NAGA
NATIONAL ALLIED GOLF ASSOCIATIONS

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY

Conducted by NAVICOM on behalf of the National Allied Golf Associations
FINDINGS REPORT (Published September 12, 2012)

ABOUT THE CANADIAN GOLF CONSUMER BEHAVIOUR STUDY

The Canadian Golf Consumer Behaviour Study is the second Canadian golf industry study conducted by the National Allied Golf Associations (comprised of the National Golf Course Owners Association Canada, the PGA of Canada, the Canadian Society of Club Managers, the Canadian Golf Industry Association, The Canadian Golf Superintendents Association, and Golf Canada).

The previous study conducted by National Allied Golf Associations (NAGA) was the Canadian Golf Economic Impact Study released in August of 2009).

The Consumer Behaviour Study was conducted by NAVICOM on behalf of the National Allied Golf Associations in order to help NAGA to better understand the current state of golf in Canada as well as the factors that influence the behaviour of consumers as they relate to golf.

ABOUT THE NATIONAL ALLIED GOLF ASSOCIATIONS (NAGA):

The National Allied Golf Associations (NAGA) is a national golf organization comprised of the Canadian Golf Superintendents Association (CGSA), Canadian Society of Club Managers (CSCM), Golf Canada, the National Golf Course Owners Association Canada (NGCOA) and the Professional Golfers Association of Canada (PGA of Canada), dedicated to improving all sectors of golf in Canada. NAGA is a coalition of the Chief Staff Officers from the six national golf associations who are committed to the understanding of each others' respective roles, working together on matters of mutual interest, and promoting ways and means to grow the game of golf in Canada. Formed in 1999, NAGA's objective is to work cooperatively together as industry leaders ensuring a strong future for golf in Canada.

ABOUT NAVICOM

For 25 years, NAVICOM has been delivering intelligence that focuses specifically on deciphering choice.

Choice is everywhere and it comes in all different shapes and sizes. Much of our waking life is spent making choices and/or responding to choices made by others. NAVICOM's business is uncovering why people make the choices that they do. They have been doing it for 25 years and are leaders in this area. Only Navicom deciphers choice.

> "The purpose of statistics is to be able to draw inferences about a population from a sample with a measure of goodness – reliability, credibility and usability – attached to those inferences."

- John Pulley, President of NAVICOM

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY

PURPOSE AND GOAL

The purpose of conducting the Canadian Golf Consumer Behaviour Study was to gather insights and intelligence that can enable the National Allied Golf Associations (NAGA) and the Canadian golf industry to:

- Uncover findings related to consumer behaviour characteristics in Canadian golf
- Uncover actions which offer an opportunity to sustain the game of golf in Canada
- Improve key performance indicators that impact consumer behaviour as it relates to golf in Canada

The ultimate goal of the study is to provide statistical and predictive insight that can serve as a learning resource for NAGA and its respective stakeholders within the Canadian golf industry.

As a resource document, the Consumer Behaviour Study provides a measure of research related to the Canadian golf industry that is based on statistical-based facts as opposed to speculation and conjecture.

The statistical data derived from the Canadian Golf Consumer Behaviour Study is meant to help identify two things:

- The measures that define the "state of the nation" relative to golf consumers in Canada
- The specific benefits and actions that most influence these measures

The outcome of these objectives will allow NAGA – as leaders in the Canadian golf industry – to collectively (and individually among their respective stakeholders) take appropriate action to reinforce positive consumer behaviour and work to change negative behaviour.

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY– THE OBJECTIVE

When it comes to consumer behaviour, in order for stakeholders in the Canadian golf industry to make informed strategic decisions, industry leaders need to understand why consumers make the choices that they make.

In order to impact the 'who, what, where, when and how' (factual and measureable outcomes) related to consumer behaviour, one needs to understand the 'why'.

The objective of the Canadian Golf Consumer Behaviour Study is to uncover and highlight the 'why' so as to help answer the following questions:

- What drives a decision making strategy?
- Why are people playing more/less golf?
- Why are people more/less interested in instruction?
- Why are people more/less interested in travel?
- Why are people more/less interested in equipment?
- Why are people more/less interested in membership?
- Why are people more/less interested in public play?
- Why are people more/less interested in social-based golf?
- Why are people more/less interested in shorter rounds?
- What changes in how the Canadian golf industry currently operates could have a tangible impact on:
  1. non golfers taking up the game
  2. current golfers playing more golf

LAGGING INDICATORS VS. LEADING INDICATORS

The Canadian Golf Consumer Behaviour Study was not designed to be rounds played study. Based on NAVICOM's scientific expertise in predictive intelligence, separating previous rounds played from this predictive intelligence study was a conscious decision to delineate between lagging and leading indicators of golf participation.

