2020 LIFESTYLE RESEARCH

Millennials & Golf's Value Proposition

GGA Partners™
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NEXTGENGOLF

ABOUT

GGA Partners™

Insight | Strategy | Success

Trusted advisors to the golf, private club and leisure industries.

GGA Partners™ is an international consulting firm and trusted advisor to many of the world's most successful golf courses, private clubs, resorts and residential communities. We are dedicated to helping owners, asset managers, club and community leaders, investors and real estate developers tackle challenges, achieve objectives and maximize asset performance. Established in 1992 as the KPMG Golf Industry Practice, our global team of experienced professionals leverage in-depth business intelligence and proprietary global data to deliver impactful strategic solutions and lasting success.

NEXTGENGOLF

Live life. Play golf.

Nextgengolf is an inclusive organization with the mission to provide golfing opportunities, keep golfers in the game, and make the game of golf more relevant for high school students, college students, and young adults. Through our NHSGA, NCCGA and City Tour products, we cater to golfers 15-50 years old by proactively keeping golfers engaged through events and bringing new players into the game. In 2019, Nextgengolf was acquired by the PGA of America.

CONTENTS

FOREWORD

Fast, casual & efficient golf lifestyles. Relationship-focused engagement. Promising private club outlooks.

As millennials age, their interest in the game grows and their influence suggests new opportunities for facility operators to capture it.

In many facilities and clubs today, the long-held expectations and perceptions of existing, ageing patrons are at odds with the entirely different needs and expectations of a new wave of younger, more casual customers and members. The challenge for facility operators? To create an environment which not only appeals to the new wave, but where members and customers of all types can coexist.

Research findings suggest ways golf facilities can adapt and develop their offerings to meet the needs of the next generation of members and customers. The goal is to provide valuable insights about millennial golfers, the challenges they face, and the opportunities for facilities to help support the long-term sustainability of the game and the industry as a whole. Our research reveals three overarching observations to consider:

First, the lifestyles of millennial golfers have changed the way they approach, experience, and enjoy the game of golf. Leading fast and casual lives, the millennial concept of 'golf lifestyle' is evolving to allow for more flexibility, greater efficiency, a unification of multiple social activities into a single experience, and experimentation with the way the next wave of customers and members engage with the game. Millennials will respond to programming that fits into their work and social schedules.

Second, socialization and relationships are important for millennial recruitment and retention. Millennials mainly start playing golf as a result of encouragement from a family member. They primarily continue to play because of their own friendships, using golf as a platform for shared activity and a chance to hang out together.

FOREWORD

Family is a huge factor for millennials and will increase in significance, especially as it relates to private club membership. Millennials increasingly assess the value of club membership not just in individual terms, but in how their loved ones will benefit too. If club membership becomes a gateway to spending more time with those close to them, this will be key to influencing their decision to join.

Third, cost is a major concern for millennials and the biggest barrier between them and golf. This is partially due to lifestyle evolution and primarily as a result of funding capability. The good news is that millennials show strong interest to join private clubs, under the 'right' fee structure. Traditional club membership offerings and conventional fee structures are less appealing to millennials than previous generations, who would prefer to pay more annually rather than invest a large sum on joining fees or upfront costs.

Details on these findings and more are illustrated throughout the ensuing pages. We hope this report and our continuing research series provide insights that can be turned into positive action.

We welcome your feedback and ideas. Please do contact us to discuss the survey findings and the evolution of millennial golfers. To get in touch, please refer to the *Connect With Us* section near the end of this paper.

Thank you to the Club Management Association of America (CMAA) for the support that makes this research possible.

Matt Weinberger

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METHODOLOGY

In ongoing research collaboration with millennial golfer organization Nextgengolf, GGA Partners recently updated the partnership's annual study of the habits, attitudes, and preferences of millennial golfers.

The research is based on a survey sample focused exclusively on an audience of active, avid millennial golfers with prior golf interest and experience in tournaments or golf events. The 2020 study brings forward survey findings from over 1,650 millennial golfers and builds upon research conducted in 2017, 2018, and 2019. To date, more than 5,200 survey responses have been analyzed during the four-year research study.

The survey, conducted in November 2019 through January 2020, was developed and facilitated jointly by GGA Partners and Nextgengolf with input from the PGA of America. The survey was administered via an open survey collector link distributed by Nextgengolf through its email and player networks.

The purpose of this survey was to provide valuable insights about millennial golfers, the challenges they face, and the opportunities for golf facilities to help support the long-term sustainability of the game and the industry as a whole.

This research paper was derived from the content of the 2020 Millennial Golf Industry Survey. Prepared by GGA Partners, the accompanying commentary and insights shed light on evolutions happening within the millennial golfer cohort and highlight the unique lifestyle dynamics influencing contemporary decisions impacting their engagement in the game of golf.

For additional information on the demographic profile of survey respondents, please refer to the *Respondent Profile* section.

SURVEY

Line of Inquiry

Demographic Profile

Introduction to Golf

Engagement & Growth

Lifecycle & Habits

Lifestyle & Golf Inhibitors

Facility Utilization

Outlook on Private Clubs

Off-Course Golf Activities

EVOLVING LIFESTYLES

So Much To Do, So Little Time

EVOLVING LIFESTYLES

> Millennials find golf relevant. Many love golf but also 10 other activities equally.

Source: GGA/Nextgengolf 2020 PGA Show Presentation on millennials.
Note: Verbatim comment from GGA Partner Henry DeLozier.

Shared by GGA Partner Henry DeLozier during a presentation on millennials at the 2020 PGA Show, this remark hones in on busy millennial lifestyles and their competing recreational interests. Its truth is resonant with anyone who works, goes to school, or raises a family – people just don't seem to have, or at least make, as much time for golf as they used to.

Golf courses and private clubs are communities of people and evolutions in the lifestyles of individuals directly impact the nature and function of the community.

Major societal and technological shifts have fundamentally altered contemporary lifestyles. Individuals appear to lead their lives at a more rapid pace than in the past; there is greater access and exposure to information which provides more opportunities and more distractions; attention spans seem to be shrinking; people are pulled in multiple and conflicting directions; and no amount of time ever seems to be enough.

Golf facilities are developed on the premise of hospitality, leisure, and recreation – all time-privileged and time-intensive activities relative to modern lifestyles. Add to this the fact that millennials are generally defined as having been born between 1981 and 1996, which means they're now approximately 24 to 39 years old.

Generally speaking, millennials are well into a phase of life where work dominates most of their daily schedule; families are either in the cards, in development, or youthfully blooming; and they're balancing competing personal interests with professional obligations and commitments to family, friends, or social groups.

While this may just be the reality of growing up, it presents a challenge for millennials to engage with 'traditional' golf facility offerings. For golf businesses seeking to attract and appeal to evolving consumer lifestyles – which appear to be increasingly casual, focused on unique shared experiences, and starved for time and availability – it is important to understand two key aspects of millennial golfer attitudes.

First, that the concept of 'golf lifestyle' is evolving for millennials and the way they engage with the sport is too.

Second, that millennials are experiencing 'life mobility' and will change levels of engagement more than previous generations.

THE CONCEPT OF 'GOLF LIFESTYLE' IS EVOLVING FOR MILLENNIALS

Millennial lifestyles are radically different than those of their predecessors, so, too, is their concept of 'golf lifestyle' rapidly changing.

To be clear, this absolutely does not suggest some sort of 'millennial mutiny' threatening to uproot the game of golf and the valuable traditions on which it was built and has sustained. However, the ways that millennials want to engage with the game, the amount of time they're willing to dedicate to it, and how they wish to pay for it are shifting their definition of a 'golf lifestyle'.

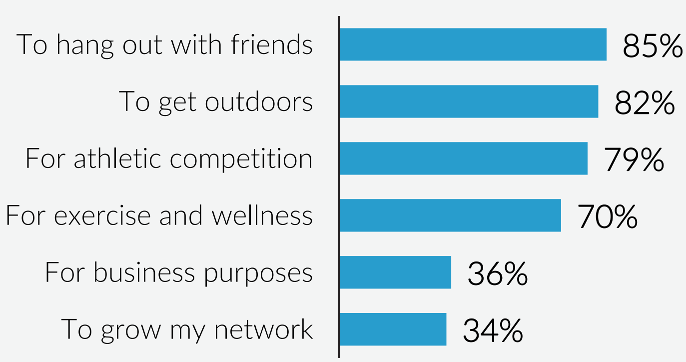
No Handicap, No Problem

As an example, 55% of millennials surveyed do not keep a traditional GHIN handicap. Keep in mind the characteristics of the survey sample: active, avid golfers, of mid-to-high skill level, with past experience playing competitively in tournaments and events, responding to a survey about golf habits. This is interesting and a shift for a group who plays so much golf at a high skill level, particularly for state golf associations whose number one value proposition has been the ability to keep a handicap.

Golf As a Conduit for Lifestyle Values

It's less odd when considering the primary reasons why millennials currently play golf: to hang out with friends, get outdoors, for athletic competition, exercise and wellness.

