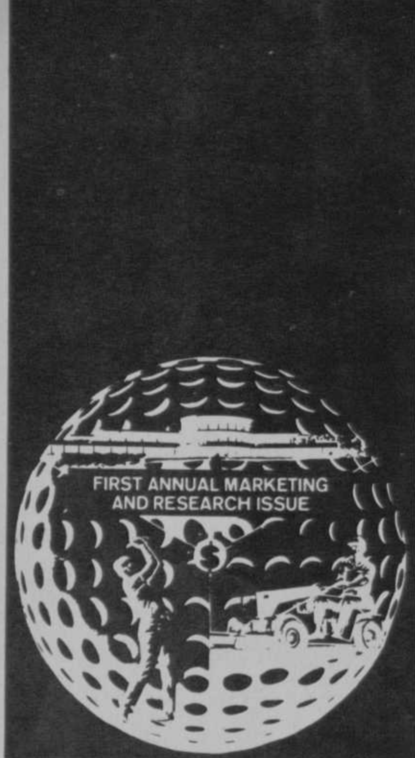


The state

Statistics cannot cause an industry to prosper automatically. But statistics can help an industry grow intelligently. They can help individuals in the industry to plan their jobs more intelligently and they can reduce the risk of faulty decisions based on inadequate knowledge. This is the purpose of the First Annual Marketing and Research Issue of GOLFDOM.

In the past decade, since the birth of our sister publication GOLF Magazine, this recreational industry of ours has grown at an unprecedented rate. From an estimated 3,970,000 of 10 years ago, the number of golfers in the United States has grown by 183 per cent to an estimated 11 million golfers. It should be mentioned that these golfers represent the hard core of the sport who, by calculation of the National Golf Foundation, play at least 15 rounds each annually. Moreover, they constitute an affluent market in an affluent society already attuned to a growing amount of leisure time. The median age of the GOLF Magazine subscriber, for instance, is a mature 40.

The typical golfer has attained a relatively high income level in his business or profession. The average income of a GOLF subscriber head of household is close to $17,000 annually. The golfer, in addition to playing at his club or local facilities, also is taking an increasing number of vacations of which the primary purpose is golf. Almost four in 10 golfers now take golf vacations, accounting for the rapid rise in the past decade of the golf resort.

By conservative estimate, the size of the golf market now exceeds five billion dollars a year. This is the revenue grossed annually by the three key figures who serve the golfing public directly:

- the retailer of equipment dominated by the licensed pro (with his added revenue from golf car rentals and lessons) for an aggregate of over $800 million annually;
- the club manager and superintendent through whom are channeled some $2.7 billion a year in club dues and green fees;
- the club manager whose food and beverage sales now amount to approximately $1.5 billion a year.

In addition, millions are being spent outside the golf industry

of the industry

for travel, accommodations and apparel.

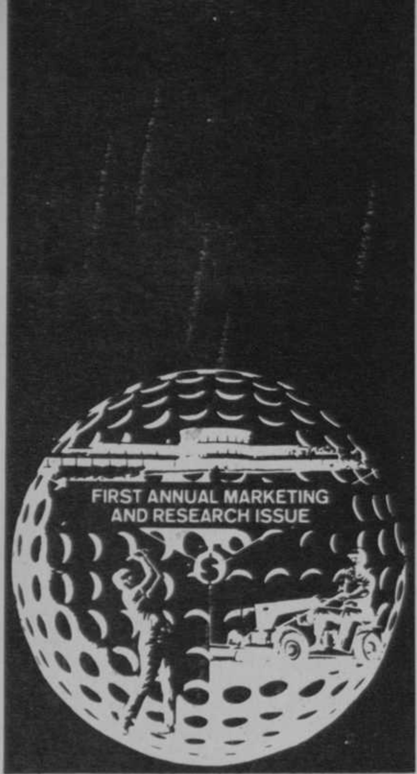
The 11 million golfers (87 per cent male) who comprise the core of American golfing today are growing in numbers at a rate of approximately 6.5 per cent a year. They are playing on 9,400 courses which are expanding at the rate of about 300 courses annually. It's almost impossible to evaluate the net worth of these installations or the rocketing investment they represent in land. But for new courses, the costs of construction range from $350,000 to nearly one million dollars, depending on size and location.

The foregoing are just some of the high dollar figures which make golf a major economic factor in the nation's burgeoning glamour industry—leisure. How do some of these figures break down? What is the pattern of expenditures? How do your club's operations compare with the national norm? How do these figures show where you are performing well and where there are areas for improvement in your operations?

GOLFDOM'S First Annual Marketing and Research Issue makes a start toward answering some of these questions in specific areas, notably pro shop operations, club management of food and beverage operations and budget planning and expenditures for course maintenance by the superintendent. The breakdown of information was made possible by a detailed questionnaire mailed by GOLFDOM to hundreds of pros, club managers and superintendents. We thank all of these people who took the time and trouble to answer our questionnaires; in doing so, they have demonstrated themselves to be the kind of professional people who understand that an industry prospers and benefits from the sharing of information. We would also like to acknowledge the tremendous contributions being made to a better understanding of the golf business by such statistic-gathering groups as the National Golf Foundation and accounting firms serving the industry such as Horvath and Horvath, and Harris, Kerr & Foster.

We issue this First Marketing and Research Study with the knowledge that it represents a first step—necessarily a bold one and unquestionably leaving room for improvement and correction next year and in succeeding years. What this study does represent, though, is a comprehensive attempt to pull together what we know about the golf business today. Grasping this knowledge and making use of it is an opportunity that belongs to you. Only by a broad understanding of the industry of which you are a member, is it possible for you to succeed in your own efforts.

Course maintenance
Club management
Pro shop operations



The professional

. . . moves a lot of merchandise through his shop

Of the $474,455,500 in dollar volume that club professionals did in total business last year in this country, 60.6 per cent is derived from pro shop sales and 22 per cent is the product of golf car rentals, according to GOLFDOM's First Annual Marketing and Research Study. The remainder of pros' income is accounted for by golf lessons, which contribute 10.3 per cent and prize money, which brings the nation's pros an average 7.1 per cent of their income.*

Thus, on a national basis, sales in the shop contribute $287,520,000 to the total revenue; car rentals account for $104,380,200 and lessons $49,343,370.

Average annual dollar volume for pro shops is a handsome $63,260. In dollar breakouts for the four categories listed above this means that pro shop sales run to $38,336; golf car rentals $13,917 and golf lessons $6,516.

With most of the pro's income stemming from his retail operation, GOLFDOM's study pinpoints what each segment of shop sales contributes to the whole. Pros queried were asked to record their dollar volume in sales of clubs, golf balls, men's apparel, women's apparel, golf shoes, golf gloves, novelties and gadgets, and an unspecified "other" category which covered such things as bags and hats.