Lagging Indicators:
The opportunity to have an accurate tally of rounds played is an important indicator of participation and activity. Having an accurate total of rounds played across Canada is critical to understanding the state of the game on a year to year basis.

Having an accurate tally of total rounds played based on actual club data (as opposed to golfer recollection) is an important lagging indicator of participation and activity. However, like all lagging indicators, past performance is a poor predictor of future performance. It simply tells you what has happened in a given time period.

Leading Indicators:
In order to accurately predict future trends, you need to be able to identify and track leading indicators of participation.

The purpose of the Canadian Golf Consumer Behaviour Study is not to estimate rounds played, but rather to uncover all the leading indicators of growth in the game. Leading indicators are the answers to the question why?

- If more golf is being played – why is that happening?
- If less is being played – why?
- If segment behaviour is changing – why?
- Equipment purchases up or down – why?
- Lessons up or down – why?
- Club memberships up or down – why?
- And so on.

NAVICOM scientists believe that when you know why behaviours are happening, you can take action or develop a business plan to change behaviour.

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY – THE FOCUS

Consumers have many choices when it comes to the games they play, follow and/or support. Knowing what segments exist and how consumers make choices enables the industry to get out in front of the change curve and adjust business models accordingly.

Based on NAVICOM's expertise in predictive intelligence, the Canadian Golf Consumer Behaviour Study is focused on all aspects from within the game (clubs, courses, equipment, rules of play, individual ability, etc.) plus the important factors that exist outside of the game (aging demographics, immigration, changing generational attitudes, economic beliefs and others). The level of data capture provided the raw material for Navicom consultants to statistically identify the drivers of key participation behaviours.

Each of the member associations that comprise NAGA will be presented with consideration for what they might consider doing in order to impact the issues of the day as it relates to their respective areas of influence within the Canadian golf industry.

Consumers have many choices when it comes to the games and activities they play, follow and/or support. Knowing what segments exist and how the people in each of those segments make choices enables the industry to get out in front of the change curve and adjust business models accordingly.

WHY CONSUMER BEHAVIOUR INSTEAD OF GOLF PARTICIPATION?

Based on NAVICOM expertise, NAGA believes there are clear advantages in separating actual rounds played from the Consumer Behaviour Study so as to bring focus to two separate yet equally important series of data.

The Consumer Behaviour Study is focused on identifying factors and trends that impact participation (both increased and decreased).

NAVICOM's experts believe that past performance (as depicted in a rounds played study) is a poor predictor of future performance – intelligence based on past performance simply tells you what happened in a given time period.

In order to accurately predict future trends, you need to be able to identify and track leading indicators of participation.

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY
THE METHODOLOGY

The Consumer Behaviour Study is based on a nation-wide survey of more than 1,300 responses.

NAVICOM designed a comprehensive questionnaire to uncover the key cause and effect relationships that drive the state of golf in Canada.

The questionnaire explored:

- Interest and support for the game (spectators, food & beverage, events, etc.)
- Involvement in the game (volunteering, learning, etc.)
- Level of play (increase/decrease, segments, etc.)
- Level of engagement among respondents
- Behaviours (lessons, equipment, media use, other interests/sports, etc.)
- Beliefs (environmental, health, role and priority of golf in lifestyle, etc.)
- Demographic and psychographic segments
- Benefits that drive growth

Data Gathering:
Data gathering was predicated on the following assumptions:

- National scope
- Appropriate representative response per province

The Consumer Behaviour Study questionnaire as well as the invitation to participate was available in both French and English. The questionnaire took participants approximately 12 – 15 minutes to complete.

The consumer panel was designed to be representative of the Canadian population from a variety of segment groups:

- Golfers and Non-Golfers
- Club members and Public Golfers
- Those with keen interest and those with limited interest

The target sampling was to accumulate 1,200+ total responses. The actual sampling used for the Consumer Behaviour Study included a robust of sample of more than 1,300 responses.

An important consideration that distinguishes the Consumer Golf Consumer Behaviour Study is that it focuses on the effective population – defined as the population of Canadians who are capable of playing golf. (Considerations and exclusions from the effective population include age, infirmity, disability and proximity to a course.)

