GOLF 20/20

VISION FOR THE FUTURE

INDUSTRY REPORT FOR 2003

Publication Date: June 8, 2004

The GOLF 20/20 Industry Report for 2003

TABLE OF CONTENTS

The GOLF 20/20 Industry Report for 2003

I. OVERVIEW

In 2002, GOLF 20/20, the World Golf Foundation's growth initiative, authored its first Industry Report, which reviewed the state of golf industry in the United States in 2001. It marked the first time that information had been gathered from a variety of sources and presented together in an effort to identify meaningful trends, opportunities and areas of concern, and to present the information in a manner that will help guide future growth efforts.

It followed an industry-wide effort to standardize indicators and definitions, in order to ensure consistency in the measurement of the game's growth and development. At the same time, new measurement instruments were implemented to ensure more accurate and relevant information. GOLF 20/20 is not an initiative to promote golf; it is an initiative to foster the game's growth, and growth cannot be measured without accurate, consistent information. Without honest information, we have no way of knowing whether we are successful or not, no way of knowing what is working and what is not.

The Report has accomplished its goal of providing insight into our efforts. It has revealed, for example, that golf is not losing participants, as some have written; in fact, as this year's report demonstrates, the number of people participating in the game of golf has never been higher than it is today.

At the same time, these reports have continued to emphasize that golfers are playing less, playing fewer rounds, and that has led GOLF 20/20 to look closely at the issue of frequency, and has led to the conclusion that time is the biggest barrier we face in successfully growing the game in the future. In truth, the decline in rounds played has basically tracked the state of the economy, and as the economy begins to improve the number of rounds played is starting to increase. But the lessons learned and the programs being implemented will be important components in our ongoing efforts to grow the game.

Recent reports have also revealed tremendous potential for growth in participation among women and minorities. This potential represents one of the primary areas of focus for GOLF 20/20 in 2004 and beyond.

II. SOURCES OF INFORMATION

GOLF 20/20 has relied on a variety of sources for the information contained within this report. The National Golf Foundation continues to be the leading resource for much of the information on participation and golf facility development, and the NGF has formed an alliance with all the major golf associations in support of the effort to accurately measure rounds. The following companies and organizations have contributed to this report:

ESPN Sports Poll
National Climatic Data Center
National Golf Course Owners Association
National Golf Foundation
United States Census
Nielsen Media Research
PGA of America
PGA TOUR
Sports Illustrated

III. COURSE DEVELOPMENT

The ongoing development of golf courses and its contribution to a perceived supply/demand imbalance has received a lot of attention in recent years. When rounds played do not increase but the number of golf facilities does, it puts greater pressure on course operators to maintain acceptable revenue levels.

The silver lining, of course, is that the consumer has benefited from having more affordable options. And, just as importantly, operators have been forced to market more aggressively and creatively, getting to know their customers better and becoming more involved in player development, which should provide positive long-term impact.

At the initial GOLF 20/20 conference in 2000, we stated our belief that the market would correct itself in time, and that seems to be happening; new courses are being planned and opened at a much slower rate, and the number of 18-hole equivalent courses opened in 2003 – 171 – is the lowest since 1987.

It is not GOLF 20/20's responsibility to influence or discourage the development of golf courses. But we do feel it is important to take a broad look at the issue in hopes that this information will contribute to appropriate levels of development and a more intelligent marketplace. This industry has got to build golf courses less expensively, and build them where they are needed.

A. TOTAL NUMBER OF 18-HOLE EQUIVALENT COURSES

The most effective way to measure the development of golf courses in the U.S. is to look at "18-hole equivalents," as opposed to just "courses," which may have only nine holes, or "facilities," which may have multiple courses. This ensures consistency. Below are numbers for regulation, short courses and total courses.