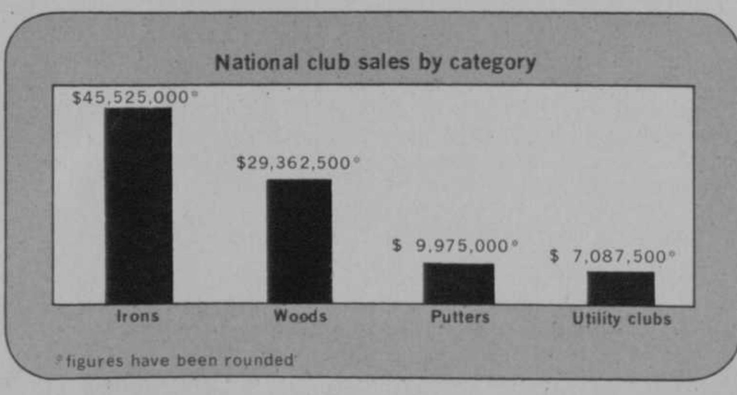
Of the $38,336 the pro's customers spent in his shop last year, $12,267, or 32 per cent, was plunked down for clubs; $8,434, or 22 per cent, went to replenish golfers' supply of balls; $4,983, or 13 per cent, helped deck out men players in suitable attire; $4,600, or 12 per cent, was spent to help the distaff players do the same; $2,684, or 7 per cent, fitted golfers out with shoes; $1,917, or 5 per cent, for gloves; $767, or 2 per cent, was spent by golfers in the novelties and gadgets category, and $2,684, or 7 per cent, represents purchases made by golfers in the unspecified "other" category.

Pros responding to GOLFDOM's study questionnaires listed breakouts for volume done in golf club sales for the four categories of clubs used by golfers—woods, irons, utility clubs and putters. Irons lead the group in unit sales, racking up 49.5 per cent of all pro shop club sales. Woods are next, registering a 31.9 per cent share of unit volume. Putters rank third with a 10.7 slice of club movement, and utility clubs account for the remaining 7.9 per cent of sales.

These shares of unit volume indicate that the average pro shop sold 36.3 sets of woods, 35.3 sets of irons, 83.1 putters and 41.1 utility clubs last year.

In average dollar volume, irons put $6,070 into pro shop cash registers. Computations from figures reported by pros show the average iron sold in pro shops in this country retails for approxi-

*Only pertains to those reporting in this category.



mately $21.50.

In the woods category, pros reported to GOLFDOM that the average number of sets sold was 36.3 per shop, indicating an average selling price of $27 per club. The usual set of woods, whether including higher or lower number woods is four, showing the average annual dollar volume per shop for woods to be $3,915.

Putters represent a good unit and dollar volume item for pro shops. GOLFDOM's study shows that pro shops moved last year, on the average, 83.1 putters. This brought the pro shop a dollar turnover for putters of $1,330 computed at the average price of $16 per club.

Utility clubs movement is running at a rate of about half that of putters, with average unit sales hitting 41.1 per shop. In dollars this meant $945 to the pro, based on a $23 per club figure, the approximate price for a pro line sand or pitching wedge.

Nationally, pros did golf club business to the tune of $45,525,000 for irons; $29,362,500 for woods; $9,975,000 for putters and $7,087,500 for utility clubs.

Results of the study show that the 22 per cent of shop sales accounted for by golf balls adds $63,254,400 to pro revenue across the nation. This means that on the average $8,434 worth of golf balls moved out of each pro shop in the country last year.

The 13 per cent contribution to pro shop sales made by men's apparel last year represented $4,983 to each shop in sales. Nationally, this racked up a $37,377,600 total in sales for male golfing attire.

Lady golfers' *haute couture* accounted for 12 per cent of shop sales, meaning the distaff was only a shade behind the men in purchases of apparel for country club and golf course. The ladies' 12 per cent put $4,600 into the cash registers of each pro shop, on the average. Totally this figure hit $34,502,400.

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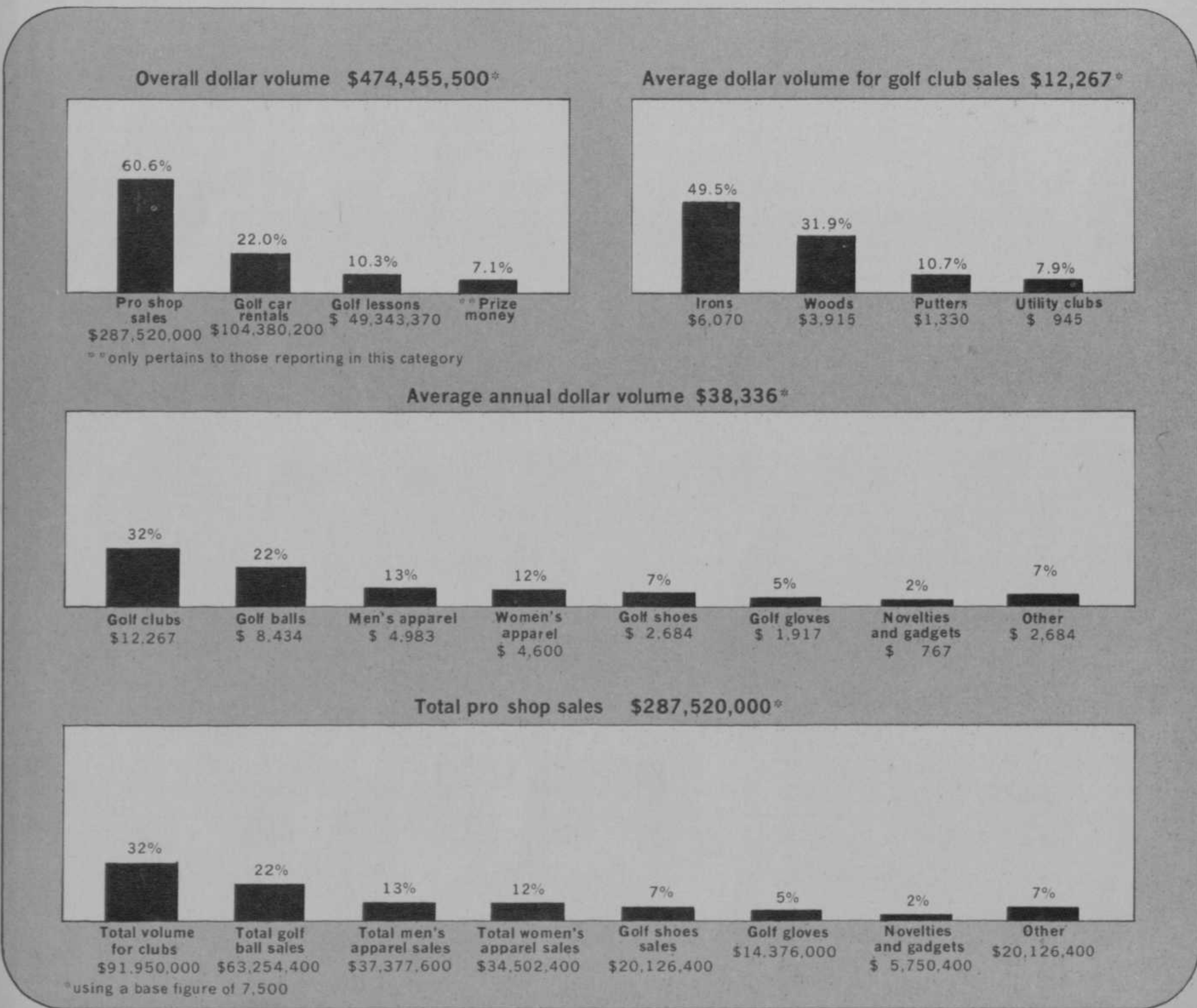


Building sand bunkers

By Don Wright Superintendent, Carmago Club, Cincinnati

Contrary to popular belief, the primary purpose of a sand bunker is not to trap the golfer's ball. And secondly, it is not placed in a location to penalize the player.

