



GOLFDOM'S GOLF INDUSTRY MARKETING & RESEARCH REPORT

Today's golf industry problems will definitely influence the future of this business. However, despite a slumping economy, golf operations are avoiding the red ink common to many industries nationwide.

Even with the gloom of Wall Street and Washington, for the pros, superintendents and club managers of America, things aren't all that bad. GOLFDOM's Seventh Annual Golf Industry Marketing and Research Report doesn't guarantee prosperity, but it doesn't signal depression either.

Using direct, intensive questions, GOLFDOM talked with personnel at 100 golf courses across the country. Questions covered the three fields of management, as the research effort attempted to factualize the economic atmosphere of golf business. A geographic sampling assured balance among all areas of the golf business community.

Hard facts will influence golf business in the days ahead. The equipment industry will probably take some severe casualties within its ranks, as smaller firms strive to compete in the marketplace. The smaller manufacturers face high prices for materials and will have to move their products faster to keep in step with the majors.

High prices for equipment, somewhat in parallel with the situation in the auto industry, was one of the major headaches for the pro in '74 and the problem is still around. With the advent of the Japanese market and its subsequent decline, some manufacturers geared up their production schedules to cash in on the foreign dollar. The bottom suddenly fell out of the Japanese market, leaving many manufacturers with a backstock of clubs and little hope of quick sales.

Along with the apparent sales de-

cline in equipment, another dilemma developed which can affect the future, the "pro-only" suit. A New Orleans golf retailer took some manufacturers to task on the selling of club lines to golf pros only and if the retailers should win the action, it could set a definite precedent in the industry. As GOLFDOM went to press this month, no decision had been made on the suit, but everyone in the golf business is keeping an eye on New Orleans to see the conclusion of one of the biggest stories of '74.

Pro difficulties accounted for only one major problem in the industry. Superintendents faced a year of confusion and uncertainty, wondering how the energy crisis would affect the related fertilizer industry. Prices rose alarmingly during the past season. The danger of fertilizer cuts could curtail superintendent practices on certain areas of the course.

Strong rumors indicated that nitrogen would be in short supply and the demand for more farm fertilizer might in some product areas affect the ability of the manufacturers to produce products for the golf course. Equipment also rose in price and delivery time was lengthened, as costs spiraled in that industry.

Club Managers were also involved in the inflation battle. Their problem was to hold the line against staggering costs in the dining room and at the bar. Inflation masked income increases. Departmental expenses were up more than 10 percent at most clubs, as food, rent, taxes and insurance increased.

Wages also presented a puzzle for the club manager, as the minimum wage went to \$2.10 an hour. Along with new wage requirements, questions about employment prac-

tices continued to cloud the picture, as the Department of Labor set up new guidelines for clubhouse personnel hiring.

In general, '74 presented some problems for golf business. The indications are that higher taxes and wages plus increased costs at all levels and the uncertainty of business itself, may continue into 1975.

Whether it was inflation or increased sales (difficult to ascertain), the pro shop received a sizable shot in the arm in '74. Gross sales increased.

GOLFDOM's projected finding for 1974 gross sales was a healthy \$304.4 million total up from a '73 gross of \$290.5 million. Nationally, pro shops grossed an average of about \$36,000. There were also some significant changes over the year and there will no doubt be a period of readjustment for the pro in his profitability evaluations.

For example, clubs are influencing the golf car operation more and the results are indeed a change, as far as the pro is concerned. In '74, 39 percent of the clubs gave the pro at least 50 percent of the rental fee. The balance of the pros receive less than 50 percent.

Even though the figures indicate a trend toward excluding the pro in the car operation, the fact is that 67 percent of the clubs that handle cars are including the pro in profit sharing. Some 56 percent of the clubs produce \$28,000 or more on cars each season. The standard fleet of cars for the average course was 33.

The pro's net income, after deductions, averages \$12,000. More than 60 percent of all pros are in this range. One-fourth of the pros are earning \$15,000 to \$25,000.

Where is the pro making or not making money? In GOLFDOM's sampling, the average gross income on irons was \$3,700. Income from woods averaged \$2,500. Putters are still a stable item in the shop. On the average, putter sales amounted to \$620 over the counter.

