

golfbusiness

Profile of the Industry

by David J. Slaybaugh, editor

The last time GOLF BUSINESS editors played golf together, they played a course on which two of the holes flank the practice driving range. On one of those holes, the editor hooked his drive out-of-bounds into the trees along the edge of the range. When he walked up to the point where the ball had disappeared, he could see where it had stopped: in the midst of the driving range, which was blanketed by red-striped balls.

When the editor exclaimed "How the hell am I ever going to find my ball in there?", the assistant editor stepped up and answered, "That's easy. Yours is the one without the stripe!"

Finding the bright spot in the overall picture of the golf business the past few years has often seemed somewhat like trying to find one white Titleist in that sea of red-striped range balls: you know it's there, but it just takes a while to spot it.

One good way to find the bright spots as well as the dark in any business is through statistical research. The National Golf Foundation does a fine job of gathering data on the numbers of facilities of various types and on the amount of play on each of them. Because of NGF research, for instance, we know that although the business of golf is not growing rapidly anymore, the makeup of it is shifting. More and more people are playing golf on public courses (both publicly and privately owned), and consequently the universe of golf courses is changing to include a greater percentage of daily fee and municipal facilities.

Because of NGF research we also know that women golfers make up a greater percentage of the participants in the sport than in the past. Indeed, according to NGF figures, 60 percent of the people who took up the game seriously (played 15 times during the year) in 1976 were female.

Why a GOLF BUSINESS survey?

As good as the National Golf Foundation's information gathering is, it has not included all of the figures necessary to paint a detailed portrait of the industry. The Foundation, after all, has limited resources. Therefore, several years ago the publishers of GOLF BUSINESS began collecting

further data on the business of golf in the United States.

The magazine's researchers have concentrated on the specific kinds of data not ordinarily collected by the NGF, particularly financial information: where golf courses make money and how they spend it.

Because most golf course operators are not able to give complete financial data for one calendar year until some time into the next, the report in this magazine is based on an early tabulation of 250 returns. A complete, final report will be published later in the year; at presstime, our research department had received about 300 more completed questionnaires.

The returns on which this early tabulation was based include a preponderance of questionnaires from daily fee courses (41 percent), a small number of resort courses (7 percent), 28 percent private clubs, and 24 percent municipal operations.

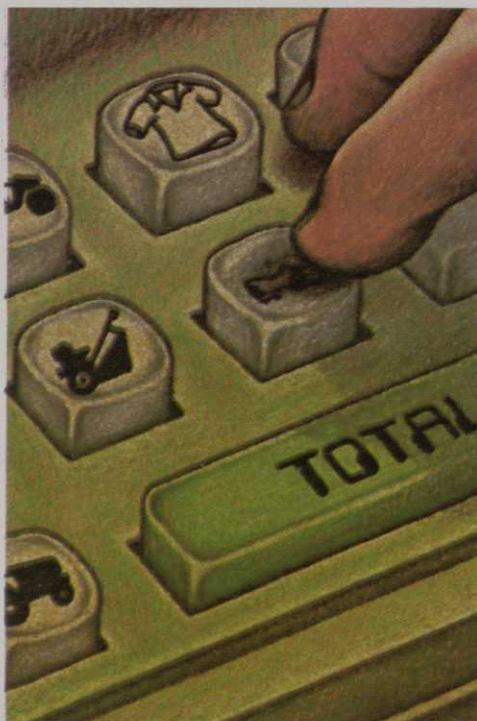
The big picture

Foremost in most golf businessmen's minds is the question "How was business last year?" The general answer would be "better than the year before" — but not without some qualification.

Although 72 percent of the golf facilities responding to our survey reported higher revenues in 1977 than in 1976, 82 percent reported higher expenditures than in the previous year.

The increased revenue was due in large part to greater income from greens fees. A greater number of rounds were played by golfers in 1977, averaging out on the surveyed courses to 31,869 rounds per facility and resulting in revenue from greens fees of \$79,368 per facility. More than half of the facilities raised their greens fees in 1977, while 40 percent kept them the same and 9 percent actually lowered them. Fees for all of the courses reporting averaged \$3.55 for 9 holes and \$5.33 for 18.

Private clubs reported the highest average greens fees (\$4.80 for 9 holes, \$8.05 for 18), but the fewest number of rounds (25,625 per club) and the lowest revenue from greens fees (\$42,371 average per club). Of course, a great number of private club members do not pay additional fees for



How did 1977 total facility expenditures compare to 1976?