It is there to: (1) show the player the way the golf course architect wanted the hole to be played; (2) help define dog-legs; (3) give a perspective of the fairway in relation to the bunker; (4) frame out greens and give them depth, and (5) add to the aesthetics of the course.

With these five points in mind, let's construct a sand bunker.

To begin with, locate it so it can be seen from the tee shot or the fairway shot that is being played to the green. Secondly, don't treat a sand bunker as if it were just a hole in the ground with sand in it! A well-designed bunker has both surface and subsurface drainage as well as a shape pleasing to the eye.

By having the floor of the bunker at least 12 inches above the fairway grade at its lowest point and the remainder of the floor at an elevation of 1 foot to 5 feet to 1 foot to 10 feet above the lowest point of the bunker surface, drainage is possible. This is called facing the bunker and allows it to be seen from the hitting area. Another reason for surface drainage is that when it rains very hard in a short period of time the subsurface drainage doesn't take all the rain away.

Subsurface drainage is the key to good bunker drainage and will greatly improve playing conditions if done properly. First, shape the floor of the bunker to drain towards the lowest elevation of the bunker. Then dig a ditch 8 inches by 12 inches at the highest part of the lowest elevation of the bunker. Run the ditch so that it falls all the way towards the area you want the bunker to drain.

Fill the bottom of the ditch 4 inches deep with gravel (one-fourth-inch to 1 inch size). The gravel should be top grade. Then place PVC tile or drain tile in bed of rock, making sure that there are 2 inches on each side of tile. Place gravel on top and each side of tile up to the floor of the bunker and to the ground elevation outside the bunker.

Do not cover with any kind of soil. Seed or sod the ditch and let it cover by itself. It is then ready for loose sand at a minimum depth of 8 inches. Finally, when placing sand in the bunker, be careful not to run a truck over the tile.

The professional

Continued from page 23

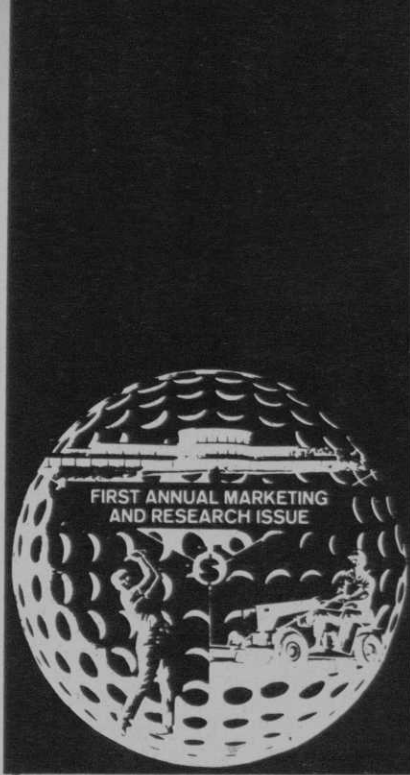
At a total of $71,880,000 in golf clothing, apparel designed for golfing must be reckoned as a major factor in the clothing business as must professional shop retailers who sell it.

Footwear for golfers represented 7 per cent of pro shop sales to the tune of $20,126,400. For each pro shop this means an additional $2,684 in volume, on the average.

Golf gloves must be viewed as a retailing phenomenon and one of the relatively strong points in sales in the pro shop. An item of so relatively modest price accounts for an amazing total of $14,376,000 in sales. This means on the average, $1,917 in sales of gloves, which contribute 5 per cent to total pro shop volume.

Novelties and gadgets in many instances figure as a plus for the pro. They may take the form of living room putters or novelty tie clips. They do, however, account for 2 per cent of shop volume which means $767 additional dollars per shop and $5,750,400 in countrywide revenue.

The "other" category in GOLFDOM's survey was an unspecified 7 per cent, including golf bags and hats. For the average pro shop this amounted to $2,684 in sales. Nationally, this resulted in aggregate sales of $20,126,400 annually. □



