

Back of the Cup

A NEWSLETTER CONCERNING THE BUSINESS OF GOLF

Junior Golf – An urgent message...

Melbourne, we have a problem! In a geographical tweak on the now famous words uttered by Apollo 13 astronauts John Swigart and James Lovell during their 1970 mission to the moon, and with respect to where golf's two most influential administration bodies are headquartered in this country, the phrase above is now rather apt when describing the current reality regarding junior golf participation in Australia.

Participation Rate

The true measure of golf's relevance to the wider society is participation measured as a percentage of the population. Seen as a 'share' of sport or recreation, the theory is that as population grows, and assuming share (relevance) is maintained, then so too will the number of people playing the game grow. Unfortunately theory does not always play out in reality and there is a negative trend currently being seen in this measure with regard to golf. Since the early part of this millennium golf participation has fallen from 8.2% of the population over 15 years of age to now be 6.4%. As the national population has grown by around 1.5% each year, this 1.8% fall in the participation rate equates to 350,000 less people playing golf, with more than 138,000 of these people likely to have been club members.

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But if we were to remove the impact of population growth and look at absolute participation numbers only, the positive take on current participation numbers is that at least they are not falling. As outlined in the last BOTC, the 2009 ASC report estimated current numbers to be just over 1.1 million golfers, a number 4% higher than the past 4 year average.

The concern though, if you look more closely, is what trends are materialising within junior golfing numbers. We finished off the last newsletter with a summary of golfers by age as published by the ASC in its 2009 report and it is repeated again for reference below.

Age	% Participation rate of population	2009	2009 %	% difference to 4 year average
15-24 years	2.3	67,000	6%	-19%
25-34 years	4.5	135,600	12%	-4%
35-44 years	6.3	194,800	18%	-2%
45-54 years	7.4	221,900	20%	+4%
55-64 years	10.1	247,900	22%	+6%
65+ years	8.7	236,000	21%	+11%
Total	6.4	1,103,000	100%	+3%

Source: ASC

Where have all the young people gone?

The above table begs this question 'where have all the young people gone?' It reveals that in 2009 there were just over 200,000 golfers aged between 15 and 34, accounting for 18% of the total market with a national participation rate of 3.8%. Compare this to 2006, when it was estimated that there were approximately 275,000 golfers aged 15 to 34, when this market accounted for 24% of total golf participants with a national participation rate of 4.9%. In this three year period alone, the size of the 15 to 34 year market has fallen by some 70,000 people, a decline of 24%, with the trend being a negative one every year since 2002.

The wider perception of golf is that many see it as an "old person's game" (show me a retirement ad that doesn't feature a golf course.) The numbers actually prove that to a large extent this is very true as over 40% of golf participants are aged over 55 years of age, (39% of men and 50% of women) and with higher average playing frequencies this age bracket accounts for well over 50% of all rounds played.

With that being the case, and with more than 80% of the market being aged 35 years or older, perhaps we shouldn't be concerned with this other 20% of the market? Some might suggest that given the overall absolute number hasn't changed much, with a 1.1 million average, then we are doing ok and there isn't anything to really worry about.

But they'd be wrong. What such a view would show is that there is no understanding of the importance of junior golfers to the long term health of this golf industry, and that junior golf is not just a politically correct requirement in this modern world. It is actually an absolute necessity should anyone be hoping that participation numbers remain in excess of a million people in the years to come. Why?

The driving reality is that research has shown that the younger one learns to play the game the greater the chance of developing better golf skills, this in turn driving interest in the game (higher frequency) as well spending on the game. Once exposed, the game is generally less intimidating, the rules make greater sense, and it generally increases the likelihood of a return to the game if the family development years (25 to 44) have necessitated a break or reduced playing frequency.

As further proof to the importance of junior development, some results from a major golf consumer study in 2005 are referenced. In surveying over 13,000 golfers from across the country, it was found that of those then aged over 45 years (more than half of the survey respondents) more 30% of them began playing golf at sub 25 years of age with near half of them starting at younger than 16 years of age. Of those then over 55 years, just over one quarter said they began playing golf at sub 25 years with 10% starting at sub 16 years. Importantly it also found that only 13% of those surveyed had started playing when aged more than 45 years, with only 4% beginning when aged over 55 years.

