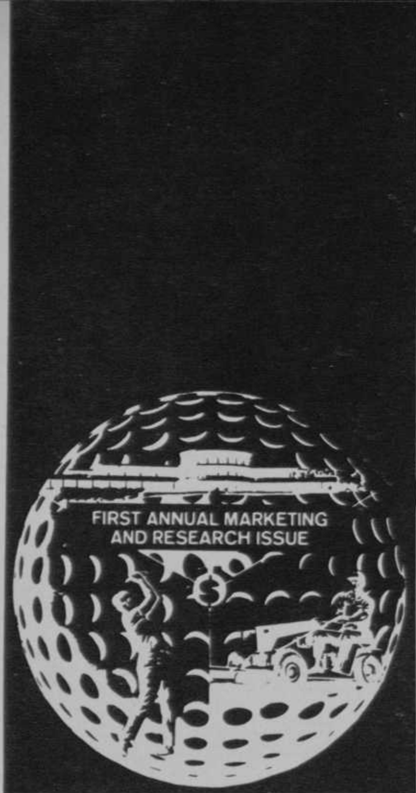


Rolling up profits

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.

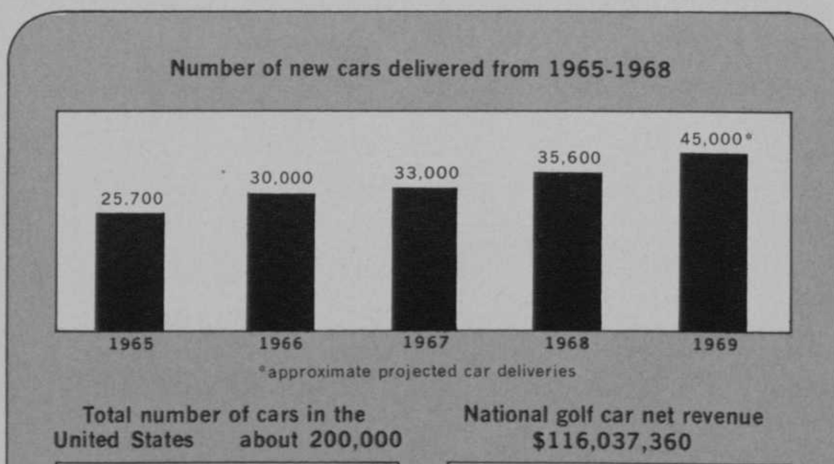
The average number of cars in use at each of the nation's 9,400 golf facilities, as reported in GOLFDOM's exclusive study, is 28.1. This average does not reflect the numbers of cars at individual courses, that number may run to a total in excess of 80. This high end of the range is, of course, only possible 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 country-wide 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. □