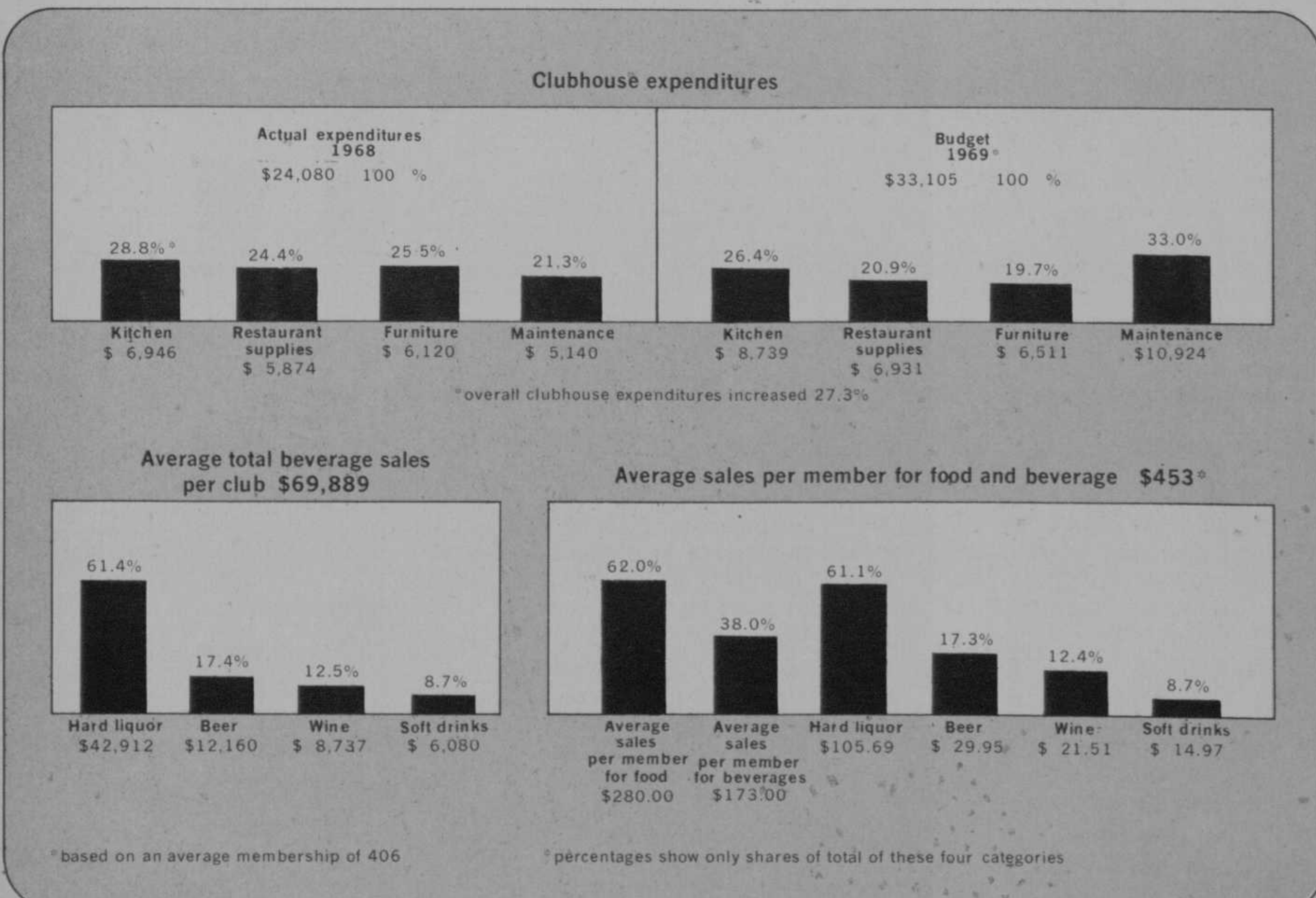
The club manager

. . . keeps the cash registers ringing at the clubs

Sales of food and beverages at country clubs is not the total name of the game for managers, but these two segments of country club business will have to serve in that role until something else turns up as a contender for the top spot.

Last year, according to GOLFDOM's First Annual Marketing and Research Study, the golfing public pushed a total of $1,489,735,000 through country club cash registers for food and beverages. This staggering figure puts the club manager in the position of being overseer of one of the nation's very large dollar volume businesses.

Just what is it the country club manager presides over? He runs a domain that has on the average 406 members, each of whom last year, spent $453 at the club for



food and beverages. Of this individual total, $280, or 62 per cent, was spent on food and $173, or 38 per cent, on beverages, including hard liquor, beer, wine and soft drinks.

The average total across the nation for food and beverage sales is $183,918 per club, as reported by club managers in the GOLFDOM study. Food's share of this total is $114,029 and beverage sales account for a $69,889 slice of the pie. Food sales in the bottom 12 per cent of those club managers who reported came to $13,125; beverage sales came to $22,880, making the average total sales in both categories, $36,005. The top 12 per cent reported sales of $233,300 for food; $142,860 for beverages, which bring the average total sales to $376,160.

The GOLFDOM study queried managers on the specifics of their members' beverage consumption habits. In the four areas mentioned—hard liquor, beer, wine and soft drinks—consumption percentage relations are: 61.4 per cent of drinks sold represent sales in hard liquor; in the beer category the total is 17.4 per cent; wine represents 12.5 per cent of beverage consumption and 8.7 per cent is reserved for soft drinks. Within these categories 98 per cent of liquor stock is national brands.

In dollars per club these percentages translate into $42,912 spent on hard liquor; $12,160 on beer; $8,737 on wine and $6,080 on soft drinks. Per member this means a beverage expenditure, on the national average, of approximately $105.69 for hard liquor; $29.95 for beer; $21.51 for wine and $14.97 for soft drinks.

The GOLFDOM study also points out that in day-to-day operations, managers perform tasks that are in many ways similar from club to club, but some functions remain unique because of the individual characteristic of a particular country club.

Like his pro and super counterparts, the manager is geared to golf operations at his club. Golf, the governing factor, enters the management area as well as the area of pro and super. Most manager's budgets, 66 per cent, are drawn up during October, November, December and January. It is during this four-month period that golf play subsides at many clubs, giving the manager a breathing space in which to plan his budget.

Budgetary considerations for the manager are many and complex. It is necessary to single out the manager's evaluation of replacement costs for clubhouse appointments to get some clear view of what helps determine a large part of his budget. This can serve as an introduction to his budget allocation for the coming year.

Managers have reported to GOLFDOM that the average replacement value of kitchen equipment is $42,995; replacement value for furniture is fixed at $54,743 by the managers, and carpets, drapes and other furnishings represent an average value of $31,240.

A manager planning a budget is conscious of this almost $130,000 valuation of his clubhouse appointments and this factor weighs heavily in budgetary allocations for the coming year.

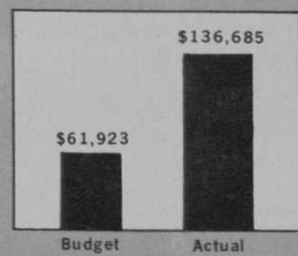
This consideration is reflected in the enormous increase in funds pegged for clubhouse maintenance, reported by club managers. For instance they have listed an average budget rise of 21.3 per

Continued on page 72

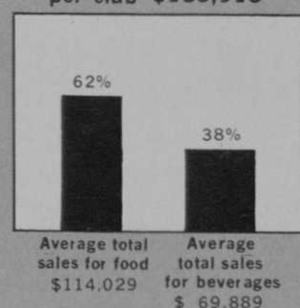
Average club operation budget
$156,473

(covers club rooms' maintenance, entertainment, administrative and general expenses, heat, light and power and general repairs and maintenance)

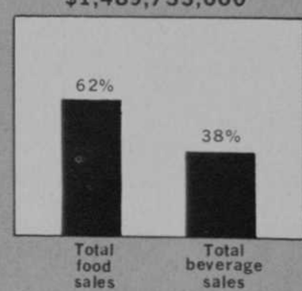
Clubhouse improvements



National average total sales of food and beverages per club $183,918



Total sales for food and beverages
$1,489,735,000



The manager

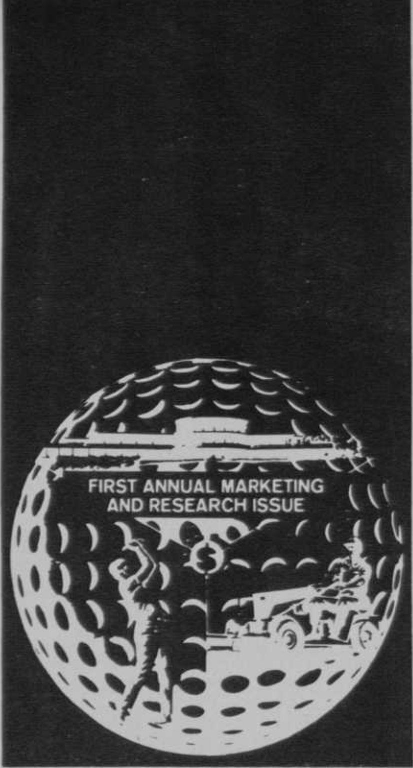
Continued from page 25

cent from a year ago to a current 33 per cent in this category. This represents a dollar jump from $5,140 to $10,924. Overall, within the four clubhouse expenditures group the rise has been 27.3 per cent.