Utility clubs were another proven seller for the pro. Average sales were \$315 per shop. Bag sales were impressive in '74 with shops averaging \$1,400 per unit. As always, balls were the most popular individual product. Shops enjoyed one of their best years ever on this item with an average of \$5,700 per shop.

What were expenditures for 1974 clubhouse improvements?

Cost	Pct.
less than \$10,000	35.6
more than \$10,000	26.4
" \$20,000	19.5
" \$40,000	8.1
" \$60,000	1.2
" \$80,000	2.3
" \$100,000	6.9

What is the manager's salary?

Salary	pct.
less than \$7,500	20.0
\$7,500-\$10,000	17.9
\$10,000-\$12,500	17.9
\$12,500-\$15,000	9.5
\$15,000-\$20,000	24.2
\$20,000-\$25,000	7.4
more than \$25,000	3.2

What were total gross receipts from food sales?

Amount	Pct.
less than \$25,000	29.2
more than \$25,000	44.8
" \$75,000	13.5
" \$125,000	6.3
" \$175,000	0.0
" \$200,000	1.0
" \$250,000	5.2

What were total gross receipts from liquor sales?

Amount	Pct.
less than \$20,000	16.5
more than \$20,000	32.9
" \$40,000	17.7
" \$60,000	15.2
" \$80,000	2.3
" \$100,000	2.3
" \$120,000	9.4

What is the percentage mark-up on liquor?

Amount	Pct.
less than 30%	1.1
30%	41.0
40%	30.7
50%	14.8
60%	6.8
70%	2.3
more than 70%	3.4

What is the percentage mark-up on food?

Amount	Pct
less than 30%	3.1
30%	35.1
40%	34.1
50%	19.6
60%	4.1
70%	0.0
more than 70%	4.1

Softgoods, often referred to as the toughest items for most pros to merchandise, are steadily gaining as a part of the total shop income. Sales from men's apparel found 32 percent of the shops handling more than \$2,000 and an additional 20 percent pulling in more than \$3,500. The woman's market was slightly less with 25 percent taking in more than \$2,000 and 18 percent handling more than \$3,500.

Two major offshoots of the softgoods industry, shoes and gloves, both had good years at the cash register. Almost 60 percent of all stores did \$2,000 each in both shoes and gloves. Novelty items were another asset to the total shop income, although probably a minor one weighed against equipment. Average income from the survey shops on such merchandise was \$300.

The cost of materials and labor is climbing for the maintenance budget of the golf course. GOLFDOM's survey shows how higher costs and larger budgets have affected the superintendent.

Net growth in dollar expenditures for the 18-hole course has increased more than 67 percent since 1969. the average budget for an 18-hole course is now \$96,000 up from a 1969 input of \$65,000 that's a \$31,000 boost.

Average budget in '74 (18-hole courses) included \$4,440 for chemicals, \$6,323 for fertilizers, \$57,155 for labor, and \$10,279 for equipment. This compares to 1969 costs of \$3,000 for chemicals, \$4,700 for fertilizer, \$6,862 for equipment, and \$32,200 for labor. It represents a big increase.

A chart of yearly budgets for all size courses shows 20 percent of the superintendents operated within the \$25,000-\$39,000 category, 18 percent within \$100,000-\$124,000 and 16 percent in the \$75,000-\$99,900 range.

Most-owned items on the list of equipment include aerators, chemical applicators, mowers, dethatchers, chain saws and tractors. Aerators represented 55 percent ownership. Gasoline carts among superintendents edged out electric carts by a slim margin, with slightly more than half owning one or the other.

Biggest single cost item for maintenance is fertilizer at \$5,900. Next is fungicides, both contact and systemic, at \$3,900. Pre-emergent

What is the salary of the course superintendent?

Salary	Pct.
\$5,000-\$10,000	24.7
\$10,000-\$12,500	26.8
\$12,500-\$15,000	29.9
\$15,000-\$17,500	3.1
\$17,500-\$20,000	9.3
more than \$20,000	4.1

Approximately, what is your yearly budget for course maintenance?

Type	Budget
9-hole	\$32,558
18-hole	\$96,064
27-hole	\$145,000
36-hole	\$197,500
54-hole	\$237,500

How much do you spend each year for chemicals for the course?

Type	Cost
9-hole	\$1,130
18-hole	\$4,440
27-hole	\$6,340
36-hole	\$16,416
54-hole	\$8,250

How much do you spend each year for fertilizer on the course?