Regulation Courses

Date	Number of Courses	Percent Increase	Openings*
12/31/98	12,347.0	2.6%	304
12/31/99	12,690.0	2.8%	340
12/31/00	13,032.5	2.7%	365.5
12/31/01	13,288.0	2.0%	260
12/31/02	13,446.5	1.2%	199
12/31/03	13,551.5	0.8%	154
12/31/04**	13,682.0	1.0%	148

Short Courses (Executive and Par-3)

Date	Number of Courses	Percent Increase	Openings *
12/31/98	1,181.5	1.7%	23.5
12/31/99	1,216.5	3.0%	35.5
12/31/00	1,235.5	1.6%	33.0
12/31/01	1,261.5	2.1%	24.0
12/31/02	1,278.5	1.3%	21.0
12/31/03	1,275.5	-0.2%	17.0
12/31/04**	1,276.5	0.1%	8.5

Total Courses

Date	Number of Courses	Percent Increase	Openings*
12/31/98	13,528.5	2.5%	327.5
12/31/99	13,906.5	2.8%	375.5
12/31/00	14,268.5	2.6%	398.5
12/31/01	14,549.5	2.0%	284.0
12/31/02	14,725.5	1.2%	220.0
12/31/03	14,827.0	0.7%	171.0
12/31/04**	14,958.5	0.9%	156.5

* Excluding reconstructions
** Projected

Source: National Golf Foundation

Recent trends in course development are continuing. Over the past three years, the percentage of increase in new regulation and short courses has settled in at a 20-year low rate. And competitiveness in the marketplace seems to be impacting types of new courses, as well. The percentage of new courses that are public access (daily fee or municipal) has dropped from 80% in 2001 to 75% in 2002, to 74% in 2003.

B. CLOSINGS

The National Golf Foundation reports that 43.5 18-hole equivalent golf courses closed in 2003, three fewer than in 2002. "Measuring closings is an inexact science," says Dr. Joe Beditz, NGF President and CEO. “It sometimes takes us a couple of years to learn of a closing."

The vast majority of courses that close do so because a more valuable use for the land was determined, generally residential or some form of commercial land use. Over 95% of the courses that close are public access.

According to Dr. Beditz, "On average, less than one half of one percent of all golf courses close each year. Other courses that are built in poorly chosen locations or too expensively to succeed may change hands, but the golf courses themselves don't go away."

C. ADDITIONAL INFORMATION

- The total number of golf facilities (a facility may have more than one golf course) was 15,899 at the end of 2003, up from 15,827 the year prior, a net increase of 72 facilities.

- Sixty-two percent of all facilities have 18 holes, 29 percent have nine holes, and nine percent have more than 18 holes.

IV. ROUNDS PLAYED

Each January, the National Golf Foundation sends surveys to all U.S. golf facilities asking for their total rounds played in the previous year. NGF statistically weights the data to be representative of all facilities by type (public/private), region (11 climate zones), number of holes and public green fees (high, medium and low). By weighting the data, results are consistent year after year. Volume projections are made by multiplying the average number of reported rounds by the number of facilities in a given region and of a given type, size and price point. Finally, the NGF takes into account facilities that opened or closed during the year, thus adding or subtracting a number of rounds from the initial volume estimate.

This effort began following the GOLF 20/20 conference in 2001, when the NGF and the National Golf Course Owners Association reached an alliance to partner on measuring rounds by surveying facilities directly.

This endeavor has grown to include the support of some of the largest multi-owner and management companies, along with the endorsement of the PGA of America, Golf Course Superintendents Association of America and the Club Managers Association of America, among others.

A. MEASUREMENT

In early 2004, all 15,899 golf facilities in the U.S. were invited to participate in this second annual effort, and 1,848 responded with their 2003 rounds played data, a response rate of 11.6 percent. The sample size ensures accuracy to within +/-2.0 percent.

B. DEFINITION

One of the problems in measuring rounds has been the use of different definitions. Do we count complimentary rounds or just paid rounds? Do we use cart fees to determine rounds? Is any "start" a round, no matter how many holes are played? For the rounds played survey, we use the following accepted industry definition: "A round is defined as one person who tees off in an authorized start on a golf course." In this case, "authorized" simply means the start occurred through the proper channels at the facility, and doesn't include people who wander onto the course to play a few holes in the evening, for example.

This definition, then, is the one that's provided to the courses in requesting their rounds information. Given these two components – the facility-based survey, and the consistent definition – we believe we now have the opportunity to effectively measure rounds of golf, apples to apples, year to year.