Kitchen equipment expenditures will decline 2.4 per cent from 28.8 per cent of a year ago to a present 26.4 per cent. However, managers still indicate a dollar volume increase in these figures, from $6,946 to $8,739. Restaurant supplies (excluding food) has also declined, percentagewise, but increased in dollars. A year ago managers allocated 24.4 per cent, or $5,874, to this category. Today the percentage stands at only 20.9 per cent of the average budget, but $6,931 in volume. Clubhouse furniture has been earmarked to get 19.7 per cent of the yearly budget, down from a year ago's 25.5 per cent, but also up in dollars, from the latter's $6,120 to this year's $6,511. Thus, in every category, club managers have seen fit to increase expenditures that maintain the plant.

It is perhaps in clubhouse improvements, the area most difficult in which to pin down a fixed budgetary figure that the manager's greatest expenditure is made. Those managers responding to GOLFDOM's queries listed an average budget figure for the ensuing year of $61,923. Tabulation renders this figure out of all proportion to the reported actual expenditure for the prior year of $135,685. This most probably indicates that monies expended in this area range so widely from the anticipated budget there is no accurate way of setting a fix for the category.

The average club operation budget, also a six figure amount, is $156,473 exclusive of payroll and pro shop operational costs. The costs included in this figure cover club rooms maintenance, entertainment, administrative and general expenses, heat, light and power, and general repairs and maintenance. □



The superintendent

. . . budgets to keep that turf lush and green

Golf course superintendents invested $91.5 million in 1968 in chemicals and fertilizers to keep that turf lush and green for the country's more than eleven million golfers, averaging an expenditure of $9,734 per course for the nation's approximately 9,400 golf facilities.

GOLFDOM's study also pinned down how supers spread their turf budgets around the course for better greenery. According to study figures, supers spend their chemicals and fertilizers budget in six major categories—fertilizers, fungicides, grass seed, insecticides, herbicides and soil amendments, in that order.

The lion's share of this budget, 48.7 per cent, or $4,743, is spent by supers for fertilizers. Fungicides, next on the list, garner a neat 17.4 per cent, or $1,692, of the budget for grass and turf chemicals. Grass seed holds third spot, getting 12.6 per cent, or $1,222. Insecticides rack up 7.9 per cent, or $771, and herbicides follow right behind with 6.8 per cent, or $658, of the total. Tail-ender, soil amendments, account for 6.6 per cent, or $648, of the super's total budget for the group.

The study brings to light that actual expenditures for the prior year in these categories is considerably larger than the amount budgeted for each. This is, however, consistent with budgeting and buying practices within the industry where, as a general rule, budgets tend to be conservative with the underlying assumption that actual expenditures will run higher.

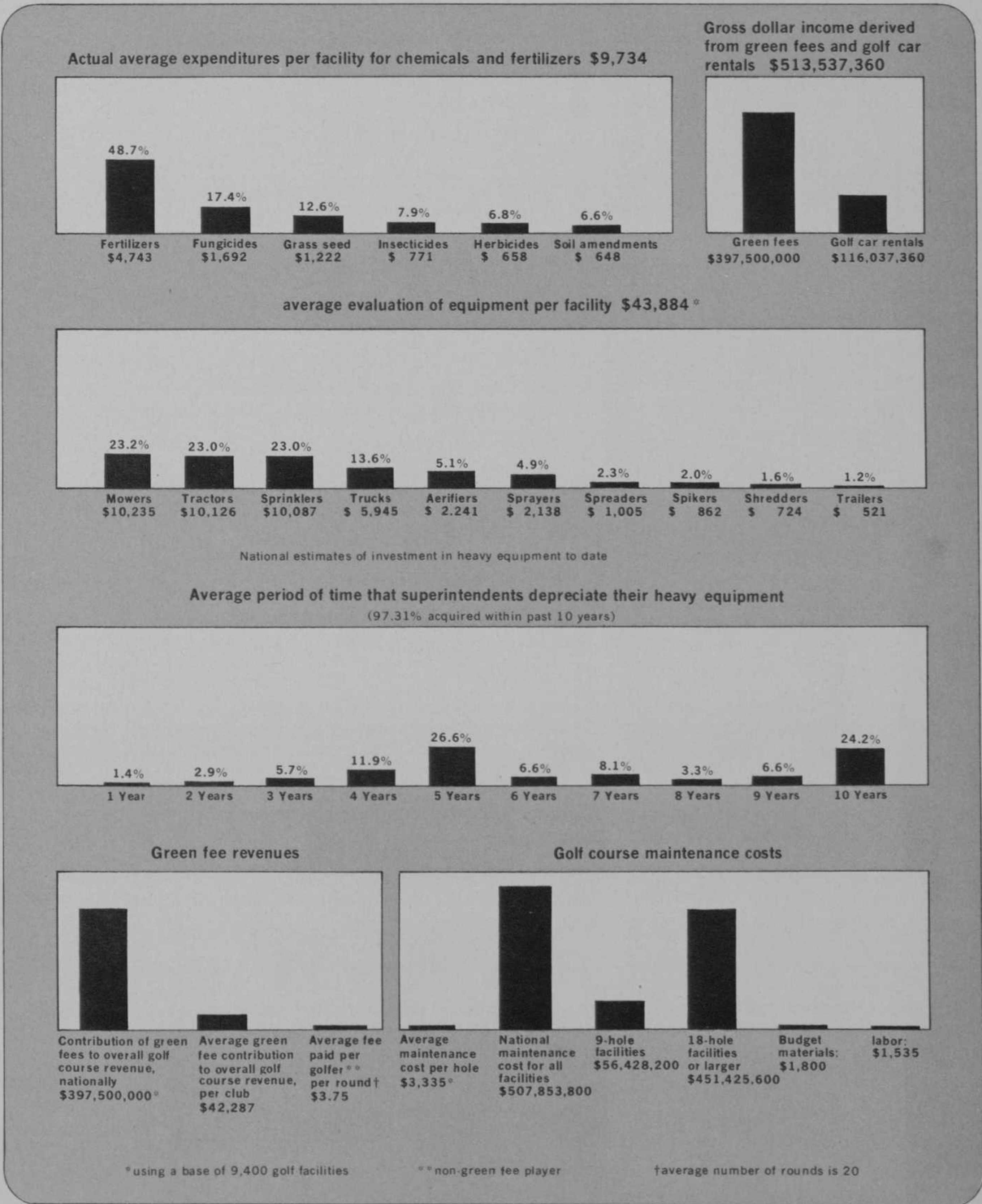
For instance, although the current year's budgets, on the average, were 82 per cent lower than what was spent during the year in which drawn up, 86 per cent of supers reporting said they expected next year's budget to be still higher. This strongly indicates that by 1970 turf chemicals and fertilizers sales to golf facilities should top the $100 million mark. Perhaps, even of more interest is the statistic that shows 93.6 per cent of respondents are contemplating an increase in expenditures in one or more areas of golf course maintenance.

Supers reported budgets for golf course labor (exclusive of super's salary), course improvements, such as car paths, new greens, traps or other course re-designs, construction and landscaping. It is in these two broad categories of turf-growing aids and course maintenance that the aforementioned 93.6 per cent of the nation's golf course superintendents anticipate increased expenditures through the coming year.

It seems fairly evident that in terms of actual expenditures as opposed to anticipated expenditures, 1969 should see a sizable increase in dollars spent on materials for golf course unkeep. In addition to materials, supers have earmarked, on the average, $7,575 for course improvements. Because the specifics of these improvements vary from one course to the next, breakouts from within the category are too difficult to pin down. However, this figure is also reported exclusive of labor costs and as such some, if not all, of these finds will work their way into material expenditures.

