of the industry

for travel, accommodations and apparel.

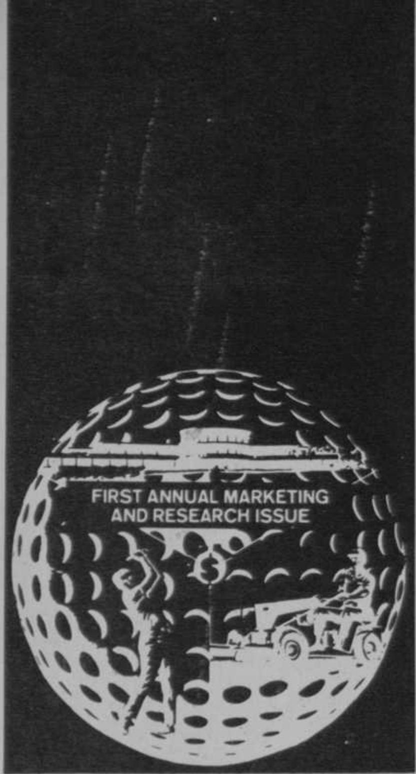
The 11 million golfers (87 per cent male) who comprise the core of American golfing today are growing in numbers at a rate of approximately 6.5 per cent a year. They are playing on 9,400 courses which are expanding at the rate of about 300 courses annually. It's almost impossible to evaluate the net worth of these installations or the rocketing investment they represent in land. But for new courses, the costs of construction range from $350,000 to nearly one million dollars, depending on size and location.

The foregoing are just some of the high dollar figures which make golf a major economic factor in the nation's burgeoning glamour industry—leisure. How do some of these figures break down? What is the pattern of expenditures? How do your club's operations compare with the national norm? How do these figures show where you are performing well and where there are areas for improvement in your operations?

GOLFDOM'S First Annual Marketing and Research Issue makes a start toward answering some of these questions in specific areas, notably pro shop operations, club management of food and beverage operations and budget planning and expenditures for course maintenance by the superintendent. The breakdown of information was made possible by a detailed questionnaire mailed by GOLFDOM to hundreds of pros, club managers and superintendents. We thank all of these people who took the time and trouble to answer our questionnaires; in doing so, they have demonstrated themselves to be the kind of professional people who understand that an industry prospers and benefits from the sharing of information. We would also like to acknowledge the tremendous contributions being made to a better understanding of the golf business by such statistic-gathering groups as the National Golf Foundation and accounting firms serving the industry such as Horvath and Horvath, and Harris, Kerr & Foster.

We issue this First Marketing and Research Study with the knowledge that it represents a first step—necessarily a bold one and unquestionably leaving room for improvement and correction next year and in succeeding years. What this study does represent, though, is a comprehensive attempt to pull together what we know about the golf business today. Grasping this knowledge and making use of it is an opportunity that belongs to you. Only by a broad understanding of the industry of which you are a member, is it possible for you to succeed in your own efforts.

Course maintenance
Club management
Pro shop operations



The professional

. . . moves a lot of merchandise through his shop

Of the $474,455,500 in dollar volume that club professionals did in total business last year in this country, 60.6 per cent is derived from pro shop sales and 22 per cent is the product of golf car rentals, according to GOLFDOM's First Annual Marketing and Research Study. The remainder of pros' income is accounted for by golf lessons, which contribute 10.3 per cent and prize money, which brings the nation's pros an average 7.1 per cent of their income.*

Thus, on a national basis, sales in the shop contribute $287,520,000 to the total revenue; car rentals account for $104,380,200 and lessons $49,343,370.

Average annual dollar volume for pro shops is a handsome $63,260. In dollar breakouts for the four categories listed above this means that pro shop sales run to $38,336; golf car rentals $13,917 and golf lessons $6,516.

With most of the pro's income stemming from his retail operation, GOLFDOM's study pinpoints what each segment of shop sales contributes to the whole. Pros queried were asked to record their dollar volume in sales of clubs, golf balls, men's apparel, women's apparel, golf shoes, golf gloves, novelties and gadgets, and an unspecified "other" category which covered such things as bags and hats.

