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JUNE 2014

2014 Canadian Private Club Symposium: Post Symposium Survey

Survey Results



GLOBAL GOLF
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Insight | Strategy | Success

2014 CANADIAN PRIVATE CLUB SYMPOSIUM

Post Symposium Survey Results

Global Golf Advisors (GGA) hosted executives and presidents of leading Canadian private clubs for a symposium on March 24, 2014, at Oakdale Golf and Country Club to identify and discuss emerging trends and best practices within the private club business segment. Building on the theme of education and knowledge sharing at its core, GGA asked symposium participants to discuss key topics and discussions raised during the symposium via a post symposium survey. This paper highlights the survey results.

PARTICIPANTS

Global Golf Advisors asked all club executives who attended the symposium to participate in the post symposium survey. These executives represent the following participating clubs:

- Beacon Hall Golf Club
- Bigwin Island Golf Club
- Brampton Golf Club
- Canadian Society of Club Managers
- Camelot Golf & Country Club
- Credit Valley Golf & Country Club
- Devil's Pulpit Golf Association
- Georgian Bay Club
- Hamilton Golf & Country Club
- Islington Golf Club
- London Hunt and Country Club
- Oakdale Golf & Country Club
- Park Country Club of Buffalo
- Scarborough Golf & Country Club
- St. Catharines Golf & Country Club
- St. George's Golf and Country Club
- Sunningdale Golf & Country Club
- The Royal Montreal Golf Club
- Thornhill Golf & Country Club
- Weston Golf & Country Club





EXECUTIVE SUMMARY

Three overarching themes define the participating clubs: (1) business stability and sustainability; (2) a focus on member growth and retention strategy for repopulating membership wait lists; and (3) deliberate strategic and capital expense planning.

The results of this survey point to the following key trends and best practices of top-tier private clubs:

1. Entrance fees required to join the participating top-tier private clubs average \$41,906, represent non-equity initiation fees at most clubs, and are anticipated to remain constant for at least the next three years. Of the clubs that participated in GGA's 2013 Symposium, most entrance fees remained static in 2014 with one course increasing entrance fees and one course decreasing entrance fees.
2. A small number of clubs require the purchase of an equity certificate (trading at an average price of \$7,869) to join. Most of these clubs also charge an initiation fee.
3. Most clubs reported that they do not have wait lists. However those that do have waitlists, roughly 13% of participating clubs, are seeing those wait lists growing rather than shrinking.
4. Similar to the 2013 GGA Symposium, club executives believe that membership plans and fee adjustments have expressly contributed to club success. Most clubs now offer a financing option to Intermediates and/or Juniors to amortize entrance fees over a number of years.
5. Intermediates continue to be under-represented on private club boards and committees, but play a key role in the membership 'buy' decision, often serving as a look toward the future membership demographic of the club. More than half of the participating club executives believe that Intermediates are insufficiently represented in committees and to the membership at large.
6. Strategic plans are used, updated and regularly referenced by the majority of top-tier clubs. The average age of these clubs' strategic plan is 3.3 years; they are updated, on average, every 3.4 years. A number of clubs believe their use of strategic planning has expressly contributed to their successes in recent years.





7. Existing members are considered to be the most effective marketing tool available for private clubs with referrals generating the greatest source of new members. Success in member referrals is often attributed to the implementation of member referral incentives.
8. Websites and e-newsletters dominate most clubs' marketing programs. Websites, e-newsletters and online advertisements are considered to be the most effective media for marketing private clubs. Over the past year, there was a slight increase in the reported use of advertisements in printed mediums yet a more substantial decrease in their reported efficacy. This indicates that a shift toward digital marketing techniques has proven to be more effective.
9. More than half of the participating clubs indicated a positive feeling towards personalized communications and an interest in developing personalized communications into their marketing platform. However, more than eight in ten clubs have not yet done a psychographic analysis of their local market to determine what interests are best communicated to their market and by which particular media.
10. The most successful member events are innovative and expressly contribute to member retention and club success. The most frequently mentioned successful member events typically involved special member groups or development of new membership categories relative to local markets.
11. Competitive financial and operational statistics are regularly shared with a select group of peer clubs.
12. Less than one-half of the participating clubs have an up-to-date capital reserve study, and most have never analyzed their funding requirements and used the results to help set initiation fees based on average member turnover and capital funds required, irrespective of their market.
13. Most clubs contribute to capital funding through annual charges in the form of either capital dues or an allocation from annual dues. Less than half have a reserve fund for capital maintenance.
14. Only a few of the participating clubs, approximately one fifth, have a cash reserve on their balance sheets determined either subjectively or as a formal calculation.



15. Most clubs indicated an interest in the recent efforts of CMAA ClubSolutions and Club DNA to develop new risk management technology in the form of mobile applications and software programs.
16. Most clubs were divided on whether focusing on sustainable course management practices would aid membership growth or impact industry standards in a meaningful way.

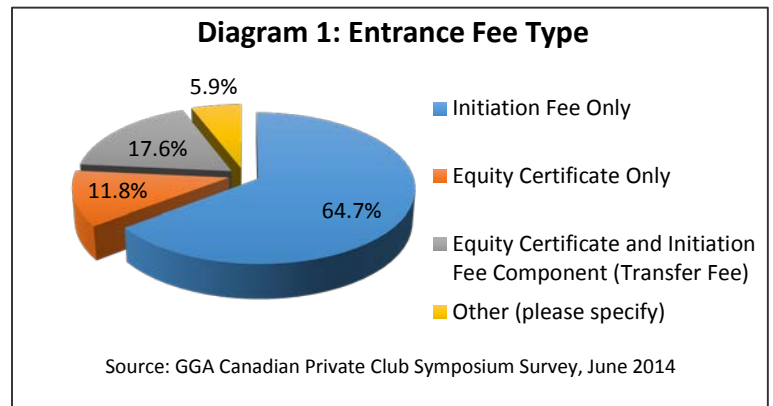
What characteristic separates the top-performers from many others?

The capability for savvy strategic planning supported by reliable tactical plans is the difference-maker. Savvy strategic planning is most attributable to a thorough understanding of industry standards and particular local market areas. Tactical plans draw reliability from a vigilant and thorough monitoring and planning of capital reserves and expenditures.