TYPE	Cost
9-hole	\$1,775
18-hole	\$6,323
27-hole	\$20,800
36-hole	\$9,169
54-hole	\$24,500

How much do you spend on course labor?

Type	Cost
9-hole	\$13,720
18-hole	\$57,155
27-hole	\$85,600
36-hole	\$109,875
54-hole	\$174,250

In 1974, how much did you spend on course equipment, new and/or replacement?

Type	Cost
9-hole	\$3,648
18-hole	\$10,279
27-hole	\$19,800
36-hole	\$26,500
54-hole	\$40,000

What was the 1974 gross income from pro shop sales?

Amount	Pct.
less than \$20,000	42.0
\$20,000-\$25,000	10.0
\$25,000-\$30,000	7.0
\$30,000-\$35,000	6.0
\$35,000-\$40,000	3.0
\$40,000-\$45,000	2.0
more than \$45,000	26.0

crabgrass herbicides expenditure was \$1,200. The new averages represent at least 100 percent increases from the 1969 survey.

Final barometer of the superintendents situation is salary. Of those in GOLFDOM's survey, the largest percentage, 29.9 percent, said they made between \$12,500 and \$15,000. Superintendents in the \$10,000 to \$12,500 range salary range totaled 26.8 percent. And 24.7 percent reported earnings of \$5,000 to \$10,000.

The four major indicators of club manager operations are moneys spent for improvements in the clubhouse, the percentage mark-up on liquor and food, gross liquor and food receipts, and the salary of the club manager.

Eighty-seven percent of the club managers in GOLFDOM's survey said they made improvements in '74. Thirty-six percent said their improvements cost less than \$10,000; 27 percent spent between \$10,000 and \$20,000; 20 percent said their improvements totaled \$20,000 to

\$40,000; and seven percent said they spent more than \$100,000.

Forty-two percent of all club managers now plan improvements for 1975.

The percentage mark-up on liquor and food varies from club to club, but is a good barometer on the shifting economic scene facing the club manager. In GOLFDOM's survey, 41 percent of club managers said their liquor mark-up was 30 percent; about one-third said 40 percent; and 15 percent reported 50 percent. For food, 35 percent of the managers said mark-up was 30 percent; a third reported 40 percent; and 20 percent marked food up by 50 percent.

Gross receipts from liquor and food sales also vary greatly from club to club, but GOLFDOM's survey sets out a standard that managers across the country can use for comparison.

For liquor sales, 33 percent of the managers said they grossed between \$20,000 and \$40,000; 17 percent between \$40,000 and \$60,000;

and 15 percent, \$60,000 to \$80,000. For food, 45 percent grossed \$25,000 to \$75,000; six percent \$125,000 to \$175,000; and five percent more than \$250,000.

The largest percentage of club managers polled in GOLFDOM's survey, more than 24 percent said their salary was between \$15,000 and \$20,000. One-fifth earned less than \$7,500 to \$10,000; 18 percent said \$10,000 to \$12,500. Only seven percent said they made between \$20,000 and \$25,000; and three percent reported more than \$25,000. □



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What is the pro's net income after cost, payroll, and other operation expenses are deducted?

Amount	Pct.
less than \$5,000	19.0
\$5,000-\$7,500	21.0
\$7,500-\$10,000	8.0
\$10,000-\$12,500	13.0
\$12,500-\$15,000	10.0
\$15,000-\$20,000	14.0
\$20,000-\$25,000	11.0
more than \$25,000	4.0

What was club's gross revenue from golf car rentals?

Amount	Pct.
less than \$25,000	49.4
more than \$25,000	30.8
" \$50,000	11.0
" \$75,000	5.5
" \$100,000	3.3

How many cars does your course utilize?

Amount	Pct.
less than 20	42.5
more than 20	19.1
" 30	11.7
" 40	9.6
" 50	9.6
" 60	3.2
" 70	4.3

If the course pro participates in golf car revenues, what is his percentage?

Amount	Pct.
retains 100%	23.5
retains 75-90%	8.8
retains 50-74%	7.4
retains 25-49%	19.1
retains less than 25%	41.2

What was the pro's 1974 dollar income from lessons?

Amount	Pct.
less than \$1,000	39.6
more than \$1,000	28.1
more than \$2,000	12.5
more than \$3,000	6.3
more than \$4,000	13.5