Figure 1: Reasons for Playing Golf Now



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

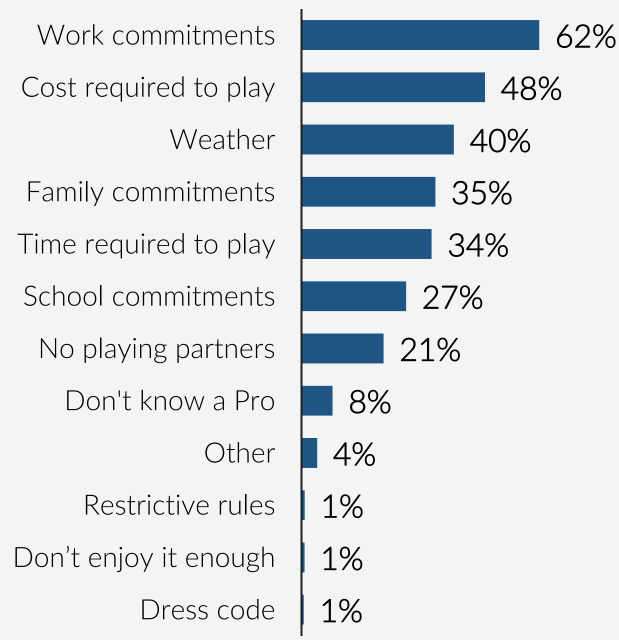
Millennials are enjoying golf as a means to an end, a conduit for other lifestyle attributes they value: socialization, spending time outdoors, sharing experiences with others, and exercise. In other words, it's not necessarily the sport itself attracting them as much as it is the lifestyle benefits it brings to bear.

Tick Tock, Eye on the Clock

This points toward another characteristic about millennials, a predisposition for combining multiple activities to maximize value and their use of limited free time for leisure and recreation. Millennials value their time and are seeking ways to expend it more efficiently.

Time is a huge factor in the millennial concept of golf lifestyle. When asked about what prevents them from playing more golf, the struggle to balance their time for golf against that for work, family, and school is apparent – 62% identified work commitments as the top factor preventing them from playing more. Further, roughly the same amount (63%) believe that most people stop playing golf because it's too time consuming.

Figure 2: What Prevents Millennials From Playing More Golf?



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Running down the list, it's apparent that nearly all of the golf- and facility-specific barriers to millennials playing more often (such as not having a relationship with a course professional, restrictive facility rules, or dress codes) are hardly factors at all – lifestyle is, things like work, disposable income, family, time, school, and playing partners all vying for their leisure time and ability to fund it both of which are limited.

Taking the Game Off-the-Course

In the mind of millennials, greater time efficiency is surfacing as a key attribute of their golfing lifestyle, so much so that they are very keen to explore new, non-traditional ways of engaging in golf. When asked about off-the-course golf activities, a whopping 95% of survey respondents indicated that they had experienced some form of unconventional off-course golf activity. More on that later.

What Evolving Millennial Golf Lifestyles Mean for Golf Facilities

Millennials concept of 'golf lifestyle' is evolving to allow for more flexibility, greater efficiency, a unification of multiple social activities into a single experience, and experimentation with the way the next wave of customers and members engage with the game.

Millennials view themselves as busy people and don't view golf as an all-day activity. Most would balk at the idea of spending half a day or more at the club or golf course. The reality is that they have many other recreational interests, golf is just one element in an active lifestyle.

Millennials will respond to programming that fits into their work and social schedules. Their ability to play golf more is primarily impaired by their work commitments. Millennials will look to combine their social and golf schedules when possible and are eager and open-minded about engaging with golf in innovative ways, such as short courses, driving range games, mini-tournaments, and off-the-course activities.

LIFE MOBILITY & VARIABLE LEVELS OF ENGAGEMENT

For many of the same reasons the millennial concept of a 'golf lifestyle' has evolved, the way they engage with the game of golf has too. But the change doesn't stop there.

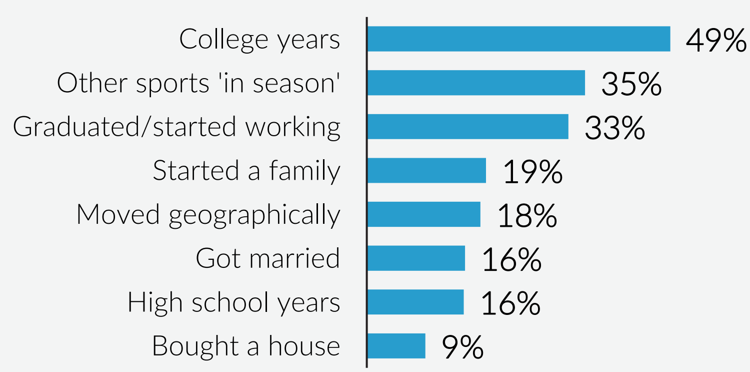
The mobility and agility of their lifestyles, and the variability of their lifecycles, will impact how much they participate, what they participate in, what attributes of a golf facility appeal to them. This means that the role and significance golf plays in their lives is liable to morph accordingly.

Eat, Work/School, Sleep, Repeat

Millennial lives are currently dominated by two primary time consumers: work and school. Approximately six out of ten participating millennials are currently employed in some capacity, with 54% working full-time. Nearly four in ten (37%) are current students.

Naturally, all work and no play negatively impacts the time available to spend on the course or at the club. However, survey data indicates that certain phases of life – and specific key 'life moments' – can rapidly and radically change millennials engagement in golf. Nearly half found it more difficult to play golf consistently during their college years, while roughly one-third experienced the same at times when other sports they played were 'in season' or when they graduated college and began working.

Figure 3: Difficult to Play Golf Consistently During Key Life Moments



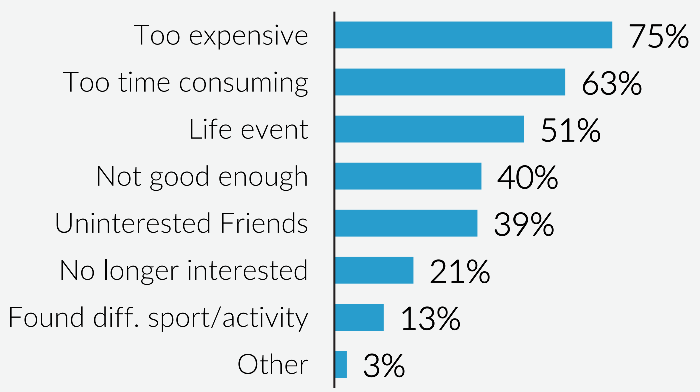
Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Say It Ain't So, You're Done?

Despite the fact that key life moments and transitions from one 'phase' of life to another make it more difficult for millennials to enjoy golf on regular basis, these moments are a factor, but not the leading reason, in why people stop playing golf.

Millennials believe that people most often stop playing because golf is too expensive and too time consuming.

Figure 4: Reasons Millennials Stop Playing Golf



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

What Life-Mobility & Changing Engagement Means for Golf Facilities

Millennial lives are advancing and their engagement with golf facilities will morph too. With 60% employed in some capacity and another 37% in school, millennials are susceptible to lapses in engagement during key life moments.

Three phase-of-life transitions to watch for: during their college years, when other sports they play are in-season, and when they graduate and start working full-time.

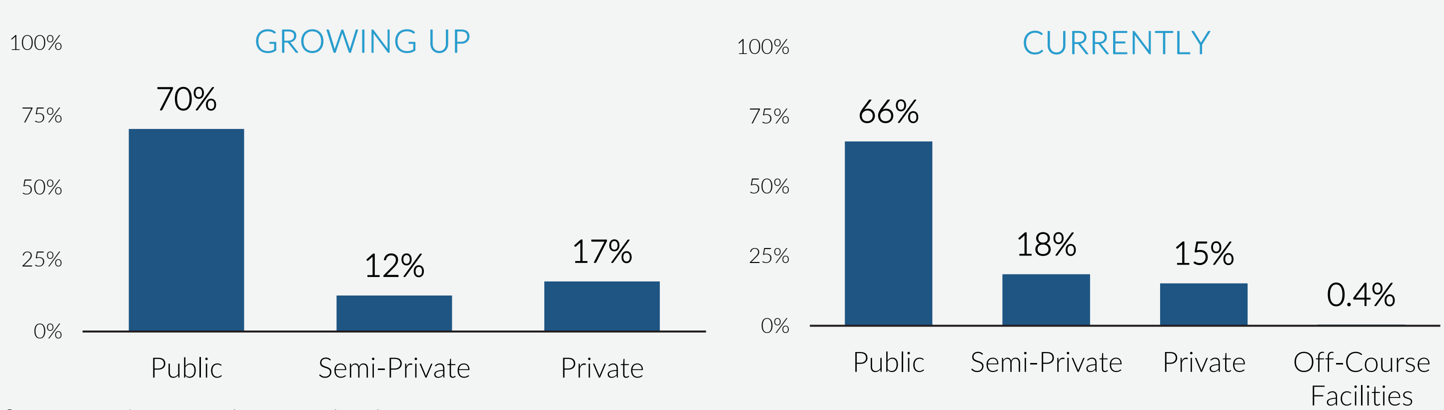
As individuals age and priorities shift, different facility offerings can and will resonate with different phases of life in the same person. Those craving socialization and competitive golf events in their younger years may begin to focus more on non-golf activities and amenities for the family.

Facility operators must understand the lifecycle of a millennial golfer and when barriers to engagement arise in order to optimize facility relevance, recruit them early, and provide flexible offerings to retain them long-term.

Something About Old Habits Dying Hard

The belief that golf is too time consuming should, theoretically, push millennials to play at private clubs where pace of play for 18-holes is typically 4 hours versus 5-6 hours at many public courses. Yet, with the emergent pattern of cost concerns and time restrictions, it is perhaps no coincidence that public golf courses are the facility of choice for millennial golfers. As millennials age, variations in their 'preferred' facility type (or, at least, where they play most of their golf) are minor. The majority, roughly two-thirds, start at public facilities and stay public, a handful shift from public to semi-private, and those who start private typically stay private.

Figure 5: Where Millennials Played Most of Their Golf Growing Up vs. Where They Play Today



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.

SOCIALIZATION & THE FAMILY-FACTOR

Getting By With a Little Help From Friends

AND FAMILY TOO

SOCIALIZATION & FAMILY

> “ I was tempted to join for the camaraderie of having 50+ golfer-members around my age...The cost, location, and course conditions played a big role in my decision, but ultimately having 50+ other golfers around my age was the reason I made the jump.