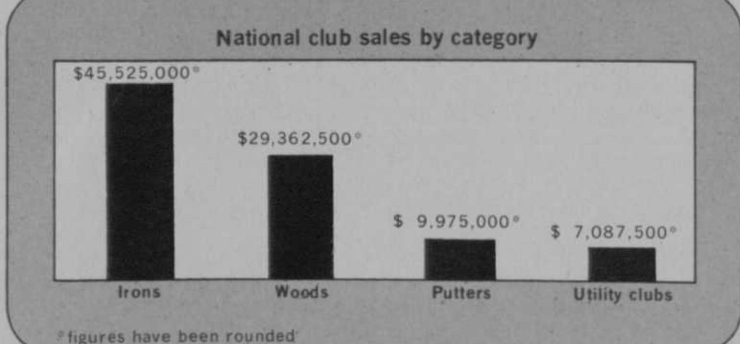
Of the $38,336 the pro's customers spent in his shop last year, $12,267, or 32 per cent, was plunked down for clubs; $8,434, or 22 per cent, went to replenish golfers' supply of balls; $4,983, or 13 per cent, helped deck out men players in suitable attire; $4,600, or 12 per cent, was spent to help the distaff players do the same; $2,684, or 7 per cent, fitted golfers out with shoes; $1,917, or 5 per cent, for gloves; $767, or 2 per cent, was spent by golfers in the novelties and gadgets category, and $2,684, or 7 per cent, represents purchases made by golfers in the unspecified "other" category.

Pros responding to GOLFDOM's study questionnaires listed breakouts for volume done in golf club sales for the four categories of clubs used by golfers—woods, irons, utility clubs and putters. Irons lead the group in unit sales, racking up 49.5 per cent of all pro shop club sales. Woods are next, registering a 31.9 per cent share of unit volume. Putters rank third with a 10.7 slice of club movement, and utility clubs account for the remaining 7.9 per cent of sales.

These shares of unit volume indicate that the average pro shop sold 36.3 sets of woods, 35.3 sets of irons, 83.1 putters and 41.1 utility clubs last year.

In average dollar volume, irons put $6,070 into pro shop cash registers. Computations from figures reported by pros show the average iron sold in pro shops in this country retails for approxi-

*Only pertains to those reporting in this category.



mately $21.50.

In the woods category, pros reported to GOLFDOM that the average number of sets sold was 36.3 per shop, indicating an average selling price of $27 per club. The usual set of woods, whether including higher or lower number woods is four, showing the average annual dollar volume per shop for woods to be $3,915.

Putters represent a good unit and dollar volume item for pro shops. GOLFDOM's study shows that pro shops moved last year, on the average, 83.1 putters. This brought the pro shop a dollar turnover for putters of $1,330 computed at the average price of $16 per club.

Utility clubs movement is running at a rate of about half that of putters, with average unit sales hitting 41.1 per shop. In dollars this meant $945 to the pro, based on a $23 per club figure, the approximate price for a pro line sand or pitching wedge.

Nationally, pros did golf club business to the tune of $45,525,000 for irons; $29,362,500 for woods; $9,975,000 for putters and $7,087,500 for utility clubs.

Results of the study show that the 22 per cent of shop sales accounted for by golf balls adds $63,254,400 to pro revenue across the nation. This means that on the average $8,434 worth of golf balls moved out of each pro shop in the country last year.

The 13 per cent contribution to pro shop sales made by men's apparel last year represented $4,983 to each shop in sales. Nationally, this racked up a $37,377,600 total in sales for male golfing attire.

Lady golfers' *haute couture* accounted for 12 per cent of shop sales, meaning the distaff was only a shade behind the men in purchases of apparel for country club and golf course. The ladies' 12 per cent put $4,600 into the cash registers of each pro shop, on the average. Totally this figure hit $34,502,400.