C. SAMPLE SIZES AND RESPONSE RATES – 2004

	Number of facilities	Sample Size	Response Rate
Northeast	2,577	222	8.6%
Mid Atlantic	1,107	166	15.0%
Southeast	2,028	254	12.5%
Central/S. Florida	777	94	12.1%
Gulf Coast	781	112	14.3%
South Central	953	99	10.4%
Lower Midwest	3,105	304	9.8%
Upper Midwest	2,130	208	9.8%
Mountain	451	113	25.1%
Southwest	1,356	198	14.6%
Northwest	598	79	13.2%

D. 2003 ROUNDS

Total rounds played in the U.S. in 2003 were 494.9 million, down 1.5 percent from 2002. The regions where rounds increased were Central/South Florida, the Gulf Coast, South Central and the Upper Midwest. The Lower Midwest reflected no change. The area with the largest decrease was the Mid Atlantic region, where rounds decreased 13%.

Region	2003	2002	2001	Percentage Change 2002 – 2003
(Rounds are in Millions)				
Northeast	63.8	67.6	71.1	-5.6%
Mid Atlantic	26.9	30.9	31.7	-13.0%
Southeast	59.8	62.5	65.8	-4.3%
Central/S. Florida	37.0	36.6	36.5	1.2%
Gulf Coast	30.5	29.2	28.8	4.4%
South Central	33.9	32.5	32.5	4.6%
Lower Midwest	85.6	85.6	90.5	0.0%
Upper Midwest	54.9	52.6	55.0	4.4%
Mountain	18.5	19.2	19.7	-3.7%
Southwest	62.9	64.4	64.5	-2.3%
Northwest	21.0	21.4	22.0	-2.1%
Total U.S.	494.9	502.4	518.1	-1.5%
Facility Size				
9-Hole	112.4	113.7	117.6	-1.1%
18-Hole	296.7	300.5	310.7	-1.3%
27+ Hole	85.8	88.2	89.8	-2.7%
Facility Type				
Public	373.6	377.4	388.9	-1.0%
Private	121.3	125.1	129.2	-3.0%

Source: National Golf Foundation

E. WEATHER

The single most important factor impacting rounds played continues to be weather. Each year the NGF's Rounds Report asks participating courses for the reasons for either an increase or decrease in rounds, and in both cases weather is the #1 reason stated.

The 2003 climate in the United States was wetter and cooler than average in the East, warmer and drier than average in the West, while drought conditions persisted, or worsened, throughout much of the central and western regions. Information provided by the National Climactic Data Center gives us some insight into geographic areas where rounds dropped off more severely.

- The huge decrease in rounds played in the Mid Atlantic region is reflected by record-setting poor conditions in several states. Virginia had its wettest year on record during 2003, already exceeding the previous annual record by the end of November. And North Carolina and Maryland also broke the previous annual record for precipitation by the end of December 2003.

- Twelve other states in the Southeast and Northeast regions were in the much wetter than normal category, having their third and fourth wettest years on record; New York was among them.

- 2003 marked the second-wettest spring and summer seasons for the Southeast, and six states experienced record wetness for the five-month period from May-September.

V. INTEREST

In measuring the health of golf as a game and as an industry, interest goes hand-in-hand with participation. Indeed, high levels of interest were one impetus behind the establishment of GOLF 20/20 as a growth initiative: if interest is high and participation is flat, developing a conversion strategy would seem to be a key to fostering growth.

Sustaining high levels of interest is important, then, not only for interest-related industry segments such as media, but also as a source of “latent demand” and thus a conduit to greater levels of participation. Interest is measured in two ways: by quantifying and comparing television ratings, and by quantifying fans through surveys to the general population.

A. VIEWERS

The source for the following information on television ratings is Nielsen Media Research.

Household Ratings for All Golf (Network and Cable)

The average household rating for telecasts of golf (excluding anthology shows, celebrity events, etc.) has remained fairly constant over the past seven years. (Prior to 2003, we outlined only average ratings per event. We have added average rating weighted by the duration of the telecast, a more thorough television rating measurement.).

	1996	1997	1998	1999	2000	2001	2002	2003
Average Rating	1.1	1.2	1.0	1.1	1.1	1.0	1.0	1.0
Weighted by Duration Of Telecast	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3

Source: Nielsen Media Research

To have the average rating of all golf, when factoring in the length of the telecasts, remain this consistent over the past seven years is encouraging given that the proliferation of viewing choices has negatively impacted nearly every sports television property during that period.

Household Ratings: Comparison of Sports on Network Television

The ratings here for "all golf" are different from numbers above because they reflect network telecasts only and do not include cable ratings.

