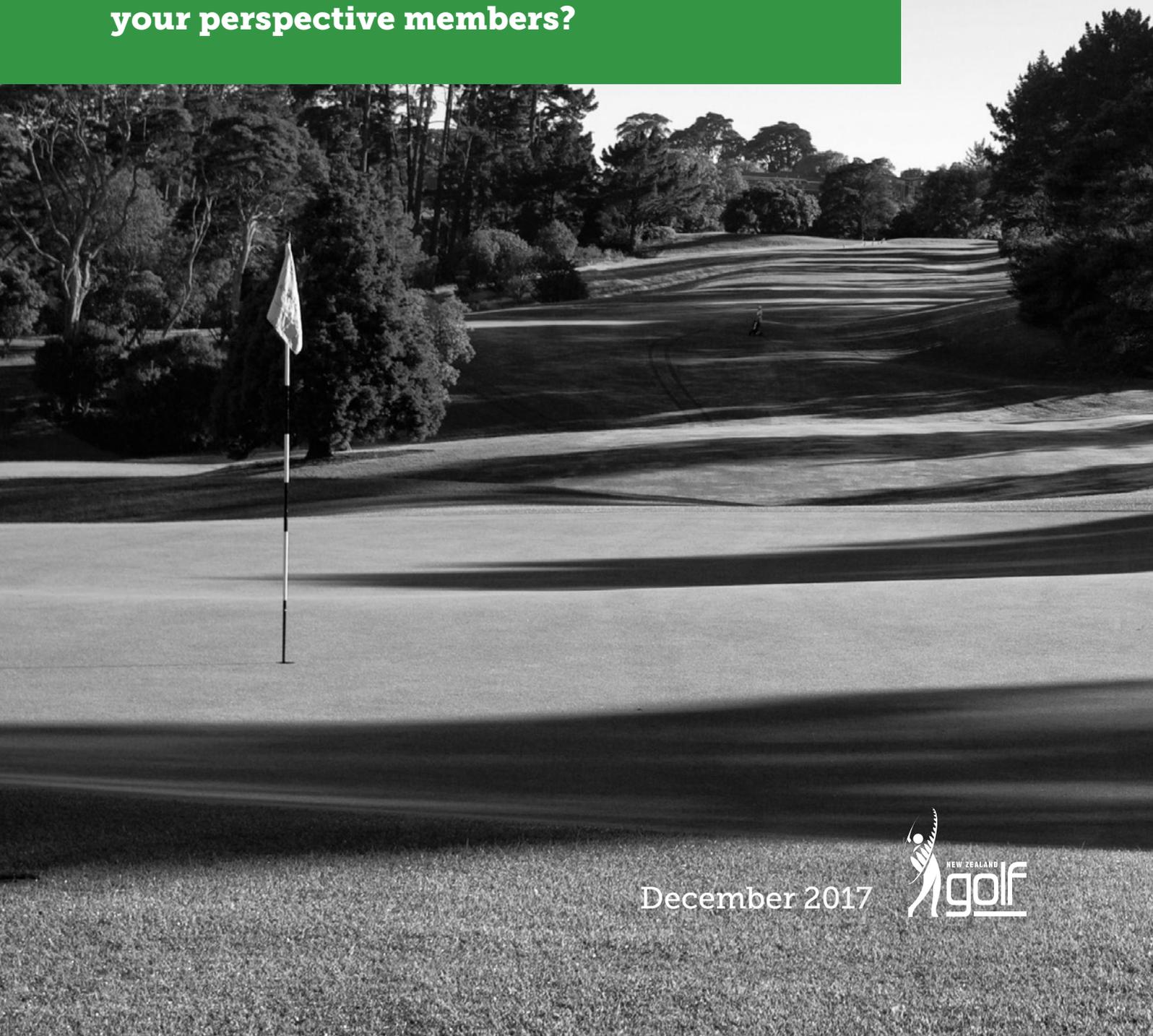


# Case Study

**Is golf club membership working for  
your perspective members?**



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## Introduction

To golf clubs a growing membership is the holy grail of financial health, however at best, most clubs have stagnant membership and at worst are severely declining. These

golf clubs would agree that they are trying to get people under the age of 50 into the club as members, but are they offering what these potential members want?

### Is golf club membership working for your perspective members?

As we come into the summer time with the explosion of corporate and family golfing outings, golf clubs across the country are seeing golfers on their courses that they may have not seen since last summer. They may see them a few more times before they put the clubs away for another year. Golf clubs usually ask themselves why aren't these casual golfers becoming a member of our club? Have these clubs dug into the issues and reasons why these golfers aren't becoming members, and if they have, have they changed the club's offerings or culture to attract these golfers to become members?

