale," said Mike Neal, president of Fore Par, Inc. "There isn't a single golf farm that doesn't want to be perceived as more than it is. Even the municipal golf course. You see more and more muns being managed by professional companies that understand the dynamic, and that affects the accessory business."

"We really see it in the higher-end markets and resorts," explained Jon Kelly of Standard Golf. "And we see new preferences emerging in the industry. Things are going toward a more natural look rather than brighter-colored things. Granite is a good example, and that's why we're excited about the Turfstone."

Standard's Turfstone tee markers are actually manufactured from a thermoset polyester compound, which brings the cost down. But the point is clear: Golf course superintendents and owners see accessories as important purveyors of image.

"Let me give you an example," said Steve Garske of Par-Aide. "We have a tee marker that we make out of cast aluminum. We didn't think anybody would pay more than $20 for it. And we thought the prospect of theft would make it prohibitive. But the Turfstone changed our minds."

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Distribution

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“Our business is personal and the guy who provides the service will get the business. “Take a place like Gail’s Flag & Golf Course Accessories in Fort Worth. They’ve got nine trucks with trailers that call on superintendents religiously. They manufacture their own flags, but they distribute for Standard Golf, Par Aide and Fore Par. So in a sense, we’re competing with our distributor. But the guys can sell.”

Steve Matheo couldn’t agree more. He’s president of Aabco Industries, Inc., which distributes Markers, Inc. products among other things. Matheo said he believes distributors are doing their best with a low-margin item.

“We’ve heard from various manufacturers that local distributors don’t do a good job with their [accessory] products,” said Matheo. “It stands to reason because they’re not going to make more money on them... We just don’t feel manufacturers can do as good a marketing job from their headquarters as they can with distributors. The manufacturers are more attuned to manufacturing and raw materials—that’s their expertise, not marketing.

“If we’re selling a product for somebody and they go direct, we’ll stop competing with them.”

Gail’s Flags and Aabco are examples of how the distribution business has changed. As large distributors buy smaller ones and the number of product outlets shrinks, specialization has emerged as the only path to survival—and competition throughout the golf industry has made this even more clear.

“You have to realize there are iron houses and soft good houses,” said Steve Garske, president of Par Aide. “You basically have two different categories for distributors. The soft-good guys are doing a better job selling our products than before. But the iron houses have so much competition in their world, they have to concentrate more on heavy equipment. The bottom line for us is, we’d rather have 170 customers [distributors] than 15,000 [courses].”

Traditional distributors still offer advantages to both the accessory manufacturer and the golf course purchasing agent. Soft-good houses, according to Standard Golf’s John Kelly, do a particularly good job with replacement business, while the iron houses are adept at scoping out new golf course projects.

“I think it’s essential to have both,” said Kelly. “Beside, the local customers still want to do business with their friends and have local people call on them. There are still some great relationships out there between golf courses and the product sales people. In the direct world, that’s lost.”

“Take a place like Kirby Markers. According to President Buster Newton, he employs about 100 people as reps, but only one in 10 makes sales. Newton estimates that 70 percent of his sales are made through trade shows and factory-direct efforts. “I’d love to be a true sales manager, but it hasn’t worked out that way,” he said.

Upgrade accessory

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“All these courses are trying to upgrade their image, and maybe they’re also trying to justify their green fees.”

But granite is definitely “in”—especially with regard to course signage.

“Nowadays, if you’re going to charge $50, $60 or $100, you have to justify it,” said Buster Newton of Kirby Markers. “The granite tees are definitely selling. At all the shows, these granite guys tell me they’re doing great.”

Private courses never had the need for expensive signage; presumably, members knew where the hole was and how long it was. At daily-fee and resort facilities, where the likelihood of first-time visitors is high, the need for upscale signage is much stronger. “I think granite’s for graveyards, but there’s no denying that it’s popular,” explained Steve Burrell of Southern Corporate Promotions. “We don’t do granite signs; we do wood. It used to be that Redwood was extremely hard to get, but I found a great supplier. Wood is priced less than granite, less than metal and more than plastic. It’s affordable and we stayed with materials that can be completely customized.”

“The competitive daily-fee courses are some of our best customers because they can upscale with this item. Image has become very important. Absolutely.”

Of course, when larger firms stretch the price spectrum, there’s more opportunity for smaller firms to fill the market cracks. Eagle One touts the affordability and eco-friendly nature of its sign products, which are manufactured from recycled plastics. Course Signs, Inc. has taken a similar approach.

“I see the trends with regard to cost, and I think that creates our niche,” said Jeff Glogovsky, owner of Course Signs. “We have inexpensive signs of high quality. They’re made of high-density ABS polystyrene plastic that won’t damage equipment if you happen to run over them. They’re for the guy who wants to get the job done at an affordable price. “And they look nice, too.”