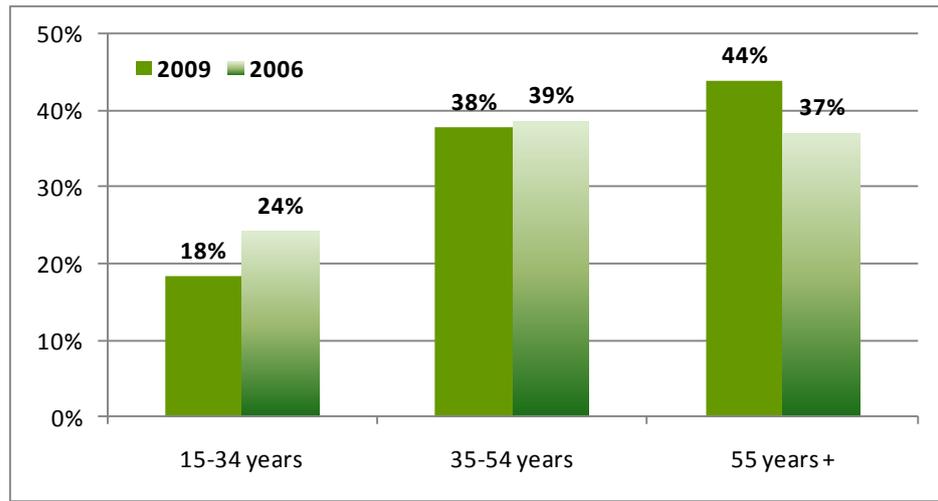
How low might current numbers then be if the older age groups weren't benefitting from the flow through of earlier life exposure to golf? These findings provide statistical proof of the importance of juniors and that a strategy that solely relies on take-up of the game at an older age would be very flawed. The current trends in junior demand should therefore be a concern to all of those who have an interest in the industry.

Where is the problem?

The graphs below illustrate where the movement has been within the age makeup of Australia's golfers since 2006. The first graph shows that the 15-34 year segment has shrunk by some 6% points to 18%, with all of this share largely picked up by a 7% increase in the 55 year plus category.

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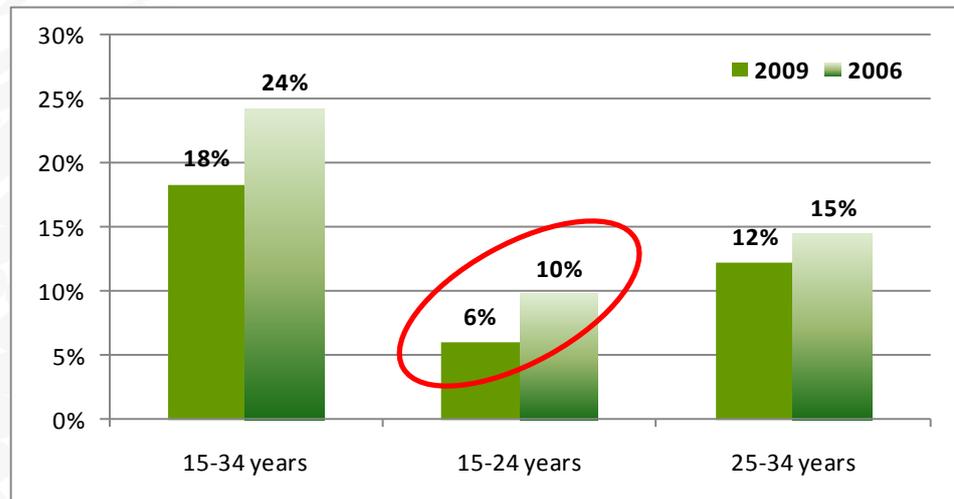
"...it generally increases the likelihood of a return to the game if the family development years (25 to 44) have necessitated a break or reduced playing frequency..."



Source: ASC, JBAS

“...when the current lower numbers start feeding their way through the system the challenge to then grow future demand will be even harder ...”

The graph below splits the 15-34 year age category in two, and shows which part of the 15-34 segment has experienced the decline. As circled below, it is the 15-24 year segment that is responsible for more than half of the decline, falling from 10% to now account for just 6% of the total playing mix.



Source: ASC, JBAS

In summary, the current participation numbers, particularly those in the higher age brackets, have had the benefit of stronger junior numbers in past times flowing through the system to accentuate current demand. However when the current lower numbers start feeding their way through the system the challenge to then grow future demand will be even harder as there will be fewer people able to return to a game they already know. This is a much easier step to make than one that is to a game they don't know.

Is anything being done?



In mid 2007 the Australian Junior Golf Advisory Board (AJGAB) was formed to tackle the junior golf challenge. A collaborative vision was developed by the then 24 stakeholders in junior golf (now only 19) with genuine goals and implementation plans set out.

Twenty nine strategies spawning 101 actions and 20 key performance measures were outlined in this document, setting a solid platform to manage junior golf.

Perhaps evidence that theory is easier to write and how golf administration politics can impact seemingly good plans, the AJGAB no longer exists but golf's new national junior platform, apparently agreed on by all key stakeholders is shortly to be released. Using the ASC numbers as a measure of the current state of play, it is very very timely and lets hope achievements are quickly made.

