

Is e-commerce unplugged?

The dot-coms have discovered that superintendents are in no rush to change the way they do business

BY LARRY AYLWARD, EDITOR

Mike Scott is laughing, but you can tell it's a hollow and humble laugh.

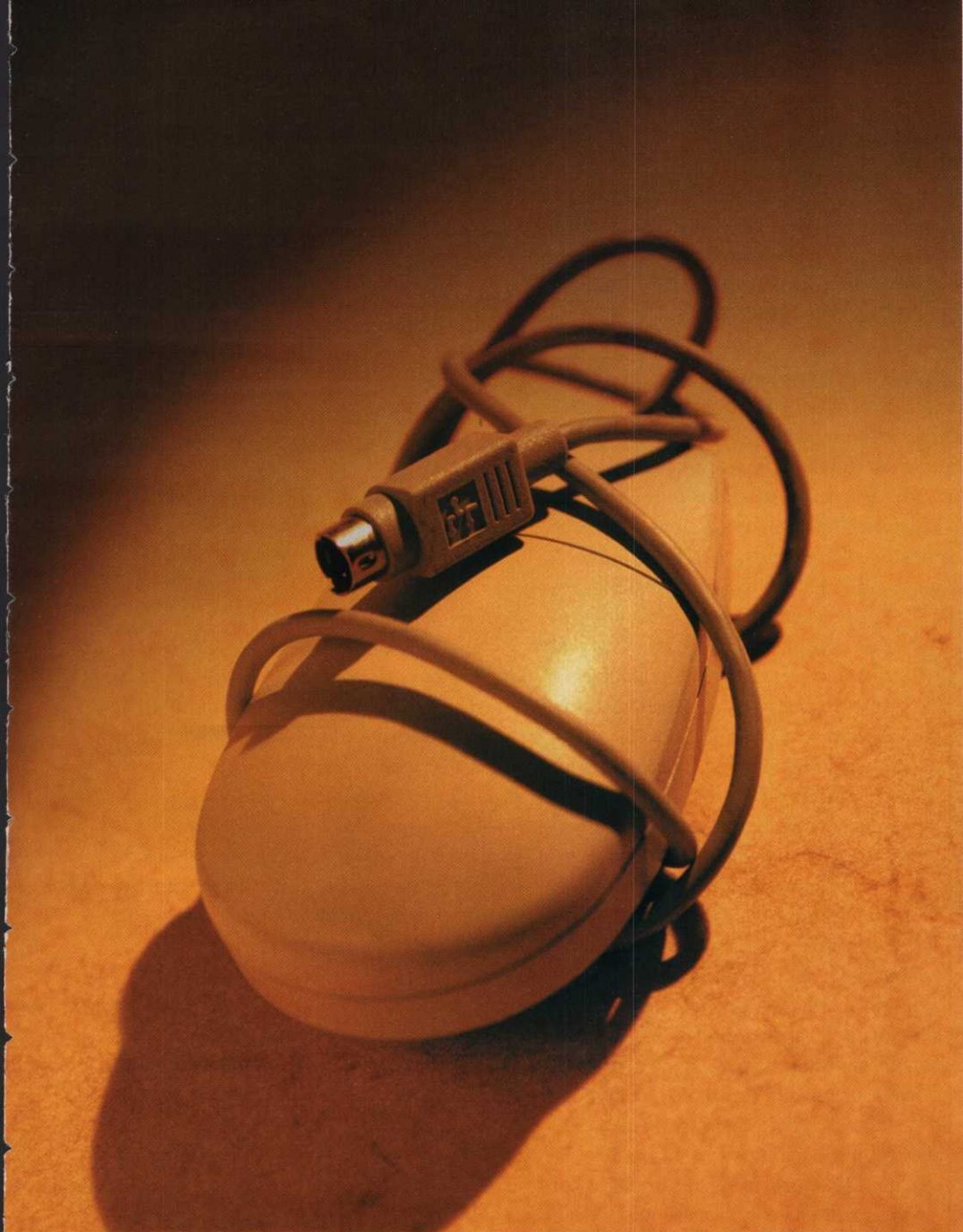
"That's a little embarrassing," admits Scott, founder and CEO of San Diego-based Golsfat Inc., upon learning that his company's Web site, *golsfat.com*, was not functioning for nearly a week. "I didn't even know the site was down."