Just how much may be gauged by using the 22 per cent increase in expenditures over budget cited earlier as a rule of thumb. Projecting a like increase over budget for 1969 would be well within the realm of possibility. Should this prove to be the case, this year's average budget may easily run up to 25 per cent above anticipation in actual expenditures.

Asked if they would be increasing this year's budget, 76.2 per cent of supers answered in the affirmative, and more than 60 per cent said they expected to increase their budget by 10 per cent or more. It is interesting that although only the abovementioned 76.2 per cent said they would be increasing their budget, 93.6 per cent confess they are expecting an increase in expendi-



tures. It is a fair certainty most 1969 budgets will be exceeded by actual expenditures.

Heavy equipment at golf courses represents a huge investment to operators and/or owners. GOLFDOM asked for estimates of investment in heavy equipment to date, and the total sum for all courses is a staggering $412,509,600. The study shows that this equipment is depreciated within a 10 year period, about 40 per cent depreciated within the first five years after purchase,

Continued on page 44

The superintendent

Continued from page 27

and within 10 years all but an almost insignificant fraction has been written off.

How do supers value their equipment? The average reported to GOLFDOM fixes the investment in heavy equipment by country clubs and golf installations at $43,884 per facility. Of this, mowers account for the largest slice at $10,235, or 23.3 per cent. Then, in the following order come tractors at $10,126, or 23 per cent; sprinklers at $10,087, or 23 per cent; trucks at $5,945 or 13.6 per cent; aerifiers at $2,241 or 5.1 per cent; sprayers at $2,138 or 4.9 per cent; spreaders at $1,005, or 2.3 per cent; spikers at $862 or 2 per cent, shredders at $724 or 1.6 per cent and trailers at $521 or 1.2 per cent.

Of the supers reporting in GOLFDOM's survey, 80 per cent oversee golf facilities that have 18 holes or more and about two-thirds of them are open the year round. Better than 62 per cent of supers draw up their budgets during the four-month period—October, November, December and January—when activity at most golf facilities has subsided for the winter season.

Green fees are a large source of golf course revenue and one that goes a long way toward keeping the golf courses of the country in action. Green fee dollar contribution to overall course revenues may well be the largest single dollar item of revenue.

GOLFDOM's First Annual Marketing and Research Study indicates that some 5.3 million of the country's golfers pay an average of $3.75 per round for the average 20 rounds of golf they play each year. Profits from green fees coupled with golf car rentals provide most of the dollars that keep the turf green and the greens smooth.

Fees represent a sizable amount of income despite the fact that not all golfers pay them. Members of clubs are not usually charged green fees at their own clubs. Excluding this group, however, still leaves 48.2 per cent of the country's 11 million golfers, the abovementioned 5.3 million, who pay green fees.

This means that nationally $397,500,000 is paid annually for green fees. For each facility this figures to be an average of $42,287. In light of the average number of rounds of golf played at each course each year, this figure is less than what might be expected.

Multiplying the number of rounds played each year at the 9,400 golf facilities in the country would indicate a much higher figure than that given. It should be remembered that non-green fee playing players are the largest percentage of golfers and as such bring the total green fee figure proportionately down.

Information supplied to GOLFDOM for the First Annual Marketing and Research Study shows the average number of rounds played for each course in the country to be 23,400.

Superintendents also submitted information that shows the average cost of maintaining golf courses and grounds to be about $3,335 a hole, for all facilities. Nationally this comes to $56,428,200 for nine-hole courses and $451,425,600 for 18-hole or larger type, a total of $507,853,800.

To defray this cost, superintendents report to GOLFDOM they have on the average budgeted 46 per cent of the cost per hole for labor and the remainder for other operating expenses, meaning that supers earmark $1,800 for the upkeep of each hole at the nation's golf courses. In all probability this, too, is a smaller budgetary figure than actually disbursed during the year. Supers did not report actual figures in this year's study to any meaningful degree.

Generally, then, golf courses allocate revenues from green fees and golf car rentals to cover expenses of course and grounds upkeep. (In the case of car rentals, not entirely, as will be explained subsequently.)

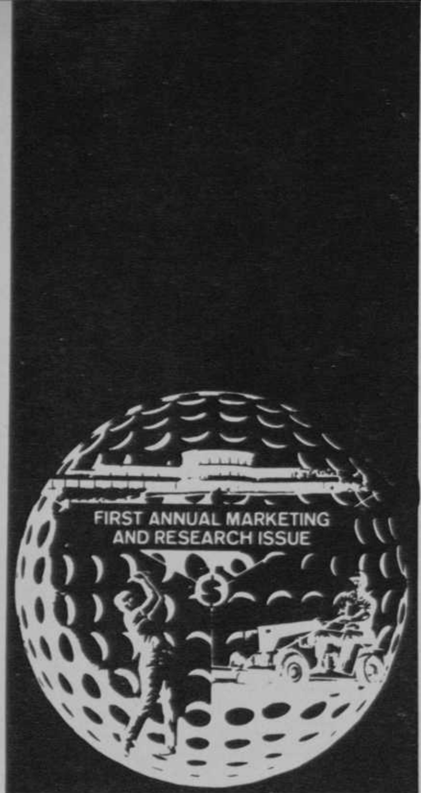
From this it can be seen that in terms of gross dollars combined income from both these sources —the $397,500,000 earned from green fees and the $116,037,360 golf car rentals bring into the revenue column (see page 28)—much of the cost of course operation is offset.

This must not be interpreted as meaning all expenses of actual course operation are dispensed through car and green fees income (see page 28). Supplies and contracts, costs for repairs to course buildings, equipment, fences, bridges, water, electricity, golf shop, caddy, tournament and other incidental expenses must also be accounted in course operating expenses. The scope of this year's GOLFDOM study has not dealt with these specifics.

It must be pointed out that golf car revenues are not entirely used to offset golf course and grounds costs. GOLFDOM's Marketing and Research Study section dealing with the pro points out that golf cars may be operated in any of four different ways, depending on management's desire. Operators of cars may be the club itself, a concessionaire, the club pro or some other, unspecified operator.

Because of this variety of operation, in many instances only part of rental monies comes to the club and in some instances none at all. In no instance does the pro receive all of the rental funds, according to GOLFDOM's study.

This being the case, there is no hard and fast method of determining what part of car rental revenues are used to help cover golf course and grounds maintenance costs. The only safe conclusion to draw here is that a reasonably high percentage of rental monies return to the clubs involved for disbursement to cover course operating costs. □



Rolling up profits

A large part of golf course revenue comes from golf car rentals. How does your financial picture compare with the overall industry?

More golfers than ever before will ride their rounds of golf rather than walk them during 1969, as more have in 1968, 1967 and in each succeeding year since the golf car began replacing the caddy.

