Superintendents skeptical about Internet venture

By JOEL JOYNER
KIAWAH ISLAND, S.C. — While the Golf Course Superintendents Association of America works with its industry members to shape its new e-commerce site, superintendents question the value and usefulness of the venture.

“The Internet was launched just last month, but already some superintendents believe the GCSAA is moving too far afield from its core mission: educating golf course superintendents.”

Internet service provider XS Inc. will operate the site and handle transactions, while the GCSAA will provide a membership foundation and collect a portion of the revenues from transaction and hosting fees.

“This is a process that has been discussed by the board for the past two years,” said the association’s CFO, Julian Arredondo. “They are making big decisions without consulting with the membership.”

Called “Golf Course News,” the new site provides information about golf courses and equipment, and will be integrated into the association’s existing Internet efforts.

“Golf Course News is going to be a portal for our members,” said Harry Albert, director of the association’s Internet operations. “It will be our new focus.”

While some superintendents see the site as a valuable tool for networking and staying up-to-date on industry news, others are more skeptical.

“I am not sure that this is something that they should have entered into in the first place,” said an industry insider who preferred not to be identified for this story. “They are there to support and service the superintendent. But when you have other dot-com ventures out there in the market, some of which are members of the GCSAA, they have to take potential competition seriously. A trade association should not be in competition with its own members.”

The GCSAA defends its e-commerce experiment.

“This is a process that has been discussed by the board for the past two years,” said the association’s CFO, Julian Arredondo. “They originated from member surveys and we would not have done it if it were not consistent with our mission to make their jobs easier. We are still trying to discover if [an e-commerce site] is appropriate for our industry.”

A GOLF SUPERMARKET

Raleigh, N.C.-based XS Inc., which had started laying the groundwork for its own turf-specific site this past fall (Sept. 2000 GCM), has gained an instant audience of more than 1,000 superintendents members by teaming up with the GCSAA.

“He audience was the value proposition for us,” said Albert, director of the company’s specialty business unit. “Not only do you have more people who are aware that there is a commerce option out there, they are more willing to take the first step because they trust the GCSAA.”

The GCSAA site, XS Inc. has adapted its successful xsag.com model for the golf course industry. The site will have two major sales components with free access for RCSAA members. The association has not decided whether non-members will have to pay a fee to participate.

The “net market” will consist of a list of products for sale at either fixed or negotiable cost. Sellers are not required to identify themselves to buyers on the net market.

The more traditional “storefront” section is designed for superintendents who are more comfortable doing business with vendors they know and trust. “A superintendent can come to their distributor’s site and look at a list of products and buy from the site,” Albert said. “They then work out the details of the sale and keep pricing between themselves.”

For those companies already starting to explore Internet options, there is still a value proposition with the GCSAA site, according to Albert. “This is about gaining additional shelf space,” he said. “There is no risk of stuffing stuff on the net market.”

Transactions on the net market will be charged a three-percent fee, and companies choosing to put up a storefront will pay a yearly hosting fee. The GCSAA will share profits with XS Inc., but the association declined to reveal how that will break down.

“Arredondo said the profits will be injected back into the GCSAA to fund services such as government relations, research and education.”

INDUSTRY VIEWS SITE AS COMPETITION

After being briefed by the GCSAA on April 17, many industry members came away feeling that the association was now competing in their business.

“This puts them in a competitive relationship,” said Scott Zakany, marketing communications manager for UHS. “I would understand if there was nobody in the market providing these services, but there are plenty of vendors out there. They need to carefully consider where they are going.”

The GCSAA site’s potential to make an end-run around traditional distribution is certainly seen as threatening.

“They are going to have to go back and rethink this,” said an industry executive who wished to remain anonymous. “An e-commerce site with set prices could effectively cancel out all the distribution in the marketplace.”

UHS’s Payenson said that his company did not want to be involved in any e-commerce venture that does not embrace existing distribution channels. “The salesperson is the key in this because the superintendent is the relationship,” he said. “They want someone who they can call on, someone who can support the sale they make.”

Others are not thrilled about a transaction-based model and don’t see the value in a hosted storefront.

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