GLOSSARY OF TERMINOLOGY

Probability sampling – involves the selection of a sample from a population based on the principle of randomization. Although there are many forms of probability sampling, this study was conducted using a systematic, stratified sample

Effective population – refers to the population of Canadians who are capable of playing golf. Exclusions include age, infirmity, disability and proximity to a course. The effective population was estimated by reviewing Statistics Canada census data and then eliminating portions of the population based on age (too young or too old), health (infirmity or disability), finances (significantly below the poverty line) and location (no golf facilities within a reasonable proximity).

Lagging indicators – those measures that are reflective of a situation post-priori (after the fact)

Leading indicators – those measures that are reflective of a situation a-priori (before the fact)

Multi-variate analysis – statistical procedures designed to uncover causality

Dual scaling – a specific multi-variate exploratory technique used in this study to establish causality. It is the preferred methodology as it responds most favourably to the underlying technical assumptions of random sample, continuous data and a normal distribution.

Dependent variables – essentially what you are measuring. In this study individuals playing and spending more, less or the same was the dependent variable

Independent variables – all the actions and activities that might influence the dependent variable

Statistical association –a result from multi-variate statistical models that identifies sub-conscious, non-linear relationships with a stated outcome (i.e. play more, spend more)

STATISTICAL ANALYSIS

NAVICOM research consultants used statistics to uncover the cause and effect relationships that exist within the Canadian golf industry. NAVICOM employed a rigorous methodology with statisticians building hundreds of variations of the model to find the best, most consistent models. The models developed through the process were strong in their ability to predict.

Statistical analysis will:

- Assess metrics (i.e. level of play, involvement, interest, etc.)
- Identify behaviours and beliefs
- Derive the drivers of the metrics

Navicom PhD statisticians built statistical models to uncover the true cause and effect relationships that exist and thereby uncover the true drivers of the metrics.

- This sophisticated statistical analysis uncovers very clear, provable outcomes
- Statistics negates conjecture and any opportunity for misinterpretation of data
- Rigorous testing of the means and distributions will:
  - Identify segments that exist (segments may exist due to different beliefs or behaviours, different criteria or activities, etc.)
  - Uncover differences in perceptions between demographic segments (i.e. regions, type of golfer, age, gender)

Statistical models uncover true cause and effect relationships. The statistics also uncover commonality:

- What do these people have in common (commonality around decision making/choice)
- This enables you to touch consumers with common messages, common programs so there is a bigger return on your investment.

Collectively or as independent associations, the NAGA partner associations do not have the capacity to take action on numerous individual segments, thus, focusing efforts on areas of commonality allows the Canadian golf industry to maximize its impact.

Predictive Intelligence:

Predictive intelligence provides the best method available to identify the benefits and actions that drive consumer decision making.

Predictive intelligence is materially focused on uncovering why we choose what we choose. It answers the most critical question: WHY?

Only predictive intelligence enables you to uncover and take action on the high potential, high yield initiatives that offer the greatest ROI and allow you to optimize profitability. NAVICOM uses statistics, not data, to provide accurate, reliable and provable insights focused on key drivers to decision making.

Statistical models uncover true cause and effect relationships. The statistics uncover commonality:

- What do these people have in common (commonality around decision making/choice)

As individual associations, the members of NAGA would not have the capacity to take action to impact consumer behaviour among numerous individual segments.

NAVICOM believes that uncovering commonality related to true cause and effect relationship would enable the Canadian golf industry to touch golfers with common messages and common programs so there is a bigger return on their collective investment into the growth of the sport.

SEPERATING CORRELATION FROM CAUSALITY

It is vitally important in any social study such as this one to avoid the common mistake of confusing correlation for causality. Correlation is a measure of redundancy. It is easy to spot two or more actions that either happen together or at the same time. Neither proves that one action causes the other to happen.

As an analogy, – an assessment of vehicles broken down at the side of the road might reveal that a disproportionate number of them were low on windshield washer fluid. Windshield washer fluid and breakdowns would be correlated. However one would never suppose that the reason the vehicle stopped working was the low windshield washer fluid. It is a correlation, but it does not establish causality. To use a golf analogy, if you were to ask people what are the barriers to playing more golf, a significant portion would answer time. Therefore time and play are correlated. They are however, not a causal relationship. Simply making the game playable in a shorter time frame will not increase the number of rounds played. You still need to deliver a basket of benefits consistent with participation drivers (ie. fun, social, challenging but rewarding, etc.)

