

**THE GOLF 20/20 INDUSTRY REPORT
FOR 2001**

GOLF
20/20
VISION FOR
THE FUTURE

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I. OVERVIEW

Over the years different sources have released information quantifying components of the golf industry. Until now there has been no attempt to corral all this information and present it cohesively, and to assess its relevance. That is the objective of what has become known as the “FRIP” Report, which will specifically look at Facilities, Rounds, Interest and Participation.

GOLF 20/20 has been charged by its Executive Board with standardizing indicators and definitions, enabling us to consistently measure the game’s growth and track the progress of various development initiatives. Consequently, 20/20 has identified credible sources of information and will continue to search for others. As an extension of these efforts 20/20 has committed to compiling the information and presenting it in a manner that hopefully will help guide future growth efforts.

The primary goal of the GOLF 20/20 Industry Report, then, is to review available information to not only measure our success, but also to seek out trends, opportunities, and areas of concern.

In addition, we want to continue to measure our progress toward the three targets set forth by World Golf Foundation Chairman Tim Finchem at the first GOLF 20/20 conference in November of 2000. Those targets for the year 2020 were:

- **Reach 55 million participants.** This means adding about one million participants per year between 2000 and 2020. For the sake of perspective we looked at this in terms of adding 500,000 participants per year on the attraction side, and retaining an additional 500,000 per year who would otherwise leave the game.
- **Reach one billion rounds played.** An ambitious target given current levels, to be sure, but certainly a worthwhile objective. This target will likely be adjusted one way or the other once based on the rate of new course development, determination of optimal rounds-per-course levels, and other variables.
- **Achieve a comparable level of interest in the U.S. to professional football.** This is an ambitious target also, but the increase in interest in golf since 1980 and a small decrease in interest in the NFL in the same period has cut the margin between the two in half. This target helps us keep our focus partially on interest, which is critical to parts of our business and serves as a feeder system to participation.

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 at last year’s GOLF 20/20 conference announced an alliance with the National Golf Course Owners Association for rounds measurement.

The following companies and organizations have contributed to this report:

ESPN Sports Poll

Nielsen Media Research

National Climatic Data Center

PGA of America

National Golf Course Owners Association

PGA TOUR

National Golf Foundation

United States Census

III. COURSE DEVELOPMENT

A lot of attention has been given in the media in recent years to the alleged oversupply of golf courses. We know that participation is flat, yet we keep planning and opening courses at a fairly significant rate. There has been additional pressure on course operators in recent years to maintain adequate revenue levels, and the consumer has benefited from decreases in cost.

Much of the oversupply has been in the area of high-end daily fee courses. Also, golf is unique in terms of product development in that many golf courses are added to the national inventory not to become successful independent business enterprises, but rather to sell real estate or as a resort amenity. There was a time when some developers didn't really pay attention to the success of the golf operation as long as the land around the course increased in perceived value and sold expediently; we think that time has passed. But still, in many cases the golf course's profitability is a secondary priority, and that has been a factor in the current supply and demand imbalance.

It is not GOLF 20/20's objective to influence or discourage the development of golf courses. But we do feel it is important to look at course development in terms of concerns, opportunities and trends. In the future perhaps this information will contribute to appropriate levels of development and a more intelligent marketplace.

A. TOTAL NUMBER OF REGULATION COURSES

Below are the total number of regulation golf courses (at least nine regulation holes) in the United States at the end of recent calendar years, and the percentage increase from the previous year:

Date	Number of Courses	New Openings	Percentage Increase
12/31/98	14,444	407	2.9%
12/31/99	14,887	443	3.1%
12/31/00	15,357	470	3.2%
12/31/01	15,709	352	2.3%
12/31/02	15,994 (projected)	285	1.8%

In the past we have occasionally looked at courses in terms of "18-hole equivalents", and in doing so the patterns are, as would be expected, similar:

12/31/98	12,296	312.5	2.6%
12/31/99	12,646.5	350.5	2.8%
12/31/00	13,015.5	369	2.9%
12/31/01	13,288	272.5	2.1%

The trend is clear. Fewer new courses are being planned and opened than at any time in the past decade. And competitiveness in the marketplace seems to be impacting types of courses developed as well. In 2000, 86% of the new courses opened were public access (daily fee or municipal). In 2001, 81% of the new courses opened were public access, and in 2002 the projection is that 77% will be public access.