% OF RESPONDENTS

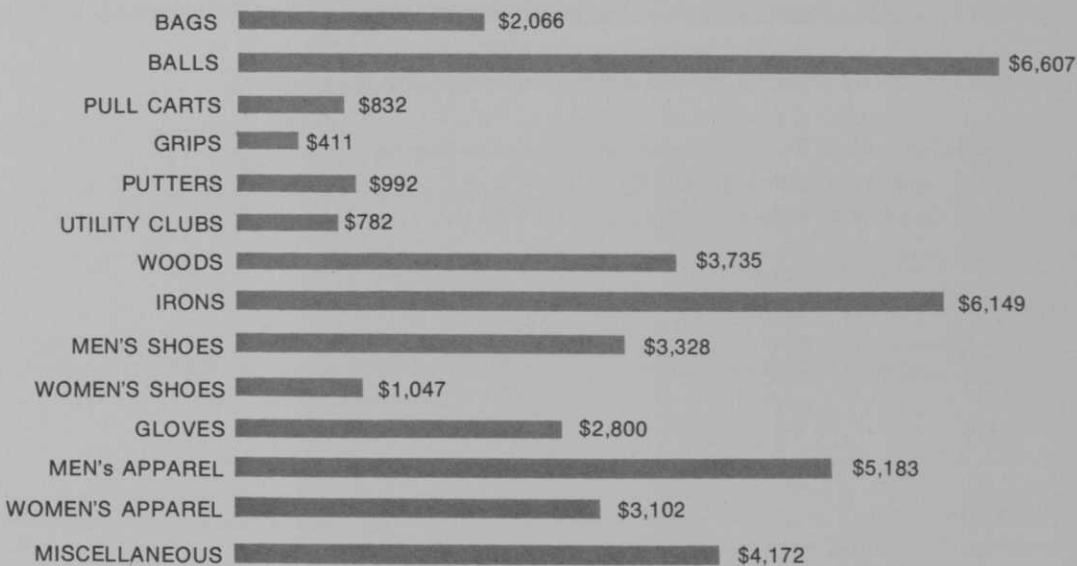


How did total facility revenues compare to 1976?

% OF RESPONDENTS



Gross sales in pro shops (average per facility in 1977)



playing their own course, and this is made up by dues and initiation fees.

Municipal golf operations reported the highest rounds-per-facility average (43,036), but they were played at the lowest rate (\$3.04 for 9 holes, \$4.74 for 18.) Average revenue was above the national average, however: \$95,288 per facility.

Daily fee course owners are in the golf business to make money, so it's appropriate that they averaged the highest revenue from greens fees (\$99,030 per facility) in 1977. Their courses averaged 30,736 rounds for the year, at greens fees of \$3.12 and \$5.47. Obviously, those daily fee owners participating in the 1978 GOLF BUSINESS survey are trying hard to be competitive with the prices of municipal operations. Even so, 60 percent of them said they had had to raise their greens fees last year.

Golf cars

After greens fees, perhaps the most profitable revenue source for most golf courses today is the golf car rental concession. About 88 percent of the facilities surveyed this year rent golf cars — which is 5 percent more than last year. Of that number, 71 percent

own their own golf cars, 24 percent lease them, and 5 percent do both.

About 25 percent of the respondents have gasoline-powered golf cars, while 48 percent have electric cars and 14 percent have some of each. The average course responding to our survey has a fleet of 31 cars which are, on the average, 3½ years old.

Gross receipts from golf car rentals in 1977 averaged \$38,378 per responding facility. The golf professional operates the golf car concession at 42 percent of the responding facilities, the owner at 39 percent, the general manager at 11 percent, and the club manager at 7 percent. About 1 percent of the respondents reported that the "club" or "golf car committee" operated their golf car concession.

Pro shop operations

Almost all — 97 percent — of the facilities responding to the 1978 GOLF BUSINESS survey have a golf pro shop. These respondents reported gross sales for 1977 averaging \$50,969 per facility. The single biggest money-maker in the pro shops was one of the smallest of items — golf

balls. The pro shops surveyed sold an average \$6,607 worth of golf balls each in 1977. (Someday we may do a survey to determine the relationship between the number of water hazards on the course and the number of golf balls sold in the pro shop, but that data isn't available at this time.)

It's natural to try to make a comparison between sales of hardgoods and softgoods in the pro shop, since that is an issue of great importance to many pros today. Combining the average sales per facility for woods, irons, putters, and utility clubs, we produce a gross average sales figure for hardgoods of \$11,658 per facility. The combined figure for men's and women's apparel is \$8,285, but adding in men's and women's golf shoes brings the total to \$12,660. If you want to include golf gloves, the grand total would be \$15,460. (See the chart accompanying this article for sales figures for individual items.)

Of the other operations golf professionals participate in — as a manager or a profit recipient — pull carts (83 percent), lessons (82 percent), club repair (70 percent) and a practice driving range (71 percent) were commonly reported by a high percentage of the responding facilities.