Only *multi-variate* statistical models prove *causality*. Only the use of the appropriate modeling technique ensures accurate future predictions.

CANADIAN GOLF CONSUMER BEHAVIOUR STUDY
BREAKING DOWN THE RESULTS

Building on the power of statistical science, NAVICOM consultants interpreted the analysis to summarize the intelligence from the study into four segments:

Market Dynamics

- Who is in the market
- What segments exist
- What core beliefs guide their actions
- Demographics
- Behaviours (What they do; How they act)

Market Drivers

- What drives consumer behaviours related to the Canadian golf industry
- What are the benefits that drive decisions
- How can the Canadian golf industry best deliver on the benefits (programs, actions, initiatives)

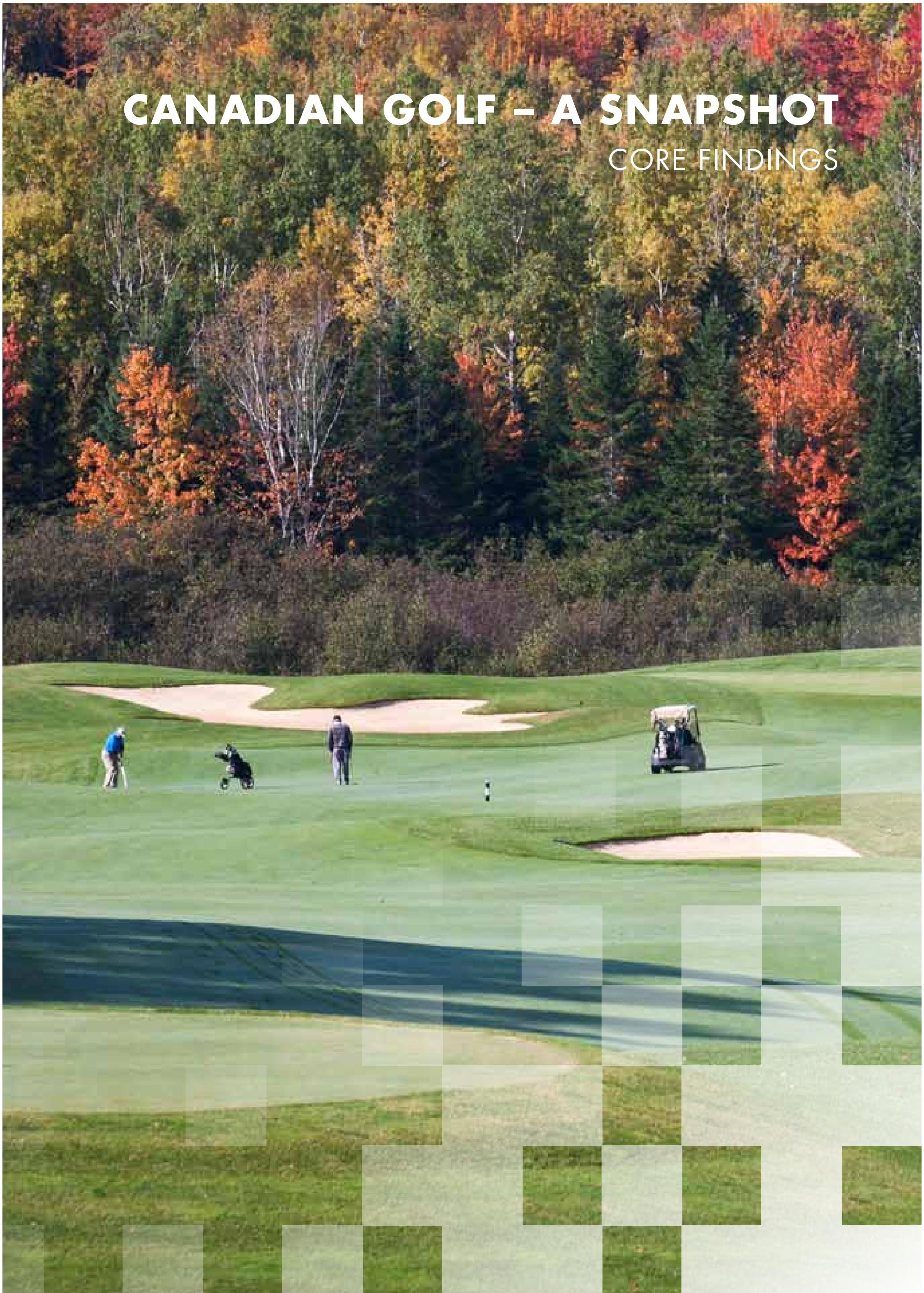
Market Implications

- What are the opportunities and risks faced by the Canadian golf industry
- What are strengths and weaknesses of Canadian golf industry
- How can the Canadian golf industry best leverage the opportunity

