

2020

New Member Demand in Australian Golf Clubs

The Impact of Covid-19

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Introduction

Our August 2020 report detailed the boom in golf rounds occurring across Australia as a result of a number of societal changes caused by the Covid-19 pandemic. It is generally acknowledged that the industry's recent fortunes have been driven by less competition for golf that would normally have been seen from other elements in society - be they former work structures (more office based), other sports (particularly winter football), travel opportunities, and other recreational opportunities.

Rounds growth continues unabated. Our YTD October rounds data (ex-Victoria) now shows rounds as being 8% up on 2019 and 22% over the months May to October. For this latter period, Male and Female rounds demand is up by 22% and 20% respectively, metropolitan demand is up by 27%, regional demand is up by 18% and demand in the 20-49 age cohort is up by 33%.

Chart 1: Monthly Rounds Demand 2020 v 2019





*Most recent
Golf Australia reports*

Whilst rounds played are an indicator of activity at a facility and are one of the pointers to the value being received from membership, for most golf clubs/facilities in Australia, it is membership sales and subscription revenues that are the most important measure, having the largest impact on the profit and loss statement.

Golf Australia is thus pleased to provide this follow up report, detailing the insights found regarding membership trends over the 2020 year and the Covid-19 period. As detailed in this report, the opportunity available to the industry is a significant one. With the industry to undoubtedly face increased competition from other less Covid-19 friendly sports in 2021, it will however

take an industry wide effort to fully capitalise on the opportunity available. Golf Australia, the PGA, the state golf associations and each facility all have a role to play, with the extent to which we benefit to be determined by the sum of all of the actions undertaken.

It stands to reason that with increased knowledge about club participants, better plans can be constructed, including a focus on marketing and member retention initiatives. From this, better facility results can then be generated and overall club health can be improved, with these results all driving improved industry health.

It is Golf Australia's intent that clubs/facilities will be able to use this report to drive this outcome.

Background

For the purposes of this report, new member demand is defined as the creation of a new GOLFLink record that has no playing history attached to it. GA understands that there will be cases of new members joining a club that will not have a GolfLink number initially created for them. It also understands that there may be returning golfers who do have some long-term history (thus excluded from the counting methodology) but are effectively 'new' to the game as they have not been included in recent membership counts. Equally, not all members will be participating in competition golf - the metric used to determine engagement. Whilst exact numbers are provided in this report, the numbers are provided to frame the background and to identify the scale of the opportunity available to the industry.

YTD 2020 Results

Examining the GOLFLink database, there has been near 41,000 new GOLFLink records created in the 10 months to the end of October 2020. For comparison purposes, in 2019 approximately 19,000 new records were created over the same 10-month period, a growth rate of 126%.

Results by state and regional are summarised in Table 1.

Table 1: Number of New Members, YTD October, in State and Region cohorts

State	Location	YTD Oct 2019	YTD Oct 2020	Growth 2020 v 2019	
		# New Members	# New Members	# NewMembers Increase	% # New Members Increase
NSW	Metro	2,436	4,731	2,295	94%
	Regional	4,587	10,551	5,964	130%
	Total	7,023	15,282	8,259	118%
NT	Metro	14	55	41	293%
	Regional	115	298	183	159%
	Total	129	353	224	174%
QLD	Metro	520	1,474	954	183%
	Regional	3,258	6,293	3,035	93%
	Total	3,778	7,767	3,989	106%
SA	Metro	487	1,057	570	117%
	Regional	497	1,461	964	194%
	Total	984	2,518	1,534	156%
TAS	Metro	-	-	-	0%
	Regional	472	1,141	669	142%
	Total	472	1,141	669	142%
VIC	Metro	1,270	2,369	1,099	87%
	Regional	3,740	10,035	6,295	168%
	Total	5,010	12,404	7,394	148%
WA	Metro	540	1,364	824	153%
	Regional	1,028	2,111	1,083	105%
	Total	1,568	3,475	1,907	122%
	Metro	5,267	11,050	5,783	110%
	Regional	13,697	31,890	18,193	133%
Total	Total	18,964	42,940	23,976	126%

Year End Forecast

Should new member pace be maintained, it is forecast that new member demand could reach approximately 51,500 members for the year, a potential 120% increase over the total comparable new member count of 2019. Regional markets are to be the biggest beneficiary, with forecast potential growth of 128% for the year.