The golf car has come to figure as a prominent part of course and/or pro shop revenue in the current golfing scheme of things. Figures supplied to GOLFDOM in the First Annual Marketing and Research Study by pros and golf course management indicate there is a shade under 200,000 cars in use in the United States at present. Of this total the actual amount in use at nine-hole courses is 65,830 and 134,150 at 18-hole installations.

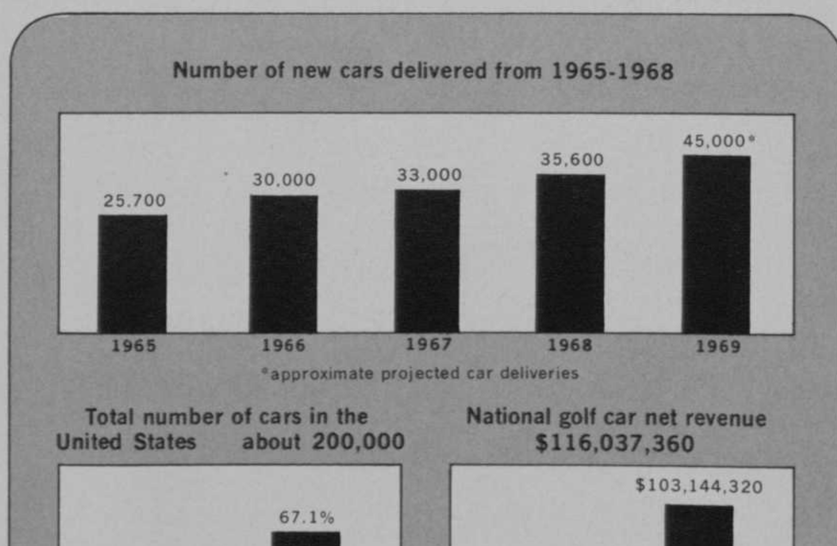
The average number of cars in use at each of the nation's 9,400 golf facilities, as reported in GOLFDOM's exclusive study, is 28.1. This average does not reflect the numbers of cars at individual courses, that number may run to a total in excess of 80. This high end of the range is, of course, only possible at 18-hole facilities. In response to GOLFDOM's queries no nine-hole course reported having more than 50 cars.

The number of cars delivered by manufacturers each year has grown steadily over the past four years. In 1965 car makers delivered 25,700 new vehicles. In 1966 shipments topped 30,000 for the first time; 1967 saw new car sales hit the 33,000 mark and last year deliveries were estimated at 35,600 units.

Surveying the country's installations for car plans during 1969, reports to GOLFDOM turn up some interesting projections for the car market.

Reported figures indicate that purchases of all new vehicles will top 44,000 cars this year. If replacement is held to a relatively low margin during the year, total vehicles in use may top a quarter-million for the first time.

The usual life of a golf car is figured to be about three, four or five years. Length of life varies according to usage and care. This indicates, however, that most of



the fleets in the country are completely turned over within a five-year period. This does not, however, mean that all cars are replaced with new vehicles in this time, many cars are reconditioned and rebuilt and then returned to service.

In terms of dollar revenue to pros and/or club management, golf cars are a very bright spot in the fiscal picture. As pointed out in the pro information section of GOLFDOM's marketing study (see page 22), golf cars, on the average, contribute 22 per cent to overall pro revenues.

Golf cars' contribution to club revenues in general is a handsome percentage of total dollars, running from 2.5 per cent to 4.4 per cent depending on the size, location and number of cars.

Nationally, golf car revenue contributes an annual net of $116,037,360 for all clubs. For nine-hole clubs this figures to an average of $6,858, or a countrywide total of $12,893,040. At 18-hole installations golf cars bring a grand total of $103,144,320, or an average of $13,716, into clubs' exchequers.

Purchase is still far and away the most popular form of golf car acquisition. Of the golf courses reporting to GOLFDOM, 73.5 per cent buy their cars. The average number of cars to be added to car fleets during 1969 is 7.7. Among respondents 55.4 per cent of clubs said they would be adding to their fleet in 1969, the remainder have no plans at this time to purchase or lease additional cars.

At 18-hole clubs the expected addition will average nine cars; for nine-hole courses the average figure will be seven. This should see some 36,900 cars being added to fleets of 18-hole courses and 7,700 to nine-hole installations.

In all instances of clubs reporting car usage to GOLFDOM, pros handled at least 50 per cent of the car operations. Other forms of operation are by the club, concessionaire and a small percentage by other unspecified means. In some instances clubs reported multiple arrangements.

The trend is more and more to buying rather than leasing, as indicated by the 73.5 per cent of pros reporting in the GOLFDOM study that this is the operating method in use at their clubs and facilities. Moreover, industry sources are quick to point out, that the past two years have seen an increase in the number of golf courses purchasing cars as contrasted to leasing.

The amount a course need invest in cars is, of course, contingent on factors such as location of the course, size, size of membership and demand for cars. The imponderable in car operations is who shall run the rental service.

It is evident from the car operation earnings figures cited previously that car rentals are a major factor in course and club revenues. How operations may be worked out at a club can be seen from the following case of a club getting into cars and its subsequent experience with the car operation.

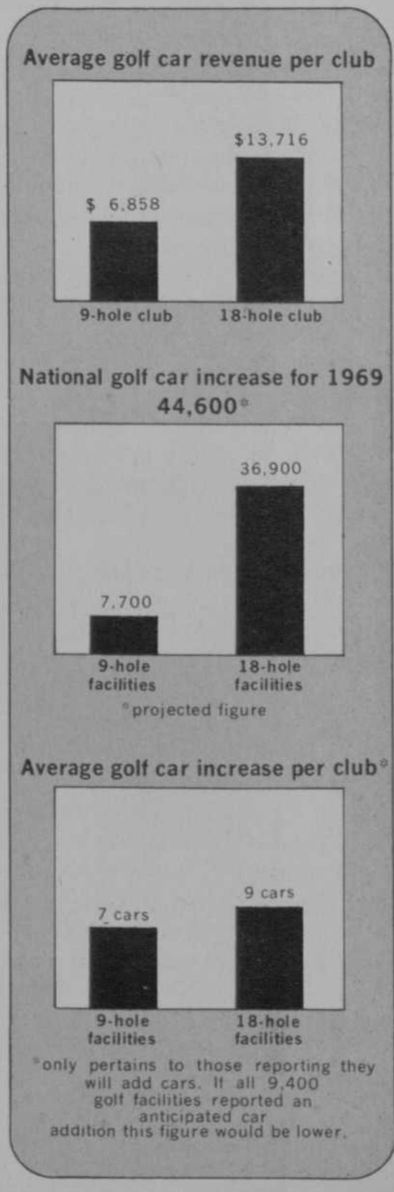
Three years ago the club in question—an 18-hole club—started a car fleet with the purchase of 20 cars at a cost of $18,000. For the first year of operation the 20 cars grossed $20,000. From this revenue the club was able to pay off half the cost of the cars. Cost of operation for the fleet during the first year was $5,000, which included a man who was employed full-time by the club to oversee the car operation. This resulted in a first year net of $6,000.

