

Scholarships

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# Coming to Market

Nigel White studies the tactics that can be employed by a golf club to market, promote and attract new members to their product.

For any organisation in any industry a number of marketing concepts and strategies must be adhered to if that company wishes to be, and remain, successful. These concepts and strategies can be adapted to suit every business, including the golf industry.

Writing in 'Principles of Marketing' Philip Kotler said: "Today's successful companies at all levels have one thing in common - they are strongly customer focused and heavily committed to marketing. These companies share an absolute dedication to sensing, serving and satisfying the needs of customers in well understood markets. They motivate everyone in the organisation to deliver high quality and value for their customers."

The management of any organisation is in control of the market mix, the so called four P's of product, place, promotion and price. The success or failure of any company relies heavily on the successful blending of these four characteristics.

The following report aims to show, in theory, how a golf club can attempt to achieve a successful blend, not only to consolidate, but to improve its position and standing in the local private members golf market.

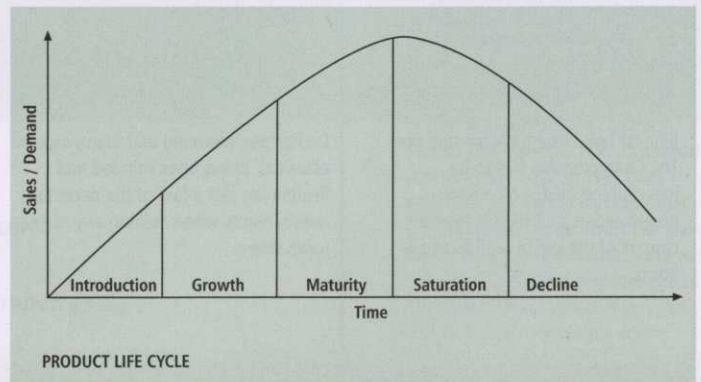
## PRODUCT LIFE CYCLE

Writing in 'Management Concepts and Practices' Hannagan said: "That new products or services typically follow a pattern that includes four or five identifiable stages, each related to the passage of time and the levels of sales or demand."

Those stages are (see Product Life Cycle Graph above right):

- **Introduction:** A period of slow growth as the product/service is introduced.
- **Growth:** A period of rapid market acceptance.
- **Maturity:** A period of slower growth because the product/service has been accepted by most of the potential buyers.
- **Saturation:** A period when there are many competitors in the market, which itself is no longer growing. This period is combined with maturity.
- **Decline:** A period when performance starts a strong downward drift.

It is thought that if a club continues to keep a breast of technological improvements and market trends it will continue to sway between periods of growth, maturity and saturation. Market saturation would be a period where a waiting list for membership was in place.



## INCOME FROM GOLF

The main sources of income for a club comes from the membership, guests of members, occasional societies and takings from catering and the bar. After the annual fixed costs have been accounted for any additional monies can be invested into the infrastructure of the club, such as new tees, painting the clubhouse, etc.

If expenditure were to rise then the membership price would rise accordingly Let's look at the following as a basic example of most club's membership.

TYPE OF MEMBER	NUMBER	PERCENT	PRICE	REVENUE APPROX
7 day full members	294	42%	£770	£226,380
5 day members	254	36%	£550	£139,700
Juniors members	50	7%	£95	£4,750
<b>Total</b>	<b>700</b>			<b>£370,830</b>

All figures approx.



A club must get the most value from its key resource - the course

It would seem that the most profitable product is the seven day membership, based on the fact that these members will pay slightly more but not use the course proportionally any more than five day members. It can be assumed many of the costs/overheads are fixed - greens staff, machinery leasing and consumables like fertiliser. This means that a golf club could concentrate on getting the most value from the key resource - the land on which the course is built.

#### PROMOTIONAL ACTIVITY

Writing in 'Business', Needham and Dransfield described promotion mix as: "Comprising all the marketing and promotional communication methods used to achieve the promotional objectives of the marketing mix. These methods can be broken down into two distinct areas, non-controllable and controllable.

"Non controllable methods are marketing messages on the basis of word of mouth, personal recommendation, etc. Controllable methods are marketing messages which are carefully directed to achieve the objectives of an organisation's promotional campaign."

There are four typical distinct areas of promotional activity that a club can carry out and we will use these as examples; the first is non-controllable while the others are controllable:

1. The promotional activity, which is the one of choice, is non controllable through personal recommendation or perceptions of the club's historical heritage. An added benefit of this type of marketing is that the target markets are people who are friends or relatives of already existing members, so reinforcing a club's traditions.
2. The industry as a whole is saturated, with very few waiting lists at any clubs within the area. With this in mind the club could decide to second guess the competition and do some controllable marketing by advertising on a small scale.
3. There are issues at the majority of traditional members clubs in that the average age of the playing member is too high, there are too few younger members coming in at the bottom to replace them. A club's marketing efforts must be targeted at younger potential members to change this trend.
4. Crucial is the main way in which a club carries out promotional activities is to its existing customers by producing a golf course and clubhouse that satisfies the customer's needs and expectations.

#### CONSUMER MARKETS

All marketing campaigns require some degree of investment, whether this is for the cost of producing a few posters, or at the other extreme, buying advertising time on a local radio station.



A golf course and clubhouse house that satisfies the customer must be produced

Before a marketing campaign is due to begin, the costs should be evaluated against the potential results, i.e. a return-on-investment calculation. This can be used to determine which components in the marketing mix will produce the best value for money.

Another method for getting best value for money from your marketing expenditure is to 'pilot' your marketing ideas. Try out the ideas in a small, limited way and then measure the results that you get. Before starting piloting ideas, there should be a clear idea written down of what results are expected. If the results are higher than average and fit within the return-on-investment calculation, then increase the level of activity in this area and commit more expenditure to it.

There are times of the day or week when the course is quiet. Therefore the golf club needs to concentrate recruiting new members who can play at these times. For example, if the course is quiet during the week, then perhaps focus on retirees or others who can play at any time. During the weekend the course is generally full, so any marketing should be aimed at those potential customers who would take up the five day membership.

#### MARKETING THE PRODUCT

The fundamental market for a club is the existing members segment, reaching or surpassing their expectations is key for the continuing success of a club and the introduction of additional play from 'outside' organisations is by its very nature an emotive subject for the members.

- **Visiting Societies.** These groups are not controllably marketed and are perceived to have little impact on the tee availability for members.
- **Members Societies.** The member uses the club as a marketing tool for his/her business. They pay for food, green fees and drinks as do the other societies, the only difference being the organiser is a member of the club.
- **Corporate Day/Memberships.** These are deals where a large organisation hires the whole club for the day and uses all the facilities.

#### CONCLUSION

The key issues to continued success at any club are reaching or surpassing existing member's expectations and the organisation's primary objectives. This can be achieved by marketing two main segments, firstly the existing members should have their values reinforced and any reduction in numbers should be quickly combated. This can, I believe, be achieved by marketing the right segmentation of potential customers.

Caution should be exercised when considering introducing large numbers of well paying society's because even though financially it appears to be a good ploy it undermines the organisation's objectives.

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