For about five days in early August, you could type "www.golsfat.com" on your Internet browser, and the site wouldn't appear. Yes, that's the same Golsfat that took the GCSAA show by storm in New Orleans two years ago with an unprecedented marketing blitz by a dot-com company in the golf course maintenance industry. That's the same Golsfat that set out to change the way the industry does business by lobbying superintendents and suppliers to come to its site so it could initiate product sales between them. That's the same Golsfat that offered superintendents an assortment of cyber goodies, including computers, to lure them to its site.

A year ago, in the midst of Golsfat's marketing push and pilot program, Scott would have probably had a meltdown if the site had crashed for five days. But not today. In fact, despite his embarrassment, Scott admits that *golsfat.com*'s August disappearing act was no big deal.

"It reflects the attention we're giving to our site," he says. "We've been ignoring it for some time because our focus is now on licensing our technology to various suppliers."

With \$9.5 million already invested in the company, Scott is taking Golsfat in another direction. The company is now licensing its technology to industry suppliers and distributors to help them build their own customized Web sites complete with e-commerce capabilities. "Our primary objective is to use Web-based technology to bring efficiencies and enhance communications with distributors, manufacturers and their business systems," Scott says.



PHOTODISC

In the past three years, superintendents have watched the evolution of several third-party e-commerce companies, such as *golfsat.com*, which tried to attract them to their sites with news, weather, technical information and e-mail. The e-commerce companies counted on superintendents to purchase equipment, chemicals and other goods from the industry suppliers they featured on their sites so they could garner 3-percent to 5-percent transaction fees on the sales.

But Scott realizes the e-commerce scheme that Golfsat and several other dot-com companies introduced to the industry has fizzled like a cheap firecracker on Independence Day. Most superintendents, whether they're from the computer generation or not, weren't interested in purchasing goods from Web sites operated by

third-party vendors. Suppliers were also skeptical. They weren't sure if they wanted to sell their products on sites that also featured the competition's goods. Suppliers also didn't want to share private sales data with e-commerce vendors.

One thing is for sure: E-commerce in the golf course maintenance industry is about as steady as a puny rowboat on rough seas.

Golfsat is not the only dot-com company that has struggled. After failing to sell items on its site, Lyons, Colo.-based GolfSolutions Inc. (*golfsolutions.com*) also did an about face and is now licensing its technology.

Other dot-com sites are missing in action. *pgcgolf.com* is lost in cyberspace — its site is down and the phone number of its president,

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Kirk Sanders, has been disconnected. *E-greenbiz.com* is a virtual ghost town — its online auction is not functioning, and its president and CEO John Cochran can't be reached via phone or e-mail.

Other sites appear abandoned. A news item on *igreens.com*, which utilized the "request for quote" e-commerce strategy, is about a call for entries for the 2001 Environmental Steward Awards. The entries were due last October.

Some sites never got off the ground. GCSAA had planned an exchange site in conjunction with XS Inc., which operates *XSAg.com*, an online site for farmers. According to the initial plan, GCSAA and XS would share a percentage of the online sales of selected goods made to superintendents. But the site never made it out of its pilot program after superintendents and suppliers rejected it. (GCSAA and XS have since revamped their approach and will introduce an online shopping mall.)

The bottom line is the bottom line, and it's not performing for many industry e-commerce vendors. Hence, they've either packed it in or changed their strategies.

"It mirrors what's happening in the overall Internet world," says Jeff Bollig, GCSAA's director of communications, pointing to the general demise of dot-com companies. "Everybody said the Internet is the hottest thing in the world, so they rushed in and threw money at it."

Richie D'Ambrosio, superintendent of Olde Stonewall GC in Ellwood City, Pa., says he briefly thought about trying one of the third-party e-commerce sites two years ago but never did.

"I don't see myself using it in the future," D'Ambrosio adds. "It's pretty cut-and-dried what I need and where I get it."

What gives?

Many people, including a few superintendents, thought e-commerce would change the way the industry does business. So what happened? Why did most superintendents reject *golfsat.com* and other vendors?

One word — distributors. Many superintendents didn't embrace e-commerce because they didn't want to sacrifice relationships with their distributors.