	1996 Ratings	2003 Ratings	Percentage + / -
MLB	7.2	7.4	+ 3%
NBA	7.7	4.2	- 45%
NFL	13.7	11.8	- 14%
NHL	2.6	1.8	- 31%
NCAA Basketball	3.8	3.3	- 13%
NASCAR	5.2	5.3	+ 2%
All Golf	2.6	2.3	- 11%
PGA TOUR Golf	3.0	2.9	- 3%

Source: Nielsen Media Research

- Major League Baseball is the only sport showing an increase from 2002 to 2003, and it was a significant 25% (5.9 to 7.4).

B. FANS

To measure the "fan" side of interest in golf, we utilize ESPN Sports Poll, a service of TNS Intersearch. This poll is a 30-minute questionnaire conducted by telephone to approximately 2,000 people per month to remove the bias of seasonality.

Golf in Comparison to Other Sports

In the ESPN Sports Poll in 2003, professional golf was again listed eighth in terms of respondents who say they are fans of the game. The top 10 in 2003 (with percentage increase or decrease from 2002):

1. Pro Football	67.4 (+ 0.3 %)	6. Figure Skating	46.7 (- 5.9 %)
2. Pro Baseball	58.8 (0.0 %)	7. NASCAR	43.7 (- 3.2 %)
3. College Football	57.0 (+ 1.5 %)	8. Pro Golf	40.4 (+ 1.6 %)
4. NBA	51.0 (+ 0.2 %)	9. Pro Tennis	37.9 (- 1.9 %)
5. Col. Basketball	49.2 (+ 4.5 %)	10. Boxing	37.9 (- 2.5 %)

- In 1996, golf was 10th, with 34.6% of respondents claiming to be fans. Golf's 16.7% rise in that time frame far exceeds any other sport, with the exception of auto racing, which has benefited from NASCAR's increase in popularity over those seven years.

Increase or decrease in percentage of respondents claiming to be fans, between 1996 and 2003:

Pro Golf	+ 16.8 %	Boxing	- 9.6 %
NASCAR *	+ 8.7 %	College Basketball	- 11.4 %
NFL	- 4.8 %	NHL	- 16.1 %
College Football	- 5.8 %	NBA	- 16.3 %
Pro Baseball	- 6.4 %	Figure Skating	- 23.8 %
Pro Tennis	- 6.4 %		

* Calculations for NASCAR fans did not begin until 1999. Source: ESPN Sports Poll

Comparison of Spectator Sports

In 2003, golf moved up a spot to eighth among respondents who were asked their favorite spectator sport (excluding the 7.9% who checked "none"), passing professional soccer.

Pro Football	22.4 %	Pro Hockey	3.6 %
Pro Baseball	13.0 %	NASCAR	3.0 %
Pro Basketball	9.8 %	Golf	2.4 %
College Football	7.2 %	Pro Soccer	2.3 %
College Basketball	4.7 %	Auto Racing	2.1 %

Source: ESPN Sports Poll

C. DEMOGRAPHIC INSIGHTS

The ESPN Sports Poll breaks down its results by demographic categories such as age, gender and race. Here is a comparison of those results for golf between 1996 and 2003:

		1996	2002	2003	Percent Increase 1996-2003
Males 12+					
	Fans	43.7 %	46.8%	48.3 %	10.5 %
	Avid Fans	12.3	14.5%	14.5 %	17.9 %

Females 12 +					
	Fans	26.1 %	27.2 %	33.1 %	26.5 %
	Avid Fans	5.3 %	8.1 %	8.4 %	58.5 %
Ages 12-17					
	Fans	29.4 %	32.6 %	33.5 %	13.9 %
	Avid Fans	4.1 %	5.7 %	6.2 %	51.2 %
Caucasians					
	Fans	37.6 %	40.8 %	41.6 %	10.5 %
	Avid Fans	10.1 %	11.9 %	11.8 %	16.8 %
African-Americans					
	Fans	24.2 %	42.0 %	41.9 %	73.2 %
	Avid Fans	2.5 %	12.0%	12.0 %	380.0 %
Hispanics					
	Fans	25.1 %	32.0 %	32.1 %	27.8 %
	Avid Fans	5.0 %	6.9 %	6.9 %	38.0 %
Asians					
	Fans	25.5 %	48.2 %	48.7 %	90.9 %
	Avid Fans	7.1 %	8.4%	12.4 %	42.7 %

Source: ESPN Sports Poll

- In *every* category, including each of nine age categories, there have been double digit increases since 1996 in the percentage of respondents claiming to be fans of professional golf.