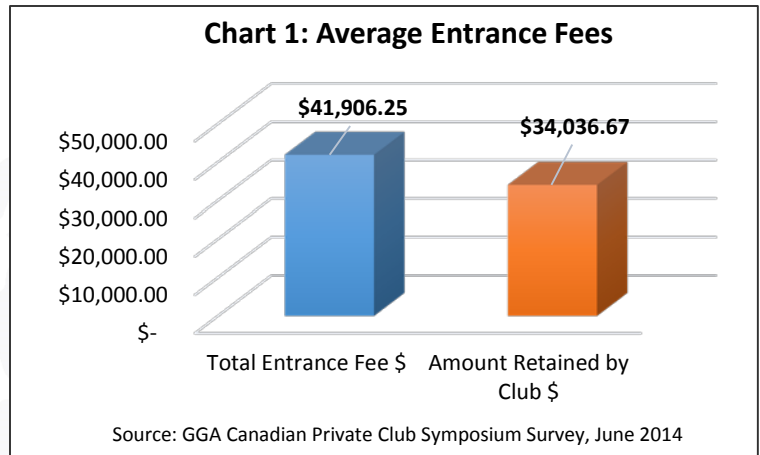
MEMBERSHIP

Q. TYPE OF ENTRANCE FEE AND AVERAGE AMOUNT CHARGED BY PARTICIPATING PRIVATE CLUBS.

The large majority of participating private clubs (65%) charge only an initiation fee to new members entering the club. 18% require a new member to pay an initiation fee and acquire an equity certificate, while 12% of participating clubs only require an equity certificate be acquired to join. Those that selected 'Other' indicated that entrance fee structures vary depending on the type of membership purchased at those clubs.

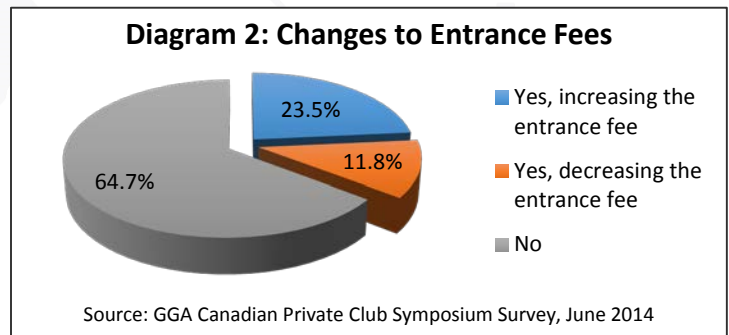


The average entrance fee required by participating clubs in 2014 falls just below the \$42,000 mark, a \$2,000 increase from last year's data. On average, clubs retain 81% (\$34,037) of the total entrance fee (\$41,906) that new members are required to pay. The other 19% (\$7,869) is attributed to an equity certificate acquired by the new member.



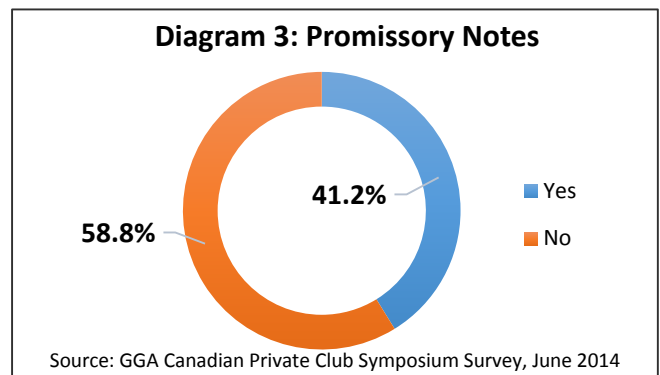
Q. IS YOUR CLUB CONTEMPLATING A CHANGE TO ENTRANCE FEES WITHIN THE NEXT THREE YEARS?

The majority of participating clubs (65%) are not contemplating a change to their entrance fees in the next three years, while 24% are contemplating an increase and 12% a decrease. No club is contemplating the elimination of entrance fees. Interesting to note, certain clubs with an equity certificate component indicated a desire to review the equity structure within the next three years depending on wait list capacities.



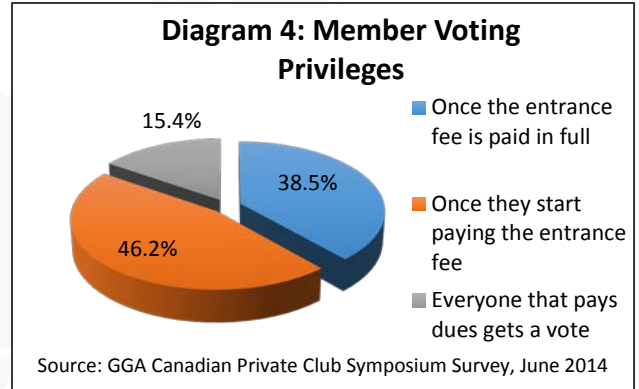
Q. DO YOUR MEMBERS SIGN A PROMISSORY NOTE WHEN THEY JOIN?

Participating clubs were divided on this issue with the majority (59%) indicating that their members do not sign a promissory note when they join the club, whereas members at roughly four in ten clubs (41%) do sign such a note. Several clubs reported that they require cash up-front while a small number of others include wording regarding financial responsibilities of the member as a part of signed applications to the club.



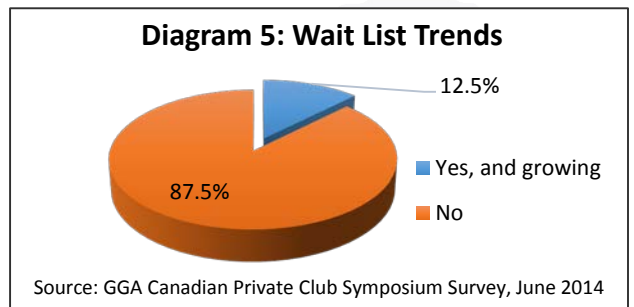
Q. WHEN DO MEMBERS GET A VOTE AT YOUR CLUB?

Just under five in ten (46%) participating clubs allows a member to vote once the member starts to pay the entrance fee while the second largest group (39%) require the entrance fee to be paid in full before earning voting privileges. A smaller group (15%) implements a policy where all dues-paying members get to vote. Most clubs that do not offer voting privileges are privately owned non-equity clubs.