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.

Millennials are extremely social beings. Stop – before you think it, this characterization of “social” does not specifically refer to social media. However, there is some truth to that stereotype.

As the first generation of tech natives, they practically teethed on their PCs, tablets, and smartphones. They love their devices, they love the internet, and even though they represent an enormous number of social media users, social characteristics of millennials go deeper than digital connections.

A sociable and networked generation, millennials are a highly connected and empathetic group that is caring by nature. They cherish IRL interactions (that’s an abbreviation for ‘in real life’, Boomers) with friends and family in a physical space (bonus if it’s outdoors) and place high value on social interchanges and shared experiences.

They have been described by American analytics and advisory company, Gallup, as wanting to be healthy, in sense that means more than being physically fit. Yes, they seek to be physically healthy, but they also want a purposeful life, active community and social ties, and financial stability. Regarding that financial stability, millennials want to be able to spend money not just on what they need but also what they *want*.

This does not suggest that preceding generations are not this way, rather that millennials crave

socialization in a more deep-seated sense than those in generations before them.

For clubs – which are, by definition, an association or organization dedicated to a particular interest or activity – this bodes extremely well for relevance in the most basic sense.

The millennial proclivity for social interaction and the value they place on their relationships provide insights into three crucial opportunities for golf facilities to enhance their relevance:

- Socialization and relationships are important attractors for millennials.
- Family is a huge factor for millennials and will increase in significance.
- Millennials are seeking ‘GOLF+’ and require more robust and meaningful engagement to sustain their business.

SOCIALIZATION & RELATIONSHIPS ARE IMPORTANT ATTRACTORS

Four years of survey data on millennial golfers has consistently shown that the social aspects of the game of golf and of private club membership are particularly resonant with this audience.

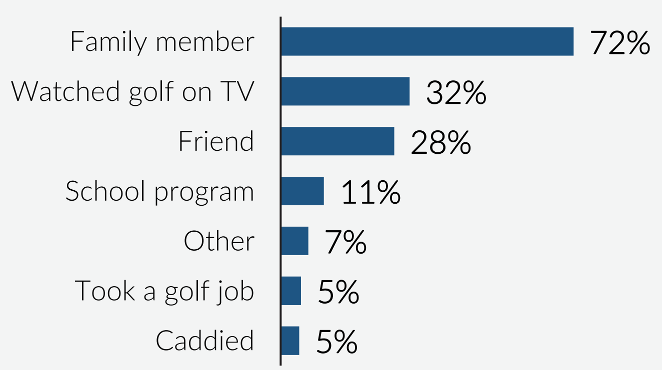
From how they were introduced to the game, to why they play it, to what would motivate them to spend more leisure dollars on it, to mechanisms for fully-engaging them in it, socialization and relationships are important attractors for millennials.

Families Start 'Em Young

The survey's sample of active, avid millennial golfers were introduced to the game at a young age. Approximately two-thirds began playing golf between ages 5 and 18, starting at an average age of 12.6 years.

Family and friends were integral to their golf genesis, nearly three-quarters say encouragement from a family member caused them to start playing while more than one-quarter cited the same from friends.

Figure 6: Causes to Start Playing Golf



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Friends Keep 'Em Going

Illustrated earlier were the reasons why millennials play golf now, continuing the game they began with family encouragement. The leading reason was to hang out with friends, identified by more than four in five golfers (85%).

> "The hardest thing for me now that I have graduated is finding someone to play with who is my age... I just wish I had more opportunities to play for fun with people my age.

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.

Interestingly, other socially-related reasons for continuing to play (such as for business purposes or to grow their network) were last on their list. Relationships with friends and family are essential vehicles for transporting millennials into the game, yet they just want to have fun and are motivated to share the experience with someone in their existing social circle.

Friendships are also a factor in the reasons why millennials believe people stop playing golf. While not a top factor driving folks away from the game, nearly four out of ten (39%) cited not having friends to play with, or friends who are not interested in learning how, as a reason to stop playing.

Referrals & Recommendations Work

On the topic of friendly advice, research shows that endorsements from friends and family are important to Millennials and highly compelling motivators to commit to a brand, product, or service.

Factors influencing millennials' decision to join a club also show the importance of the social side of the golf experience. The most important factor that influences a membership decision is a recommendation.

In 2018, 83% of survey respondents said encouragement from a friend, colleague or family member might cause them to join a club. These are folks who are accustomed to reading reviews and acting on the recommendation of others. The second most influential factor was a positive experience while attending a tournament or special event at the club.

What The Emphasis on Socialization & Relationships Mean for Golf Facilities

Millennials mainly start playing golf as a result of encouragement from a family member. They primarily continue to play because of their own friendships, using golf as a platform for shared activity and a chance to hang out together.

It is important to note that a blanketed approach to socialization and relationships will not be sufficient for millennials. In golf, they are significantly less interested in deliberate network hacking for business purposes. They value real relationships and common, shared experiences because these build familiarity and trust.

As a result, millennials place high value on the opinions of friends and family. Golf facilities can leverage existing millennial relationships to spur consumers into action, particularly as it relates to focusing on referrals/recommendations and maximizing opportunities to introduce millennials to the facility through events both golf-related and social-focused.

FAMILY IS A HUGE FACTOR & WILL INCREASE IN SIGNIFICANCE

Friends do indeed matter but don't forget about family, especially as it relates to private club membership. Millennials increasingly assess the value of club membership not just in individual terms, but in how their loved ones will benefit too.

Findings suggest the millennial audience is highly influenced by benefits for the whole family and gaining spousal approval when joining. If club membership becomes a gateway to spending more time with those close to them, this will be key to influencing their decision to join. Family is a huge factor for millennials and will increase in significance.

Modern Family: Kids, Less Golf & Competing Priorities

Members of the millennial generation were born within a range of roughly fifteen years and are in various stages of their lives, with different needs and priorities. Younger millennials are just entering adulthood, attending college or entering their first full-time jobs, while many older millennials have already spent several years in the workplace and created families of their own.

Roughly one-quarter (23%) of millennials in the respondent sample have children. While broader data on the overarching millennial generation suggests that traditional life milestones – like getting married, buying a home, and having children – are unfolding differently (read: slower) than it did for their parents, the 23% figure is significant among the survey sample of millennial golfers. It is an 8% increase in millennials with children from last year's findings.

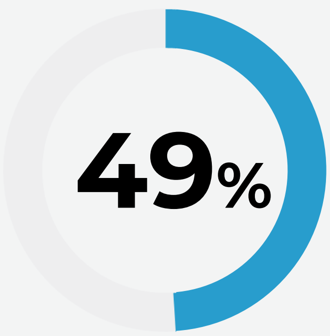
The impact of newborns and nascent, modern families on the ability of millennials to engage with golf is already showing. Among respondents: 23% have children, 19% found it more difficult to play golf consistently when they started a family, 16% say it became harder to play when they got married, and 35% indicated that family commitments prevent them from playing more golf. Player two (or three) has entered the arena.

Millennials with children have introduced another (if not the preeminent) lifestyle interest which, like all the others, battles for their time and availability to play golf. It is reforming the way they engage with the facilities and redefining value assessments.

Looking At Private Clubs Through Family-Colored Glasses

Among the more significant findings from this year's research study was the fact that roughly half (49%) millennial golfers regard the ability for their family to use club privileges (and not just themselves) as the second most important factor that will trigger them to join a private club.

Figure 7: Half of Millennial Golfers Say Ability for Family Use of Privileges is a Key Trigger to Joining a Private Club



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Access to facilities and private club privileges is more than just an added perk for millennial golfers, 13% of whom reported that one of the biggest barriers to joining a private club is a lack of value for their family and children.

Findings also indicate that millennial interest in family perks goes well beyond just access to the privileges, extending into the nature of activity programming and type of social events offered by the club.

One-third (32%) regard family-friendly or youth programming as an important non-golf amenity or social component for joining a private club while more than half (51%) are interested to participate in family days and events outdoors.

When assessing private club value propositions, millennials with children are family-focused and evaluate attributes like non-golf amenities, social activities, youth programming and experiences that are safe and relevant to their loved ones.

The millennial commitment to the whole family is a developing aspect of their lifestyles, one that is expected to continue to rise in importance as more millennials reach their thirties and start families.

> "Our generation drops our collective jaws at the idea of our fathers or grandfathers having full Saturday hall passes from family obligations to go play 18 holes at the club and tip back martinis well past sunset, Mad Men-style. Not happening in 2020.

Source: Brandon Tucker, "Promising trends in the Millennial golfer", *Golf Advisor*, January 31, 2020. www.golfadvisor.com/articles/promising-trends-in-the-millennial-golfer, accessed February 4, 2020.

What The Family-Factor Means for Golf Facilities

The value proposition of golf facilities changes for millennials during their childrearing years and their 'sweet spot' for joining a private club is roughly 33 years of age.

Starting a family can impact utilization frequency and duration, as well as fee tolerance and justifications.

What this means for golf facility operators is that millennial engagement with golf, as a sport, will likely diminish somewhat and shift toward new lifecycle interests in golf, as a community and network. There is no implication that family development will pull millennial consumers away from the facility and the game, rather that their interests will become broader, their priorities reordered, and their availability more limited.

ON THE HUNT FOR GOLF+ EXPERIENCES

It's evident that millennials are a time-strapped generation. Between work and family life they don't have a great deal of time left to dedicate to leisure interests. It's for that reason, in recent years, golf has witnessed the convergence of leisure and family, with more and more golf facilities becoming family-friendly and a place for families to spend time together.

It's also apparent that the social element of millennial lifestyles is a key driver of value perception in their recreational activities. This generation celebrates in-person experiences with friends/family and places high value on sharing these experiences with others.

