Discouraging Discounting

There are other ways to battle overbuilt golf markets rather than just cutting prices, experts say

BY ANTHONY PIOPPI, CONTRIBUTING EDITOR

For the past three years, certified golf course superintendent John Miller has been reaping the unwanted penalties of the overbuilt golf market in the Toledo, Ohio, area.

Competition increased with the addition of golf courses while the number of players stayed the same. The course with which Miller is employed, The Golf Club at Yankee Trace, lowered prices to remain competitive with other layouts in the area that did the same. The result for Yankee Trace was an increase in number of rounds at the 27-hole facility but a decrease in revenue. According to Miller, the average green fee three years ago — combining 18-hole rounds, nine-hole rounds, leagues and twilight rates — was $31. In 2005 it was $24.56. This season the top price for 18 holes will be $61.

"It's a golfer's market," Miller said. "Not too far back when the golf industry was touting the building of a course a day, this area of the country bought into the hype. We went a little overboard."

The lower revenues have forced cost cutting at courses and that means the reduction in maintenance budgets.

"We can't keep maintaining courses the way we have been with less money coming in," Miller said, adding that many of his contemporaries have lowered their hourly wage rates for seasonal help, resulting in a poorer quality of candidates who apply for the jobs.

Mike Tinkey, the deputy executive director of the National Golf Course Owners Association, calls discounting green fees a "death spiral."

He said that some areas of the country are reporting a glimmer of hope with play rising a small amount. Many of those courses have taken aggressive marketing approaches to bring in customers. "It's all about creating a compelling experience," Tinkey said.

For instance, to encourage beginners, children and shorter hitters to take up the game, some facilities create a short course that has tee markers in the fairways.

Tinkey also tells owners to take part in such national programs as the PGA of America's Free Lesson Month. He said one of the most popular events for facilities looking to attract the higher-end customer is called Wine and Nine. It combines a wine tasting with nine holes of golf. Tinkey said some places do the tasting before golf, some after and others even have a

Continued on page 47
Continued from page 43
tasting on every tee.

The Web site, 
www.playgolfamerica.com, is
a good tool for courses to
find ways to promote them-

selves, according to Tinkey.

Judy Hutt is general
manager of the family-

owned and -run Shadow
Valley Golf Course in
Boise, Idaho. She has long
been against discounting,
arguing that it fails to foster
loyalty in golfers.

“You have to make
yourself special. Don’t look
at what everyone else is
doing, look at what they
aren’t doing,” she said.

Shadow Valley is not a
destination course, Hutt
said, noting that 90 percent
of its players are regulars. A
year ago Shadow Valley
pulled all of its print adver-
tisement and cut back on its
phonebook advertising.

Those ad dollars have since
been used to provide golfers
with free amenities such as
coffee, cider, bottled water
and divot repair tools in
order to create a friendlier
atmosphere.

Shadow Valley has also
successfully courted the
corporate outing market.

Hutt said the change in
strategy for the 33-year-old
course came after a build-
ing boom in which six
courses were added to the
Boise area since 2000, the
same year Hutt was last a
member of the National
Golf Foundation (NGF). It
was about that time the
NGF was calling for the
construction industry to
build a course a day. Hutt
said that attitude could
have ended up putting her
out of business. As it looks
now, Shadow Valley,
thanks to its special atten-
tion to its customers, will
most likely survive. Others
that have done nothing
more than lower prices to
attract golfers may not.

Hutt is baffled by the
errors her competitors have
made. “I’ve seen people trip
over dollars trying to save a
penny,” she said.

Innovative methods to
get and keep golfers aren’t
just the purview of the
daily-fee courses. Private
facilities are also finding
ways to be successful in the
competitive market.

At Rolling Hills Coun-
try Club in Newburgh,
Ind., near Evansville, gen-
eral manager Michael
Bastin said the club has
become proactive. “We’re
looking to create more op-
portunities by emphasizing
the programs we have.”
Bastin said of the club that
also has tennis, swimming
and a restaurant for its 570
members.

One method is the re-
cruitment of former mem-
bers called the Old Buddy
plan. They are allowed to
rejoin without paying an ini-
tiation fee; an amnesty pro-
gram, as Bastin termed it.

When he arrived 15
months ago the club did not
have a legacy program; it
does now. In an innovative
foray, club members invited
local real estate agents for a
group lunch and tour of the
facilities. In a follow-up,
agents and prospective
home buyers in the area
were treated to complimentary
lunch and given a tour.
Members are encouraged to
remain at the club through
various enticements. On
Kids Night, babysitters and
entertainment for children
are provided in one room
while parents dine in peace
in another.

“You have to change
with the flow and go with
the flow,” Bastin said.

On the east coast of
Florida, Weston Hills
Country Club is doing its
best to keep up member-
ship. According to general
manager Robert Holzman,
the club isn’t in competition
with other courses but
rather other outlets for dis-
posable income such as a
new swimming pool. “Our
approach has been we are
trying to provide entertain-
ment for all members of the
family,” Holzman said.

“Trying to sign daddy up
for golf isn’t enough.”

The 36-hole Weston
Hills has hosted the PGA
Tour’s Honda Classic and
the LPGA’s Chrysler Tour-
nament of Champions.
There are 750 golfing
members and 1,400 total
members, including tennis,
executive (weekday golf
privileges only) and social
memberships.

To help new members
with the financial burden,
Weston Hills works with a
company that lends money
to those wishing to join a
country club but can’t
come up with the entire
initiation fee, in this case
about $30,000. Those tak-
ing part must put down 25
percent of the total. Much
like new car dealers, the
club can buy down the
points on the loan so the
interest rate for the mem-
ber can be zero percent.

“That’s an expense we’re
willing to bear,” Holzman
said.

Another new way for
clubs to protect themselves
is to take out insurance
against members leaving.
Once a member is vested,
the club would be reim-
bursed for the initiation fee
if the member moved be-
ond a set distance from the
club such as 100 miles.

“You’ve got to be more
aware of everything you’re
doing,” Holzman said.