B. CLOSINGS

Through the National Golf Foundation the golf industry is starting to take a more refined look at course closings, and some numbers are available for 2001, and to date in 2002.

In 2001 approximately 32 golf courses closed, five of which are scheduled to reopen in the future. Of the remaining 27, 22 closed for financial reasons. The others were closed for environmental reasons (deemed wetlands, converted by the city to a preserve, etc.) or because they were designated by a public entity for conversion to public use, such as construction of a highway. Where courses have closed the land has been used for many things from schools to hospitals to housing developments, and in one case a Greek Monastery. Of the 27 courses closed down completely, 25 were daily fee courses, the other two municipal. States with the greatest number of closings were Florida, Missouri, Utah, Georgia, Michigan and Ohio.

Thus far in 2002, 15 courses have closed, two of which are scheduled to reopen.

IV. ROUNDS

Rounds of golf are a logical and very important indicator of golf participation, but one that has traditionally been very difficult to measure. Prior to 2002 the National Golf Foundation computed rounds by surveying consumers, asking them how many rounds they played in the previous year, and projecting averages across the total number of golfers over the age of 12. For determining play levels and numbers of occasional, core and avid golfers this exercise proved valuable. But for calculating rounds it was inefficient; consumers tend to estimate their number of annual rounds on the high side.

At the GOLF 20/20 conference in 2001, the NGF and the National Golf Course Owners Association reached an alliance to partner on measuring rounds by surveying facilities directly. This endeavor has the support of some of the largest multi-owner and management companies, and the endorsement of the PGA of America, Golf Course Superintendents Association of America and the Club Managers Association, among others.

A. MEASUREMENT

In early 2002 all 15,720 golf facilities were invited to participate in this effort, and 2,426 responded with their 2000 and 2001 rounds played data, a response rate of some 15%. The sample size ensures accuracy to within +/- 2.0%. In coming years that rate will increase, with an ultimate goal of getting as close to 100% participation as possible.

B. DEFINITION

One of the problems in measuring rounds has been the use of a myriad of different definitions. Do we count “comped” 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?

Earlier this year GOLF 20/20 distributed a list of industry definitions that included this definition of a “regulation” round (as opposed to rounds played at alternative facilities):

REGULATION ROUND: *A regulation round of golf is defined by one person who tees off in an authorized “start” on a regulation golf course. The round is not defined by the number of holes played or the fees paid.*

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 was provided to the 15,720 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

	Number of Facilities	Sample Size	Response Rate
United States	15,720	2,426	15.4%
Northeast	2,543	310	12.2%
Mid Atlantic	1,081	159	14.7%
Southeast	2,051	291	14.2%
Central/South Florida	776	145	18.7%
Gulf Coast	764	154	20.2%
South Central	943	100	10.6%
Lower Midwest	3,088	396	12.8%
Upper Midwest	2,109	269	12.8%
Mountain	439	97	22.1%
Southwest	1,290	390	30.2%
Northwest	636	115	18.1%

As expected with the advent of this more sophisticated tracking system, there has been a one-time shift in the total of rounds, with a decrease of about 9%. In recent years, through the consumer survey, as many as 570 million rounds annually were reported. With the new facility-based survey, the actual annual number has proved to be just under 520 million.

NOTE: The consumer survey totals used in the past included rounds of golf played at both regulation and alternative facilities, and we estimate that as many of 25 million of the reported 570 million rounds in 1999 were alternative rounds. The actual shift in regulation rounds, then, is less than 5%.

D. 2001 ROUNDS

Total rounds played in the U.S. in 2001 were about 518 million, a total equal to 2000. While this is consistent with the relatively flat participation rate, it's actually a positive indicator given three unique factors in 2001: uncharacteristically poor weather in many areas of the country, a significant downturn in the economy, and the events of September 11.