Mentioned earlier was the millennial predisposition for combining multiple activities to maximize value and their use of limited free time for leisure and recreation. Millennials are seeking the concept of GOLF+ and require more robust and meaningful engagement to sustain their business.

> Developing the concept of GOLF+ – enhancing golf experiences by combining the activity with other things that millennials love, such as affordable adventures, technology usage, listening to music, drinking, flirting, etc. – will grow the game's influence with this generation.

Source: National Golf Foundation, *Golf and the Millennial Generation*, 2015. www.ngf.org/report/golf-and-the-millennial-generation/, accessed December 16, 2019.

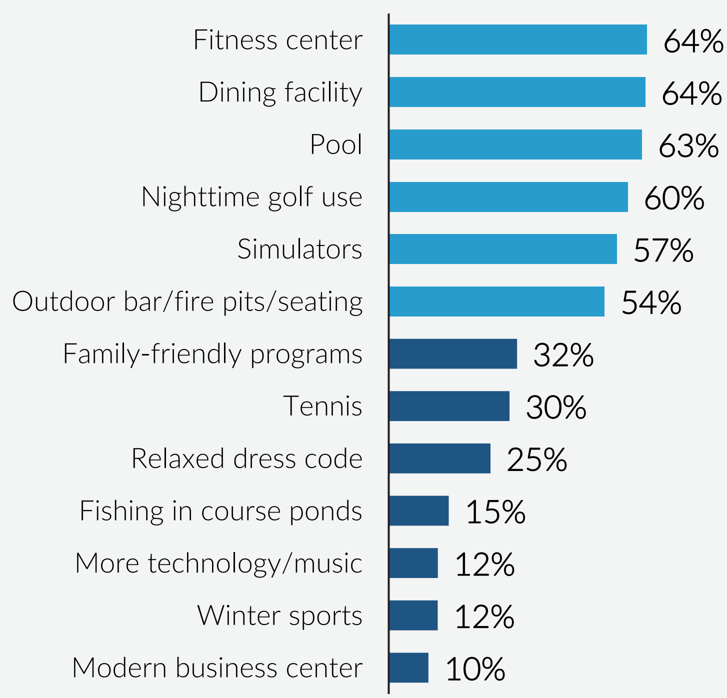
Non-Golf Amenities & Social Components Matter

Millennial interests are broader than golf, they want more from the amenities, activities, and experiences offered at many golf facilities, particularly non-golfers, new players, or high-handicappers. Most importantly, millennials want to share these enhanced attributes with others in a way that makes the game more fun, lighthearted, accessible, and social.

A facility package that includes non-golf amenities and social components is increasingly important to millennials for joining a private club.

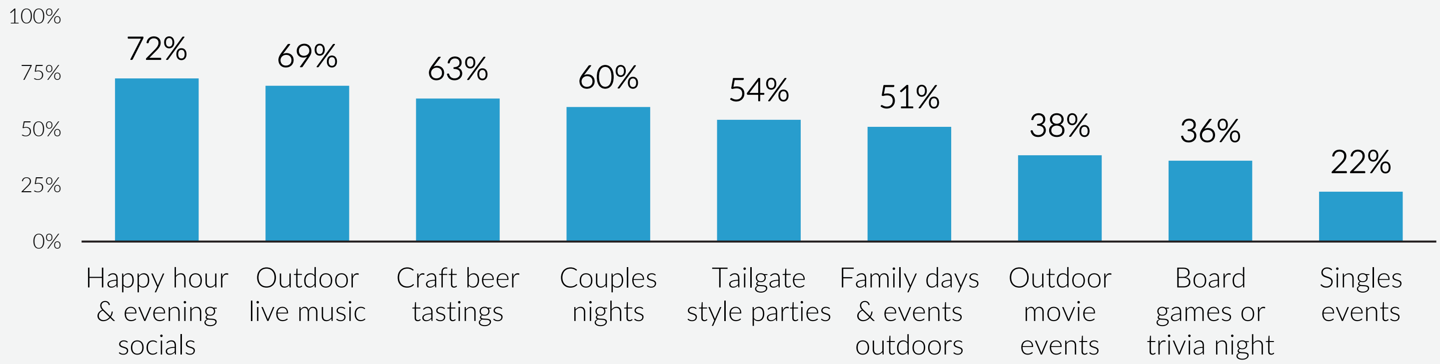
Topping the list of choices are a fitness center, dining facility, and pool, important to roughly two-thirds of respondents. These selections are closely followed by options for nighttime golf use (lighting on putting green and driving range), simulators, and an outdoor bar with firepits and lounge seating – all important to more than half of participating millennials and already emergent trends within the private club industry.

Figure 8: Important Non-Golf Amenities & Social Components for Joining a Private Club



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Figure 9: Millennials Show High Interest to Participate in Social Activities & Experiences



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages do not total 100 percent due to multiple choices.

Millennial Interest in Social Activities & Experiences is High

GOLF+ experiences need not be tied to physical attributes or facility footprint, a full gamut of brand spanking new amenities are not a prerequisite. Millennials are equally interested, if not more, to participate in a variety of activities and events which fit into their lifestyle values and afford them opportunities to socialize with others, make new friends, and bring existing friends and family along.

Off-the-Course Activities are Popular, Positively Impact On-Course Utilization

Mentioned earlier – in the context of time efficiency and millennials open-mindedness about engaging with the game in innovative ways – was the fact that 95% of survey respondents indicated that they had experienced some form of unconventional off-course golf activity.

The two most popular off-course activities are simulator-related, with roughly four in five respondents having experience with indoor golf simulators and three-quarters with Topgolf.

The key finding from this dataset was that only 5% of 1,600+ millennial golfers surveyed indicated that they had not experienced any off-course activity. Those who have are only using these types of facilities a few times a year, equating to approximately 4.8 visits to an off-the-course facility in 2019.

Figure 10: Off-the-Course Activities Experienced

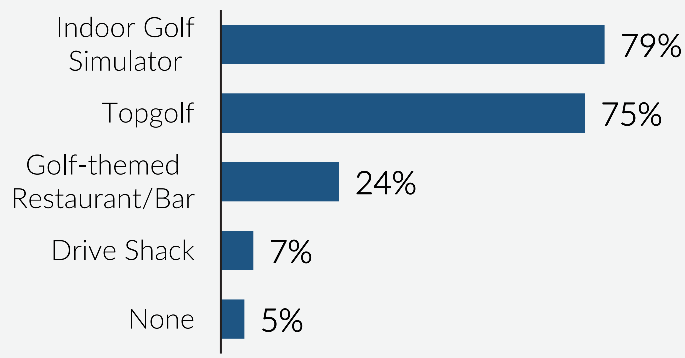


Figure 11: Number of Off-the-Course Visits in 2019

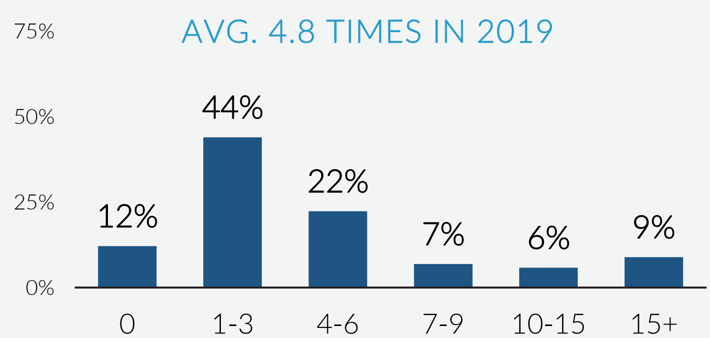
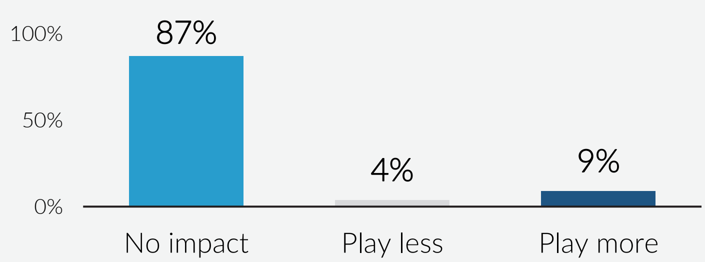


Figure 12: Impact of Off-Course Participation on Number of On-Course Rounds Played



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to multiple choices or rounding.

Of particular note was the impact that off-the-course participation has on the number of on-course rounds played. Nearly nine out of ten (87%) millennials indicated that it had no impact on the number of golf rounds they play at courses while 9% said they played more rounds. Only 4% reported that they play less course rounds.

If anything, survey data suggests that off-course participation causes people to play more and helps to grow the game.

What GOLF+ Means for Golf Facilities

Millennials are seeking an experience that is, or can be, more than golf. As a result, non-golf amenities are important, particularly those relating to fitness, dining, swimming, and creative approaches to golf such as nighttime use and simulators.