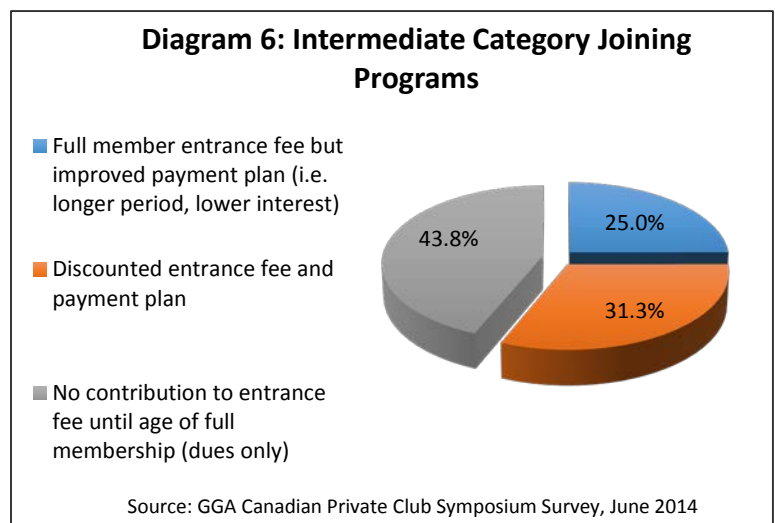
Q. DOES YOUR CLUB CURRENTLY HAVE A WAIT LIST FOR FULL MEMBERSHIP AND IS IT GROWING OR SHRINKING?

The majority of participating clubs (88%) do not have a wait list and 13% are seeing their wait list grow. Interestingly, no clubs reported steady or shrinking wait lists whatsoever; those that have them are all growing.



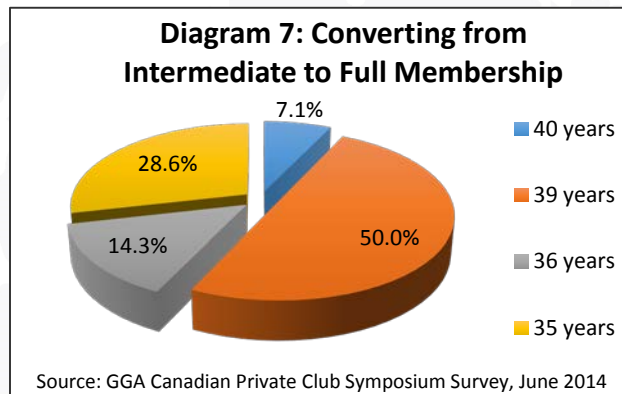
Q. WHICH PHRASE BEST DESCRIBES YOUR INTERMEDIATE CATEGORY JOINING PROGRAM?

The majority of participating clubs (44%) do not currently require Intermediate members to make contributions to an entrance fee until they're of age for Full membership. Just under one-third of clubs (31%) offer a discounted entrance fee and payment plan, while one-quarter (25%) require a full entrance fee with payment benefits such as a longer payment plan or lowered interest rates. No clubs reported Intermediate members paying a full entrance fee.



Q. WHAT IS THE MAXIMUM AGE FOR INTERMEDIATES BEFORE CONVERTING TO FULL MEMBERSHIP AT YOUR CLUB?

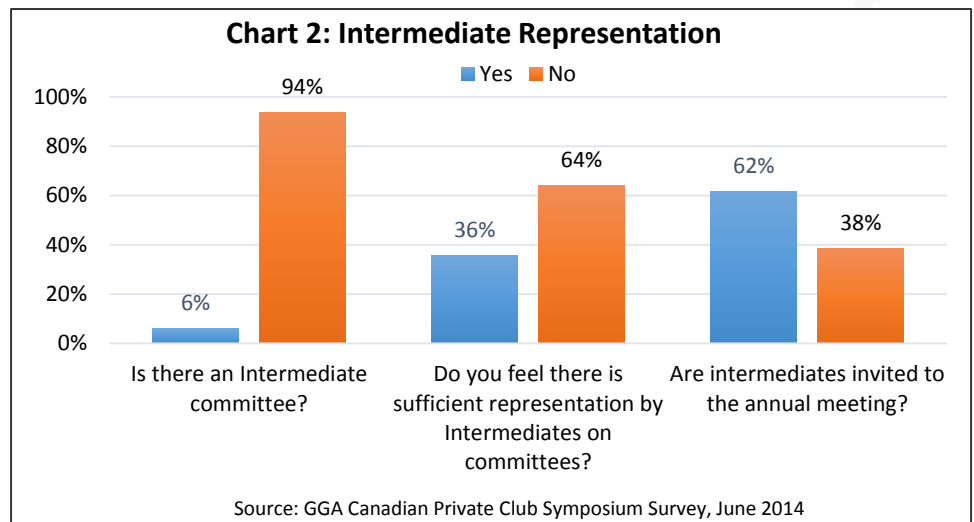
Half of the participating clubs (50%) indicated that they allow members to remain as Intermediates up until age 39 at which point they must convert. The second largest contingent (43%) requires members to convert around the ages 35 or 36. The lowest age reported for Intermediates was 27 years old at only one club.



Q. WHAT IS THE REPRESENTATION OF INTERMEDIATE CATEGORIES LIKE AT YOUR CLUB?

More than nine out of ten (94%) participating clubs do not have a committee that represents the Intermediate membership category. Well over half (64%) do not feel that there is sufficient representation by Intermediates on committees.

However, roughly the same amount of clubs (62%) reported that Intermediates are invited to the annual meeting.

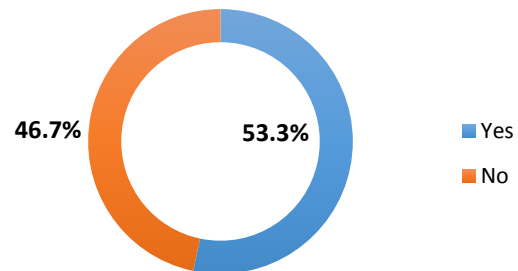


Q. WOULD YOUR CLUB CONSIDER A 'PAY FOR USE' MEMBERSHIP FOR INDIVIDUALS AGED 30 TO 40 WHEREBY THE MEMBER WOULD PAY FOR THE INITIATION FEE OVER SEVERAL YEARS, PAY DISCOUNTED ANNUAL DUES, PLUS A FEE EACH ROUND TO PLAY GOLF?



Participating clubs were divided on this question with the majority (53%) suggesting that their club would consider such a membership category while the remainder (47%) dissented. Important to note is that of the few comments received on this question, most indicated that it is unlikely they would currently implement such a category but all were open to discussions on the topic.