Should this forecast new demand materialise in the remaining months of 2020, and should annual club member attrition rates be no higher than that experienced in recent years, the year of 2020 could potentially see overall club membership demand grow by more than 5%. This would be the largest one-year increase recorded since 1989 when club membership numbers grew by 4.8%.

Sub Segment Insights

Club Type - Traditional

New Club member demand is evident in both traditional clubs/facilities and in non-course based social clubs.

The YTD outcomes achieved by the traditional segment are well in advance of same period 2019 results, growing by 120%. Should growth continue at the same average monthly pace over the next two months, annual growth in new member demand is forecast to grow by 114% over 2019.

Club Type - Social

In recent years, growth in social club member numbers have played a large role in the overall outcomes achieved in membership demand. The YTD outcomes achieved by this segment are still well in advance of YTD 2019 results, growing by 194%. The Social club segment is on track to record its largest one-year increase, with growth to reach 175% for the year over 2019.

Table 2: New Member Demand by Club Type

Total New	% Growth over 2019				
	YTD Oct 2019	YTD Oct 2020	2020 Forecast	YTD	Forecast
Traditional	17,303	38,049	45,659	120%	114%
Social	1,661	4,891	5,869	194%	175%
Total	18,964	42,940	51,528	126%	120%

Total New % Mix			
Traditional	91%	89%	89%
Social	9%	11%	11%

Note: Forecasts are based on proportional addition of new members for the months November and December.

Table 3: New Member Demand by Gender

Total New	% Growth over 2019				
	YTD Oct 2019	YTD Oct 2020	2020 Forecast	YTD	Forecast
Female	3,307	5,265	6,318	59%	57%
Male	15,657	37,675	45,210	141%	133%
Total	18,964	42,940	51,528	126%	120%

Total New % Mix			
Female	17%	12%	12%
Male	83%	88%	88%

Note: Forecasts are based on proportional addition of new members for the months November and December.

Gender

Analysis of GOLFLink data indicates that new member demand in 2020 has been greater within the male cohort, growing by 141% over YTD 2019 results, double the female growth of 59%. It is clear that the appeal of club membership has been greater for males than females over the pandemic period.

As a result, the new member demand mix is one that is more skewed to male golfers, reflecting 88% of new demand versus 83% of new demand in 2019.

With different demand patterns evident by gender, there are also different trends within each when assessed by age cohort.

Female Demand by Age

Chart 2 summarises the monthly outcomes achieved within female demand, split into three age cohorts. The majority of female growth (56%) has come from the 50-89 category, with the 30-49 category accounting for 26% of YTD growth. With the 50-89 category accounting for 91% of total female demand, it is apparent that new females to golf clubs/facilities have been largely drawn from its traditional base.

Whilst fewer in absolute number, the above historical share/growth achieved in the 30-49 cohort (12% of demand, 26% of growth) needs highlighting, with such growth being important to help increase the appeal of golf and golf club membership to younger females.

Male Demand by Age

Chart 3 summarises the monthly outcomes achieved within male demand, also split into three main age cohorts. Opposite to female outcomes, the majority of male growth (75%) has come from the <30 and 30-49 categories (39% and 35% respectively), with the 50-89 category accounting for 25% of YTD growth.

With the <30 and 30-49 categories accounting for 33% of total male demand, it is apparent that new males to golf clubs/facilities have been largely drawn from a cohort that have historically had less formal engagement. The above historical share/growth achieved also needs highlighting as it too is important to help increase the appeal of golf club membership to younger males.