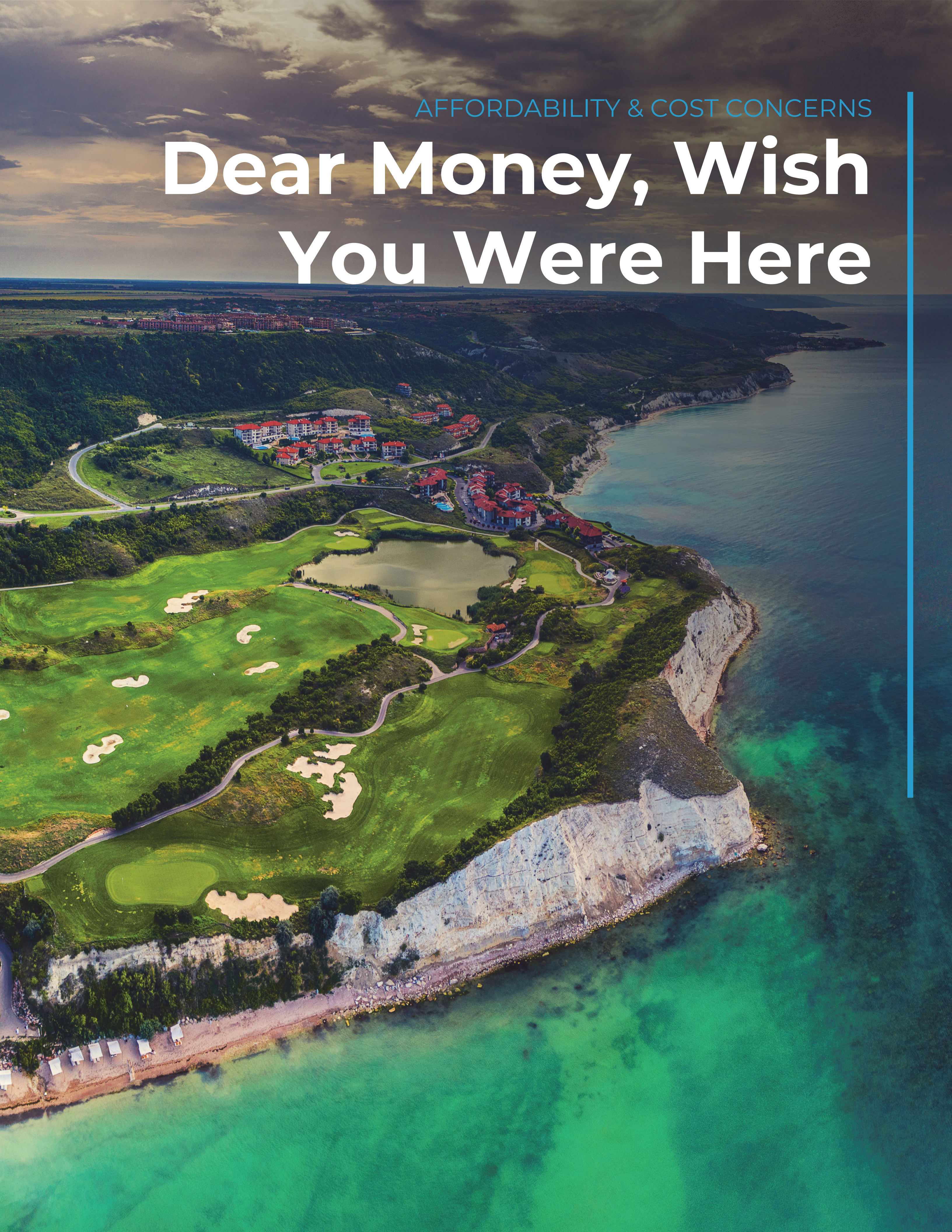
Fitness, wellness, and health services are tactics clubs are using to convey and promote relevance to young, active lifestyles. More and more clubs are adding amenities such as fitness centers, spa and wellness services, group exercise classes, and studio spaces for yoga, Pilates, or dance exercise.

Some courses are trialing golf boards or golf bikes while others are receiving requests to permit walking the course as an alternative to power carts. Other clubs have increased their capability to provide children's programs and childcare services which afford parents time windows to make use of fitness and wellness services.

While all clubs must continue to explore methods of establishing relevance to millennials, golf can begin to address their evolving lifestyles and changing priorities as conceptualizing the facility as a conduit for lifestyle and socialization rather than sport alone.

AFFORDABILITY & COST CONCERNS

Dear Money, Wish You Were Here



AFFORDABILITY & COST

> If you want millennial members, lower financial barriers to entry would be helpful. Many millennials don't have a ton of cash to drop on an initiation fee, but would be more than happy to pay in installments.

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.

The affordability of golf activities and, in particular, the affordability of private club memberships are limited for many millennial golfers and out of reach for the majority of the overarching millennial generation beyond golf.

According to macro-level research from organizations like Gallup and Pew Research Center, the financial well-being of the millennial generation is complicated.

They are the most ethnically and racially diverse generation and the most highly educated generation, they are relatively positive about their current cash flow, and are generally feeling better about their overall financial situation than prior generations. Half feel good about the money they have to spend and two-thirds say they have enough money to buy the things they need.

Yet at the same time millennials have the highest rates of unemployment and underemployment of any generation, they earn substantially less in the workplace than all other generations, they carry student debt at crippling proportions, and are more likely to be living with parents that those before them.

Most importantly, especially for the golf community, is Gallup's observation that, "The one measure on which millennials fall substantially short compared with other generations is being able right now to make a major purchase, such as a car, appliance or furniture, or to pay for a significant home repair if needed."

While the income demographic of golfers typically trends more favorably than the average, golfers of the millennial generation are worried about costs changing from year-to-year and are inclined to avoid large lump-sum payments or long-term commitments.

"The struggle is real," as millennials would say and bears two key implications for facility operators:

- Affordability and costs are concerns for millennials and the biggest barriers between them and golf.
- Millennial golfers are interested in joining private clubs – under the right fee structure.

AFFORDABILITY & COST ARE PRIME CONCERNS

Price Factors into Where Millennials Choose to Play Golf

Millennials are a cost-conscious and cost-sensitive bunch. Looking at the most important factors they consider when deciding where to play golf, price is right near the top.

Millennials base their decision on where to play golf primarily on the basis of course condition and overall price. Decisions are affected by secondary factors such as location, course availability, and friends who play there, though at much a lower priority.

Figure 13: Factors Impacting Where Millennials Choose to Play Golf

1.	Course condition	2.56
2.	Price	2.67
3.	Location	3.12
4.	Course availability at desired time	3.77
5.	Friends play that course	3.85
6.	Being a member of the course	4.94

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Ranked in order of importance, with '1' being 'most important' and '6' being 'least important'.

Each of the past four years in this study, course condition has consistently been the most important factor impacting where millennials decide play golf, followed by price and location. Although cost-sensitive, avid millennial golfers value a high-quality golf experience and would rather pay more for better conditions.

Survey feedback also suggests that millennial golfers keep their eyes peeled for dynamic pricing and deals offered by more upscale facilities during off-peak hours – a sensible workaround for the their time constraints and schedules for work and school.

> "I appreciate when high-end courses have good twilight deals. I'm not financially in a position to pay $100 per round, however I'm a 3 handicap so I like nicer courses...twilight deals that are 30-40% off are a great way to get good young players to your course.

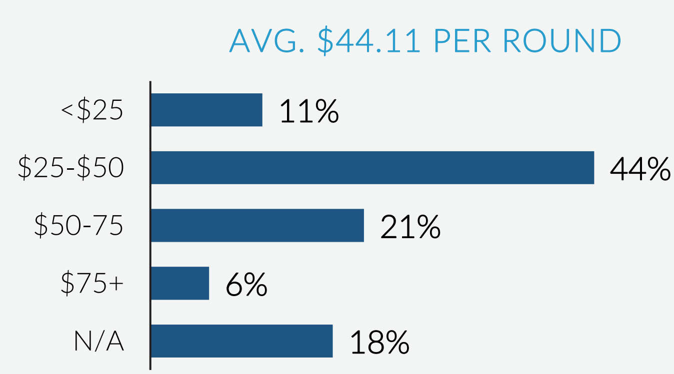
Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.

Spend Per Round is Lean But Increasing

The millennials in the survey who play at daily fee courses are frugal. More than four out of five (82%) respondents pay for their golf by the round, with over half (55%) typically spending less than $50 on a round of golf and the largest concentration needing to land in the $25-$50 range.

On average, millennials normally spend approximately $44 per round. The average amount millennials spend per round has increased over the past four years, climbing at an estimated rate of roughly $3-$4 more per round each year ($34 in 2017, $38 in 2018, $41 in 2019).

Figure 14: Normal Spend Per Round of Golf



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: N/A used to represent the response 'I don't pay for my golf per round (e.g. membership)'. Percentages may not total 100 percent due to rounding.

The Price is (Almost) Right

It's interesting that millennial golfers are an audience earning above the average for household income, yet exhibit a reluctance to spend substantially on golf.

For millennials who are watching their wallet and keeping an eye out for hot deals, cost questions can quickly turn from sensitivities, to concerns, to the leading factor which will push millennials away from the game.

Recalling the factors which deter play and cause golfers to stop altogether, those relating to cost and price topped both lists. Nearly half (48%) of millennials say that the cost required to play prevents them from playing more golf, which seconded only work commitments (62%). Needless to say, one begets the other.

As to the number one reason why millennials think people stop playing golf, three-quarters (75%) of respondents say it's because the sport is too expensive.

> Private clubs are too expensive for millennials to join. We are also a bunch of people interested in various activities, it is too expensive to pay for somewhere you can only play six months a year.

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.

MILLENNIALS SHOW INTEREST TO JOIN PRIVATE CLUBS, UNDER RIGHT FEE STRUCTURES

The good news for private club operators? Nearly two-thirds of millennials will consider joining a private club in the future and sixteen percent have already done so.

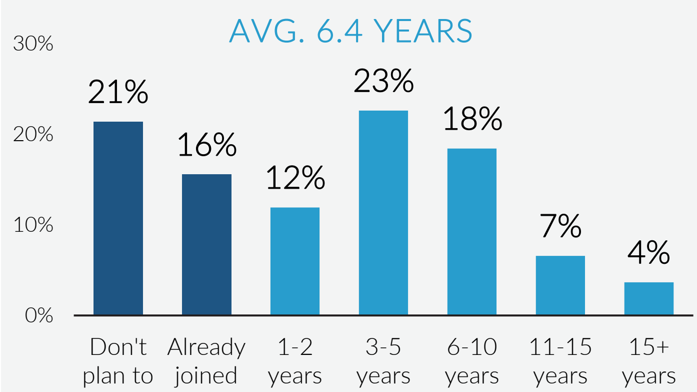
The bad news? This will be no easy task as there are key barriers preventing millennials from joining private clubs and also key triggers which will cause them to join.