- The growth in interest among kids (ages 12-17) continues, up another percentage point from 2002.

- Interest among women remains strong, and augurs well for marketing efforts geared exclusively toward women.

- Increases in interest among the ethnic minorities have been dramatic and reflect the ongoing diversification of golf, a trend upon which the industry must capitalize. (NOTE: The sample size with some ethnic minorities – most notably Asians -- may be smaller than other demographic categories and result in a larger potential margin of error).

D. FAVORITE ATHLETE

Michael Jordan and Tiger Woods were once again one-two in the answer to the question about respondents' favorite athlete. Jordan (8.8%) dropped a percentage point from 2002, and Woods (5.0%) remained the same. The top ten (with 2002 numbers in parentheses):

Michael Jordan	8.8% (9.8%)	Emmitt Smith	1.4% (1.4%)
Tiger Woods	5.0% (5.0%)	Shaquille O'Neal	1.4% (1.7%)
Kobe Bryant	2.3% (2.1%)	Dale Earnhardt Jr.	1.3% (N/A)
Brett Favre	2.1% (2.1%)	Joe Montana	1.1% (1.1%)
Allen Iverson	1.6% (1.8%)	Derek Jeter	1.0% (1.2%)

Source: ESPN Sports Poll

- Woods remained at 5% despite not winning a major championship in 2003.
- Two of the top 10 – Jordan and Montana – have been retired for several years.
- Earnhardt is new to the top 10, replacing Jeff Gordon, who was 10th last year and 11th this year.
- When it comes to annual earnings, no other athlete is in Tiger Woods' league. *Sports Illustrated* reports that he earned $70.67 million in 2004, nearly double Shaquille O'Neal, who is in second place.

VI. PARTICIPATION

A. DEFINITION

Prior to 2000, we looked at participation in golf primarily as people over the age of 18 who played at least one round of golf per year. But in GOLF 20/20's inaugural year of 2000, we decided it was important to look at a broader definition of participation, one that includes people who frequent only alternative facilities or golf ranges, plus junior participants between the ages of 5 and 17.

The National Golf Foundation determined that in 2000 there were 36 million participants in the U.S. That led to the establishment of the 20-year participation goal of reaching 55 million participants by the year 2020.

B. 2003 PARTICIPATION LEVELS

The NGF's 2003 edition of *Golf Participation in the U.S.* was issued earlier this year. It indicated that the total number of participants in golf reached an all-time high of 37.9 million in 2003, an increase of 3.3% over 2002. The figures include a 9.8% decrease in the number of junior participants, not unexpected after the extraordinary increase in 2002. Over the past three years there has been a 37.5% increase in the number of junior golfers, reflecting the ever-increasing commitment to junior golf in the U.S.

Number of Participants (in 000s)

	2000	2001	2002	2003	% Change 2002-2003
Total	36,000	37,100	36,700	37,900	3.3%
Golfers (18+)	25,400	25,800	26,200	27,400	4.6%
Juniors (5-17)	4,000	4,400	6,100	5,500	-9.8%
Alt. Participants*	6,600	6,900	4,400	5,000	13.6%

* Exclusive Users of Golf Ranges and Short Courses

Source: National Golf Foundation

C. GOLFER SEGMENTS

One of GOLF 20/20's biggest concerns since the initial Industry Report for 2001 was the apparent backward migration of core golfers (8-24 rounds per year) and avid golfers (25+ rounds per year), resulting in a large increase in occasional golfers (1-7 rounds per year).

This phenomenon was pronounced from 2000 to 2001, to the point where we had to suspect it was a bit of an anomaly. Since the question – "How many rounds did you play in 2001?" – was asked of golfers in January 2002, just months after the terrorist attacks of September 11, 2001, could the answers received have been psychologically skewed somewhat, with a portion of the drop-off more perception than reality?

Subsequent results indicate the possibility that perceived lower play rates might have been a minor factor, but no more than that. In 2002, the number of core golfers did rebound considerably, but there was another loss of avid golfers, those most important to the game's economy.

In 2003, there were increases in all three categories, indicating that the trend toward playing fewer rounds may be starting to reverse, although the numbers for core and avid are still well under highs enjoyed during the late 90s.