As stated by NGCOA Executive Director Michael Hughes in the NGF/NGCOA Rounds Report: *"Our performance (in 2001) was much stronger than virtually any other segment of the hospitality industry."*

E. ROUNDS PLAYED BY REGION (In Millions)

	2001	2000	% Change
Total Rounds	518.1	518.4	-0.1%
<u>Region</u>			
01. Northeast	71.1	69.4	2.4%
02. Mid Atlantic	31.7	30.6	3.7%
03. Southeast	65.8	64.8	1.5%
04. Central/South Florida	36.5	35.4	2.9%
05. Gulf Coast	28.8	29.2	-1.4%
06. South Central	32.5	32.3	0.9%
07. Lower Midwest	90.5	92.3	-1.9%
08. Upper Midwest	55.0	58.3	-5.7%
09. Mountain	19.7	18.4	7.2%
10. Southwest	64.5	65.0	-0.8%
11. Northwest	22.0	22.7	-3.0%
<u>Number of Holes</u>			
9-Hole	117.6	123.4	-4.7%
18-Hole	310.7	306.9	1.2%
27+ Hole	89.8	88.1	1.9%
<u>Course Access</u>			
Public	388.9	390.1	-0.3%
Private	129.2	128.3	0.7%

Without question, the single most important factor impacting rounds played continues to be weather. The NGF/NGCOA Rounds Report asked participating courses for the reasons for either an increase or decrease in rounds, and in both cases weather was the #1 reason stated.

Specifically, *of the golf courses reporting a decrease in rounds from 2000 to 2001:*

- 52% cited weather as the leading reason, with a regional high of 80% in the Upper Midwest and a regional low of 14% in Central/South Florida.
- 14% cited the economy, and 13% the attacks of 9/11.
- Other reasons cited included competition (6%), over-saturation of courses in the area (5%), renovation construction (5%), poor course condition (3%) and management issues (2%).

Of the golf courses reporting an increase in rounds from 2000 to 2001:

- 42% cited weather as the leading reason, far ahead of the next most frequently cited reasons: renovations to the course and membership drives (9% each).
- Regionally, weather was cited most frequently as the reason for an increase in the Northeast (66%), and least frequently in Central/South Florida (15%), the Gulf Coast (24%) and the Southwest (26%).
- Other reasons cited included improvement in course condition and advertising/marketing (7% each), area growth (6%) and discounted rounds (5%).

To access the complete Rounds Report, link to www.ngcoa.org or www.ngf.org.

F. WEATHER

In the future the industry will be doing much more sophisticated analyses between rounds and weather, region by region. But we do have enough data to know that in 2001, especially in the first half of the year, weather was atypically poor in many areas of the country. Some examples:

- October 2000 to February 2001 was the wettest such period since 1895 for portions of the Lower Midwest and the South Central U.S.
- March brought above-normal precipitation along the Eastern seaboard; Rhode Island and Massachusetts had their second-wettest March in 107 years, and eight states from Texas to Vermont had near-record rainfall in March.
- It was the second-wettest April since 1895 in parts of the Lower and Upper Midwest, and the eighth wettest May.
- Minnesota and Michigan, two states known for avid golf participation, had their fourth and seventh wettest springs since 1895 respectively.
- Rainfall in the Southeast in June was well above average.

V. INTEREST

One of the primary reasons the GOLF 20/20 growth initiative was undertaken was the high level of interest in golf in the United States. If rounds and other participation indicators remain flat, but interest continues to rise, two questions emerge. One, how much of that interest includes a potential interest in participating in golf, not just viewing it or reading about it? And two, how do we, as an industry, activate that interest and convert it into participation?

We measure interest in two ways. The first is by measuring and comparing television ratings. The second is 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 Competitive Golf (Network and Cable)

The average household rating for telecasts of competitive golf (excluding anthology shows, celebrity events, etc.) has remained fairly consistent over the past six years, although it is down somewhat between 2000 and 2001. The following numbers combine both network and cable ratings:

1996	1997	1998	1999	2000	2001
1.12	1.15	1.02	1.11	1.10	1.01

The decrease over six years of 9.8% is understandable given the multiple factors impacting ratings, such as the competitiveness of the events being televised, as well as the historical decrease in all television ratings. (As a frame of reference, in 1995-1996 the highest rated network show was ER, with a 22.0 average rating. In 2001-2002, the highest rated network show was Friends, with an average rating of 15.3, a decrease over six years of 30.5%).

Household Ratings for PGA TOUR Golf (Network Only)

Because the PGA TOUR is often regarded as the benchmark for interest in the game, and as golf's "Chamber of Commerce", it's appropriate to take a look at TOUR ratings independently. These numbers reflect network telecasts only, and include the four major championships.

