Managing the Business of Golf / JANUARY 2005

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The Fun and Value Factors

Record

These simple components are integral to growing the game and should not be underestimated, as three successful operations prove

Business

BY MATTHEW J. WARD

Golfdom

enial. It's easier to state than dealing with the reality of the truth. The U.S. golf industry is facing its own denial of sorts. The total number of players is not growing by most independent accounts. In fact, it may be decreasing, and the industry's rush to open a course a day from just a few years back is now causing many existing courses throughout the country to decide if closing is a more viable option.

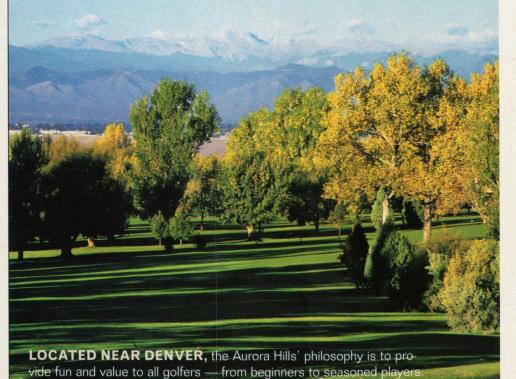
The naive belief of "build a course and they shall come" is simply ringing hollow for many. For instance, the East Course at Blue Heron Pines, the highly touted 18-hole layout that makes up half of the 36-hole complex just outside Atlantic City, N.J., may close at the end of the season. The course, designed by Steve Smyers and rated among the top five public courses in the Garden State, also could face a major change if a developer gets his way in securing permits for age-restricted housing. Then the East Course would be transformed into a nine-hole course for the community.

Opinions vary when it comes to the numbers of players and how many rounds they play. In a recent report, Pellucid Corp., a research group that studies the golf industry, stated that the drop of players in American golf is not an aberration but the outline for a continuing trend.

The National Golf Foundation states the opposite conclusion. It reports that the total number of rounds for the first three quarters increased 1.3 percent when compared to the same period last year.

Statistics aside, most everyone agrees that the increasing cost to play and the growing amount of time it takes to play have hindered the game. Family life for many today features a crowded plate. Having the wherewithal to commit five *Continued on page 48*

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FUN AND VALUE FACTORS

Continued from page 47 to six hours to play 18 holes doesn't make the grade of priorities — particularly females between the ages of 18 and 45 who typically serve as the primary caregivers for young children.

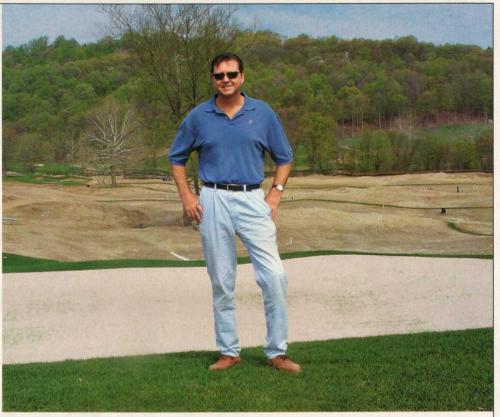
Many courses simply believed players would continue to come with each passing day, and little has been done to aggressively market their services to sustain patronage. The emergence of Tiger Woods on the world stage of professional golf had many believing the ascension of minority participation in the sport would mean a bump up in total players. That has not happened.

Despite these negative trends, there are some clear examples in America in which facilities and ownership entities have implemented strategies to increase rounds played in the belief they will build a future base of players beyond what exists now. The twin focus-points of fun and value are central to their success.

Golf courses looking to increase their rounds and attract new players might learn a few things from the three operations' stories below.

Join the club

Until the late 1980s and early 1990s, the golf course market in the greater New York metropolitan area was fairly two-dimensional — private equity clubs on one side and taxpayer-owned municipals on the other side. But upscale golf — or the "country club for a day" model — mush-



ERIC BERGSTOL, the founder of Empire Golf, says his company's goal is to create quality golf courses that are interesting and distinct.

roomed rapidly until it hit some clear bumps in the road as the total number of golfers stagnated and failed to keep pace with the burgeoning number of upscale facilities.

Such facilities need to understand that today's golfers want nothing less than equal or greater value in return for green fees. As founder of Empire Golf, Eric Bergstol has long understood what drives consumer satisfaction.

"Our goal has always been to create quality golf courses that are interesting and distinct," says the 47-year-old resident of Rockland County, N.Y.

The Bergstol approach first started with a private club he initiated called Minisceongo Golf Club in Pomona, N.Y. Bergstol then built a range of upscale facilities straddling the New York and New Jersey markets. Given the changing dynamics of the golf market, Bergstol initiated an idea that has been carried forward in other markets but not in the New York metro region — providing a private club membership at not one but six premier golf facilities through a program called Club Max.

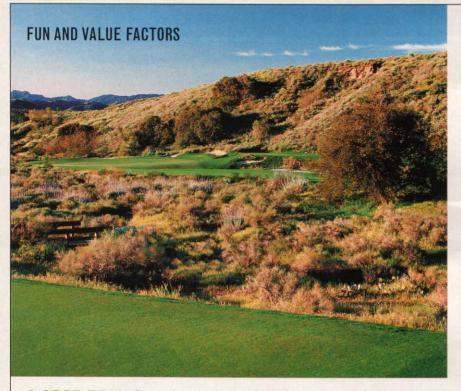
"We take pride in creating quality, nationally recognized golf courses in this region, and we believe Club Max will represent the ultimate club membership and be of great value," Bergstol says.