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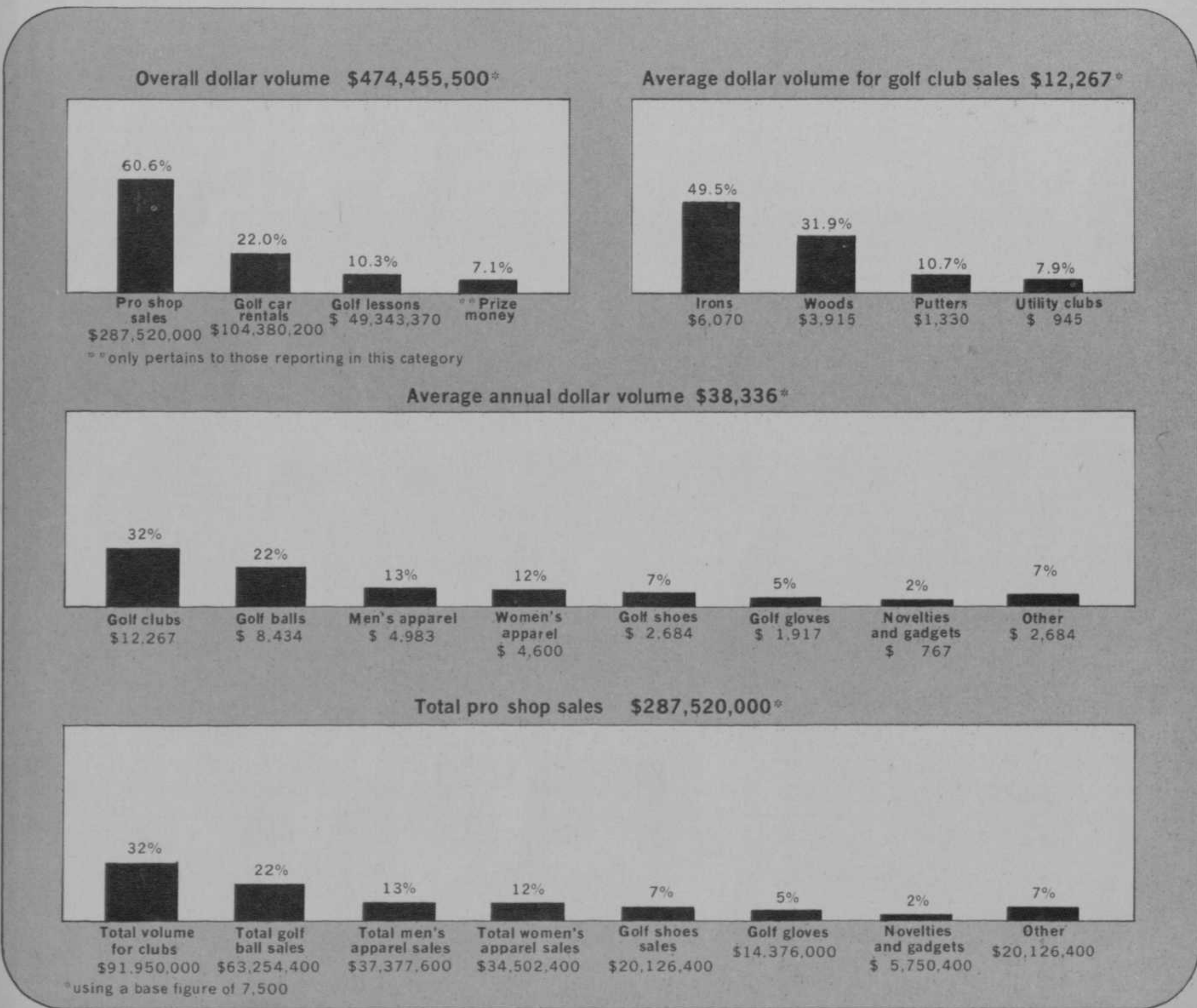