Club leaders must uncover ways to address these barriers, navigate them successfully, and ensure alignment of their facility's value proposition with key triggers in order to actualize the millennial membership potential.

How Soon Is Now?

Nearly two-thirds (63%) of millennials will consider joining a private club in the future and 16% are already a private club member. More than half of participating millennial golfers say that they expect to join within the next 10 years.

Figure 15: Expected Timeline to Join a Private Club



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.

On average, participating millennials expect to join in approximately 6.4 years. Added to their current average of 27.9 years, this indicates that age 34 is the 'sweet spot' for recruiting millennials to private clubs – a target which has remained consistent each of the past four years.

A major hurdle for private clubs relates to costs, as conventional entrance fee structures are less attractive to the 30-40 year age cohort. This much is evident in millennial's feedback on the biggest barriers and key triggers for joining.

The Only Problem is Getting the Money Out of the Bank

The biggest barriers to joining a club or playing regularly at a golf course overwhelming relate to cost. Over the last four years of researching millennials, the top two barriers have remained significant and unchanged and 2020 findings reaffirm the issue of cost for millennials.

Millennials are concerned with costs changing from year-to-year and are inclined to avoid large lump-sum payments or long-term commitments. This will likely be even more of an issue in a pending poor economy which the most of the millennial audience has not yet experienced while in the workforce. Other barriers relate to separating from their friends who play at public facilities or lifestyle and the availability of time for golf.

Considerations such as not feeling welcome or having to comply with restrictive rules or dress code are comparatively insignificant and pale in comparison.

Competitive Pricing is Critical, But Lifestyle Enhancement Can Trigger Joining Indirectly

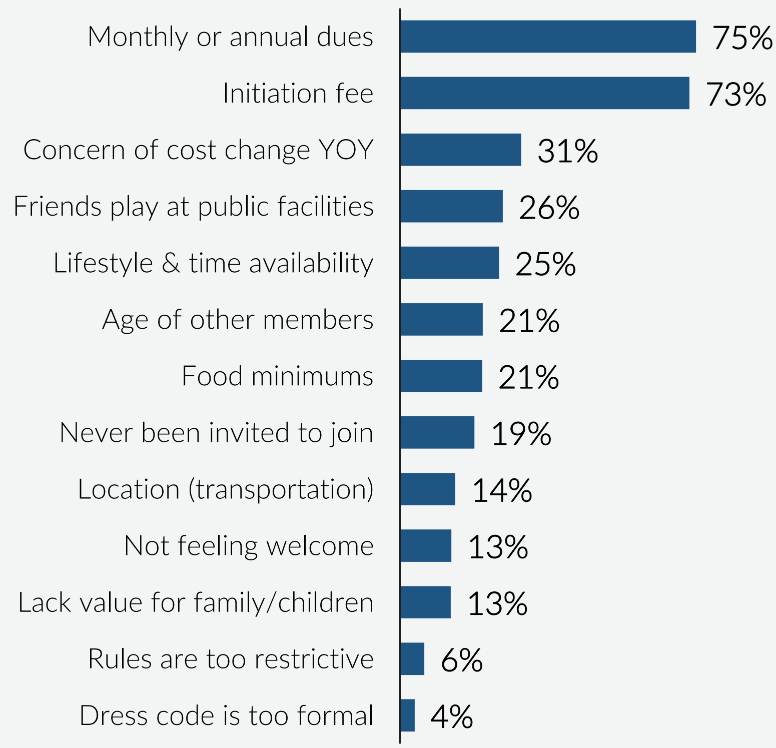
Both dues and initiation fees continue to be barriers to joining and – given extremely strong support for cost alignments with millennial budgets and salaries as the main joining trigger – it is a reality that clubs will need to compete on price to appeal to this group (how much depends on each club's location and market position).

But there's also a bigger picture at play.

While price is (and likely always will be) important, the best-performing clubs are focused on creating an experience that enhances millennials' lifestyles and develops a sense of emotional connection and belonging. An experience that also enhances the lifestyles of their family strengthens this connection, elevates the value proposition and paves the way for greater price elasticity.

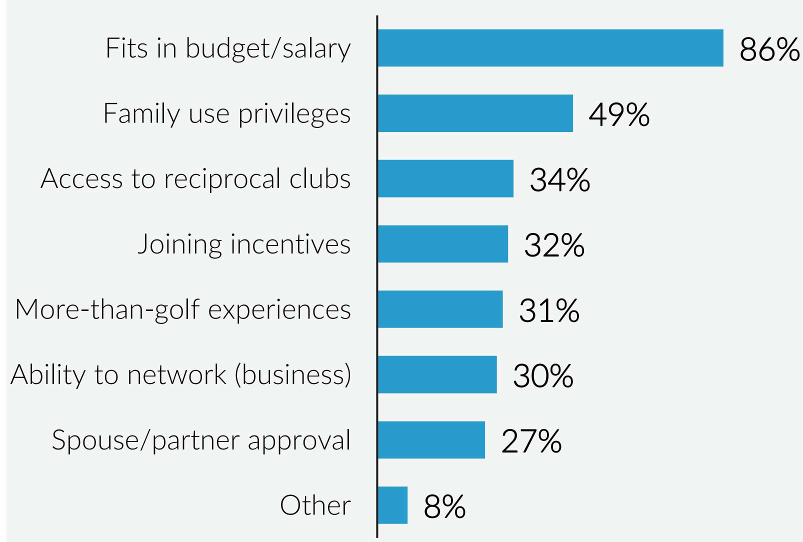
Approximately half of millennials (49%) say that the ability for their family to use the club's privileges (and not just themselves) is influential in triggering motivation to join a club.

Figure 16: Biggest Barriers to Joining a Private Club



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.

Figure 17: Triggers to Joining a Private Club



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.

Flexibility & Customization are Attractive Elements to Help Millennials Navigate Club Fee Structures

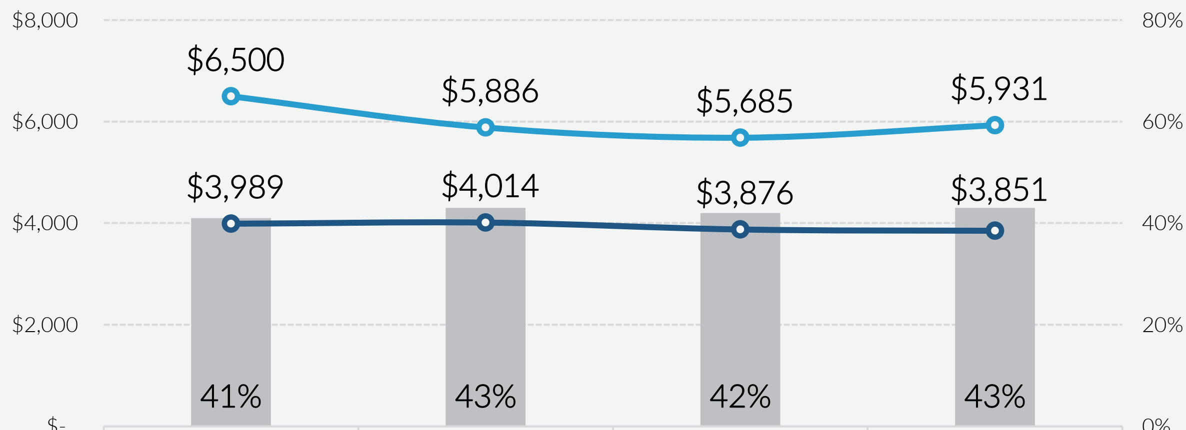
Millennials like options and flexibility, and that characteristic was borne out in the portion of the survey focusing on entrance fees and dues.

When asked about their tolerance level to pay private club joining fees, slightly less than half (43%) would prefer to pay more annually rather than an entrance fee. This finding has been remarkably consistent since 2017 and statistically represents a key trend for millennial attitudes toward private club fee structures.

In each of the past four years, the preference to pay more annually has remained virtually unchanged. While tolerance levels among those willing to pay an entrance fee have shifted slightly year-over-year, variance has proven marginal (i.e. shifting by less than $850, on average).

Likewise, tolerance levels to pay annual fees to belong to a club have stayed constant. Approximately half (51%) have said they would be willing to pay an annual fee of $3,000 or less. In this year's study, millennials are willing to pay an annual fee of $3,851 on average.