Golfer Segments (in 000s)

Year	Occasional (1-7)	Core (8-24)	Avid Core (25+)
1991	11,480	6,133	5,348
1994	11,463	6,058	5,113
1997	10,619	7,897	5,602
2000	10,961	7,399	6,276
2001	14,190	5,676	5,934
2002	13,624	6,812	5,764
2003	14,184	7,083	6,133

Source: National Golf Foundation

The bottom line with these numbers remains the same as it has for the past several years: frequency is a major challenge confronting the golf industry. Golfers have been playing less. Yes, the weather has been especially bad the past two years. Yes, rounds played tend to track the economy. But it would be a huge mistake to sit back and wait for the weather and the economy to improve. The point is not just to approach the levels of the past, but to grow, to achieve new levels of participation, and that will only happen if there are concerted, strategic efforts to increase the levels of play among those who already do so.

D. OTHER PARTICIPATION REPORTS

National Sporting Goods Association Participation Survey

The National Sporting Goods Association does an annual study of participation through a survey to 20,000 pre-screened households. This is for age seven and over, and the question was: "Did you play *more than once* in 2003?" The top 20 activities listed for 2003, along with the percentage of increase or decrease from 2002:

Exercise Walking	79.2 million	- 3.3%
Camping	51.4	- 7.2%
Exercising with Equipment	48.6	+ 3.9%
Swimming	47.0	-11.4%
Bowling	39.4	- 7.1%
Fishing	38.2	-13.7%
Bicycle Riding	36.3	- 8.7%
Billiards/Pool	30.5	- 8.0%
Aerobic Exercising	28.0	- 3.4%
Basketball	27.9	- 3.7%
Weight Lifting	25.9	+ 3.1%
Golf	25.7	- 5.4%
Hiking	24.2	- 8.0%

Boating, Power	22.9	- 9.1%
Running/Jogging	17.9	- 7.3%
Hunting with Firearms	16.0	- 8.1%
Target Shooting	14.6	-10.0%
In-Line Roller Skating	13.7	-15.3%
Baseball	14.6	- 6.3%
Backpacking	13.7	- 7.3%

Source: National Sporting Goods Association

- According to the NSGA, from 2001-2002, 17 of the top 20 activities experienced increases in participation (including golf at +6.1%). From 2002-2003, 18 of the top 20 experienced decreases.

- The activity with the biggest percentage increase from 2002 to 2003 was tackle football, which was up 10.9%.

ESPN Sports Poll Participation Survey

The ESPN Sports Poll, as it does every year, asked participants in the poll: "Do you play golf?" In 2003, 19.3% of persons over the age of 12 indicated that they do play golf, virtually the same as in 2002.

Given the U.S. Census projection of 236,290,312 people in America over the age of 12, that works out to 45.6 million people who say that they play golf. And *our* research through the NGF identifies 37.9 million participants. So there are a lot of people out there who at least think of themselves as players, who we don't identify as participants. As we've said before, it's just a matter of helping them become what they already think they are. It's a strong reinforcement of our belief in the latent demand, and of the fertile environment we believe we have to grow the game.

VII. SUMMARY

As this report is written in the spring of 2004, all indications are that golf has begun to rebound back toward previous levels of play and spending. Rounds in the first quarter were up 5.3% over the same time period last year. Weather has been universally better in most regions of the country. Reports from the major manufacturers indicate strong performance in the first quarter. People are traveling more, and playing more when they do. (For example, the Myrtle Beach area, with its myriad courses and tourism nexus, had its best April *ever* in terms of rounds played). Confidence in the economy is building. Most of the signs are positive.

But this report is about 2003, and here is a summary of key observations in our four major areas.

Facility Development

- As expected, the market is self-correcting. Fewer golf courses are being opened and planned than at any time in the past 16 years, with even fewer expected to open in 2004.

- While a majority of new courses are higher-end daily fee, the percentage is being reduced. Hopefully this indicates an awareness of the need to build courses more affordably, as well as in the right places.

Rounds Played

Rounds played continues to be our most important measurement of the game's health, and thus our biggest area of concern. Of particular relevance:

- Rounds played were down in 2003, for the third consecutive year.

- The decrease of 1.5% from 2002 was half of the decrease of the previous year, hopefully indicating that the trend toward losing rounds is waning.