Data collection – let's get serious

If the industry generally and this new initiative is truly serious about its junior golf focus, then one immediate area in which improvement can be made is better data collection. So as one starts down the path of trying to improve the current junior participation reality, the first key requirement should be knowing what the starting line looks like in terms of total numbers. Right now, save for the ASC estimates, no one actually knows.

Somewhat ironically, despite golf being a numbers game, it has never been great at tracking its own statistics. Multiple layers of administration certainly hasn't helped but given the electronic age we are in, with member management systems now common place, and with the Golfink handicapping system covering near 90% of the total club playing base, the industry really should know a lot more about itself with regard to membership numbers - and know this a lot sooner than it finally does find it out.

Case in point - despite 2009 finishing some eight months ago there is still no national picture of what happened with membership, let alone juniors in that year. GA's new strategic plan for 2010 to 2014 states that it wants to grow membership numbers back to 450,000 as one of its participation goals. That's great but unless there is timely data available that measures whether this goal is being achieved, then it really is, literally, a waste of time. Those in business now that if data is not timely, then the opportunity it provides you to adjust strategy and impact future results will be severely diminished, even moreso if there isn't any time to waste.

Such measurement then also ensures that the people/administration bodies in charge can be accountable for what they can/will achieve versus what they actually do achieve. If there is no measurement then there can't be any accountability and this isn't good if you want results.

Junior Benchmarks for Clubs

Historically only the NSWGA and Women's Golf Victoria (WGV) have publicly reported detailed junior numbers separate from adult numbers. Here's what the junior numbers for these bodies showed in 2009.

WGV – reported just over 25,000 total members at the end of 2009, with 1.7% of these or 430 being juniors. The Junior mix is slightly higher at 1.9% of total members in regional areas. Since 2005 Junior numbers have fallen by 28%, 3.5 times greater than the 8% fall recorded in total adult female numbers over the same period.

NSWGA – reported just over 133,000 male golfers at the end of 2009, with 6% or near 8,100 being junior males. Juniors account for 5% of total members in metropolitan areas and 7% in regional areas. Since 2005 Junior numbers have fallen by 16% across the state, falling by 10% in the metropolitan area and 19% in regional areas. Total male numbers fell by 7% across the state.

In trying to develop a state then national club picture for Junior numbers, let's pretend for a moment that the WGV percentages would be similar to those of the former Women's Golf NSW (WGNSW). If so, the resulting estimated junior mix of total membership at a state level in NSW would be 6.3% in regional areas and 4.8% in metropolitan areas, with a state average of 5.7%. In terms of declines experienced, it would approximate a 16%

“...The timely measurement and comparison of targets to results provides the ultimate proof of the success or otherwise of efforts expended...”

fall since 2005, twice the adult membership decline of 8%. 95% of juniors would be male.

Apply this to the estimated national member count of 426,900 for 2009 (based on known results for the eastern seaboard states which experienced a combined 2.2% fall in membership) and we end up with a national estimate of just under 24,200 junior club members, approximately 4,400 less club junior members than there likely were in 2005. So is this the start line? Lets hope that those wanting to be responsible for Junior golf quickly work it out.

How can this be fixed and what can you do to help?

- Measure yourself against these estimated national benchmarks. Can you do more?
- All clubs should start reporting junior male and female numbers separately to adult membership numbers. Until you track it you can't improve it.
- If you are ahead of national benchmarks perhaps you should be rewarded for doing your bit to grow participation?
- Are all your Juniors active? Communicate with them and their parents.
- The junior foundations in each state should be supported by all clubs. If you can't do your bit, then let them nurture junior development.
- Do you have a constitutional restriction around junior numbers? Increase it if possible.
- Revisit your definition of a Junior – it should now include those up to 24 years as a minimum.
- Should a national definition of "Junior" be adopted?
- Measure your Junior attrition rate – is it higher than the adult attrition rate? Why might this be?
- Can you better stage fee increases for younger members? – large jumps will be hard to justify. Value is all relative and this will be just one of the costs they'll be bearing.
- As adult members seek more flexibility in their memberships, what flexibility can be offered to younger members?
- What is your pro doing with schools? Do they have KPI's in this area?
- Can old clubs owned by members be pooled and donated?

The reported ASC numbers and current trends in junior golf aren't pretty. If there is reduced introduction to golf at a junior age, then total future participation numbers will certainly fall. Early life exposure to the game is an exposure that is vital to the game's long term health and this is everyone's responsibility

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About Golf Business Advisory Services (GBAS)



Jeff Blunden
Managing Director of GBAS

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