A refundable initiation deposit ranges from \$12,500 to \$25,000. Yearly dues range from \$5,200 to \$6,200. In addition, Bergstol has provided Club Max members with 50-percent-off discounts from green fees during nonpeak periods for other clubs in his portfolio. This bonus program includes renowned public courses in the Garden State, such as Twisted Dune near Atlantic City and Pine Hill. There is also a Florida course option in the greater West Palm Beach area.

"We expect Club Max to appeal to a broader range of golfers than a stand-alone private membership," Bergstol says. A sixth course, the new Hollow Brook Golf Club in Westchester County, will join the Club Max portfolio when it opens in the spring.

Less is more

A fine example of the fun and value strategy is the Rustic Canyon Golf Course in Moorpark, Calif. Building the fun aspect is central to understanding the fanfare *Continued on page 56*



A GOOD DEAL. Green fees at Rustic Canyon are a mere \$35 during the week and \$50 on the weekend with \$10 extra for a golf car.

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attached to Rustic Canyon. Too often modern design has celebrated courses overdosing on total difficulty — plenty of length, lots of water and a good number of bunkers and implemented hazards that are simply in place for cosmetics and require an inordinate amount of upkeep time.

Located less than 60 minutes from Los Angeles, Rustic Canyon proves that interesting design can give players the fun aspect they desire when playing.

In 1999 the County of Ventura put out a notice to interested developers for the creation of another golf course for recreational purposes and income. The land was in its native state prior to any construction and consisted of slightly more



than 200 acres. Highlands Golf LLC built the course for about \$3 million.

Architect Gil Hanse, based in Malvern, Pa., was chosen because his vision for the land was compelling and far removed from the cookiecutter, pro-forma layouts that routinely dot the Southern California landscape, Assisting Hanse was design partner Jim Wagner and classic design enthusiast, author and Golfdom contributing editor Geoff Shackelford, who lives in nearby Santa Monica.

Shackelford says it's nice to hear golfers describe the course as "fun."

Gil Hanse's vision for the land was compelling and far removed from the cookie-cutter, pro-forma layouts that routinely dot the Southern California landscape,

"Many golfers have almost seemed worried they were going to insult us by complimenting the course as fun," he says. "That says a lot about the state of architecture when 'fun' is an almost dirty word."

Rustic Canyon's success as a design was noted by different publications. Golf Digest awarded the facility its Best Affordable Course for 2003. It's inexpensive because less than 17,000 cubic yards of material was moved during construction. And clearly the cost to play has been a driving force in keeping tee sheets filled.

Green fees at Rustic Canyon are \$35 during the week and \$50 on the weekend (golf cars are an additional \$10). How does that compare? Go down the road to neighboring Simi Valley and you'll find two Pete Dye-designed layouts at Lost Canyons that routinely charge triple-digit fees to play at peak times.

Diversity rules in Aurora

The twin concepts of fun and value are also anchored in the taxpayer-owned facilities. As Colorado's third-largest city, Aurora (popula-Continued on page 58

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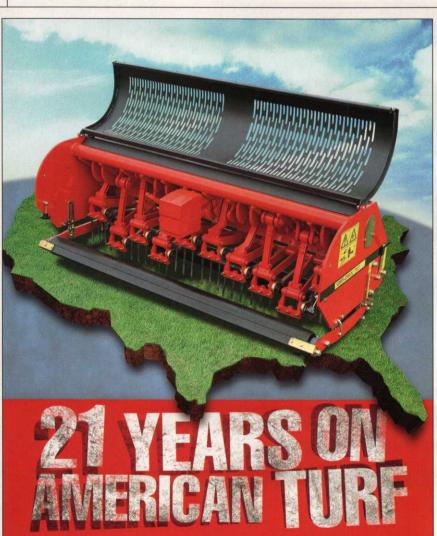
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FUN AND VALUE FACTORS

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tion: 290,000) has consistently demonstrated a successful multicourse operation providing both residents and nonresidents a quality product that maximizes value through a diversity of quality course options. With seven golf facilities, Aurora offers a multidimensional



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DENNIS LYON. "Value is more important than price."

approach few communities can match.

Aurora's first public course opened in 1968 with Aurora Hills. Since that time the total operation has expanded quickly and produced 2003 revenues of \$5,177,291 with a total of 292,441 rounds played.

"In today's market golfers have multiple choices where they can play," says Dennis Lyon, certified superintendent and director of Aurora's Golf Division. "The fun and value equation is an important consideration in making the decision where to play.

"Value is more important than price," Lyon continues. "As long as golfers perceive a good value, they will pay the price they can afford."

Located east of Denver, the Aurora philosophy is simple: provide a consistently fun and value option for all who use its facilities, whether they're beginners or seasoned players.

The community provides a ninehole par-3 option at Centre Hills for those just getting started. For those who prefer a more challenging option, there's Murphy Creek, which hosted the primary Denver-area qualifier for the 2003 U.S. Amateur.

One of the more compelling points about Aurora and its golf offerings is that rates to play, even for nonresidents, do not exceed \$50 even during weekends and holidays. To get that kind of value and to have a full range of unique facilities clearly shows the kind of game plan other facilities throughout the nation will need to follow in order to make golfers return as happy customers time after time.

The bottom line is the more successful operations understand that fun and value are the ingredients needed to keep them in the black.

Ward is a freelance writer from Clifton, N.J., and editor of Jersey Golfer magazine.