- Rounds played have closely tracked the state of the economy. As prior research has shown, people play less golf not so much because of financial concerns, but because they have less time. There are more pressures at work because of the economy, people have to work more hours, retirees go back to work, part-time workers become full-time: time, not money, is the major reason the economy impacts rounds played.

Interest

- Television ratings for golf fluctuate, but have essentially remained steady in comparison to most other sports.

- On the fan side of the interest equation, the news is encouraging. Over the past seven years no other sport has experienced as big an increase in the number of people claiming to be fans than has professional golf, and in fact only one other sport has shown an increase at all.

- The increases in golf's fan base are most pronounced among youngsters, women and minorities. Those demographic categories have been identified as the primary targets for bringing new players into the game.

Participation

- With 37.9 million participants at the end of 2003, there have never been more people participating in the game of golf than there are presently.

- At 27.4 million, the number of golfers (at least one regulation 18-hole round) also reached a new high in 2003.

- All three golfer segments (occasional, core and avid) increased in 2003, ending the backward slide of core and avid players. However, the number of core and avid golfers is still well short of their highest levels, and increasing frequency of play among current players should consequently be as important an objective as bringing in new players.

Conclusions vis-à-vis GOLF 20/20

The purpose of this report is to look at all this information together in hopes that it will reveal areas of concern, and areas of opportunity. Collectively, the golf industry is currently addressing many of those areas identified in the past:

- Through programs like Link Up 2 Golf, which was piloted by GOLF 20/20 in 2001 and is now part of Play Golf America, we've focused on the need for creating much more user-friendly ways in which beginners can enter the game, on minimizing the intimidation factor, on the transition from the range to the course, and other critical issues that will impact retention.

- Play Golf America, through the leadership of the PGA of America and the National Golf Course Owners Association, and with broad industry support, is the player development umbrella long needed to enable all those interested in playing the game, or in reconnecting with the game, to find a program in their area suited to their needs. It will link all participating facilities in a national "Welcome to Golf" concept.

- Through GOLF 20/20 and related efforts, there has been a unification of our objective of reaching youngsters. Juniorlinks.com, created by GOLF 20/20 and the USGA, and managed by the USGA Foundation, has identified more than 2,000 junior programs nationally and has strong content for kids, for parents, and for program administrators. The First Tee has successfully built a national brand that is bringing golf and its positive values to tens of thousands of kids who would never have had that opportunity. And the new National School Golf Program, currently being piloted in 133 elementary schools across the nation, will ultimately create a lifelong interest in golf in millions of youngsters.

- A primary objective of GOLF 20/20 in 2004 is to eliminate many of the communication gaps that exist within the industry, and do a better job of conveying our key messages. A priority within that effort is the gathering and dissemination of best practices; there are many creative, successful ideas being implemented that help achieve our growth goals, and they should be available in one place so they are easily accessible to those who can use them.

Based on the information in this report, our priorities going forward should be among the following:

- We have to learn more about what will encourage current players to play more. Increasing frequency should be a fundamental objective, and this will require more effective communication with our customers, more effective marketing approaches, and above all more creative ways to deal with the time crunch.

- In targeting new players, the focus should be where the opportunity is greatest, and we believe that begins with women. We should consolidate available research, determine the most effective way to bring women into the game – in a manner that will retain them as golfers – and implement marketing strategies that will reach the target audience.

- The demographic landscape in America is changing rapidly, and golf must learn how to reach and appeal to ethnic minorities. Every other business in this country, every other leisure activity that is trying to grow, is confronting the same issue. Golf cannot afford to stand pat.

- Communication remains a critical area of development. Linking everyone in the industry, and finding ways to disseminate our key messages and best practices industry-wide, remain priorities for GOLF 20/20 going forward.

There is much left to do, but substantial progress has been made and there is every reason to be excited about the future. As we stated last year, a major reason for optimism is that the golf industry continues to work together, continues to form alliances in the best interests of the game, continues to look for creative ways to bring new people into contact with golf and strengthen the connection with those who already play. The message is being trumpeted loud and clear throughout the industry that it is everyone's responsibility to promote more frequent play, welcome new players, and be creative in marketing the game in ways that overcome traditional barriers. If that collaborative spirit remains vital, the game will be well positioned to embark on a new era of prosperity.