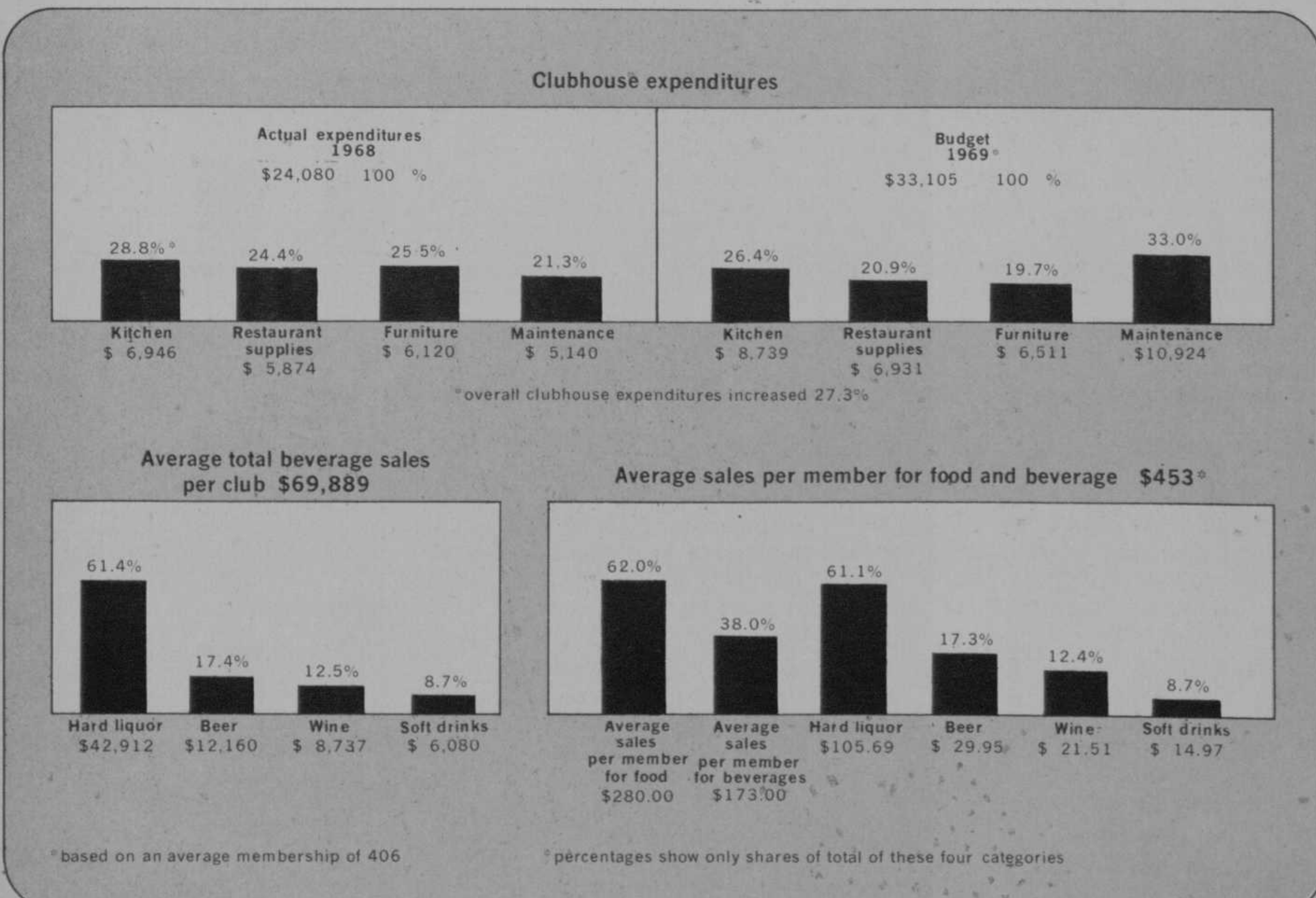
The club manager

. . . keeps the cash registers ringing at the clubs

Sales of food and beverages at country clubs is not the total name of the game for managers, but these two segments of country club business will have to serve in that role until something else turns up as a contender for the top spot.

Last year, according to GOLFDOM's First Annual Marketing and Research Study, the golfing public pushed a total of $1,489,735,000 through country club cash registers for food and beverages. This staggering figure puts the club manager in the position of being overseer of one of the nation's very large dollar volume businesses.

Just what is it the country club manager presides over? He runs a domain that has on the average 406 members, each of whom last year, spent $453 at the club for



food and beverages. Of this individual total, $280, or 62 per cent, was spent on food and $173, or 38 per cent, on beverages, including hard liquor, beer, wine and soft drinks.

The average total across the nation for food and beverage sales is $183,918 per club, as reported by club managers in the GOLFDOM study. Food's share of this total is $114,029 and beverage sales account for a $69,889 slice of the pie. Food sales in the bottom 12 per cent of those club managers who reported came to $13,125; beverage sales came to $22,880, making the average total sales in both categories, $36,005. The top 12 per cent reported sales of $233,300 for food; $142,860 for beverages, which bring the average total sales to $376,160.