Diagram 8: 'Pay For Use' Membership Considerations

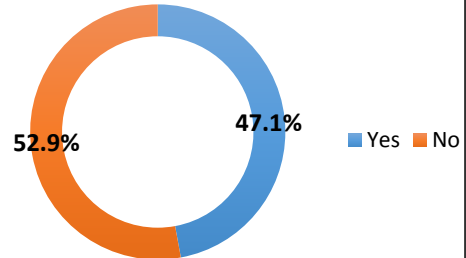


Source: GGA Canadian Private Club Symposium Survey, June 2014

Q. DOES YOUR CLUB HAVE A 'HERITAGE' TYPE OF MEMBERSHIP WHEREBY CERTAIN SENIOR MEMBERS (AGE 75+ OR THOSE WHO HAVE BEEN MEMBERS FOR 15-20+ YEARS) CAN TRANSITION TO A DISCOUNTED CATEGORY AND THEIR CHILDREN TAKE OVER FULL DUES PAYING RESPONSIBILITIES?

While participating clubs were generally split on this topic, most (53%) indicated that they do not implement a Heritage-type membership for their most loyal members. The remaining 47% do have this type of membership category but no clubs reported a full transferral over to the children of these members; rather, the Heritage group pays a fee to transition into this category.

Diagram 9: Heritage Memberships



Source: GGA Canadian Private Club Symposium Survey, June 2014

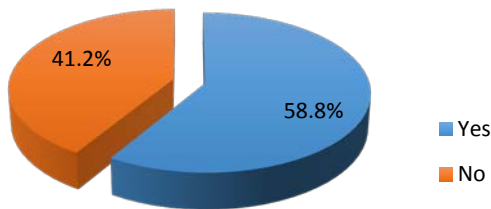


STRATEGIC PLANNING

Q. DOES YOUR CLUB HAVE A STRATEGIC PLAN AND IF SO, HOW OLD IS IT?

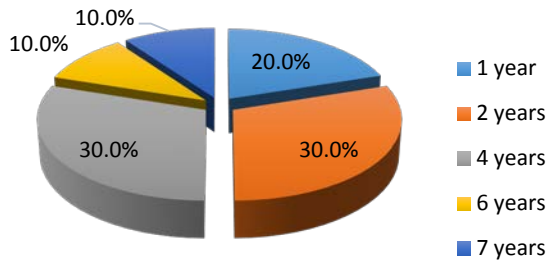
The majority of participating clubs (59%) have a strategic plan. Of the clubs with a strategic plan, 80% have a plan that is 4 years old or less. The average age of participating clubs' strategic plans is 3.3 years old.

Diagram 10: Do You Have a Strategic Plan?



Source: GGA Canadian Private Club Symposium Survey, June 2014

Diagram 11: Age of Strategic Plan

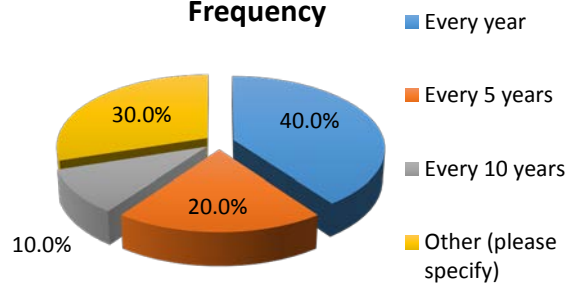


Source: GGA Canadian Private Club Symposium Survey, June 2014

Q. HOW OFTEN DOES YOUR CLUB UPDATE ITS STRATEGIC PLAN?

The majority of participating clubs with a strategic plan (40%) update their plans every year, 20% update their plans every 5 years and 30% have yet to set a formal structure for updating their plans. On average, participating clubs update their strategic plans every 3.4 years.

Diagram 12: Strategic Plan Update Frequency

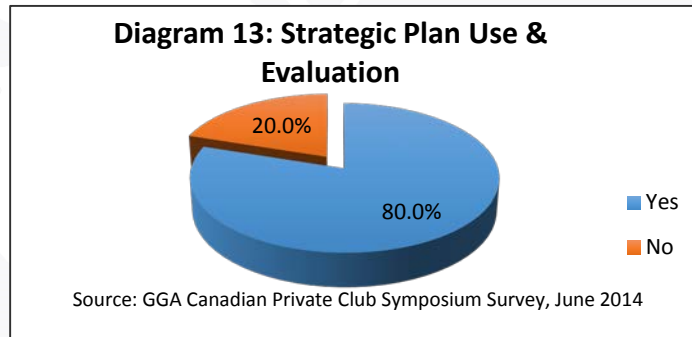


Source: GGA Canadian Private Club Symposium Survey, June 2014



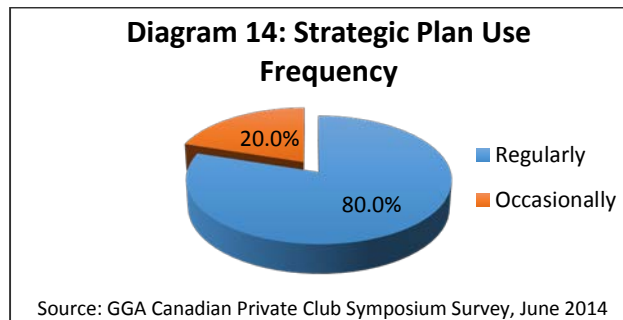
Q. DOES YOUR BOARD AND MANAGEMENT TEAM REGULARLY REFERENCE YOUR STRATEGIC PLAN AND EVALUATE PROGRESS?

Eight in ten (80%) participating clubs regularly reference their strategic plan and evaluate their progress against the plan's guidelines.



