

MILL RIVER REVISITED

Ray Montgomery's unique pricing plan has withstood the test of time. Not only is it a complete success, but the idea has spread to other clubs

By Vincent J. Pastena



Wife Trudi plays a major part in the shop's promotion and merchandising.

Ingenious plans and great brainstorms often have a way of fizzling out or simply dying in practice. When GOLFDOM first reported on head professional Ray Montgomery's merchandising plan at Mill River Club, Upper Brookville, N.Y. (October/November, 1970, p. 52), we thought the idea could be a shot of adrenalin to sluggish sales at many pro shops. GOLFDOM felt the plan offered a winning combination that would appeal to any golfer regardless of his economic status—quality merchandise at bargain prices along with the convenience of the pro shop. However, as with any innovation, many industry people were skeptical for several different reasons, a few of which will be enumerated later.

To date, almost a year and a half has passed since the plan's inception at Mill River in April, 1970, and according to all reports from Montgomery, time has proven us correct in our first estimation of the plan. Montgomery's gross sales for the period mid-March through April last year totaled a healthy \$21,000, due to the introduction of his pricing plan early in April. However, now with the plan fully under way and well established at the club, his gross

sales for the same period this year leaped to \$31,000, and Montgomery estimated at the time of the interview that this would increase to at least \$50,000 by the end of June.

Gross 1970 sales were \$156,000 as compared to \$80,000 to \$90,000 the previous year when the plan was not in effect. The increase becomes even more impressive when considering that national gross pro shop sales declined 18.1 per cent in 1970, according to GOLFDOM's Third Annual Marketing and Research Report/1970. Montgomery admits that it would be overly optimistic to assume that \$156,000 will be a typical annual figure. He feels it reflects to some degree the first-year novelty of a new plan, and that annual sales will actually level off somewhere between \$100,000 and \$150,000.

Montgomery's holiday business also improved considerably, with gross sales from the end of November to Christmas 1970 totaling about \$10,000. In past years, the best that could be expected was \$2,000 or \$3,000, Montgomery says.

Mechanics of the plan

For those who are still unfamiliar with the plan, every class "A" member at Mill River pays an annual fee of \$50, which is turned over to Montgomery. In return, he agrees to sell to the member and his immediate

family all soft goods and equipment at 10 per cent above wholesale, plus 5 per cent freight/handling costs, plus sales tax. Under the plan, an item tagged at \$100, for example, would be billed to the member at \$72.45. The plan is mandatory for all full members and voluntary for special classifications. Price reductions cannot go beyond the membership to outsiders. Guests of members must pay the regular retail price. Violations, such as members purchasing equipment or apparel for friends, are referred to the club's rules committee for action in accordance with the club's bylaws. This ruling is relaxed during the holiday gift-buying season, and no one has abused the privilege, according to Montgomery.

Plan arouses skepticism

Among the doubts voiced by some industry people when the plan first received attention was the possibility that suppliers might decline orders from Montgomery. However, Montgomery says, "Not one manufacturer to date has refused to sell to me and they all seem to be aware of the plan."

Others doubted that buying for outsiders could be controlled, but Montgomery reports no violations of the rules since the plan's inception. Asked how he might handle the situation if he suspected someone were buying,

say, golf balls for outsiders at plan prices, Montgomery said he would try the subtle, innocent approach: "Mr.—, since you are buying so many golf balls wouldn't you like to have them personalized with your name?"

On the frequently-raised question of how he could conduct clearance sales when his plan prices already provide a small profit margin, Montgomery says that, with the plan, merchandise moves much faster, and he is not left with an appreciable amount of stock. He also buys his basic items with an eye toward being able to carry them over into the next season if necessary. Last year Montgomery had \$600 (wholesale) worth of merchandise left that he felt could not be incorporated into this year's new stock, and this he sold in bulk to a golf professional outside his area, who has a smaller pro shop operation.