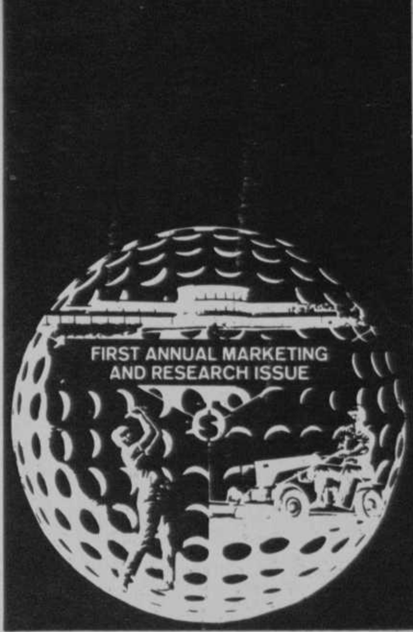
Operating costs during the second year rose to $7,000 mainly because the club found it necessary to hire a part-time boy to help service the cars. For both years battery replacement and charging were included in operating costs. Revenue from the second year enabled the club to pay its remaining debt on the cost of the cars and still net $4,000.

At the start of the third year the club purchased an additional 10 cars at a cost of $10,000. The higher price per car was the consequence of rising prices in the two-year interval. These last 10 cars acquired by the club were purchased with the profits of the two-year operation of the original fleet of 20.

In this case the club owned the cars, as has been pointed out the vast majority of clubs in this country do. The consensus is that where club ownership is the set-up, it is deemed fair for the pro to share in the profits from car rentals, because the pro is usually very involved in the operation. GOLFDOM's study shows that the pro's end of golf car rentals is in the vicinity of 50 per cent and contributes 22 per cent to his gross. The 50 per cent is considered fair and equitable among informed club people.

In some instances, however, clubs are reluctant to come up with the initial investment needed to get a fleet in operation. In many instances, when this is so, it is the pro who takes the initiative and invests in a car fleet. □





Mergers: A sign of the times

Think leisure and tune in to tomorrow's potential

Recently, one of the country's leading newspapers pointed out that the initial leading to corporate merger often takes place in such unlikely places as an airline terminal, luncheon club, steam bath or on the golf course. It comes as no surprise to those associated with golf that the course is a good place to begin planning a corporate merger.

This role for the golf course may not be a new one, and it's more than a now-and-then proposition. More important to the golf industry, or to be more accurate, the leisure industry, mergers and acquisitions are not only being discussed within the precincts of golf, but are taking place inside the industry itself.

Whether corporate marriages in golf are taking place at the same rate as corporate mergers throughout the country is difficult to assess. A Chicago consulting firm that specializes in mergers and acquisitions has been keeping score on the business marriage statistics and says that in 1968 there were about 4,200 proposals with only about 300 failing to make it to altar.

Business realignments are taking place within golf. They are happening to such a degree and in such numbers that it becomes more and more necessary to think in industrywide terms and begin to realize we must talk of golf as a segment of the leisure industry. We will probably all have to make the adjustment to calling our industry by that name. Just as the old-fashioned title of greenskeeper was replaced by the current superintendent because the character of the job required a name that would more fully describe what was going on, so does it require that leisure fit into the vocabulary of golf-associated people as the character of our game takes on this view.

The leisure industry, of which golf is so important a part, has been no exception to the uniting of businesses. For the active, day-to-day operative such as a pro, manager or superintendent what do these realignments mean?

Let's look at one instance of a merger that was cooking and where the pot got to boil but for some reason, unknown to the general public, the stew never got cooked.

In September of last year it was announced that Kearney National of New York and Jacobsen Manufacturing Company of Racine, Wisc., were getting together. Of interest in this deal to golf people would have been what the merger meant to Jacobsen. This firm supplies a large amount of machinery and through its subsidiary, Kansas-based Rogers-Jacobsen, heavy equipment such as spikers, aerifiers, sweepers and utility vehicles.

Both companies got to the altar and suddenly the marriage was called off. Neither Jacobsen nor Kearney National disclosed any reason for the cancelled nuptials.

This, however, has not always been the case for the golf industry. Many are aware that Miami-based Ernie Sabayrac, a supplier of golf equipment and apparel to a great many of the country's pro shops, has joined forces with David Crystal, Inc., of New York City.

The merger from many angles is a natural for both. Sabayrac and Crystal are companies that pioneered much of what has been done in the golf apparel field. The merger is viewed by industry experts as one that will help pros do a better and more profitable job in their shops. From all vantage points this seems almost a certainty. The joining of two companies that so complement each other will strengthen both and enable the united firm to do a stronger job of aiding the pro. Results of this marriage have to be a benefit for club pros everywhere.

Of equal importance to the golf scene was the uniting of Acushnet and Golfcraft. On the date the merger was announced Ted Wooley, Golfcraft president said, "The merger brings together several ingredients we feel offer unique benefits to the golf professional and consumer as well. The combination of our products and technical know-how with Acushnet's broad marketing experience and resources will be an exciting one." He might well have added it will also be one that sees great benefits accruing to the club professionals.

One immediate consequence of the merger was the announcement that Golfcraft would begin phasing itself out of that part of its business that was not pro-only. Since 1935 Acushnet has operated on a pro-only basis and has stated its

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Sign of the times

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determination to continue this policy.

It will take a while for Golfcraft to rid itself of its business that is not pro-only, but once reaching that status here are some of the benefits the pro can expect from the merger. For the first time in the history of golf says parent firm Acushnet, golf professionals will have a complete line of golf equipment—golf balls, clubs, bags, gloves and headcovers—with no competition from any other outlet by goods from the same company under a different brand name. For the first time, states Acushnet, pro shop sales "will be protected 100 per cent against downtown competition."

Another wedding within the leisure field has seen Shakespeare acquire Plymouth Company, a golf ball manufacturer. Shakespeare hopes to be a prime manufacturer of all the products it sells and hopes to eliminate the middle man in many cases.

MacGregor has acquired The Hinson Company, a golf bag maker. MacGregor is expanding and will take over the entire production of golf bags now being manufactured by Hinson, hoping to accomplish this by 1970.

The most recently announced merger is the acquisition of Harley-Davidson into American Machine & Foundry Company. AMF is interested in leisure time activities (it is a prime supplier of automatic bowling alleys and owns famed golf equipment supplier Ben Hogan) and feels the wedding to Harley a natural for this side of its business.

Harley will operate as a wholly-owned subsidairy of AMF. AMF told GOLFDOM it is reviewing all its golf-related activities which may mean that they will be able to offer more to the pro. Harley is, of course, the well-known manufacturer of both gas and electric golf cars, as well as utility cars.

For a fitting cap, it might be well to mention that the Wilson Sporting Goods Company has operated as a subsidiary of the giant Texas-based conglomerate, Ling-Temco-Vought. LTV has become known in industrial and financial circles as a company that moves to where the action is, fundamentally interested in acquisitions that link them to firms doing business in solid growth fields. There can be little doubt that leisure is one of these fields.

A national financial newspaper recently pointed out that the financial community is looking for a sharp rise in the revenues that are forthcoming through golf as increased leisure time attracts a growing number of golfers, both young and old.

Mergers may start with a conversation on the golf course, or perhaps end with such a conversation, but it must not be forgotten that mergers also effect the golf course. □