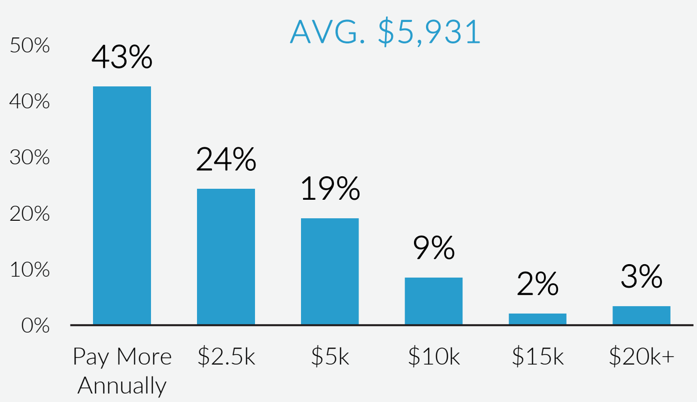
Figure 18: Average Cost Millennials Willing to Pay for Private Club Entrance Fee & Annual Dues YOY



	2017	2018	2019	2020
Pay More Annually	41%	43%	42%	43%
Entrance Fee	$6,500	$5,886	$5,685	$5,931
Annual Dues	$3,989	$4,014	$3,876	$3,851

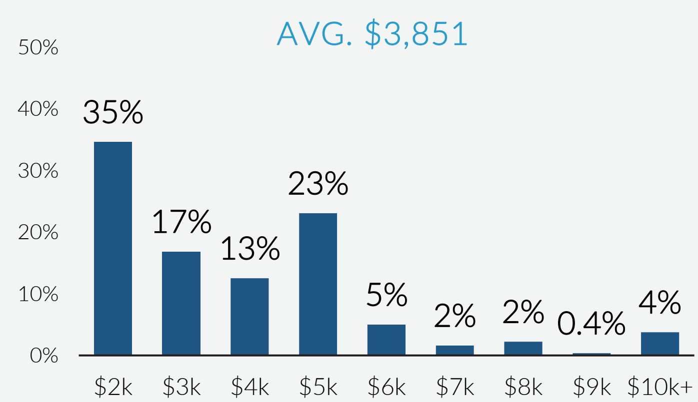
Source: GGA/Nextgengolf Golf Industry Survey 2016-2020.
Note: "Pay More Annually" represents the percentage of respondents who indicated their preference to pay more annually rather than pay an entrance fee. Listed prices reflect weighted averages. Percentages may not total 100 percent due to rounding.

Figure 19: Entrance Fee Tolerance – 2020

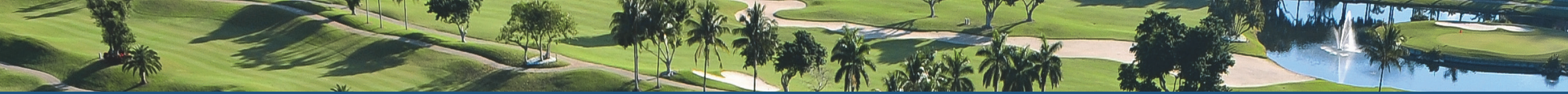


Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.

Figure 20: Annual Fee Tolerance – 2020



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding.



What the Affordability & Cost Concerns of Millennials Mean for Golf Facilities

Flexibility and customization is key. Traditional membership offerings and conventional fee structures are less appealing to millennials than previous generations. This is partially due to lifestyle evolution and primarily as a result of funding capability – cost is a major concern for millennials and the biggest barrier preventing them from joining clubs.

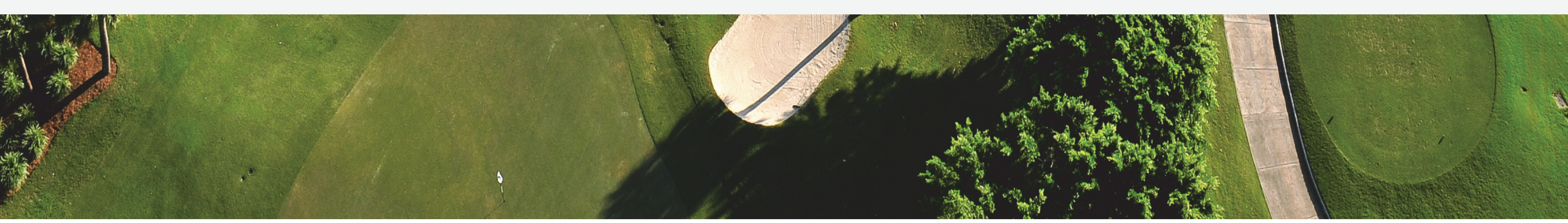
They would prefer to pay more annually rather than invest a large sum on joining fees or upfront costs. They prefer flexible membership options, pay-for-use categories, and trial programs that allow for the flexibility to make changes to utilization and payment free from substantial financial loss.

Activities which require comparatively less money, such as tennis and social experiences, become more attractive to an audience who are less willing to part with their hard-earned dollars.

Some clubs might consider a hybrid pricing model whereby capital needs are supported through a lower entrance fee and replaced with an annual capital fee. Clubs should also consider more flexible payment options for entrance/initiation/joining fees, such as tiered payment structures or one in which the total entrance fee is to be paid off by a certain date in certain installments.

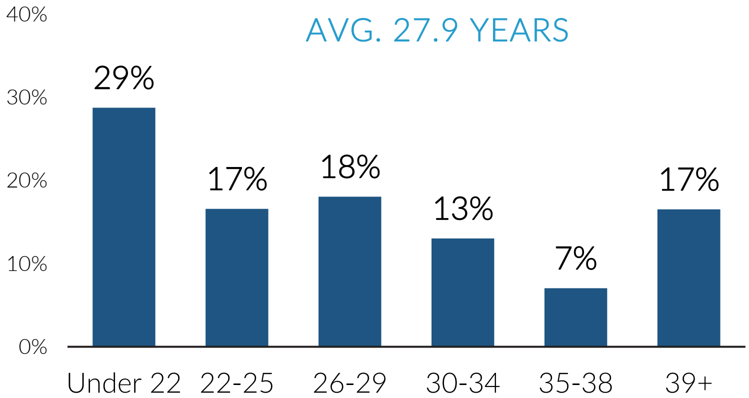
> “In 2019, I moved...and purchased my first golf membership that I feel was a great fit and value for me and others my age. Two of the local courses offered a twilight membership...the cost was $75 a month and allowed me full access to the facilities and course everyday from 2pm to close. A couple things I loved about this membership is one, it was only an 8 month commitment (March to October). Second, as a working professional this was a great option for me to take advantage of playing golf after work.

Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Verbatim comment from millennial respondent.



RESPONDENT PROFILE

AGE



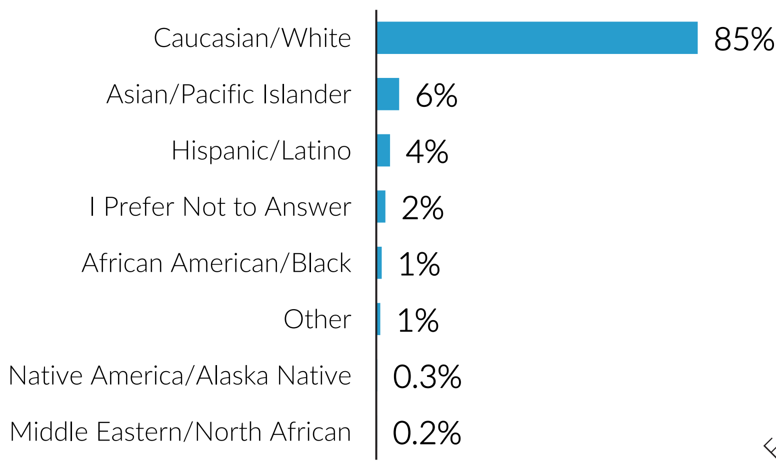
GENDER

94% MALE

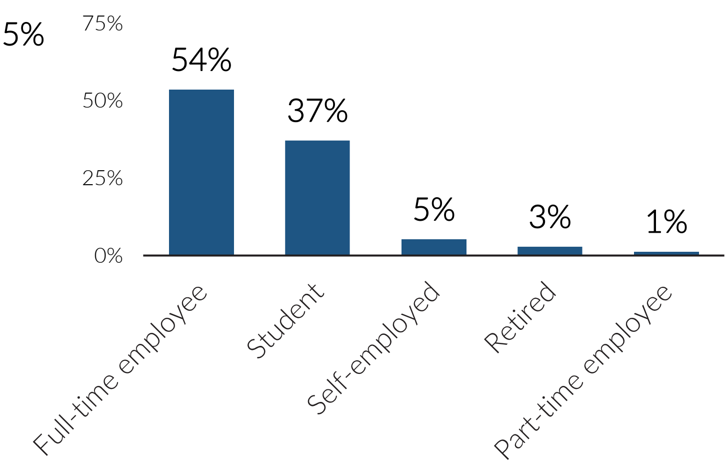
5% FEMALE

0.2% PREFER NOT TO SAY

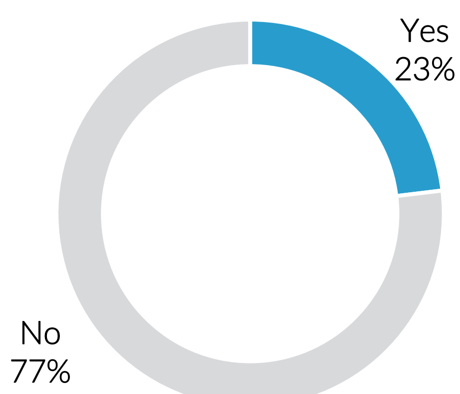
RACE/ETHNICITY



OCCUPATION

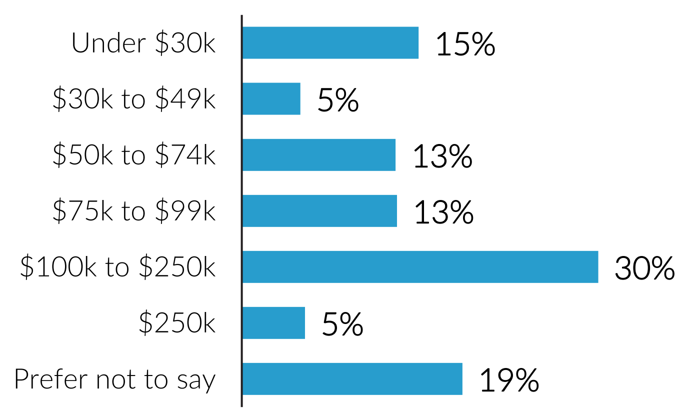


HAVE CHILDREN



HOUSEHOLD INCOME
APPROX.