The GOLFDOM study queried managers on the specifics of their members' beverage consumption habits. In the four areas mentioned—hard liquor, beer, wine and soft drinks—consumption percentage relations are: 61.4 per cent of drinks sold represent sales in hard liquor; in the beer category the total is 17.4 per cent; wine represents 12.5 per cent of beverage consumption and 8.7 per cent is reserved for soft drinks. Within these categories 98 per cent of liquor stock is national brands.

In dollars per club these percentages translate into $42,912 spent on hard liquor; $12,160 on beer; $8,737 on wine and $6,080 on soft drinks. Per member this means a beverage expenditure, on the national average, of approximately $105.69 for hard liquor; $29.95 for beer; $21.51 for wine and $14.97 for soft drinks.

The GOLFDOM study also points out that in day-to-day operations, managers perform tasks that are in many ways similar from club to club, but some functions remain unique because of the individual characteristic of a particular country club.

Like his pro and super counterparts, the manager is geared to golf operations at his club. Golf, the governing factor, enters the management area as well as the area of pro and super. Most manager's budgets, 66 per cent, are drawn up during October, November, December and January. It is during this four-month period that golf play subsides at many clubs, giving the manager a breathing space in which to plan his budget.

Budgetary considerations for the manager are many and complex. It is necessary to single out the manager's evaluation of replacement costs for clubhouse appointments to get some clear view of what helps determine a large part of his budget. This can serve as an introduction to his budget allocation for the coming year.

Managers have reported to GOLFDOM that the average replacement value of kitchen equipment is $42,995; replacement value for furniture is fixed at $54,743 by the managers, and carpets, drapes and other furnishings represent an average value of $31,240.

A manager planning a budget is conscious of this almost $130,000 valuation of his clubhouse appointments and this factor weighs heavily in budgetary allocations for the coming year.

This consideration is reflected in the enormous increase in funds pegged for clubhouse maintenance, reported by club managers. For instance they have listed an average budget rise of 21.3 per

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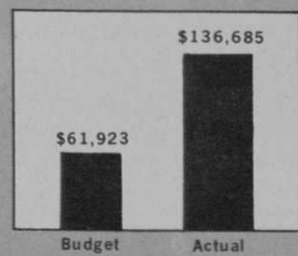
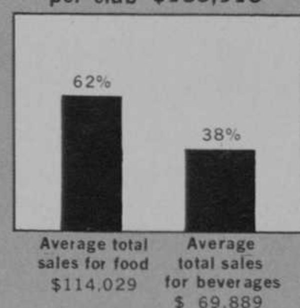
Average club operation budget
$156,473

(covers club rooms' maintenance, entertainment, administrative and general expenses, heat, light and power and general repairs and maintenance)

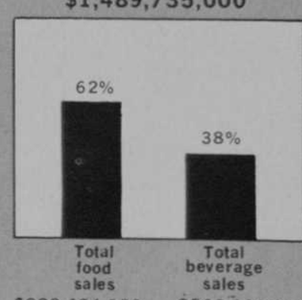
Clubhouse improvements

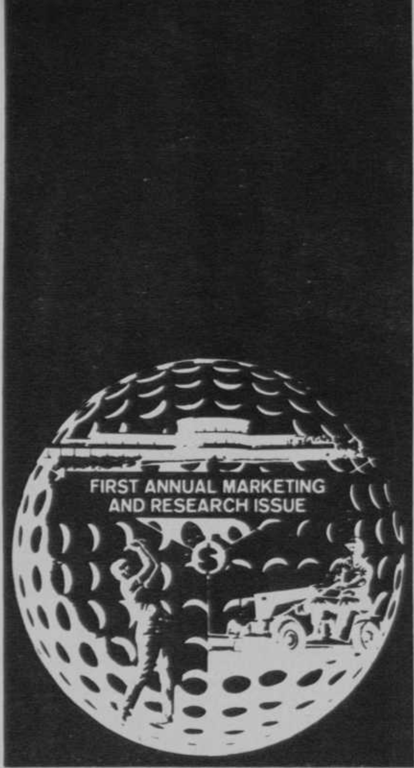


National average total sales of food and beverages per club $183,918



Total sales for food and beverages
$1,489,735,000





The superintendent

. . . budgets to keep that turf lush and green

Golf course superintendents invested $91.5 million in 1968 in chemicals and fertilizers to keep that turf lush and green for the country's more than eleven million golfers, averaging an expenditure of $9,734 per course for the nation's approximately 9,400 golf facilities.

