Money Shot

MARKETING AND GOLF

The Million-Golfer March

BY LARRY AYLWARD, EDITOR

American Golf decided last year that two heads were better than one to lead the company. So in June, the Santa Monica, Calif.-based management company named David Pillsbury and Joe Guerra as co-CEOs. Both men have been at American Golf, which operates 320 courses and practice centers, since the late 1980s.

The 38-year-old Pillsbury and the 42-year-old Guerra, who met in 1986 while each was earning an MBA at the University of Southern California, have two things hanging over their heads when it comes to marketing initiatives: gaining more players and retaining current players.

"Our vision for the industry is that we ought to be able to add 1 million golfers a year," Pillsbury says in an optimistic tone.

That may not be as difficult as it sounds, Pillsbury adds, especially when one considers the statistics of golfers who enter the sport and later abandon it. Citing National Golf Foundation statistics, Pillsbury says about 3.5 million golfers join the game every year and about 3.5 million golfers leave it.


DAVID PILLSBURY, CEO

"All we have to do is keep one-half million from leaving and get another one-half million to join, and we'll have 1 million golfers," Pillsbury notes. "But that happens one customer at a time, and it happens at the grassroots level."

Pillsbury and Guerra realize that traditional barriers, such as the intimidation that comes with a 600-yard hole, must be broken to gain a million golfers. Also, a million more golfers won't help matters much if they don't play more than a couple of rounds a year. It's vital, Pillsbury and Guerra agree, to increase rounds to keep up with new course construction.

"We have a positive force working in our favor," Pillsbury says, noting NGF research that says there are 41 million people who want to join or rejoin the game.

The force may be working. According to a recent NGF report, the number of rounds played annually reached a record high of 564 million in 1999, up nearly 7 percent from 1998. The average number of rounds per player in 1999 was 21.3, up by 6.5 percent from 1998, while the number of players remained virtually unchanged at 26.4 million. It's good news, although some industry insiders contribute the increase to dry weather throughout the spring and summer in 1999.

The co-CEOS hope to flood the golfing world with new players — and hopefully more rounds — by increasing the number of Nike Golf Learning Centers that American Golf operates. "We


JOE GUERRA, CEO

have 40 learning centers up and running, and we plan to have 150 by the end of this year," Pillsbury says.

The learning centers are located at American Golf-operated courses and offer basic instruction as well as lessons in golf jargon and terminology, proper etiquette, pace of play, how to operate a golf car, how to reserve a tee time and how to move smoothly from the practice range environment to the 7,000-yard golf course environment. There are also programs for intermediate and advanced golfers. Each program cost about $150 for six hours of instruction.

"We create a professional environment for instruction by hiring PGA and LPGA pros," Pillsbury says. "We guarantee your satisfaction, or you get your money back."

Some critics contend that golf is too expensive, another reason the game is not bustling with new players. But Guerra disagrees.

"The reality is that many of the new properties need to charge high green fees to make the economics work," he says. "They're all chasing that high-end daily fee golfer that will pay $65 to $125 to play. But there's another huge base of customers that can't afford to pay that."

Those golfers are finding that there are quality golf courses that charge low green fees.

"We have a bunch of them, and we also have high-end courses," Guerra notes. "But when you blend them together, our average green fee is less than $21 and our average cart fee is $8."

Still, the entire industry needs to deliver more quality and service to retain golfers, Guerra adds. "You just can't raise green fees and dues to achieve annual growth," he says.

The co-CEOs recognize that maintenance plays a major role in the game's marketing, and they sympathize with superintendents who are discouraged with etiquette-lacking golfers who don't repair ball marks and divots.

"I don't blame superintendents for being frustrated," Pillsbury says. "It's amazing to me how many beginning golfers don't know how to drive a golf car. And they don't understand that you don't drive a golf car on a tee box or the collar of a green. They haven't been educated."

Pillsbury says that pros and pro shop workers, as well as course marshalls, need to do a better job of educating golfers about the basics of course etiquette.

"In the service environment, we have to take responsibility for probing our guests," Pillsbury says. "We need to ask them how often they play and what their handicaps are. We need to tell them to fix ball marks, and that there's sand on the tee boxes to be used to replace divots."

Pillsbury and Guerra were on the road last fall visiting several of American Golf's 320 facilities, and talking with superintendents and general managers about their challenges. Finding reliable workers is the biggest challenge they're facing, Guerra notes, especially since some fast-food restaurants in major cities are paying $9.50 an hour and giving signing bonuses to new employees.

"We've had to step up and make sure we're keeping our existing workers happy," Guerra says. "We've had to get more competitive in recruiting new workers."

The CEOs agree that superintendents are integral to their operation, and they want to keep them happy in their roles.

"I view superintendents as being the true heroes of the organization," Guerra says. "They are invaluable to us."

"Most superintendents I know [would say that] if you give them a choice between getting a raise or having an old mower replaced, they'll replace the mower," Pillsbury adds. ■