The State of the Game
2008

The golf business is basically flat and continues to move sideways as it has for the past several years. With existing economic conditions, there is little upside to rounds or facilities, but there is potential for downside.

Golf at private facilities is on sale, but it is a zero sum game, because gains are offset by losses of competitors. Ten to twenty percent of clubs across the country are at risk. These facilities may not close, but will convert to some type of public status.

Affordability is the main reason that people leave. Ten to fifteen percent of members are at risk of dropping out. The good news is that there exists a qualified non-member for each member leaving if the cost was right.

Golfers are doing the math. Total spent divided by rounds played. Take your dues and divide it by the rounds you played at your own club. People are spending from $100 to $500 per round at their home course! Add to that cart or caddie fees and restaurant minimums and you see why affordability is such an issue.

Beyond a doubt the restaurant is a major drain. What part of a member's dues go to support the clubhouse food and beverage? Some club boards are slow to act in realizing that the old model no longer works. Others boards have taken steps to improve the situation and are succeeding. Beyond a doubt the facilities that succeed do not own or operate a "full service" restaurant. There is a very prominent golf club (not in Connecticut) that has a budget of seventeen (17) million dollars per year! That facility loses one million dollars per year in their restaurant. That is an extreme case, but shows the state of the industry. There are too many other choices for quality dinners at less cost. The old model where beverage was used to offset the food losses no longer works.

Look at the current proposed bale-out of the auto industry. This is the same as a golf club just raising dues with the hope that the problem will go away. As an alternative to this easy way-out, a well respected club in Connecticut has placed a freeze on all non-essential capital spending. Their 2009 budget is prepared with no increase and in balance with the sum of dues, food minimum and capital charges. These are probably very good tenets for all clubs to follow. What a novel idea, cut spending instead of asking for more money!

Clubs in CT that have recently leased out their facilities to caterers are beginning to realize the fruits of this major decision. Other clubs are looking at closing the restaurant from November 1 to the start of the season and then have the facility run by caterers or restaurateurs'. Players want a beverage and a sandwich and not much more.

Ninety percent of clubs across the country are discounting initiation fees. People still like private clubs for the privilege and convenience, but high-quality golf is the driving factor, far above social aspects or other amenities. Sixty-two percent of golfers that join a private club for the first time are between 30 and 49 years of age.

Other clubs are discounting dues for new members for the first two years by forty (40%) percent. Also, they are going hybrid, that is public during the week or in non-peak seasons or other ways to get the number of rounds up.

Another area of improvement, where some boards are slow to react, is membership caps. Why have a cap of 300 members if you only have 15,000 rounds per year? The club is under utilized. Add more members to get the rounds to 25,000 or 30,000 per year. Naturally this does not apply to clubs that are well utilized or have a membership that prefers to pay the necessary amount of dues to keep the utilization low.

Reciprocity is also used by like clubs in an area. This raises utilization of the course, lunch business, carts and golf shop sales. It provides the member with another high-quality golf experience. Almost all clubs are adding programs to either increase utilization or attract members.

NOTE: The above statistical information is supplied by the National Golf Foundation.