Q. HOW DO YOU USE YOUR STRATEGIC PLAN?

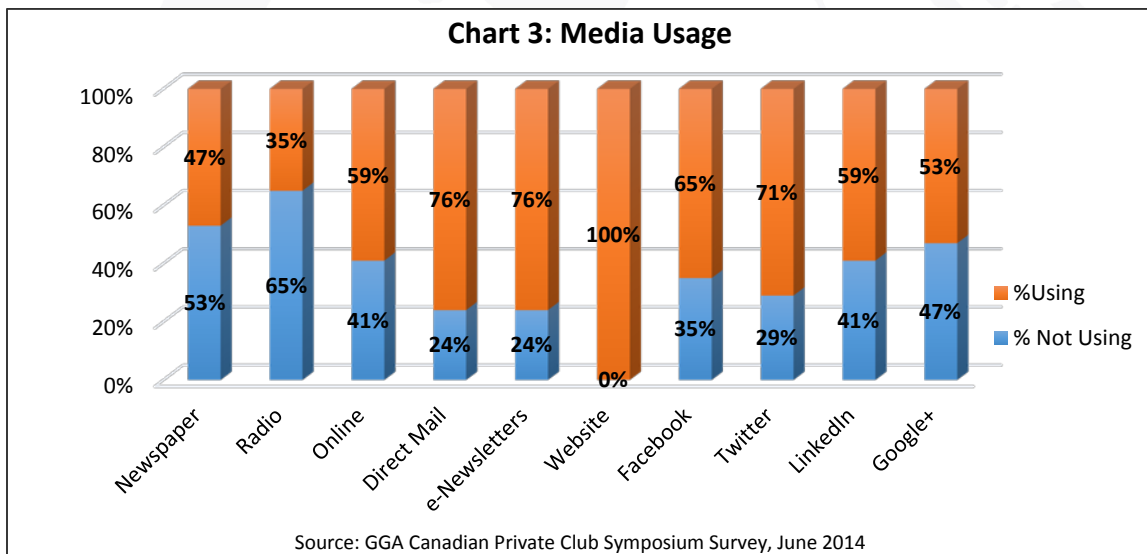
The large majority of participating clubs with a strategic plan (80%) indicated that they use their plan regularly, while 20% indicated occasional use and none indicated seldom use.



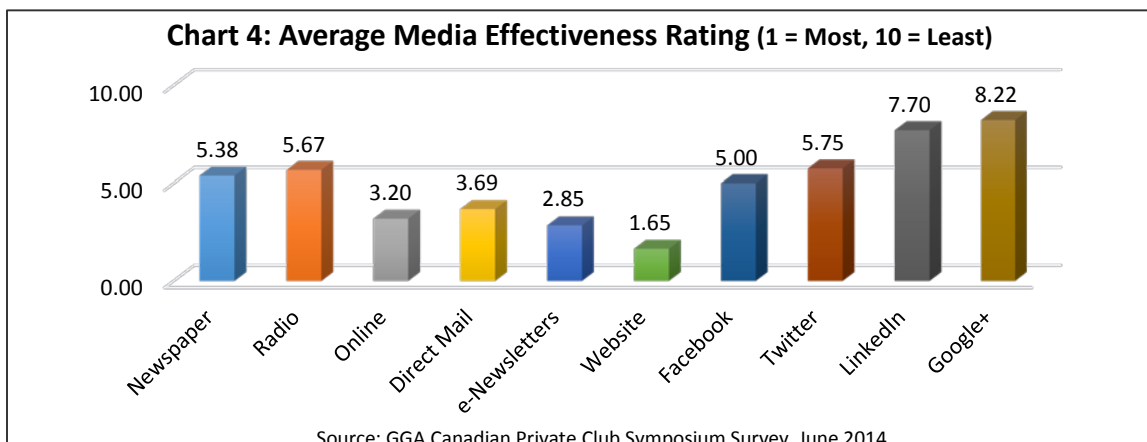
MARKETING

Q. PLEASE RANK THE MARKETING MEDIA USED BY YOUR CLUB IN ORDER OF EFFECTIVENESS. IF YOUR CLUB DOES NOT USE A SPECIFIC MEDIA, PLEASE MARK AS 'NOT APPLICABLE'.

Overall, club websites are the most widely used marketing medium by participating clubs, with every club (100%) using their club website for marketing purposes. The most popular marketing avenues outside of the website are direct mail (76%), e-Newsletters (76%), and Twitter (71%). Newspaper (47%) and radio (35%) media are used by less than half of participating clubs. There was a slight correlation between media usage and effectiveness ratings.



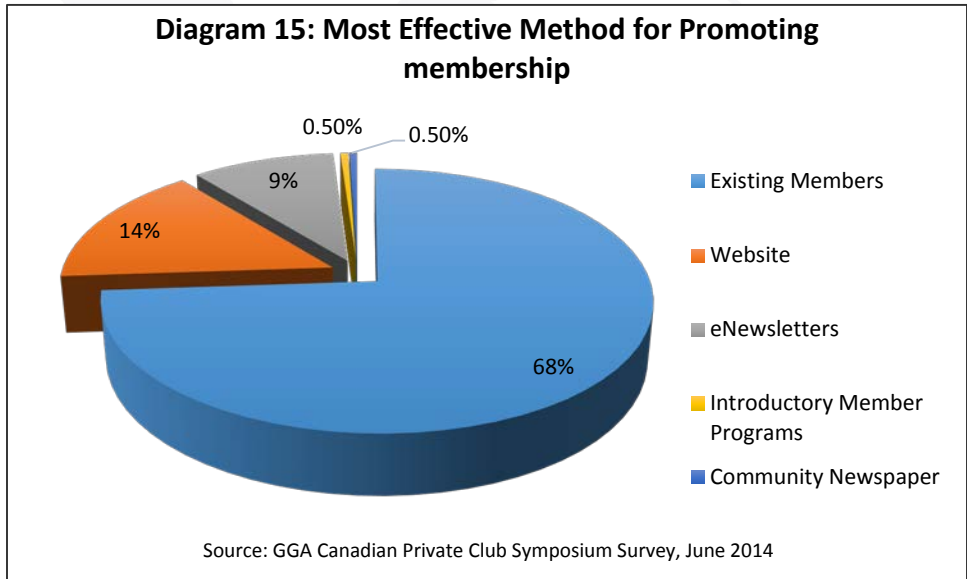
Of the clubs using each type of media, website, e-newsletters and online advertisements were given the highest average effectiveness ratings (chart 4).



Interesting to note, newspaper advertisements were rated as the fifth-highest from an effectiveness perspective by the 53% of clubs that are actually using this marketing medium. So while 10% more clubs are using newspaper advertisements than last year, their effectiveness ranking has dropped two positions in that time.

Q. WHAT IS THE MOST EFFECTIVE METHOD FOR PROMOTING YOUR CLUB MEMBERSHIPS?

The large majority of participating clubs (68%) believe that existing members are the most effective source of promotion for new club membership sales. These clubs focus efforts to maintain and increase member satisfaction, boost promotion by word of mouth and leverage member referral programs that include member incentive offers and VIP invitational events to promote new club memberships.