AVG. HHI $90,149

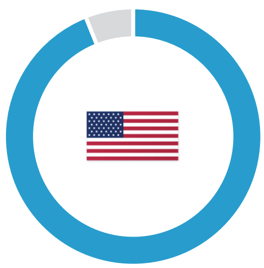


Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding or multiple choices.

RESPONDENT PROFILE

STATE OF RESIDENCE

47 out of 50

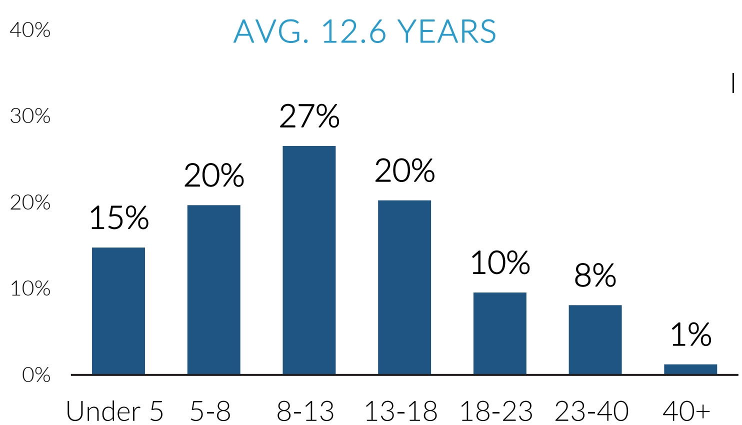


U.S. STATES REPRESENTED

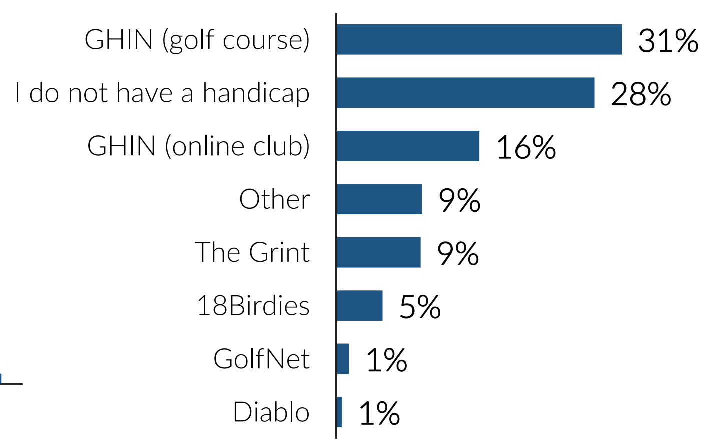
Top 5

10%	MASSACHUSETTS
8%	TEXAS
7%	ILLINOIS
7%	CALIFORNIA
6%	PENNSYLVANIA

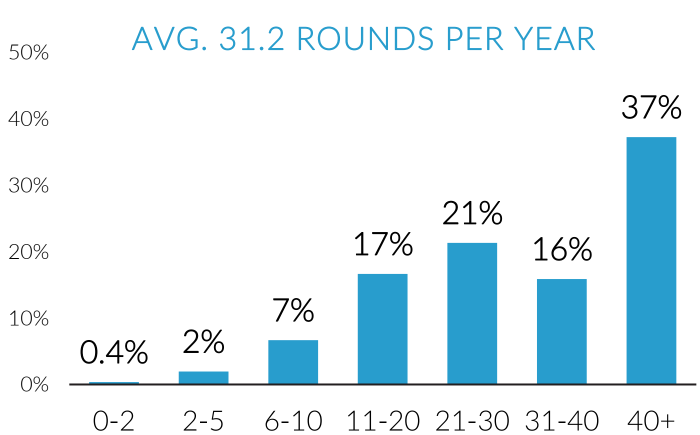
GOLF STARTING AGE



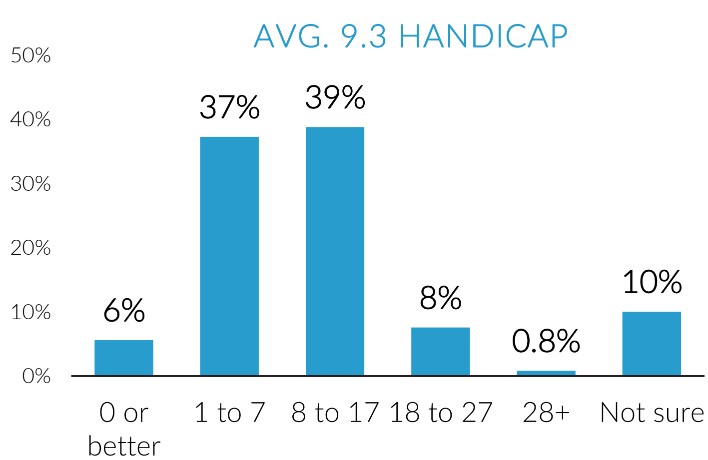
KEEP ACTIVE HANDICAP



ANNUAL ROUNDS

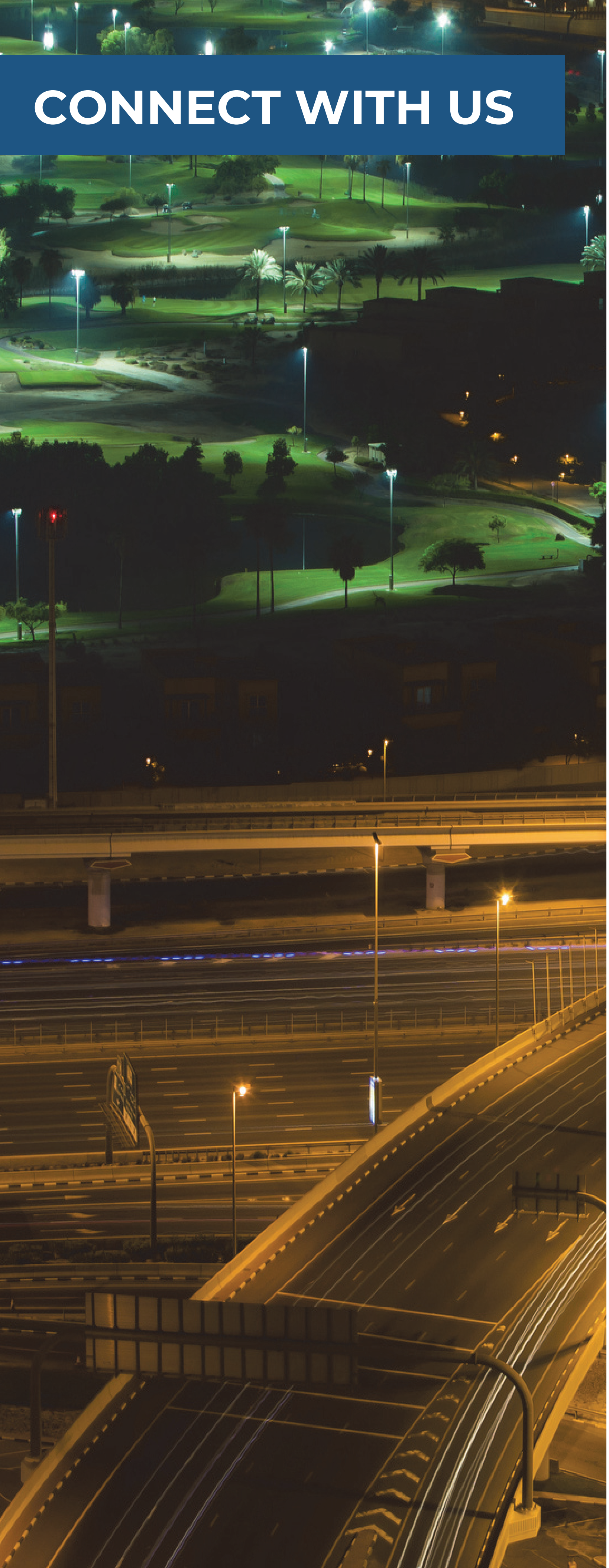


HANDICAP



Source: GGA/Nextgengolf 2020 Golf Industry Survey.
Note: Percentages may not total 100 percent due to rounding or multiple choices.

CONNECT WITH US



MATT WEINBERGER

DIRECTOR, Nextgengolf Operations
PGA of America
mweinberger@pgahq.com

"Not every millennial is the same, but it's often communicated that way. In our continuous work with the millennial audience, and now Generation Z, Nextgengolf sees tremendous opportunity for golf facilities to deliver value to young people while operating their businesses successfully. The key is understanding how golf businesses mesh with millennial lifestyles."

MICHAEL GREGORY

PARTNER
GGA Partners
michael.gregory@ggapartners.com

"When it comes to private club membership, costs continue to be barriers for millennials. But there's a bigger picture at play. While price is important, the best performing clubs are focused on creating an experience that enhances millennials' lifestyles and develops a sense of emotional connection and belonging. An experience that also enhances the lifestyles of their family strengthens this connection, elevates the value proposition, and paves the way for greater price elasticity."

BENNETT DELOZIER

MANAGER
GGA Partners
bennett.delozier@ggapartners.com

"The game of golf is expensive, time consuming, and difficult – all strikes against it with the millennial audience. However, the suggestion that millennials are not interested in golf, or the insinuation that the game needs to fundamentally pivot, is not entirely accurate. The concept of 'golf lifestyle' is evolving and millennials will engage facilities that resonate with their values."

nextgengolf.org

ggapartners.com

Information and analysis contained in this paper is based on the results of the annual 2020 Millennial Golf Industry Survey conducted in November 2019 through January 2020 and is intended to provide golf facility operators and club leaders a platform for thought leadership and information sharing. Nextgengolf and GGA Partners ("GGA") make no guarantee, representation, or warranty with regard to the accuracy of the information inputted by survey respondents in relation to their annual golf utilization and performance, or to the accuracy of the resulting information contained herein.

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