GOLFDOM's study also pinned down how supers spread their turf budgets around the course for better greenery. According to study figures, supers spend their chemicals and fertilizers budget in six major categories—fertilizers, fungicides, grass seed, insecticides, herbicides and soil amendments, in that order.

The lion's share of this budget, 48.7 per cent, or $4,743, is spent by supers for fertilizers. Fungicides, next on the list, garner a neat 17.4 per cent, or $1,692, of the budget for grass and turf chemicals. Grass seed holds third spot, getting 12.6 per cent, or $1,222. Insecticides rack up 7.9 per cent, or $771, and herbicides follow right behind with 6.8 per cent, or $658, of the total. Tailender, soil amendments, account for 6.6 per cent, or $648, of the super's total budget for the group.

The study brings to light that actual expenditures for the prior year in these categories is considerably larger than the amount budgeted for each. This is, however, consistent with budgeting and buying practices within the industry where, as a general rule, budgets tend to be conservative with the underlying assumption that actual expenditures will run higher.

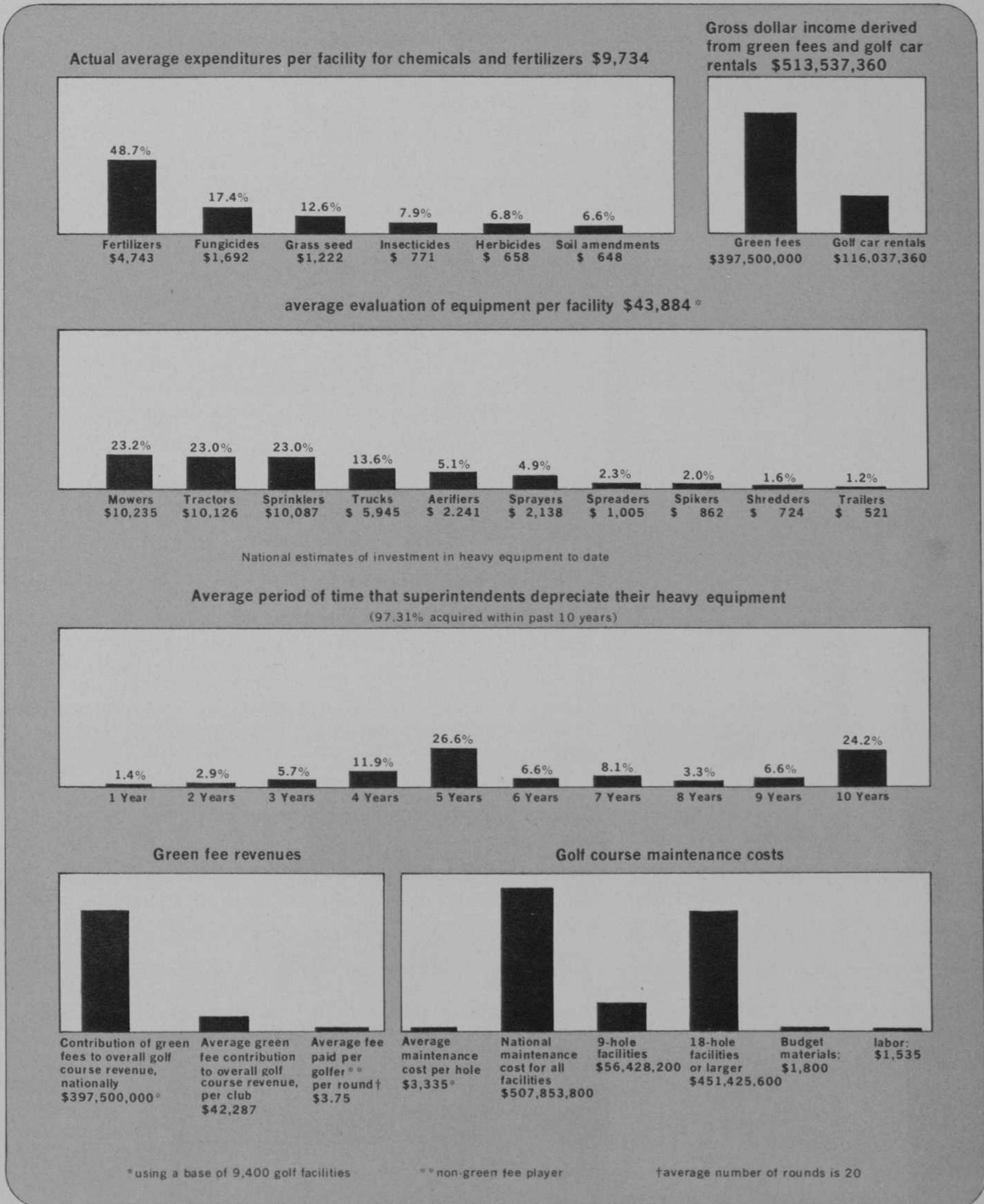
For instance, although the current year's budgets, on the average, were 82 per cent lower than what was spent during the year in which drawn up, 86 per cent of supers reporting said they expected next year's budget to be still higher. This strongly indicates that by 1970 turf chemicals and fertilizers sales to golf facilities should top the $100 million mark. Perhaps, even of more interest is the statistic that shows 93.6 per cent of respondents are contemplating an increase in expenditures in one or more areas of golf course maintenance.