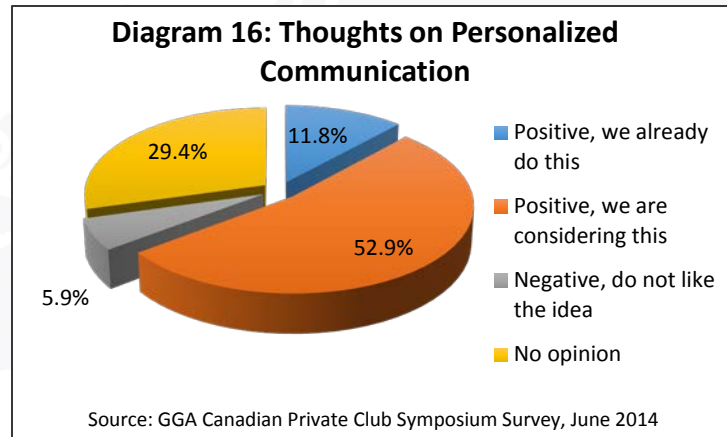


Other methods identified as the most effective for promoting new club memberships include: (1) website inquiry response and follow up, (2) e-newsletters to guest contact databases, (4) introductory member programs usually developed through referrals and incentives, and (5) advertisements placed in local, non-golf specific publications.



Q. WHAT ARE YOUR THOUGHTS ON PERSONALIZED COMMUNICATION WHEREBY MEMBERS SELECT THE MEDIA THEY WISH TO RECEIVE?

More than half (53%) of participating clubs feel positively about personalized communication and are considering implementing it as part of their marketing strategies. Roughly one-tenth (11%) of clubs indicated that they are already doing this. Less than one in ten (6%) feel negatively about personalized communication or indicated that they dislike the idea.



Q. HAS YOUR CLUB COMPLETED A PSYCHOGRAPHIC ANALYSIS TO UNDERSTAND THE TOP LIFESTYLE SEGMENTS PRESENT IN YOUR LOCAL MARKET? (THIS ANALYSIS PUTS A 'FACE' ON THE LOCAL POPULATION).

The large majority of participating clubs (88%) have not conducted such a study of lifestyle preferences and habits of their local market demographic. Just over one in ten (13%) have already done so.



Q. PLEASE DESCRIBE THE MOST SUCCESSFUL NEW EVENT OR MARKETING INITIATIVE AT YOUR CLUB IN THE PAST THREE YEARS.

The following event descriptions provided by participating club executives represent the most successful new event at their club in the past three years and fall into the following general categories:



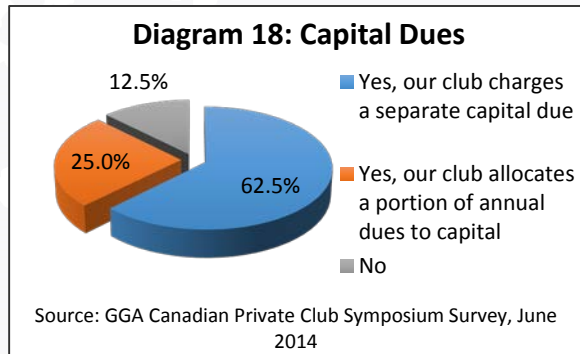
- **Special Guest Program** – This includes trial or introductory membership programs which often include member incentives for referrals.
- **Member Incentives** – Providing benefits to current members who refer new candidates or bring new members into the club.
- **Discounting a Certain Amount of Supply** – This involves creating a new price for a limited number of memberships in order to drive interest to participate in the Club.
- **Creation of New Membership Categories** – Some clubs mentioned implementing a Novice Golf Program while others looked to Intermediates in the 35 and under age range. One club mentioned creating a non-legacy membership that provided affordable access and an opportunity to convert to a legacy membership once children approach Intermediate age.
- **Creating Golf Opportunities for Non-Golfing Membership Categories** – This includes temporarily opening the club up to golf by Social, Curling, and other members who typically do not have golfing privileges.
- **Improvement of Digital Marketing Efforts** – This includes refreshing and renovating the Club website as well as developing a more effective capacity to distribute eNewsletters and eBlasts to digital contact databases.
- **Direct Mail** – Some targeted a specific demographic (high-end) and pursued it vigorously.
- **Formalizing Key Club Meetings into One Package** – This involved combining the annual general meeting with the President's Welcome Dinner/Dance, at which all new Members (accompanied by their Sponsors) were formally introduced by the President.
- **Performing and Promoting Much Needed Facility Renovations**
- **Hiring a Marketing Manager**



CAPITAL PLANNING

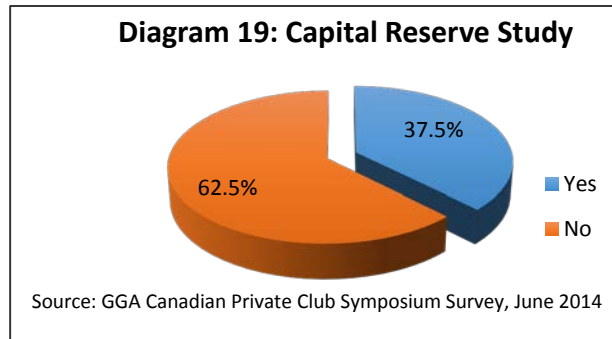
Q. DOES YOUR CLUB CHARGE A SEPARATE CAPITAL DUE OR ALLOCATE A PORTION FROM ITS ANNUAL DUES TO CAPITAL?

The large majority of participating clubs (63%) charge a separate capital due to members in order to fund improvements. One-quarter (25%) allocate a portion of dues to capital while 13% do not collect any distinct capital due.



Q. DOES YOUR CLUB HAVE AN UP-TO-DATE CAPITAL RESERVE STUDY?

The largest group of participating clubs (63%) indicated that they do not currently have an up-to-date capital reserve study. Comments on this topic revealed that several clubs are in the process of completing this while others have internally generated long-range capital expense plans.

