


THE JAPANESE IN THE U.S. GOLF MARKET:



**WHERE
ARE THEY
NOW AND
WHERE
ARE THEY
GOING?**

United States golf manufacturers express realistic attitudes in the face of a possible Japanese "invasion" into the American market places by DOUGLAS LUTZ

Oriental scrutiny was much in evidence at this year's Professional Golfers' Assn. Merchandise Show in Palm Beach Gardens, Fla. The Golf Course Superintendents Assn. of America Conference and Show in Boston also was witness to a number of Japanese visitors.

At both shows Japanese equipment company distributors, buyers and exhibitors were much in attendance. Japanese equipment and manufacturing company representatives, having arrangements with United States companies, were escorted as guests. Spalding, PGA-Victor, Dunlop and MacGregor hosted delegates from Japan. On Saturday during the PGA show, a group of Japanese businessmen relaxed by taking a tour of the local Florida scene.

Excepting press and publicity photographers, all others were barred from using cameras at both shows. Questions from the Japanese were, however, penetrating. The interests expressed were more than routine. Several attempts to obtain details relative to American golf car manufacturing methods met with resistance.

Speculation and some concern have been expressed

about a possible Japanese "invasion" into the golf car manufacturing business. The concerns are more watch and wait than worry at this time, according to some United States industry spokesmen. Speculation, however, runs high.

"The Japanese thing could someday become a problem, but at the present time I don't see it as a problem. I don't see any evidence of it," Robert Balfour, vice president, marketing and sales of Club Car, said recently.

Vaughn E. Border, director of marketing, at Outboard Marine Corp. (Cushman), expressed his thoughts, too. "The fact is that there are still only about 5,100 or 5,200, I would guess, new golf cars being sold every year. Take that and multiply it by factory costs of roughly \$800 and you've got about a \$40 million industry. If you were sitting over in Japan looking at business opportunities how excited could you get about getting a share of a \$40 million industry? Suppose you did a hell of a job? You'd still have a tough time getting \$20 million out of it. And what's that to companies of their size?"

AMF-Harley Davidson's Assistant Golf Car Sales Manager, Gerald L. Langlois put it this way, "At

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this time we don't foresee any great movement on the part of the Japanese into the golf car industry."

Another industry spokesman, speaking off the record, echoed the underlying concern in the golf car manufacturing business when he said, "I think if the Japanese wanted to get into this business badly enough, they wouldn't have any problem."

Industry opinions would appear to follow a pattern. Evaluation from the experts indicates a unified train of thought from most golf car companies. They seem to be saying the market simply is not big enough for an imminent Japanese invasion, but at the same time they recognize that possibility for the future.

There is an awareness of the Japanese holding company structure in which a subsidiary manufacturing golf cars might be supported for a number of years by the parent company. Even at high loss levels.

Historically, Japan's economic structure collapsed completely with their surrender to the United States at the end of World War II in 1945.

Their emergence from chaos into a major factor in world markets by 1951 is an incredible testament to the perseverance and ingenuity of the Japanese. The United States granted aid to Japan after their surrender to the tune of nearly \$2 billion, mostly in emergency food supplies. Credit also was extended in large amounts for imports of raw materials to be processed and in some cases re-exported. Under these measures Japan's desperate economic situation was eased and an atmosphere conducive to the rebirth of the gigantic holding companies prevailed. Mitsui, Mitsubishi, Sumitomo and others with vast financial holdings thrived in the 1920s and 1930s, even to the point of owning their own fleets of ships to handle their world trading. The structure of the financial giants was reactivated rapidly under the steadily increasing favorable conditions covering the six-year period from 1945 to 1951. The Japanese have never re-

treated from a position of importance in world trade circles since rebuilding their economy. Several precarious years, notably 1953, 1957 and 1961, showed deficits in international payments due mainly to an excess of imports over exports, but essentially they have enjoyed an extremely strong stand in the world's market places. The holding companies have been integral and active participants in maintaining that stand.

Perhaps the size of the holding companies precludes their interest in a share of a \$40 million a year industry, as Vaughn Border has suggested. There are, however, some inroads being made.

The Shatai Kogyo Company, Ltd., of Japan and California has perhaps the best-known Japanese golf car in the United States. Marketed under the Skket and Skket-4 names, these cars have been seen mostly on California courses. Not in fleet numbers, however. Walter T. Imai of Shatai Kogyo reported the sale of 75 Skket cars last year.

Imai also reported some interesting facts concerning Shatai Kogyo's handling of Skket car sales. Shatai Kogyo is a trading company, which manufactures Skkets in addition to making bodies for small Chevrolet pickups. Presently an inventory of golf cars is maintained in Japan and orders placed for West Coast delivery can be met in two weeks. Cars are shipped almost fully assembled and complete assembly in California or at the dealer requires an additional week. Deliveries to the East Coast takes 30 days plus assembly time.

Skket costs are comparable to United States car list prices. The Skket three-wheeler sells for \$1,395 and the Skket-4 for \$1,495. Optional equipment includes hub caps, battery charger, canvas top and a windshield. Imai feels Shatai Kogyo can outbid United States companies on large fleet sales. His plans also call for a dealer network where servicing will be combined with sales. Imai is currently working on this phase of Shatai Kogyo's attempts to capture a share of the market.