Supers reported budgets for golf course labor (exclusive of super's salary), course improvements, such as car paths, new greens, traps or other course re-designs, construction and landscaping. It is in these two broad categories of turf-growing aids and course maintenance that the aforementioned 93.6 per cent of the nation's golf course superintendents anticipate increased expenditures through the coming year.

It seems fairly evident that in terms of actual expenditures as opposed to anticipated expenditures, 1969 should see a sizable increase in dollars spent on materials for golf course unkeep. In addition to materials, supers have earmarked, on the average, $7,575 for course improvements. Because the specifics of these improvements vary from one course to the next, breakouts from within the category are too difficult to pin down. However, this figure is also reported exclusive of labor costs and as such some, if not all, of these finds will work their way into material expenditures.

Just how much may be gauged by using the 22 per cent increase in expenditures over budget cited earlier as a rule of thumb. Projecting a like increase over budget for 1969 would be well within the realm of possibility. Should this prove to be the case, this year's average budget may easily run up to 25 per cent above anticipation in actual expenditures.

Asked if they would be increasing this year's budget, 76.2 per cent of supers answered in the affirmative, and more than 60 per cent said they expected to increase their budget by 10 per cent or more. It is interesting that although only the abovementioned 76.2 per cent said they would be increasing their budget, 93.6 per cent confess they are expecting an increase in expendi-



tures. It is a fair certainty most 1969 budgets will be exceeded by actual expenditures.

Heavy equipment at golf courses represents a huge investment to operators and/or owners. GOLFDOM asked for estimates of investment in heavy equipment to date, and the total sum for all courses is a staggering $412,509,600. The study shows that this equipment is depreciated within a 10 year period, about 40 per cent depreciated within the first five years after purchase,

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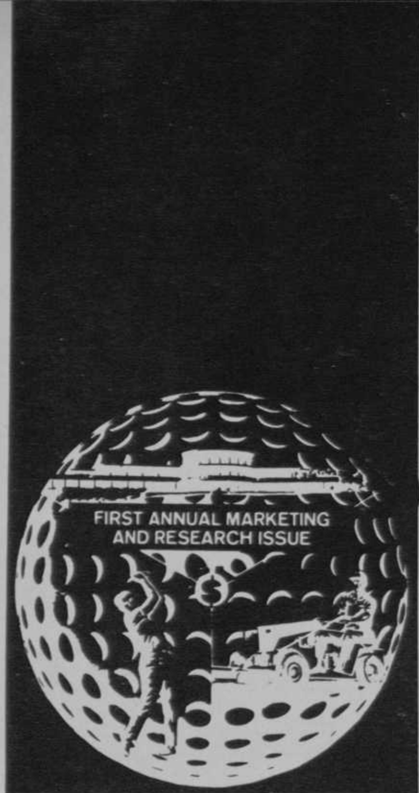


Rolling up profits

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.