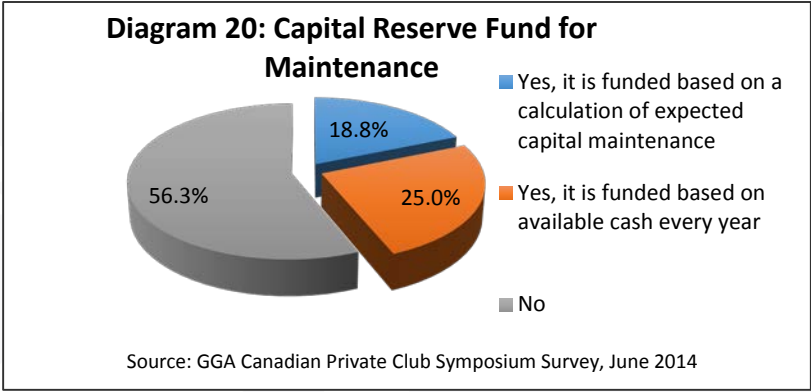


Q. DOES YOUR CLUB HAVE A CAPITAL RESERVE FUND FOR CAPITAL MAINTENANCE?

More than half of participating clubs (56%) do not have a capital reserve fund for capital maintenance needs. One-quarter (25%) reported that they fund their capital reserve based on available cash each year. Only (19%) maintain a capital reserve fund based on a

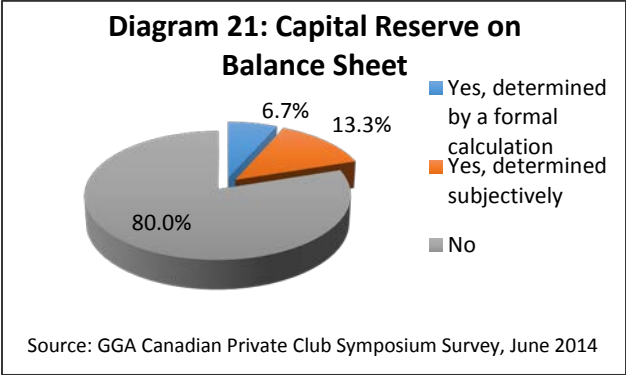
calculation of expected capital maintenance often taking into consideration the average entrance fees of previous years along with capital levies.





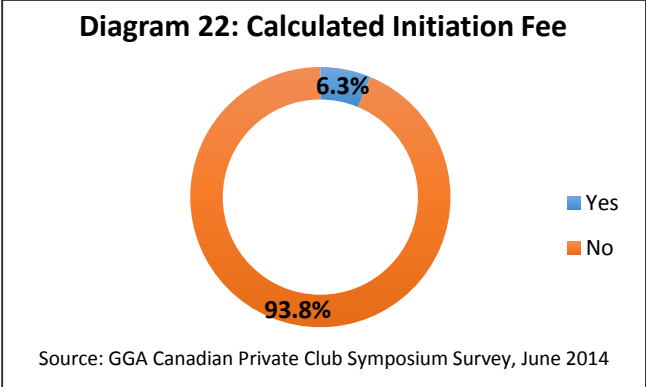
Q. DOES YOUR CLUB HAVE A CASH RESERVE ON ITS BALANCE SHEET?

The largest group (80%) of participating clubs does not have a cash reserve on the club’s balance sheet. Of the 20% with a capital reserve, less than one-tenth (7%) determine their cash reserve through a formal calculation while the other 13% determine their cash reserve in a subjective manner.



Q. HAS YOUR CLUB EVER CONTEMPLATED WHAT ITS INITIATION FEE SHOULD BE BASED ON THE AVERAGE ANNUAL MEMBER TURNOVER AND THE AMOUNT OF ANNUAL FUNDING REQUIRED TO ADDRESS ALL CAPITAL MAINTENANCE AND RESERVE ITEMS, IRRESPECTIVE OF ITS MARKET?

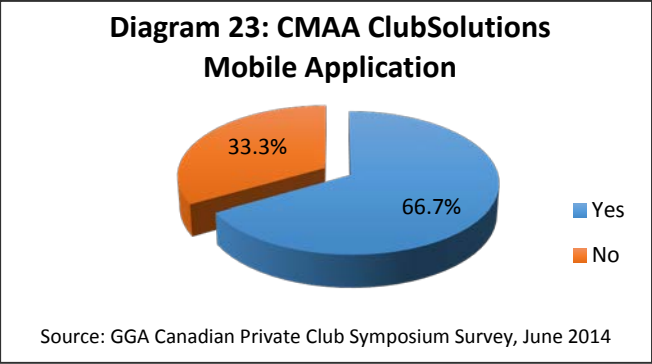
More than nine in ten participating clubs (94%) have never calculated what their initiation fee should be based on the average annual member turnover and the amount of annual funding required in order to address all capital maintenance and reserve items irrespective of their market. Only 7% of participating clubs have done this.



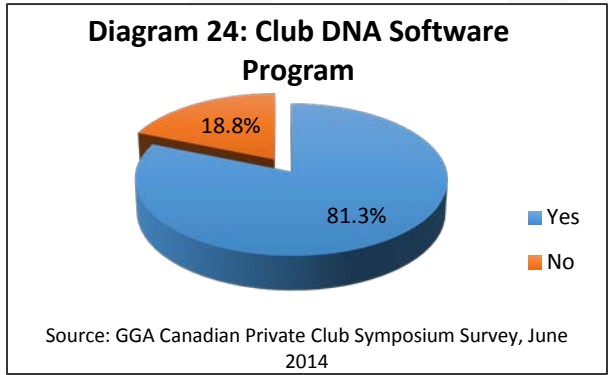
GENERAL

Q. WOULD YOU BE INTERESTED IN CMAA'S CLUBSOLUTIONS MOBILE APPLICATION?

Most participating clubs (67%) indicated interest in the ClubSolutions Mobile App while the remaining third (33%) are not interested, many commenting that they're just not sure at the current time.



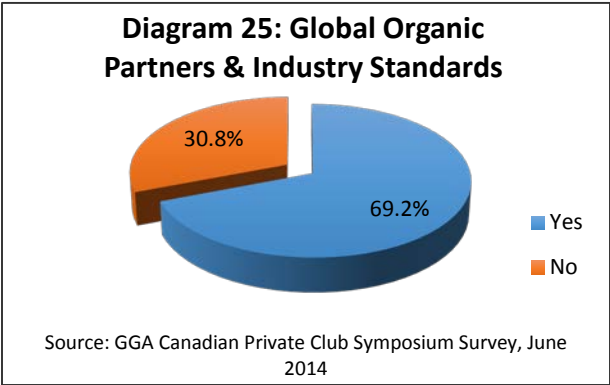
Q. WOULD YOU BE INTERESTED IN THE CLUB DNA SOFTWARE PROGRAM?



More than eight in ten (81%) participating clubs are interested in the Club DNA software program while the remaining 19% are unsure.