Members accept plan

Indicative of the members' opinion of the plan after "living" with it for a while, they unanimously voted in January to continue the plan at Mill River. Some members initially had felt that the institution of such a plan was "beneath the dignity of a club and its pro," Montgomery says. Apparently pro and member satisfaction has dispelled any misgivings. Since the plan has been in effect, Montgomery has received no complaints about his pricing of merchandise. He takes a totally open approach to his pricing and will readily show an invoice to any member. In addition, it was agreed that a club committee would check his books periodically. The plan also has had an effect on Montgomery's merchandising practices. With the shop on a sound financial footing, Montgomery has been able to indulge in some experimentation, which has turned out to be lucrative for him. He now stocks small amounts of specialty items on a one-of-a-kind basis—après-golf outfits, pant suits, blazers, sport coats and a few evening gowns. A member can even purchase dress shirts, ties, and underwear. He also offers a limited, but handsome, selection of tennis apparel.

The plan has been a shot in the arm to Montgomery's sales, but there are other practices which make a contribution—for one, a woman on the staff, Montgomery's wife, Trudi. She has been successful in selling to women. And many of the male

members have come to depend on her when gift shopping for their wives, because she makes it her business to know the women's tastes. In fact, for holidays such as Mother's Day the shop is closed to women for a specified time so the men can do their shopping. Trudi's gift wrapping is another service that members enjoy. To guide buying for the shop, she sends out cards to the women asking their sizes and such questions as, "Do you prefer skirts, slacks, culottes, etc?"

On the promotion side, Trudi sends out fliers announcing new items of apparel as they come in. These usually contain Trudi's illustrations of the fashions. And to kick off the season right, the Montgomerys give a fashion show each spring for the members.

Idea spreads

Over the past year, Montgomery has received inquiries about the plan from other golf professionals, manufacturers and even members of other clubs. In January he spoke at a Professional Golfers' Assn. educational forum. The most frequently asked question was, how did you persuade the officials and members of the club to institute the plan? Montgomery says that he used a man-to-man approach. For a year he talked on an individual basis with those members who he thought would oppose the plan. He then used the same approach with individual members of the club's board of governors. In this way he got the support of those who might have been the toughest to convince if he simply pre-



Under the plan, Montgomery can now offer his members an expanded selection of merchandise.

sented his proposal before a large group.

In its June, 1971, issue, GOLF-DOM reported that golf professional-manager Jim Bailey adapted the Mill River formula to his operation at Hyland Hills GC, Westminster, Colo., a municipal course. His plan is of particular interest, because many critics felt that such a pricing program could not work at a municipal course operation.

Montgomery reports that two professionals in his area also have instituted plans at their clubs. He took a personal hand in helping professional Frank Zeray develop a plan for Muttontown G & CC in East Norwich, N.Y. Zeray believes he is one of the few professionals with an operation very similar to Montgomery's. Therefore, he was able to virtually "copy" the plan in total. He has 250 members involved in the program, which started in March. Like Montgomery, Zeray thoroughly researched the plan before presenting it to the golf committee and board of directors by interviewing members to get their reactions. He terms the plan "extremely exciting" because it has given his members an understanding of merchandising. It also has given the members a greater selection because Zeray now is able to bring new lines into his shop. He charges each member \$10 a month for five months. In April his gross sales were \$11,000, far surpassing any month's sales since he started at Muttontown. He feels the greatest effect of the plan has been the "support your pro" attitude that has developed. He now has a closer relationship with all the members. However, Zeray warns that all clubs cannot copy the plan completely. It must be adapted and modified to meet their individual needs.

Another professional in the area, Pat Cici, has an adaptation of the plan under way at Cedar Brook GC in Old Brookville, N.Y. To indicate his success with the plan, Cici reports these gross sales figures: \$12,000 in April, 1971, versus \$7,900 in April, 1970; \$18,000 in May, 1971, versus \$10,500 in May, 1970.

Both Zeray and Cici note one situation that has developed from the plan—increased paperwork. There are more orders to place, checks to be made out and other papers to handle as a result of increased business. But they didn't seem to be complaining when they mentioned it. □