In Japan Shatai also makes the Skket-T and Skket-C. The T is a six-

passenger battery car carrying four passengers riding forward and two backward. The C is an all-purpose truck utilized as a cargo handler. Both vehicles are three wheelers. It is reasonable to assume both cars would be added to the Skket line in the United States if Imai and Shatai Kogyo are successful in setting up their dealer network. Under the umbrella of the parent holding company, immediate sales and profits may not be necessary.

United States golf car industry observers acknowledge the possibility of having to share sales should the Japanese decide the market warrants their involvement. There have been, however, some opinions expressed that would seem to negate such interest on the part of Japanese manufacturers.

"I doubt if the industry is big enough for the Japanese to want to get into it to any great degree," Langlois says. He, Balfour and Border all expressed the opinion that rumors of Datsun Motors entertaining thoughts of golf car manufacture for import to the United States were just that—rumors! Walter Imai also heard the rumor. (In checking out the rumor at Datsun's offices, this writer was told that officials were "unavailable" for comment.)

Balfour's observation of possible Japanese interest in golf car manufacture at the PGA show was limited. And for good reason. As he explained, "We had the biggest show we've ever had in history and took orders for over 700 Caroché golf cars. I'm afraid I never even got out of my booth to meet them or look at their cars." Balfour further explained Club Car's involvement with representatives from Japan when he said, "We are dealing right now with four or five very large Japanese firms who tell us the Government has negotiated a new agreement with the Japanese where they must import so many dollars' worth in order to get the license to export so many dollars' worth. Therefore, they have less of a desire to build the golf cars over there than they had before. What they'd like to do is take the golf car back to Japan so they can import enough to give them the right to export. Four or five firms have, therefore,

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told me they have very little interest in attempting to copy or manufacture our car in Japan. They'd much rather, when a ship comes over here with automobiles, turn around and load that ship with golf cars and go back and sell our cars in Japan so they can sell more automobiles here."

Vaughn Border's earlier observations about the volume of potential golf car sales in the United States was supported by another thought about Japanese involvement. He said, "I just don't feel the Japanese can build themselves much of a marketing organization on the volume they could get."

Although the Japanese interest in the golf car market has caused considerable commotion, industry spokesmen have voiced little concern over the meager inroads the Japanese have made in the golf equipment and golf ball markets, which are much more fertile areas than golf cars.

According to the United States Department of Commerce figures, Japan exported to the United States 813,931 dozen golf balls with a wholesale value of \$1,133,797 compared to 895,059 dozen and a \$1,231,407 wholesale value in 1971. The dollar value in 1972 was slightly higher than 1971 due to a few higher line balls being exported.

These figures shrink in importance when compared to the domestic manufacturing of golf balls (over 12 million dozen with \$65 million wholesale value in 1972).

There is little comparison also when the figure for Japanese golf ball exportation to the United States (\$1,133,797 in 1972) is juxtaposed with the \$4,726,569 worth of ball exports the United States ships to Japan.

However, of the five countries from which the United States imports balls, Japan accounts for better than 90 per cent of our total foreign consumption since 1970, with Great Britain exporting less and less until in 1972, they shipped only \$183,714 worth of balls to the United States (less than one-eighth of our total importation of that item).

Japan also supplies 50 per cent of

the meager United States importation of golf ball parts.

In the exportation of golf equipment, *i.e.*, clubs, tees, shafts, clubheads and other parts to the United States in 1972, Japan surpasses even Great Britain (by nearly \$1 million), supplying these items at a dollar value of \$2,947,475, which is one-third of the total United States foreign consumption and represents a \$1.5 million increase since 1970. Spain and Italy supplied us with around \$1.3 million apiece.

But these gains post little threat to our domestic manufacturers, considering that the United States supplied Japan with nearly \$18 million worth of these items in 1972.

According to the Department of Commerce, Japan's total exportation of fertilizers and grounds maintenance chemicals was an insignificant \$15,000.

United States manufacturers report that they are not much concerned about Japan as a competitor for the United States golf equipment market. They say that aside from the Skyway golf ball (a top-line West Coast ball with a small sales volume), Japan is shipping a very low quality golf ball and inferior club shafts, none of which enjoy mentionable volume.

According to Ash Edwards, group product manager for Spalding, Div. of Questor Corp., Japan's \$3 million piece of the golf equipment market is not a point of concern compared to around an annual \$200 million U.S. production of golf equipment excluding balls.

The phenomenon of Japan's incursion into the American market place has frequently prompted campaigns appealing to nationalistic pride. To buy "American." Sporting goods manufacturers in every field of athletics have had to cope with competition from Japan and other countries. Occasionally that competition sparks a lively, perhaps frustrating, response.

During the past year the International Ladies Garment Workers Union has loaned its powerful voice to an appeal campaign calling attention to their own special interests. Namely, foreign wages helping to reduce the cost of imported sports goods. New York City subway car cards depicted a fielders glove labeled "imported" and carried the legend "Baseball, The Great Un American Game." The effectiveness of the campaign is hard to measure, but appealing directly to the working man can certainly be said to have provoked some thinking.

Not one golf car industry expert even remotely suggested a "Buy American" campaign was in order. There is, however, a growing consternation about the imbalance between export and import duties on golf cars. There also is a growing concern about the Polish made golf car that seems to be flooding into the country.

With respect to the Japanese invasion into golf car manufacture for import to the United States, the industry posture in general appears to be a watch and wait attitude. □