1996	1997	1998	1999	2000	2001
3.0	3.5	3.2	3.2	3.4	3.6

Household Ratings: Comparison of Sports on Network Television

From the same source we get the Household Ratings for major sports on broadcast network television, comparing 1996 ratings to 2001 (or 2001-2002 in the case of basketball and hockey). These numbers include regular and post-season telecasts of the team sports, and in some cases (such as hockey) a relatively limited number of regular season games.

These vary from numbers above because they are network only, and do not reflect cable telecasts.

	1996 Ratings	2001 Ratings	Percentage +/-
MLB	7.2	6.3	-12.5%
NBA	7.7	4.7	-39.0%
NFL	13.7	11.4	-16.8%
NHL	2.6	2.0	-23.0%
NCAA Basketball	3.8	3.5	-7.9%
NASCAR	5.2	5.5	+5.8%
All Golf	2.6	2.5	-3.8%
PGA TOUR Golf	3.0	3.6	+20.0%

B. FANS

To measure interest and fans we rely on the ESPN Sports Poll, a service of TNS Intersearch. This poll is a 30-minute questionnaire conducted by telephone to 1,800 people each month, 21,600 annually, so that seasonality is not an issue.

Golf in Comparison to Other Sports

In 2001, in the ESPN Sports Poll, professional golf was listed 8th in terms of percentage of poll respondents who say they are fans of the game.

The top 10 in 2001:

Pro Football	66.8%	College Basketball	48.0%
Pro Baseball	59.6%	NASCAR	45.2%
College Football	55.8%	Pro Golf	40.0%
NBA	51.6%	Boxing	39.5%
Figure Skating	49.3%	WNBA	38.5%

In 1995, golf was 11th, with 32% of respondents claiming to be fans, behind also pro hockey, professional tennis, and general auto racing (NASCAR was not calculated specifically until 2001, and the WNBA did not exist in 1995). Golf's 25.0% jump in that time frame — from 32% to 40.0% — far exceeds any other sport, and in fact golf is one of the few sports with a positive increase.

Increase or decrease in percentage of respondents claiming to be fans between 1995 and 2001:

Pro Golf	+25.0%	Pro Football	-3.9%
Pro Baseball*	+12.2%	College Basketball	-7.8%
Boxing	+6.4%	Pro Soccer	-7.9%
Pro Tennis	+5.3%	Pro Basketball	-9.6%
Auto Racing**	+3.0%	Pro Hockey	-9.6%
Pro Football	-2.6%	Figure Skating	-9.8%

* This increase is largely because of the strike season in 1994 and subsequent rise in interest the following year. Between 1996 and 2001, baseball was down 4.8%.

** This reflects all auto racing, including NASCAR. Calculations for NASCAR alone did not start until 2001.

In 2001, golf was eighth among respondents who were asked their favorite spectator sport (not including the 7.8% who checked "none"):

Pro Football	22.0%	College Basketball	4.6%
Pro Baseball	12.8%	Pro Hockey	3.5%
Pro Basketball	9.6%	NASCAR	2.9%
College Football	7.1%	Pro Golf	2.3%

C. DEMOGRAPHIC INSIGHTS

The ESPN Sports Poll breaks down its results by demographic categories such as age, gender and race. It also measures both fans and avid fans. Here is a comparison of some of those results between 1995 and 2001:

■ Males 12+	1995	2001	Increase
Fans	40.1%	47.9%	19.5
Avid Fans	11.8%	14.2%	20.3
■ Females 12+	1995	2001	Increase
Fans	24.0%	32.5%	35.4
Avid Fans	5.0%	8.1%	62.0
■ Ages 12-17	1995	2001	Increase
Fans	24.7%	33.5%	35.6
Avid Fans	4.3%	7.1%	65.1
■ Caucasians	1995	2001	Increase
Fans	33.9%	41.8%	23.3
Avid Fans	9.1%	11.7%	28.6
■ African-Americans	1995	2001	Increase
Fans	20.7%	39.4%	90.3
Avid Fans	3.2%	10.3%	221.9
■ Hispanics	1995	2001	Increase
Fans	24.3%	29.9%	23.0
Avid Fans	4.7%	7.2%	53.1

The across-the-board growth of interest is especially encouraging in the youth market, with significant increases in interest in the 12-17 age range, and with African Americans, where there has been an extraordinary (nearly 470%) increase in avid fans.