The YTD new demand mix by gender compared to 2019 is illustrated in Chart 4.

Chart 2: New Female Growth by Age Cohort

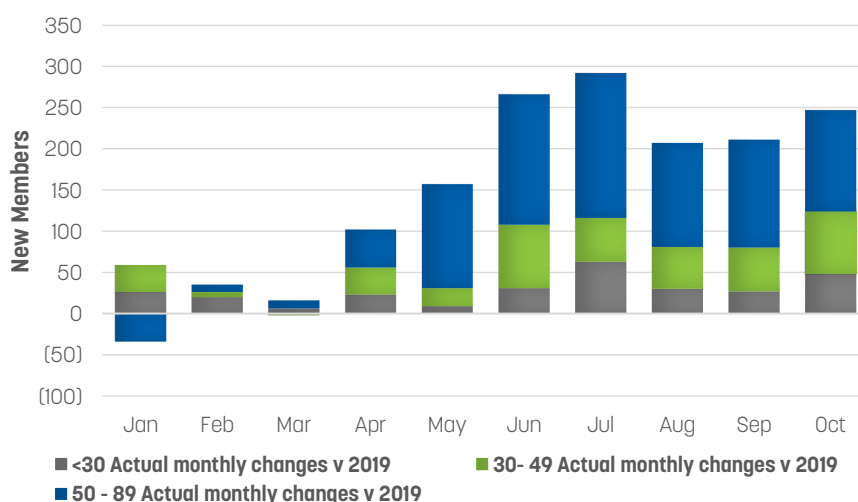


Chart 3: New Male Growth by Age Cohort

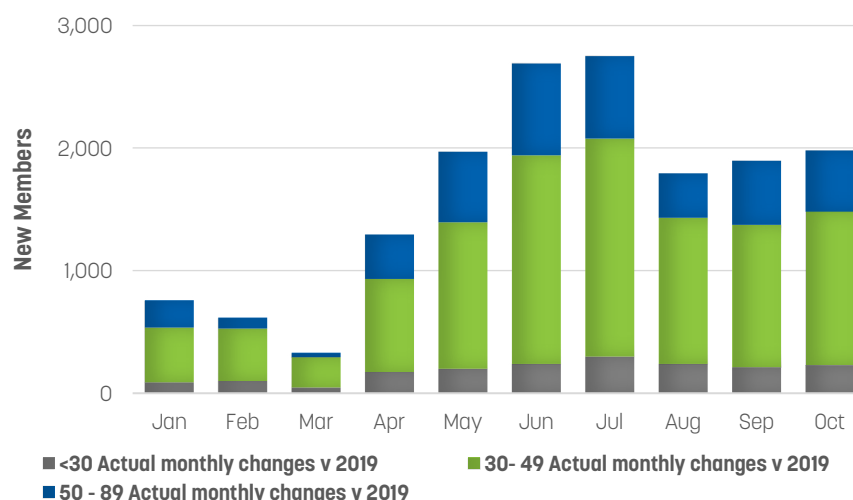
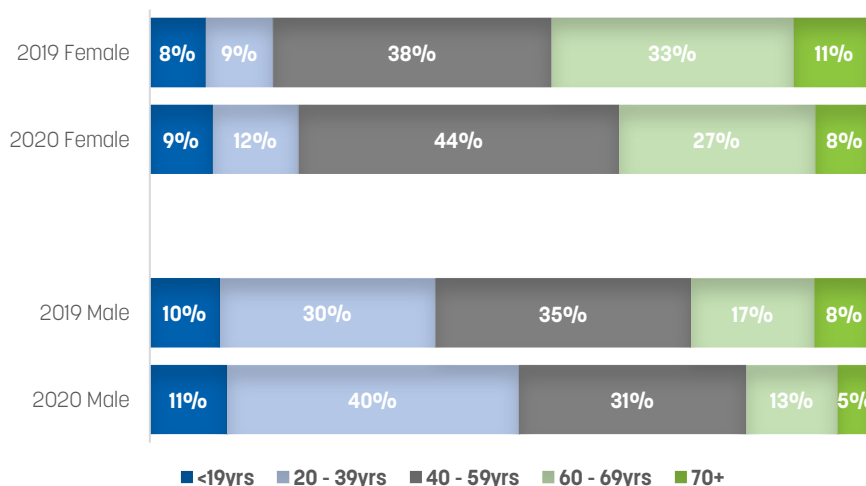