D'Ambrosio says he's known some of his

No Shopping Sprees Here

Most superintendents aren't interested in purchasing golf course maintenance equipment and chemicals online, according to recent *Golfdom* research. Our survey reveals that 79 percent of superintendents use computers for work-related purposes, and that 41 percent of those superintendents said they're likely or somewhat likely to make work-related purchases over the Internet in the next year. However, 28 percent of those superintendents said purchases would be for books and training materials, and 26 percent cited replacement parts.



'If anybody is going to get my money, it's the distributor here supporting me.'

PETER SALINETTI
SCHUYLER MEADOWS GC

distributors' salespeople for 12 years, and he says they'll be at his course on the double if he needs something in a rush. "Are you going to get that type of service through the Internet?" D'Ambrosio asks.

Scott says his intention with *golfsat.com* was to make transactions between buyers and sellers more efficient, but not at the expense of distributors. But Scott says superintendents still viewed *golfsat.com* as a threat to the superintendent/distributor relationship. He says superintendents wanted their salespeople to gain commissions on sales and believed they wouldn't if they purchased products online.

"Distributors play invaluable roles," Scott says, noting that superintendents rely on distributors for advice. "It's a strong and established business relationship."

There were two other grievances heard from superintendents, Scott says. They said *golfsat.com* didn't have the suppliers they wanted, and the prices posted on *golfsat.com* weren't the same as they'd been paying.

Dan Murnan, president of Edmonds, Wash.-based Cybergolf Business, operator of *igreens.com*, says he placed the site "on the back burner" last January because he realized superintendents weren't going to change their buying habits. "We can't change the way superintendents have done business the past 100 years," Murnan says.

John Mueller, creator of GolfSolutions, says the hype of e-commerce may have confused superintendents.

"From day one, we said the Internet wasn't going to kill the salesperson," Mueller

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says. "Look at the fax machine. It didn't kill the sales person."

Pete Salinetti, certified superintendent of Schuyler Meadows GC in Loudonville, N.Y., and a member of Golfsat's advisory board, believes e-commerce can work but stresses that distributors must play an integral part.

"I'm not going to buy a load of fertilizer from somewhere in Wisconsin to save a few hundred dollars," Salinetti says. "If anybody is going to get my money, it's the distributor here supporting me. Superintendents across the board feel the same way. They've developed professional relationships with their salespeople."

Where Are They Now?

A year ago, several e-commerce companies were vying for superintendents' business. What has happened to them?

■ **golfsat.com** took the GCSAA show by storm in New Orleans two years ago with an unprecedented marketing blitz by a dot-com company in the golf course maintenance industry. But Mike Scott, golfsat.com's founder, is taking the company in another direction. It's now licensing its technology to industry suppliers and distributors to help them build their own e-commerce sites.

■ **golfolutions.com**, one of the industry's earliest e-commerce players, has also changed its approach. It now offers its development, hardware and advisory services to superintendents and suppliers.

■ **pgcgolf.com** is nowhere to be found. Its site is down and the phone number of its president, Kirk Sanders, has been disconnected.

■ **greentrac.com** has streamlined its focus. "Superintendents have told us they want to work with their existing suppliers, and they've expressed a need for private marketplaces," says Toan Bui, director of business development for the company. Greentrac is offering to establish private procurement networks where superintendents would have the opportunity to establish their own private procurement net-

works, which would allow them to deal only with their existing suppliers.

■ **e-greenbiz.com** resembles a vacant house. Its online auction and other components of its site aren't functioning. Its president and CEO, John Cochran, also can't be reached.

■ **igreens.com** site still functions, but hasn't been recently updated. Dan Murnan, whose company Cybergolf Business operates *igreens.com*, admits he placed the site "on the back burner."

■ **precisionusa.com**, operated by Pompano Beach, Fla.-based Precision Small Engine Co., has had some success, says president Andy Masciarella. The site offers about 150,000 golf course equipment replacement parts for sale online.

■ **golfbusiness.com**, headed by the National Golf Course Owners Association and private investors, has had marginal success because it bills itself as a distributor. The site offers up to 15 percent savings on purchases by leveraging its supplier relationships and reducing transaction costs.

