

Many Factors that Forced Club Price Increase

Club price increases announced in April brought pros face to face with problems that have been frequently confronting members of theirs in the manufacturing and merchandising departments of other businesses. Possibly in pro operations the situation was somewhat aggravated by the inevitable increases being delayed longer than circumstances warranted.

Taking the cold realistic view the club manufacturers were in the same boat with pros and golf club officials. Pro operating costs have increased without commensurate increase in income. As a common instance: there are clubs where the pros now are paying a total of assistants' wages and expenses in excess of the pros' salaries from their clubs. Clubs, in many cases, have been forced to raise dues to meet increased operating costs, or slap on assessments.

Yet, the facts of financial life seem to be something that all phases of the sports business face with blushes. Babe Ruth looked the facts in the eye in baseball and said something would have to be worked out in baseball so the gum, beer, lumber, automobile body, radio and TV manufacturing and other businesses wouldn't have to be the angels of the game. Babe's frankness was not enthusiastically endorsed in public but privately those who knew the score said Babe was right.

Now the golf club and ball business is practically 40 per cent of the athletic goods manufacturing business. Banking interests and stockholders of the club and ball manufacturing businesses look at the magnitude of these operations and at the figures of 1952 financial statements, then wonder what's the reason the companies are running so close to the red.

Why the Close Margins?

Executives in the club and ball business know the answer lies in several facts:

Balls and clubs last much longer than in the earlier years of the game's popularity;

Lack of adequate playing facilities cramp expansion of the golf market;

The outgrown tradition of golf as a "rich man's game" has kept everybody in the golf business scared of bluntly recognizing that

now, with about 63 per cent of all rounds being played on public and semi-public courses, inflation and higher wages have put the former "rich man's" figures in line with prevailing cost, price and income averages.

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The pro who looks at the whole picture in an informed and studious way agrees with the golf goods manufacturers' conclusions.

Nevertheless the pro, too, is reluctant to make the inevitable businesslike adjustments.

Pros at meetings this spring debated whether to apply the price increase on clubs, which was generally about 10 per cent, on the retail price of clubs they'd bought before the increases were announced. If members of their clubs had bought carloads of merchandise on which the price had advanced the members wouldn't be bashful about taking the 10 per cent profit and would point out that if the retail price had lowered they'd have been faced with a loss.

But that retailing price situation adjusts itself. If the clubs aren't sold by August there may be some retailing concessions made. Actually that price situation has been considerably eased by the growth of the trade-in business with demand for top-grade reconditioned clubs at a healthy volume.

Few realize that in the making of a high grade golf club there are 83 operations and 50 materials. Prices have steadily climbed in these essentials. Labor costs have been climbing the past three years.

The excise tax, which is included in the price of clubs, increased from 10 to 15 per cent in 1951.

In 1940, the last normal year before the war, highest grade prices for woods were \$60 a set of 4; for irons \$75 a set for 8. In 1946 prices for the top lines went to \$75 for the woods and \$100 for the irons, which were increases considerably short of those in manufacturing and distribution costs. The latest increase brings top

quality retail prices to about \$84 for a set of 4 woods and \$115 for a set of 8 irons.

The increase of highest grade wood prices of about 40 per cent and about 55 per cent on irons over the pre-war level is less than half a general increase in prices for that 12 year period during which newspaper and magazine circulation prices and advertising rates, movie and legitimate theater admission prices, local transportation and numerous other items soared.

And, to make the necessity of adjustment of golf club prices imperative is the removal of government ceilings on materials and labor which will be reflected in golf club and ball manufacturing costs. This will be another of the back-stage headaches that the manufacturers have contended with and from which there is no prospect of escape.

Another troublesome factor that pros and manufacturers must share is the seasonal character of the golf business. The manufacturers have a heavy load of financing in producing inventories for prompt delivery when the weather is favorable and the players want what they want immediately. The pro at northern and central clubs can cut expenses when shop sales volume is off in the fall and winter. The manufacturers then have their period of biggest production and have to finance operations. Great improvement in pro credit and business policies has reduced the strain of this financing. It was an exceedingly serious problem when the credit situation was aggravated by the practice of sending clubs back to the manufacturer at the end of a season in lieu of cash. That practice put all pro merchandising behind the 8-ball at the start of the season as the returned goods had to be unloaded to meet production loans.

In cleaning up that situation pro golf merchandising and club manufacturing made an historic step toward getting on a solid business basis. In adjusting prices of clubs to costs another improvement is being made. It may be somewhat painful for professionals, manufacturers and the ultimate consumers to be governed by the necessity of making a profit in the golf business. But if that isn't done a business with rational promise of a tremendous future would suffer a setback.

So, with elements beyond the control of golf goods manufacturers and the pros, forcing an increase in prices it looks like

the only possible smart thing to do is to put more study and action on selling and watching costs of energetic, intelligent selling.

And there is some balm and added incentive for the pros in the required increase in prices. The pro discounts on the enlarged dollar volume give him an increase that he surely needs in view of his greater costs of operating in the way his customers desire.

Maintenance Answers that Supts. Would Welcome

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Among important problems facing golf course maintenance there will come to the superintendent's mind:

First; if a drought- and fungi-resistant grass with low fertilization requirements were to be developed it would eliminate a good many of our problems. Spraying and fertilizing could be minimized.

Speaking of spraying, an idea for the equipment boys to work on would be the development of a spray applicator which would deliver insecticides and fungicides on the greens with a wide spray and with the smallest amount of water so the spray tank wouldn't have to be refilled after every few greens.

More on the development theme; this time in regard to irrigation: Design a pop-up sprinkler so that each sprinkler could be individually shut off without disturbing the rest of the sprinklers on the battery. In this way, low spots could be kept from being inundated when the rest of the course was being watered.

Then, maintenance people would welcome a streamlined golf course which would take into account maintenance problems. By this I mean, placing traps, hazards and bunkers to allow large mowers to pass between them and the greens.

How about the equipment men working out a 9-gang mowing unit controlled from the tractor, and which would break down from 9 to 7 to 5 units? This would facilitate going from one fairway to another quickly.

Regarding labor, economical maintenance could be had by equipping your golf course mechanically and selecting men who can work with power equipment. The men should be able to adapt themselves to all phases of maintenance and should be kept on for all-year-round work.

Last but not least, golfers should be educated to play to more firmer greens and learn to stop the ball with bite instead of depending on wet, soggy greens to stop the ball. Keeping the greens wet and soggy, very often in response to the members' demands, leads to the growth of fungi and adds to the problem.