

CASHING IN

Only a decade ago, the majority of golf clubs considered running a fleet of golf cars as a pointless venture. This was due primarily to a lack of demand and interest from golfers, which meant investing in fleets would have been expensive and unnecessary. Now, in the 21st century, a growing number of golf clubs across the UK are introducing fleets for the first time, investing in brand new ones or expanding their existing golf car fleets. We examine the reasons why.

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Seve at 1997 Ryder Cup

This shift in attitude can be attributed to various factors, such as adding value for members and attracting more corporate and society golf days. However, the most significant influencing factor in deciding to introduce or increase a golf car fleet, seems to be the creation of additional revenue. Club Car, the market leading golf car brand, has been carrying out extensive market research on a bi-annual basis for several years, and this clearly shows that attitudes have changed over the past 10 years. The most recent data shows that fewer clubs than ever now count themselves as golf car 'abstainers' and that once clubs have established that, their members and visitors will happily pay to hire a golf car, thus guaranteeing a return on investment and making investment in golf cars more likely to happen.

Neil Woodfin, Club Car's Sales Director for Europe and North Africa, encourages clubs to look at the entire cross section of club members when considering investing in golf cars and to take a multi-tiered approach to examining the potential revenue opportunities. He says: "Whether you are in your twenties or eighties, golfers today are prepared to hire a golf car to enhance their enjoyment of the game. Courses that introduce golf cars experience immediate revenue growth, not just because of the new hire revenue but also by indirectly enhancing traditional revenue streams. In other words, clubs find that older players will start to regularly book more rounds, younger players will try and fit in a round after work, plus clubs with golf cars tend to attract more corporate golf days - the related revenue streams for which are key to increasing the profitability of the club."

We are still a long way from the US culture of expecting to have use of a golf car wherever we play, but golf cars have certainly become more acceptable and common place for golfers in the UK. Some speculate that over time, golfers have become accustomed to seeing them used at European Tour events and major championships, such as the Ryder Cup, which Club Car has been involved with for 10 years. The company is also the 'Official Golf Car Supplier to the European Tour',



European Tour Rules Car

and provides at least 70 of its vehicles to every European Tour event. All of these vehicles are essential to the creation and smooth running of each tournament and the entourage is divided into 25 staging cars, eight rules cars, with the remainder used by television crews.

Ultimately, this acceptance of golf cars as commonplace has trickled down to club level and has certainly influenced buying decisions. However, according to the company's research, there are two additional key factors that drive the decision to operate golf cars: provision of additional income and improving the club image.

Technological and sociological factors can be identified as significant reasons behind the shift towards golf car use. As golf club and ball technology has evolved, courses have been lengthened to ensure that they are still challenging enough. The downside of this, is that it takes even longer to play a round, so the provision of golf cars can be a big factor in maintaining enjoyment of the game. Younger, working golfers have less free time than ever, which means they want to play rounds in faster times, whereas older members are living and playing for longer, regardless of mobility - both elements of which have led to the increasing demand.

The final influencing factor is purely financial. Golf clubs are more commercial and as they are now run predominantly as businesses, are expected to make a profit. The general manager or club secretary, who generally has the final say in the decision-making process, has to consider and offset the short-term

By Nicole Wheatley, Professional Sports Ventures,
on behalf of Club Car.

Club Car - Investment and Return

Golf Cars			
	DS	Precedent	
Investment	1 car	£59/month	£64/month
		£708/year	£768/year
Return		£900/month	£1,200/month
		£10,800/year	£14,400/year
Profit		£10,092/year	£13,632/year
Investment	15 cars	£885/month	£960/month
		£10,620/year	£11,520/year
Return		£13,500/month	£18,000/month
	100%	£162,000/year	£216,000/year
	50%	£81,000/year	£108,000/year
Profit	100%	£151,380/year	£204,480/year
	50%	£70,380/year	£96,480/year
Gross Margin	50%	87%	89%

Assumptions: Each car hired for two rounds per day
DS hire cost £15 per round
Precedent hire cost £20 per round

buying groups such as: De Vere or Troon golf, without compromising their own purchasing power.

Club Car's research is the most comprehensive ever conducted in the golf car industry and spells out the potential return on investment. It is estimated that one of their DS cars, used just twice daily at £15 per round, will produce an annual gross profit of over £10,000. Even if a fleet of 15 cars is run at 50 per cent capacity, according to Club Car, golf clubs should still expect an annual profit between £70,000 and £96,000. Certainly a figure not to be sniffed at!

Another strategy that has brought golf cars to more golf courses and golfers, is the Walk to Ride scheme. This scheme, which is also available from some other manufacturers, was originally launched by Club Car in 2003 to help promote the potential revenue opportunities and related benefits of running a fleet of golf cars. The premise of the entire promotion was to allow clubs to trial cars and see for themselves with no obligation or risk. The scheme has been focussed primarily on introducing golf cars onto courses for the first time and clubs who had historically been reluctant to take on golf cars, were given the opportunity to take five cars for around six weeks and keep the revenue generated from them.

The Walk to Ride scheme, allowed the company to react to feedback from the clubs involved in the test and combine their experiences with the market research. The result was to introduce a new long-term sales and marketing strategy, designed to meet the needs of a very diverse client base, as Neil Woodfin explains: "Club Car's aim has always been to open up the golf car market to clubs and budgets of all sizes. User experience, combined with feedback from our market research has led us to develop a



Walk to Ride at Styrrup Hall



Langer and Montgomerie on course in 2004

investment against the potential return on investment. This is true of every purchasing decision.

This new commercial approach has resulted in a tendency towards leasing golf cars rather than purchasing them outright. Leasing cars has enabled many cash-poor clubs to make new golf cars available to members and make an instant profit. This has been a great way to avoid any large one-off payments and to address the issue of seasonality in golf car usage. Club Car, which set up a National Account programme over two years ago, has witnessed a move towards leasing even among large

Good, Better, Best product range. Our Silver Standard factory refurbished car is now our entry level golf car, the DS established us as market leaders for the past 20 years and the new Precedent is now our premium vehicle."

It is certainly clear that demand is driving the golf car business. With the market opening up and new sales initiatives being introduced, these once-expensive luxury items are now becoming commonplace and the mark of a high-quality establishment. We are certainly set to see more golf cars than ever before, making their way down our fairways in the coming years.