Ethnically, there would appear to be a significant opportunity in the Hispanic market. The increase in fans and avid fans has mostly occurred in the past year: avid fans went from 4.9% in 2000 to 7.2% in 2001, for example. Prior to 2001 increases in Hispanic fans were very modest, results that are consistent with another component of the ESPN Sports Poll: When asked to name their favorite sport, golf came out last with Hispanic respondents among the 17 sports offered in the survey.

A comparison of fan base and general population helps quantify the opportunity:

	% of Fan Base	% of Population 12+	Index
Asian	1.0%	0.9%	111
Caucasian	76.1%	75.1%	101
African-American	11.8%	12.3%	96
Hispanic	7.7%	12.5%	62

D. FAVORITE ATHLETE

There was not much change in the answer to this question from 2000 to 2001. In 2001 Michael Jordan was the clear leader, as he has been every year since the poll began in 1995. Tiger Woods was second, as he was in 2000. Jordan (named by 11.3% of the 20,000+ respondents) and Woods (6.1%) are the only athletes to be selected by more than 2% of the respondents.

In 1997, 2.2% claimed Tiger as their favorite athlete, compared to 6.1% in 2001, a 177% increase in just four years. The escalation in Woods' popularity certainly mirrors the trends in interest and television ratings.

VI. PARTICIPATION

At the first GOLF 20/20 conference, in November of 2000, World Golf Foundation Chairman Tim Finchem outlined three targets for the golf industry. The first dealt with the growth of interest and the second with rounds played. The third target focused on golf participants, and the specific target was to reach 55 million participants by the year 2020, an increase of 20 million — or one million per year from 2000 levels.

A. DEFINITION

In 2000 we changed the way we look at participation by not focusing exclusively on golfers — those who play at least one regulation round per year — but on all participants, even those who play only alternative facilities or do nothing but hit balls on a golf range. The official definition is as follows:

PARTICIPANT: *A Participant is a person five years of age or above who played at least one regulation round of golf, or utilized an alternative facility or golf range at least once in the past 12 months. The total number of participants is determined by adding the number of golfers, alternative golfers, junior participants, and range users.*

B. 2001 PARTICIPATION LEVELS

The National Golf Foundation's 2002 Edition of Golf Participation in the U.S. was issued in May, revealing that in this area we appear to be on target; the number of participants grew 3%, from 2000 to 2001, from 36 million to 37.1 million.

	NUMBER OF PARTICIPANTS (000)		% Change
	2000	2001	
Total Participants	36,000	37,100	3.0 %
Golfers (18+)	25,400	25,800	1.6 %
Juniors (5-17)	4,000	4,400	10.0 %
Alternative Users	1,700	2,000	18.0 %
Range Users	4,900	4,900	0.0 %

The most significant shifts among participant groups were in junior participants (up 10%) and alternative facility users (up 18%). The most influential group as far as the golf industry is concerned is Golfers, which was up only 1.6% from 2000.

C. GOLFER SEGMENTS

We divide Golfers — at least one round on a regulation course per year — into three segments: occasional (1-7 rounds per year), core (8-24) and avid (25+). We can look at the trends in these segments over the past ten years:

YEAR	OCCASIONAL	CORE	AVID
	(In 000s)		
1991	11,460	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

While weather, the economy and the 9/11 attacks didn't impact the overall number of participants as much as might have been expected in 2001, clearly it impacted the amount of golf those participants played, or perceive they played. The number of avid golfers dropped a bit (5.45%), indicating that most golfers who play at least twice per month continued to play at that level. But the drop in core golfers (23%) and increase in occasional golfers (29.4%) are very dramatic.

Yet, when we look at the average rounds per golfer, the issue is not as evident:

	2000	2001
Number of Golfers	25.4 m	25.8 m
Total Rounds Played	518.4 m	518.1 m
Average Rounds Per Golfer	20.41	20.08

From 2000 to 2001, then, the average number of rounds played annually per golfer dropped just one-third of a round. This would seem to contradict somewhat the substantial increase in occasional golfers and decrease in core golfers, and indicates that it may be a matter of perception or in some other way related to the unique set of issues that came together in 2001. Whatever the reason, it will be interesting to see if frequency rates return to former levels in 2002.