A 2004 study into the Victorian golfing landscape showed that most of the casual golfers who weren't members stated the main reason was expense. The second reason was the inflexibility of payment options, the wrong social fit, and an over regulated environment. A quarter of female respondents cited lack of female orientation as the reason for not being a current member. We all know that the tradition of golf as being a male dominated weekend endeavour has changed, however the perception of that is still there. Many clubs still have segregated tee times on weekends, and very little junior time as well. With the change in family dynamics with men spending more time within the family unit, are golf clubs accommodating this change? How many golf clubs have truly open tee times where people can play with who they want?

When it comes to the perceived value a measurement called member yield can be used. It can be found by taking the annual membership fee paid divided by the annual rounds played by that member. This is the average cost per game. The more frequently the member plays the lower the member yield is and therefore a better 'value' the annual fee becomes. It isn't possible for all members to have the same member yield but it would be useful for the club to know the range of the yield of its members. The Victorian study showed that the yield for members aged between 25 and 44 was above the club average, therefore these members were subsidising the other age groups play. This is the age group that most clubs have said that they are trying to get into their clubs but it is this age group that sees the current club membership option as not value for money. If there is no perceived value then, as clubs are finding out, this age group will not join a club and stick with the green fee option. Golf clubs can also look at the annual yield compared to their green fee offerings. If the green fees are priced low enough then membership, as measured by the yield figure, will be less attractive compared to paying green fees. The figure where members seem happy with their yield figure compared to green fees is 25% discount over the green fees. With many clubs getting caught in a race to the bottom by lowering green fees, members and potential members may not be seeing they value for money in membership.

Currently most golf clubs are offering an "All In" membership model. All the benefits for this model rest with the golf club. The club has certainty of income, one annual subscription period, and that the income can earn interest for the club. The weaknesses of this membership model include offering no flexibility for the member as well as no consideration of the consumers cash flow situation. The annual cost of membership also may deter potential members, or make current members, question if there is value for money. There are some other models that can be used within a club structure. These to have their positives and negatives. A frequent playing card option could be employed. The idea behind this is a

player purchases a set number of rounds in a bulk package. The advantages of this system start swinging towards the consumer. They can play golf at the time of their choosing as well as getting better value for money, because of the bulk purchase. It also allows the consumer to buy the amount of golf they want to play. The negatives of this system start swinging against the club. There is very little ability to manage the yield of members and there is a definite need to make regular sales. The pricing of buying a bulk package must be significant over purchasing a single round or there is no appeal of the frequent playing card. Each club has unique challenges and they need to work out a membership structure that best fits their needs. Golf clubs can put golf demand into space where supply is available. By offering alternative pricing points to move demand into the unused times. The airline and hotel industry do this very effectively. For golf clubs to do this they need to know their current playing frequencies. For example, there are times at golf clubs which are always full which potential new members would pay a premium for, while it could give the club an opportunity to package a frequent playing card around the off-peak times with a certain number of rounds guaranteed in a particular time slot.

A novel approach to membership was introduced by Strathfield Golf Club in Sydney in the early 2000's. They had 900 members but were losing around 60 members per year. Membership drives had been used in the past with varying success, but the uncertainty of stable income made it hard to plan or give any feeling of financial stability. They had identified inflexibility of the membership structure as a major problem. The new plan was to link the membership with the frequency of play. At the beginning of the year each member was given a card with a certain amount of green fee points. These points varied according to the likely play selected by the member. These points were then deducted each time a member played according to the following breakdown. Mondays, Tuesdays, Thursdays, and Fridays cost 10 points per round. Wednesdays and Sundays cost 20 points per round. Saturdays cost 30 points per round. They then offered 5 membership categories that included unlimited play, a 3300 point level, 2000 point level, 1000 point level, and a 300 point level. 9 holes rates were worked out as half the points for a full round of golf. They decided that unused points were to be forfeited at the end of the year, however in the last quarter points could be used to invite visitors to play in either competitions or social golf.

The immediate outcome of this change was that most members downgraded their membership and the club had expected a fall in income for the first year. 70 non-members reactivated their memberships and there was a move away from the high traffic Saturday to more mid-week play which had the effect of eliminating the Saturday slow play problem. Even though there was a fall in income the club kept members at the club instead of them cancelling the membership. With the extra players at the club it would be expected that extra income would then occur through the café and pro shop.

## Moving Forward

The majority of golfers in New Zealand are not members of a club and getting these golfers to join golf clubs will make many clubs financially sustainable. The previous example may not work for all golf clubs, but it shows that thinking about what potential members want, rather than pushing them into a membership that doesn't work for them, will result club membership being

more attractive than it currently is. It will also have the benefit of current members staying within the club, maybe at a different level but they are still engaged with the club. If your club needs to look at its membership offerings get in touch with your Regional Support Manager to talk with them over options that would best fit your club's needs.