Chart 4: 2020 New Demand Age Mix



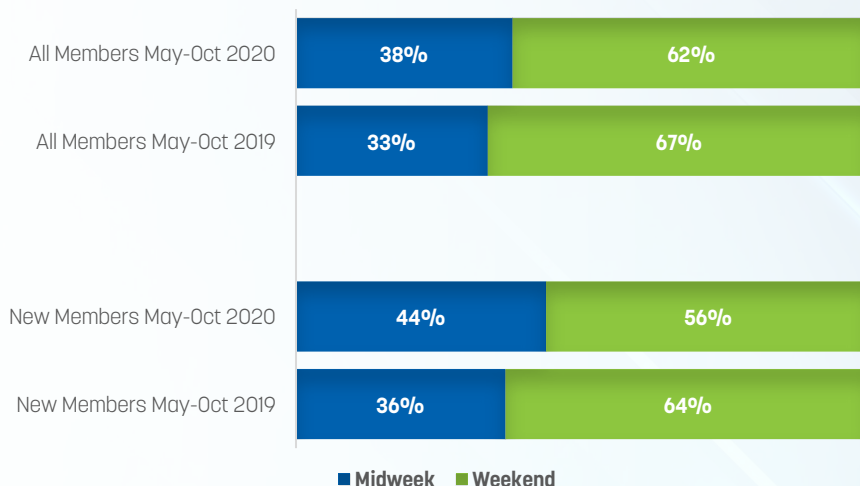
New Member Behaviours During Covid-19

Day of Play

With new member behaviour typically determined by the availability of competition days (and the typical fixed nature of these days not changing year to year) behaviour in terms of day of play mix is largely unchanged.

There are, however, some differences evident in the behaviour of new members in the 30-49 age cohort in 2020 vs new members of the same age cohort in 2019. Over the period May to October 2020, more 30-49 new member play is occurring mid-week, accounting for 44% of rounds played, compared to 36% of play over the same period in 2019. This adjustment in play, also reflected in all member demand, is perhaps evidence of the increased work from home opportunities and how such change can be of benefit to on-going weekly golf demand patterns.

Chart 5: Participation timing



Frequency of Play

Traditional Clubs/facilities

With new membership demand spiking through to YTD October, there has however been less comparable demand recorded through competition rounds over this period from these new members. As a result of decreased rounds, the YTD rounds frequency measured from January to October for new members is well below 2019, being 5.2 rounds vs 15.9 in 2019. Given this low frequency, facilities should seek to increase frequency from these members in the coming months as course access allows.

Social Clubs/facilities

A similar pattern is also evident within new social club demand. GOLFLink data indicates that whilst pandemic course availability and course access restrictions have had an impact on rounds played by new social club members, these restrictions have not had an equal impact on new membership demand. Whilst new member demand month on month has remained in advance of 2019 demand, fewer rounds have been played by new social club members through to October 2020.

Given this low frequency facilities should seek to increase frequency from these members in the coming months as course access allows.