D. ESPN SPORTS POLL

Since 1996 the ESPN Sports Poll has asked all respondents to its monthly survey — a cross-section of the general population of some 21,600 people annually, age 12 and over — whether or not they play golf. In 1996, 18.9% answered yes, and in every year since it has hovered within a couple of tenths of percentage points of 20.0%; it was 20.2% in 2000, 20.0% in 2001, a decline of 0.1%.

There are approximately 225,000,000 people in the US age 12 and over, and extrapolating the 20% number from this poll indicates that 45 million of them “play golf”. This number is significantly greater than the 37.1 million participants defined by the NGF, greater still when you remove from 37.1 those who are between the ages 5-12. This is likely the result of people who have not played in the past year or two but still consider themselves as players, and people who play nontraditional golf (miniature golf, etc.) answering yes to the question: “do you play golf?” Still, it is revealing that there are so many non-participants who do consider themselves golfers, and certainly a potential source of new golfers.

VII. OBSERVATIONS

There are a number of fairly obvious and not unexpected observations we can make from the information above. Among them:

- Interest in the game continues to rise, more substantially than almost any other sport in terms of percentage of growth.
- The downward trend in new golf courses — especially new public access courses — indicates a marketplace reaction to the supply and demand imbalance.
- The fact that rounds did not increase in 2001 is clearly not a desirable result, but given the unique circumstances during the year — especially the weather — it is actually encouraging.
- Participation is up by over 1 million, keeping us on track for adding 1 million participants per year to the year 2020. However, the number of “golfers” is up only modestly, and we should be concerned that the number of core golfers was reduced significantly.
- In terms of interest, Tiger Woods’ popularity and extraordinary accomplishments have been a major catalyst for increases in the number of fans and viewers. It is incumbent on the golf industry to capitalize on that interest immediately.

But the purpose of this report is to search out other trends, perspectives, opportunities, and areas of concern, so that we can be more effective with our attraction and retention initiatives. What follows are some of our observations.

ROUNDS PER COURSE

With the more accurate rounds information now being gathered we can take a detailed look at rounds per golf course, and determine where we need to be in the year 2020.

The percentage of new courses being added to the national inventory has decreased in the past few years, a trend that will likely continue until demand dictates otherwise. Even with only a 2.3% increase in courses between 2000 and 2001, the average number of rounds per course went down because there was no change in total rounds:

Year	Courses	Rounds	Rounds Per Course
2000	15,357	518.1 m	33,737
2001	15,709	518.4 m	33,000
2002	15,994	543.0 m	34,000

With the projected number of courses for 2002, we can see that if we wanted to raise the average rounds per course from 33,000 to 34,000, it would require an increase of almost 25 million rounds.

Looking ahead to 2020, then, and the perspective of the stated target of reaching one billion rounds of golf, we come up with the following:

If the number of courses increases at a rate of just 1.5% per year, with a similar ratio of public access and private clubs:

Total Courses 2020	Total Rounds	Rounds per Course
20,908	690 million	33,000
	836 million	40,000
	1 billion	47,800

To maintain the current level of 33,000 rounds per course, then, we would need a total of 690 million rounds played. To reach 40,000 rounds per course would require 836 million rounds, and if we did reach the one billion rounds played number, it would give us an average of 47,800 rounds per course.

If courses increase at a rate of 2.66% per year, the average of the past five years, with a similar ratio of public access / private clubs:

Total Courses 2020	Total Rounds	Rounds per Course
26,337	869 million	33,000
	1 billion	37,970

Under this scenario, to maintain the current level of 33,000 rounds per course, we would need a total of 869 million rounds played in 2020. The one billion rounds played total would yield 37,970 rounds per course.

It is difficult to identify an ideal average number of rounds per course. At some facilities the owners would be disappointed if the number dipped below 60,000. At many private facilities the number is incidental. At some resort courses the green fees are kept higher to keep rounds down and conditions better. But the rounds per course measurement is still a viable indicator moving forward of the relationship between rounds and course development.

