



The Future of Golf Commerce: Strategies and Solutions for Golf Purchasing Managers

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Buyers and suppliers of wholesale golf products and supplies are increasingly exploring e-commerce. The convenience and efficiency delivered cannot be ignored. However, many golf purchasing managers feel the system is not broken: "Why oil the existing supply chain?" They query. Proponents of e-commerce argue the golf industry stands to gain greatly from e-business initiatives.

What impact will e-commerce have on the golf industry? Even the most overzealous new economy hucksters agree that purchasing golf supplies over the Internet will not become an end-all, be-all, ubiquitous solution. However, most all industry leaders agree that e-commerce will play some role, with its degree of impact yet to be determined.

This article assesses current market conditions, evaluates the beneficiaries of electronic marketplaces, provides an overview of business-to-business marketplaces, and forecasts the future of the industry.

What's going on

The traditional process of purchasing wholesale golf supplies (both hard and soft goods) is fragmented, archaic, and time consuming. Industry buyers and sellers have not been effectively aggregated, and electronic capabilities have yet to be leveraged. The power of the Internet, particularly related to peer-to-peer collaboration and knowledge management, has yet to be capitalized. The golf industry stands to gain

tremendously from a full-scale electronic marketplace.

A business-to-business (B2B) electronic marketplace brings together buyers and sellers within a particular industry, region or group for the purpose of commerce. Marketplaces are market intermediaries. They generally provide content, value-added services and - often, but not always - commerce transaction capabilities.

Web-based marketplaces are one-stop shops for golf purchasing managers. Suppliers, manufacturers, and distributors benefit from expanded market reach to a larger customer base. Marketplaces streamline the sales process, improve operational efficiency, and expand suppliers' reach to new customers. Trade is accelerated, technology barriers are eliminated, and costs are reduced for all trading partners.

Purchasing managers use a Web browser to review catalogs, place orders, buy and sell excess inventory, review order status, identify inventory availability, and request supplier quotes.

Marketplaces dramatically reduce order-processing costs by eliminating paper trails and lengthy communication. Sellers can post complete, detailed information on each product listed in the marketplace. With each transaction sellers receive buyer contact information, enabling them to improve their understanding of customers, build mailing lists, and conduct more effective direct marketing. Suppliers also save money through reduced marketing expenses; by publishing their catalog online, printing expenses are minimized.

Research conducted by my company, GolfGM, uncovered that golf purchasing managers:

- Are likely to utilize an electronic marketplace (82%).
- Feel an electronic marketplace would be extremely to somewhat useful (94%).
- Purchase products and supplies 15 times each month.
- Buy products and supplies from 32 suppliers.
- Spend 16 hours each month ordering supplies.
- Value in an e-marketplace (in order): product availability, large selection, ease of use/ordering, low prices, and technical simplicity.
- Make purchasing decisions based on (in order): dependability, product quality/reputation, customer demand, availability, and price.

Golf Industry Beneficiaries

The promise of e-commerce is fairly simple: participants will be empowered to do business better, faster, and cheaper.

Supplier Benefits

By eliminating inefficiencies, suppliers decrease costs and increase revenues. Efficient markets are realized through:

- Increased revenues on inventory: By reaching the most interested prospects in the most efficient way possible, marketplaces enable businesses to sell excess inventory or reconditioned goods without having to resort to fire-sale prices.
- Decreased overhead costs: Paper trails, sales processing, and lengthy communication are minimized.
- Increased inventory turns: Suppliers reduce inventory holding costs by moving excess inventory, and make room for high-selling products by eliminating stale inventory.
- Immediate product introduc-

tion: Suppliers can introduce and market new products as soon as they're available, rather than waiting for the next catalog.

- Geographic boundaries are removed: Buyers gain increased access to supplies, and sellers extend their product reach.
- Decreased marketing costs: Eliminate the need for mass-mailing and expensive catalog printing.

Buyer Benefits

Marketplaces deliver four general benefits to buyers:

- Reduced procurement process costs: The National Association of Purchasing Managers estimates the average manual purchase order costs a company \$79 to process, \$38 of which is related to internal processing. Searching for products through paper-based, outdated catalogs; corresponding with suppliers to clarify product and service specifications, availability, delivery, price, etc.; and, manually routing requisitions through the approval process is inefficient.
- Reduced inventory costs: A slow procurement process coupled with an inefficient supply chain results in long lead times and bloated inventory. Marketplaces help buyers reduce inventory costs by improving the order process and increasing the speed at which suppliers can fulfill orders.
- Reduced rogue purchases: Aberdeen Group estimates 40-45% of corporate purchases of goods are made from suppliers other than those on a company's preferred vendor list. As a result, businesses are paying too much for goods and services. Effective marketplaces automate the procurement process and help keep employees within company

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purchasing guidelines.

- More choices and better pricing: There are often many suppliers from whom a customer can buy goods. Due to a supplier or distributor's geographic limitations or the time and expense to research all possible options, a buyer is limited to certain suppliers and distributors.

The Future

Golf industry supply chain initiatives will be driven by an emphasis on business efficiencies and cost control. These factors will enable economies of scale in golf purchasing and procurement. B2B marketplaces complement - but do not replace - the industry's supply chain and business processes. The Internet's ability to bring together fragmented participants, attract critical mass of commerce, streamline processes, and reduce transaction costs is too enticing to ignore.

The current process of procuring golf products and supplies is inefficient. Industry participants stand to gain tremendously from a Web-based marketplace and ex-

change; the invisible hand of the marketplace is most effective when buyers and sellers are disjointed and thousands of transactions interact simultaneously.

While golf facilities are becoming increasingly automated, there are no end-to-end software solutions. The automated golf facility of the future will seamlessly integrate all aspects of communication, commerce, operation, and administration. Such a technology solution will transparently link facilities with their customers, suppliers, and service providers.

An effective electronic marketplace creates economies of scale and is neutral to all participants. Marketplaces that adopt these strategies are best positioned to deliver value to buyers and sellers. The success of marketplaces will be driven by participant success: if buyers and sellers reduce the time and cost to do business through a Web-based solution, the neutral marketplace will add significant value to the wholesale golf industry's supply chain. /

California Golf Course Owners Assoc. GENERAL MEETING AND EXHIBITORS' SHOW

**Rancho Cañada Golf Club
Carmel, CA
Thursday, June 21, 2001
8 a.m. to 4 p.m.**

Program of Events

7:30 A.M.: REGISTRATION/CONTINENTAL BREAKFAST
8:00 A.M.: GENERAL MEETING COMMENCES:
9:30 A.M.: SEMINAR PROGRAM OF EVENTS:
THE GOLF BUSINESS IN THE NEW MILLENNIUM:
* ENERGY COSTS
* MARKETING IN TODAY'S COMPETITIVE CLIMATE
* ENVIRONMENTAL ISSUES AND CONCERNS
* THE STATE OF THE GOLF INDUSTRY TODAY
* 11:00 A.M.: LUNCHEON/EXHIBITS OPEN

Register today! Be informed!

No registration fee, but advance written reservation requests are required.

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Office Notes (Cont'd)

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I received my first credit card payment for a meeting. More of you will take advantage of this option for meetings and renewals in the future. I also have the "preliminary" web pages for on-line registration ready for presentation at the May 16th board of directors meeting.

Did You Know??????

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