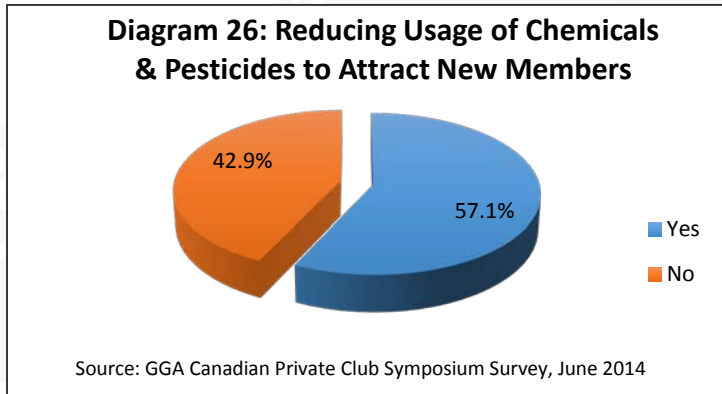
Q. DO YOU BELIEVE RESULTS OF CLUBS SERVED BY GLOBAL ORGANIC PARTNERS WILL HAVE AN IMPACT ON INDUSTRY STANDARDS?

Most participating clubs (69%) believe that the services of Global Organic Partners will show an impact on industry standards, while just under one-third (31%) of participants think that this is unlikely. Many comments indicated an interest in future data once more clubs begin participating in the Global Organic Partners program.

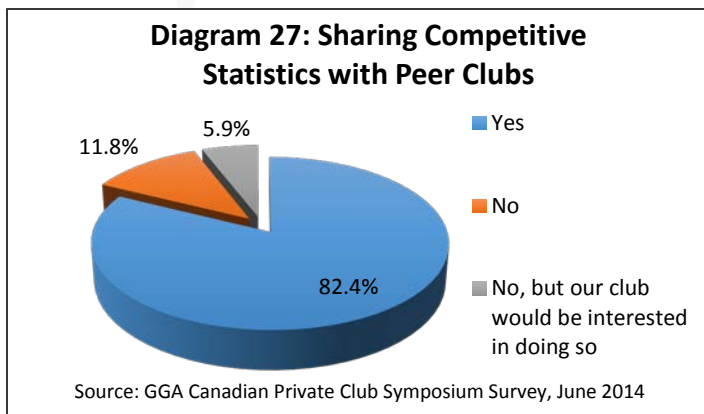


Q. DO YOU BELIEVE A SIGNIFICANT REDUCTION IN USAGE RATES OF CHEMICALS AND PESTICIDES WOULD IMPROVE YOUR ABILITY TO ATTRACT NEW MEMBERS?

Participating clubs were divided on this issue with slightly more than half (57%) subscribing to the belief that significant reduction in the usage of chemicals and pesticides would improve their ability to attract new members. Several of the clubs that disagreed (43%) commented that they didn't feel it would help to any substantial degree.



Q: DO YOU REGULARLY SHARE COMPETITIVE FINANCIAL AND OPERATIONAL STATISTICS WITH A SELECT GROUP OF PEER CLUBS?



More than eight in ten (82%) participating clubs are reported to share competitive financial and operational statistics with a select group of peer clubs and 6% said that they do not currently but would be interested in doing so. The remaining 12% do not share information with peer clubs.

Q. IS THE CURRENT TIMING OF THE ANNUAL GGA PRIVATE CLUB SYMPOSIUM A GOOD TIME OF YEAR FOR YOU?

Every participating club (100%) indicated that spring is a good time of year to hold the Symposium and many comments suggested that even greater engagement could be garnered by holding the event later in the month of April.





Q. SUGGESTIONS FOR IMPROVEMENT FOR NEXT YEAR'S GGA PRIVATE CLUB SYMPOSIUM:

Topics not covered this year that should be considered for GGA's 2015 Symposium:

- Retail strategies for Pro Shops including merchandising and retail best practices.
- Not for profit CRA rules and its impact on Clubs.
- Trends in consumer needs around Private Club amenities beyond the golf course; rank in order of importance what today's Private Club candidate is looking for.

Changes to the attendee list:

- Encourage more Board Directors and Presidents to attend and participate.

Changes to presentation structure/format:

- Decrease presentation length slightly followed by lunch and roundtable discussion.
- Identify solutions to issues discussed in round table discussions.

CONCLUSION

Overall, the detailed survey results presented here support the notion that a deliberate, informed, planned and consistently well-executed vision and business strategy is critical to the success of top-tier private clubs.

Thank you for reading and please do not hesitate to contact us with any question.

THE END



ABOUT GLOBAL GOLF ADVISORS

Global Golf Advisors provides highly specialized consulting services to the international golf, private club, real estate, resort, and investment communities. Headquartered in Phoenix (US), Toronto (Canada) and Dublin (Ireland), GGA offers its services in five strategic categories: i) Corporate Strategy, Financial Engineering and Transaction Advisory, ii) Asset Management, iii) Performance and Operations Consulting, iv) Club Membership Programs & Solutions, and v) Strategic Marketing and Business Planning. The Firm takes a 360-degree view of financial, management and operational issues before developing a strategic plan that establishes benchmarks for success and identifies potential outcomes of recommended actions. In its 22-year history, GGA has consulted on more than 2,300 golf-related projects worldwide. For more information, please visit www.globalgolfadvisors.com or call 1.888.432.9494.

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Private Club Services

Club Membership Programs and Solutions	Strategic Planning and Business Systems	Performance and Operations Consulting
<ul style="list-style-type: none"> 🚩 Board Retreats and Coaching 🚩 Member Focus Group Facilitation 🚩 Club Governance Reviews 🚩 Micro Market Analysis 🚩 Membership Research 🚩 Membership Program Analysis 🚩 Membership Document Planning 🚩 Membership Marketing Plans 🚩 Member Surveys 	<ul style="list-style-type: none"> 🚩 Strategic Planning 🚩 Market Studies 🚩 Strategic Marketing Plans 🚩 Organization of Management 🚩 Business Plan Development 🚩 Business Risk Assessments 🚩 Long Range Capital Plans 🚩 Clubhouse Planning and Consulting 	<ul style="list-style-type: none"> 🚩 Benchmarking Reviews 🚩 Operational Reviews 🚩 Performance Analysis 🚩 Financial Forecasting and Budgeting 🚩 Budget Performance Monitoring 🚩 Business Process Engineering 🚩 Internal Control Reviews 🚩 Information Technology Reviews

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