

How are You Doing Compared to Your Southern Friends? Stunning Insights from the NGCOA Canada and Golf Convergence's Canadian Benchmarking Survey

What's Up Doc?

In March and April, the NGCOA Canada, in conjunction with Golf Convergence, reached out to the Canadian golf industry in an effort to gauge the pulse of the industry. According to data received from 325 golf course operators across the country, Canada's golf industry may be outperforming their counterparts in the United States.

14.1% of the nation's golf courses responded to the survey, providing a margin of error of 5.1%, translating to a confidence factor of 95%. The margin of error and level of confidence indicate that the results can be interpreted with legitimacy. The insights provided below and in the full report have the potential to greatly benefit golf course operators throughout the country.

Mirror, Mirror on the Wall

The financial performance of golf courses in Canada is impressive. There are many striking similarities and differences between the financial results of Canada vs. US golf courses as shown:

Surprised by the results? We are. Most would think that the southern climates of the United States would produce the best results. Perhaps it has something to do with the shorter daylight hours during the winter months and the constant peril of precipitation and afternoon thunderstorms our US neighbours deal with?

How Does Your Customer Database Compare To That Of Your US Counterparts?

The average Canadian golf course maintains only 1,886 email addresses. Their US counterparts average 3,484 email addresses.

Category	Canada	United States	Difference
9 - Hole	26%	27%	1%
18 - Hole	61%	63%	2%
27 - Hole	13%	9%	-4%
Slope Rating	127	125	-2
% of Population that Golfs	21.5%	8.9%	-12.6
Average Prime Time Green Fee, Exclusive of Resorts/Private Clubs	\$52.15	\$38.42	-13.73
Median Prime Time Green Fee, Exclusive of Resorts/Private Clubs	\$45.50	\$37.00	-9
Cart Fee	\$17.45	\$18.00	1
Median Rounds	22,500	22,000	-500
Gross Revenue	\$1,687,230	\$1,375,000	-312,230
Revenue Per Playable Day	9,425	5,350	-4075
Green Fee Revenue	\$954,921	\$547,500	-407,421
Playable Days	179	257	78
Food and Beverage Revenue	\$624,008	\$355,087	-268,921
Maintenance Salaries	\$288,735	\$272,784	-15,951
Maintenance Expenses	\$274,704	\$292,247	17,543
Water Expense: Free	68%	35%	-33
Acreage Maintained	118	100	-18
Hours Required to Maintain	12,280	18,500	6,220
Cost Per Acre	\$4,774	\$5,650	876
Full Time Employees	5	14 -9	

Canadian data was obtained from NGCOA Canada / Golf Convergence's recent Benchmarking Survey US data was obtained from the following sources:
Income statement information from PGA PerformanceTracker, 2012 Annual Operating Survey
Composition of US golf courses, slope rating, average green fee, median green fees from NGF Facility list
Percent of population from NGF Golfer Demand survey

Social Media: A Shot Gun Approach With Cautious Allocation

The recent survey discovered that while there is an emergence in social media with Canadian golf courses (see survey results below), as a whole they are behind leading US management companies who use pay-per-click advertising, realizing a 5x fold return on investment.

- 79% use Facebook
- 56% use Twitter
- 24% use LinkedIn
- 22% use YouTube

Oh Canada!

As you can see from the data, some significant variances in Canadian operations vs. US courses bode well for Canadian golf course operators.

Canada clearly has the advantage in:

- The percent of population that plays golf (21.5% to 8.9%)
- The number of golfers per 18 holes (2,478 to 1,775)
- Average green fee per round (\$52.15 to \$38.42)
- Food and beverage revenue (\$624,008 to \$355,087)
- The cost of water for 68% of Canada golf courses is zero.

The reality is that there is 40% less competition amongst Canadian golf courses than in the United States and water costs the average US course \$75,000 where in Canada 68% of courses pay nothing for this resource. Also, the seasonal nature of golf in Canada allows the typical Canadian golf course to retain only 5 vs. 14 full-time employees as in the United States. That alone is a financial benefit exceeding \$250,000.

A Sneak Peak Into the Final Report

Here are some of the highlights from the recent NGCOA Canada / Golf Convergence Benchmarking Survey:

- 59% green fees to total revenues
- 33% average % of maintenance expenses to total revenue
- 55% indicated that their rates have increased from 0-10% over the past 5 years
- 49% think that third party distributors have a negative impact on customer loyalty
- 51% think that third party distributors have a negative impact on profits
- 66% of courses using third party distributors prefer barter over the payment model

What Did Private Clubs Have To Say? How do they price their annual members and season passes:

- 46% use a comparison to last year's rate
- 25% base it on their best estimate of fair market value
- 11% base their pricing on the competitor's pricing
- 36% use an appropriate discount for prepayment
- 30% estimated number of rounds a golfer will play
- 82% their initiation fees were non-refundable

What's Keeping Canadian Operators Up At Night?

Respondents cited the following as their biggest concern for the 2013 season:

- 44% economic conditions
- 22% the competition
- 20% weather

Less than 5% of respondent felt marketing strategy, course conditioning, staff issues or service levels (all controllable factors) were contributing factors to their current financial performance.

The NGCOA Canada and Golf Convergence would like to take this opportunity to thank all the courses that took the time to fill out the recent Canadian Benchmarking Survey. The full report will be available mid-May and will be sent to all participating courses that provided their contact information at no charge. The report will be available to non-participating courses at a member and non-member fee. Please visit www.ngcoa.ca in mid-May to order your copy.

J. J. Keegan

JJ. is the author and Managing Principal of Golf Convergence and "The Business of Golf What Are You Thinking?" His forthcoming book, "The Business of Golf Why? How? What?" will help golf course operators measure the economic potential of their golf courses.