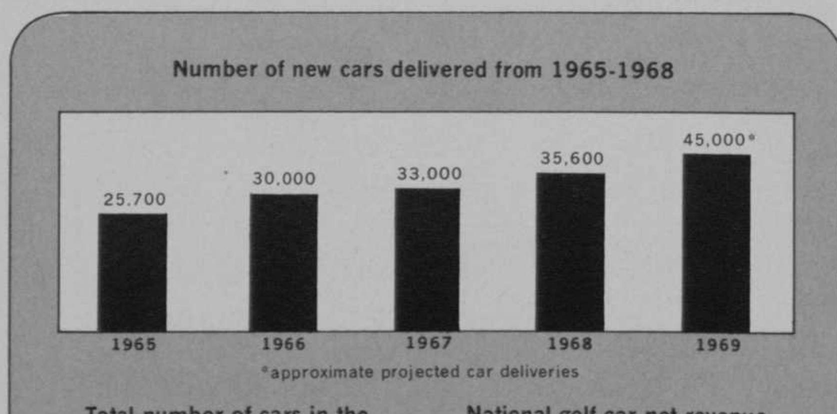
The average number of cars in use at each of the nation's 9,400 golf facilities, as reported in GOLFDOM's exclusive study, is 28.1. This average does not reflect the numbers of cars at individual courses, that number may run to a total in excess of 80. This high end of the range is, of course, only possible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

Preparing your fleet

Preparing your golf car fleet for the coming season requires certain simple chores to get it in shape.

Check tires for proper inflation. You might consider ordering tire sealer. It will come in handy for temporarily inflating flats that occur to cars out on the course.

Next, inspect brakes, bearings, steering column and brushes on the motor; make sure the upholstery is clean and in good condition, and that the car itself is clean. Also, check the bag straps.

Give the battery (gas or electric cars) two or three full charges—12 hours each—over a two or three-day period. This is called cycling and it equalizes the battery. Before you do this check to see if the battery's water level is at the proper mark. Distilled water should be used.

Additionally, with gas cars, if the tank was emptied for the winter, just refill with gas. No special chemicals have to be added, whether the tank was emptied or not during the winter.

Once these items have been taken care of, your car fleet is ready.

Another aspect of fleet preparation for the coming season involves the course. Before and during the season, clearly marked paths for cars should always be in evidence. If possible, have these paths in blacktop. Another important preparation is posting signs warning the drivers not to go too close to tee areas. When cars go over tees, the tips of the tees act as spears and can cause flats.

One other point to keep in mind at the beginning of the year is the age of each car. Check your records and see which cars in your fleet are four and five years old. These you should consider replacing at the end of the year.

Electric cars need a special consideration at the start of the season. It is advisable to send them around for only 18 holes, not 36, the first time out. This will almost insure that the battery doesn't get cell reversal, which occurs when a battery is over-used too fast after being inactive for some time. This happens when discharge goes too far and positive becomes negative. Correct this with another charge.

IN-SEASON MAINTENANCE

Daily maintenance of the car during the season is mostly an extension of what is done to prepare it for the opening of the year. Duties include checking moving parts such as brakes, bearings, motor and steering column, and checking the battery water level and tire inflation. Some manufacturers recommend water level and tire checks weekly.

Other minor jobs involve adjusting belts if cars are not the direct drive type, washing the cars and cleaning the upholstery. Important daily functions with electric cars are seeing that the battery is fully charged and checking battery terminals.

Monthly chores for gas and electric vehicles include greasing chassis and all parts that need lubrication (manufacturers' manuals list these); cleaning and lubricating with thin coat of grease the foot switch (plate attached to gas pedal); spot checking battery's condition with an hydrometer and washing the top of the battery.

Gas cars require the additional work of changing the oil after 40 to 50 hours of use. This is necessary only with the four-cycle cars since two-cycle cars' oil is mixed with the gas. Changing points and spark plugs, adjusting the carburetor and checking the ignition system are also required. How often this is done depends on how much the car is used. For optimum use, cars (gas or electric) should be rotated so that each one is used approximately the same number of hours. □