■ **epurchase.net**, ClubCorp's e-commerce initiative, was shelved when ClubCorp joined Marriott International, Hyatt Hotels, Bass Hotels & Resorts and Fairmont Hotels & Resorts early this year to form Avendra (*avendra.com*), a huge procurement company.

What now?

Many people, including Scott, believe the third-party e-commerce method is dead. "I'm absolutely convinced of that," Scott adds.

But that's not to say that the general concept of e-commerce is flat on its back. In fact, many people believe it can still thrive, and there are signs that it's working in the industry.

Andy Masciarella, president of Pompano Beach, Fla.-based Precision Small Engine Co., has had some success with his site, *precisionusa.com*, which offers about 150,000 golf course equipment replacement parts for sale online. Has Masciarella struck e-commerce gold with his parts approach?

"We're getting more play, but it's still nowhere near what we hoped it would be," he says. "We get about 25 new superintendents who register every week. It doesn't sound like a lot, but we're pleased with it."

Tampa, Fla.-based *golfbusiness.com*, headed by the National Golf Course Owners Association and private investors, has had marginal success because it bills itself as a distributor. The site offers up to 15 percent savings on purchases by leveraging its supplier relationships and reducing transaction costs. The site has agreements with Helena Chemicals, Standard Golf, Pennington Seed and other companies to distribute their products.

"We're still here," says Jim Bailey, executive director of *golfbusiness.com*. "We're a little different. We don't make money on a set margin transaction; we make money on the actual margin of the product sale."

Rockville, Md.-based Avendra is also different. Formed earlier this year by Marriott International, Hyatt Hotels, ClubCorp USA, Bass Hotels & Resorts and Fairmont Hotels & Resorts, Avendra (*avendra.com*) is a huge procurement company, in which golf course maintenance is a part. ClubCorp suspended its own e-commerce site, *e-purchase.net*, to join Avendra. But Doug Fiedler, the company's vice president of program development and marketing, says Avendra is not strictly an e-commerce company.

"Our philosophy is to allow customers to do business the way they want to do business," Fiedler says. "So we allow them to do business face to face, over the phone, by fax or over the Internet."

Time will tell if GCSAA's new e-commerce initiative is successful. When GCSAA discov-

ered that superintendents and suppliers weren't interested in its initial proposal, the association backed off to rethink its approach, Bollig says. At issue was that GCSAA should serve the needs of its members, not profit from them.

GCSAA and XS have since changed their approach. Later this year, GCSAA plans to introduce an online shopping mall, featuring suppliers' Web sites. XS will create the format, but neither it nor GCSAA will profit on any sales.

"All the transactions that occur between buyers and sellers in the shopping mall will be between them," Bollig says. "We're not involved. The only money we'll make is if we decide to charge anything for rental space (in the mall)."

Golfsat's fate is also unknown. Scott says the company's new approach is going well. In August, Scott was closing a deal to raise \$5 million to inject into the "new" site.

"But we've had to tear down the company and rebuild it," he says. "Our needs are different now."

Mueller says GolfSolutions' new approach — it now offers its development, hardware and advisory services to superintendents and suppliers — is "going slower than we want."

"We've found in the golf business that everything is slower in terms of technological migration," Mueller adds.

No major equipment and chemical companies have emerged as e-commerce juggernauts. Whether that industry segment pursues the Internet as a business opportunity is also unknown.

There's hope

Despite the gloomy news, there are optimists who believe e-commerce will flourish in the appropriate structure. Scott says it's vital that suppliers and distributors convince superintendents that it's OK for them to purchase products online.

"A salesman needs to tell a superintendent, 'If you need to order something from me but you can't reach me, just get on our Web site and order it,'" he says. "But it will take many years before superintendents as a whole are comfortable

placing any orders online. It will be up to distributors to determine how much they want to encourage their customers to order from them online."

Last year, Salinetti said e-commerce would change the way most superintendents do business in the next five years. Salinetti stands by his statement, but he reiterates that it's vital for distributors to

be part of any e-commerce mix if it's going to be successful. Salinetti believes third-party e-commerce sites, as well as industry suppliers, will eventually have their day.

"This industry is loaded with a lot of well-educated, aggressive and computer-literate young guys," Salinetti says. "At some point, e-commerce will become a part of our everyday life." ■



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