Nearly all (94 percent) of the courses have a practice putting green for their golfers. Only 12 percent offer caddies.

Another of the charts illustrating this article shows "golf professionals' average income in 1977." It should be noted that each of the individual items is an average for that source of income independent of the other items, and that a pro may be making more than the average in one category and less (or nothing) in another — therefore, we cannot simply add up all of the individual averages to arrive at an "average total income" for golf pros.

We can, however, compare one source of income to another to determine the relative profitability of each for pros. Salary, at \$11,424, is the

Golf professionals' average income in 1977



highest individual item — but few pros can or do live off their salary alone. Income from golf car rentals is the next highest item and represents a sizable amount (\$10,978). From there, the averages gradually decrease from pro shop profits (\$6,140) down to club repair (\$1,058).

Most pros don't work alone. Of those responding to our survey, 57 percent have at least one assistant professional. Responding pros also manage an average of three or four full-time and three or four part-time employees.

In the clubhouse

Other golf club facilities sometimes under the management of the golf professional, sometimes under the club manager, are lockers and showers. As one might expect, 86 percent of the private clubs surveyed said they had lockers for their members, and 84 percent provide showers. Somewhat surprising, however, is that 55 percent of municipal courses indicated that they provided lockers — and the same percentage said they have showers. The percentages are lower for daily fee courses (47 and 45 percent), but the national average for all types of courses works out to 60 percent with lockers and 59 percent with showers.

Seven percent of the responding golf courses have saunas or steam baths, but these are virtually all resorts and private clubs.

Among food and beverage services, snack bars can be found at 83 percent of the golf courses surveyed. Sixty percent of the courses have a bar, and 42 percent a dining room. The bar and dining room percentages are higher for private clubs (87 and 73 percent, respectively), while snack bars are more prevalent at municipal courses than elsewhere (92 percent have them).

As elsewhere at every golf facility,

Course maintenance Expenditures (average per facility in 1977)



labor is a major expense in the clubhouse. The facilities we surveyed paid an average of \$47,435 for labor in 1977 — although the figure is substantially lower at municipal and daily fee courses (\$23,947 and \$21,595, respectively), and substantially higher at private clubs (\$90,795).

To keep track of labor and other expenses, 44 percent of the golf courses surveyed have their own accountant, 41 percent use an outside accountant, and 15 percent do their accounting on a computer.

On the course

Labor also accounts for a major portion of the golf course superintendent's budget — more than half, in fact. The courses participating in the GOLF BUSINESS survey reported labor costs averaging \$45,844 per facility in 1977 — compared to course maintenance expenditures, excluding labor, of \$39,640.

On the average, the superintendents surveyed employed five or six full-time and three or four part-time maintenance workers during their golfing seasons, retaining three full-time during the off-season. Most courses reported little or no part-time maintenance help out of season.

Most (85 percent) of the superintendents spent more on course maintenance in 1977 than in 1976. Nine percent said their spending was about the same as the previous year, and just 6 percent spent less.

Out of nonlabor expenditures, equipment took the biggest chunk: an average of \$8,857 per facility for purchases, augmented by an additional \$6,021 for repairs. Water for course use cost an average of \$6,838 for per facility for the year.

Irrigation is done by automatic systems at a fairly high percentage of courses. Of those surveyed, 49 percent have automatic irrigation on their greens, 45 percent on their tees, and 36 percent on their fairways. Three percent reported semiautomatic irrigation of greens, and another 3 percent use the sod cup method. Four percent reported not having any irrigation system for their fairways, and 3 percent said they had none for tees. The remainder use hose and/or quick coupler watering.

GOLF BUSINESS researchers also asked superintendents to tell us how many pieces of equipment they had for course maintenance. The results are too lengthy to reproduce here, but we can say that the average value of the respondents' equipment inventory if \$64,557.

Comparison of private, daily fee, & municipal golf courses in 1977

	PRIVATE	DAILY FEE	MUNICIPAL	ALL TYPES
AVERAGE NO. OF ROUNDS	25,625	30,736	43,036	31,869
GREENS FEE (9)	\$4.80	\$3.12	\$3.04	\$3.55
AVERAGE (18)	8.05	5.47	4.74	5.33
AVERAGE REVENUE FROM GREENS FEES	\$42,371	\$99,030	\$95,288	\$79,368

For further details

If you would like a complete copy of the full statistical report of the 1978 GOLF BUSINESS survey — including the superintendents' equipment inventory, details on club food and beverage service, and specifics on pro shop sales — **circle number 300** on the reader service card bound into the back of this issue, fill out the rest of the card, and drop it in the mail. We'll send your survey report as soon as it's printed. □