If the course growth rate flattens at around 1.5%, we would then need 836 million rounds in the year 2020 — not the targeted billion — to result in an average of 40,000 rounds per course, a healthy 21% increase over current levels.

The biggest issues in course development going forward are cost and location. We have to be smarter, as an industry, as to where we put new golf courses, and we have to make sure new courses are constructed for a price that allows the owner to charge fees that the market will bear.

PARTICIPANTS VS. GOLFERS; GOLFER SEGMENTS

Our target is a million new participants each year, and so far we've met that target; 35 million participants in 1999, and 37.1 million at the end of 2001.

But while the number of participants rose 3% from 2000 to 2001, the number of golfers rose only half that, from 25.4 million to 25.8 million. Additionally, the survey results on golfer segments is a critical issue; is the dramatic decrease in core golfers truly an issue of perception, and a one-time aberration brought on by the unique set of circumstances in 2001, or is it in fact something more serious?

The target for participation is important, but we should also focus on the golfer segment, and develop strategic approaches to turn occasional golfers into core golfers.

LOW-HANGING FRUIT

The ESPN Sports Poll indicates that 45 million people age 12 and over consider themselves golfers, yet we know in 2001 only 34.9 million people age 12 and over actually participated. So there are ten million people out there who didn't participate but still identify themselves as golfers. We've talked for a number of years now about latent demand; there are 10 million people right there who are not all that latent, and we need to go find them and help them become what they think they already are.

THE HISPANIC MARKET

The changes in the numbers of Hispanic fans between 1995 and 2000 were not nearly as significant as in other ethnic groups (there was a significant spike from 2000 to 2001). In a poll of Hispanic Americans, golf was last of the 17 sports surveyed in terms of popularity.

At the same time, we know the demographics in this country are changing dramatically. Currently, 12.4% of all Americans are of Hispanic descent. By 2020, that number will be 17%, or 55.2 million Americans.

Clearly it is in the game's best interest to promote itself more aggressively in the Hispanic community, especially considering the fact that there are heavy Hispanic populations in fertile golf environments like southern California, Arizona, Texas and south Florida. This objective would seem to be enhanced by the number of young and compelling Hispanic professionals on both the PGA TOUR and LPGA Tour.

VIII. SUMMARY

Once again we go back to the three targets for the year 2020 suggested at the 2000 conference, to measure our progress.

Interest Level Equal to the National Football League. In 2000 the interest in golf was about 50% of pro football, and by 2002 the interest level was up to almost 56%. Whether that gap will continue to close remains to be seen, but the trend over the past seven years is certainly favorable.

Number of Participants Increases from 35 Million to 55 Million. After two years we have gone from 35 million to 37.1 million, so at this point the target would seem to be valid.

Rounds Increasing from 570 Million to One Billion. We know now that the 570 million was slightly overstated because it came from golfers and not from facilities (and because it included “alternative” rounds), and that we are, in fact, just under 520 million. To get to one billion rounds by 2020 means we need to build by an average of over 25 million rounds per year. A daunting task, it would seem, given no increase in 2001. But until we have another year or two under our belt measuring in this more accurate manner, and until we know just how aberrant 2001 was because of weather, the economy and 9/11, it is difficult to know if one billion is a viable target. And until we know what new course development levels will be, we don’t even know if one billion rounds is desirable.

The recent success with participation growth is encouraging, and not unexpected given levels of interest. But of even more importance to the future vitality of golf in this country is the number of golfers, and the amount of golf they play. We need to convert participants to golfers. We need to find programs and incentives that encourage golfers to play more often. We need to monitor carefully the trend in the past year toward fewer rounds played, and focus on fostering the transition from occasional to core to avid golfers.

Thirty months ago, at the genesis of GOLF 20/20, we said that the time was right to actively cultivate the interest in the game to help ensure its future. Since then there has been an economic downturn, an erosion of confidence in business leadership, and the most devastating terrorist attack in our nation’s history.

Yet the reasons for optimism are even greater than they were 30 months ago. Interest in golf has continued to grow. Participation growth has some momentum. And perhaps most importantly, the leaders of the golf industry have shown a desire and a willingness to work together for the common good, to collaborate on initiatives and programs designed to help achieve defined targets. When the economy does begin to turn around, we should be well positioned to usher in a new era of growth and prosperity.

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