Table 4: YTD Traditional Club Rounds Frequency (Jan to Oct)

Traditional Clubs	YTD 2019	YTD 2020	Difference	% Difference
New Members	17,220	38,141	20,921	121%
New Member Rounds	273,638	196,780	(76,858)	-28%
New Members Av. Frequency	15.9	5.2		

Table 5: YTD Social Club Rounds Frequency (Jan to Oct)

Social Clubs	YTD 2019	YTD 2020	Difference	% Difference
New Members	1,648	4,854	3,206	195%
New Member Rounds	7,372	3,285	(4,087)	-55%
New Members Av. Frequency	4.5	0.7		

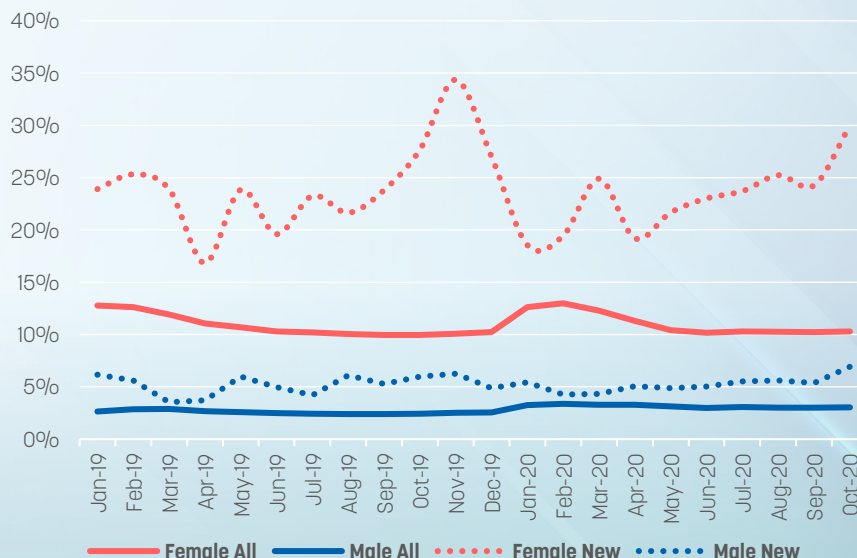
Note: Av. frequency as measured above is impacted by timing of creation of the new member record and timing of initial event play.

Type of Play (9 v 18 holes)

Since 2019, the volume of 9-hole rounds played has represented approximately 11% of female rounds and 3% of male rounds. Female 9-hole rounds illustrate a slight increase in the summer months, reaching 13% at those times.

The patterns evident in new female member play by length of round indicates a far higher proportion of 9-hole rounds being played, averaging over 20% for the past 22 months (24% 2019, 23% 2020). New male member 9-hole rounds are slightly in advance of the existing member mix, reflecting an average 1% increase from 3% to 4% of male rounds played.

Chart 6: % 9 Hole Rounds Played



Conclusions

The industry is certainly enjoying a boom in new member demand. Increased demand is particularly evident in age cohorts that are key to the industry's long-term health. Such levels of new demand create a significant opportunity for both the industry and for clubs/facilities to grow their membership base, thus heightening the opportunity for improved long term health.

Given the annual renewal structure present in golf's operating model, the recent demand boom is not one that can be considered permanent. Framing the immediacy of the challenge ahead for the industry, almost all membership renewal periods for the industry begin to occur

from December 2020 through to June 2021.

During this time, other national sporting organisations will undoubtedly be making increased efforts to regenerate participation in their respective sports, particularly football, netball and soccer. There will thus be increased 'time' competition from these sports and other leisure activities which will again be permitted as well as increased normalcy in society – no travel restrictions and group gatherings being possible as two examples.

If long term benefits are to indeed flow, real focus needs to be given to initiatives concerning member

retention and attrition. In doing so, understanding the type of golf desired and how a club offer can continue to fit into the lives of both the new and existing members will become paramount to a facility's success.

In 'normal' times, a projected net 5% increase in national membership numbers is an outcome that would have likely been out of reach to the industry. With this demand however now known to us and on our courses, the industry has been provided with a genuine opportunity to solidify this demand and to enable the generation of materially improved outcomes for facilities to enjoy.



This report has been prepared for Golf Australia by Golf Business Advisory Services (GBAS).

For more information on GBAS, please visit www.golfbas.com



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