Market Actions

- What are the hierarchy of actions to drive success
- How should the Canadian golf industry focus actions on growing the game

CANADIAN GOLF – A SNAPSHOT
CORE FINDINGS



CORE FINDING:

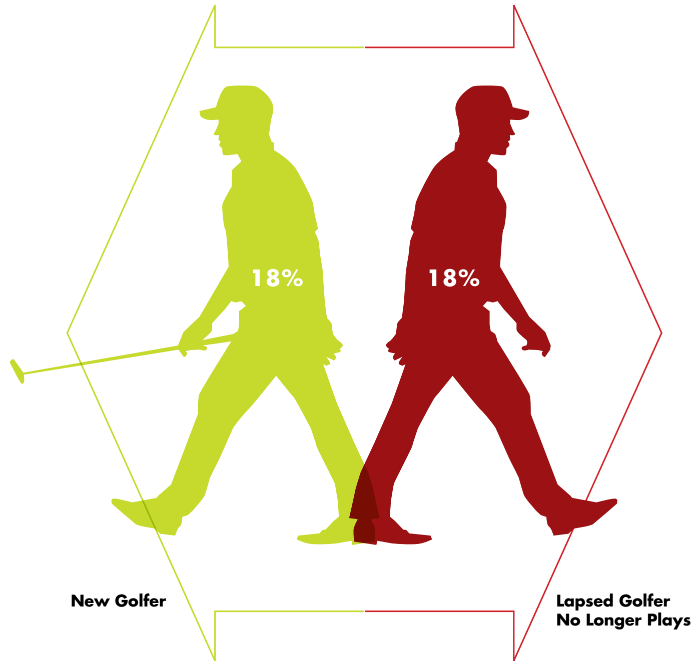
Among the population of approximately 5.7 million golfers, the number of people entering the game is equal to the number of people leaving the game (18% or approximately 1.026 million people).

There are some golfers playing more, playing less or playing the same amount of golf, but overall there is no growth in the number of people playing.

Based on the survey questionnaire for Canadian Golf Consumer Behaviour Study, NAVICOM defined the "Lapsed Golfer" and "Recently took up Golf" as follows:

Lapsed Golfer/No Longer Play - "I don't currently play golf but may return or I no longer play golf."

New golfer - "did you recently take up golf either last season or this season? – yes or no"



CORE FINDING:

Among the population of golfers, the number of golfers playing fewer rounds (38%) is greater than the number of golfers playing more rounds (14%).

Of those 5.7 million people playing the game of golf, (among the effective population) it is also likely that fewer people are playing more of the rounds.

In order to interpret consumer behaviour, the Canadian golf industry needs to understand who's playing more, who's playing less and who's playing the same amount of golf.

CORE FINDING:

17% of today's golfers took up the game as a child (6 – 11 years)

7% of today's golfers have a child (6 – 11 years) that plays

The inference is that there is a negative 10% gap between the number of golfers playing today who started playing as 6 – 11 year olds and the number of today's golfer who have a child aged 6-11 currently playing.

23% of today's golfers took up the game as a junior (12 – 17 years)

9% of today's golfers have a junior (12 – 17 years) that plays

The inference is that there is a negative 14% gap between the number of golfers playing today who started playing as 12–17 year olds and the number of today's golfer who have a child aged 12–17 currently playing.

CORE FINDING:

There is a fundamental lack of engagement among consumers in the Canadian golf industry. Engagement is defined as: playing, following, supporting and endorsing the game.

Based on NAVICOM statistical expertise, engagement is associated with spend – more engagement, more spend.

The inference is that among the effective population of Canadian golfers (approximately 5.7 million), we do not have engaged consumers. Those that are engaged represent 25% of the golf population (approximately 1.4 million) while 75% of the golf population (approximately 4.3 million) are of the mind that they can take or leave the game (ambivalent about the game.)

The opportunity for the Canadian golf industry to grow the measure of golfer engagement in the sport is represented in the 75%.

The 25/75% split of engaged/unengaged is drawn from responses to eight questions. All respondents who play the game were asked whether they frequently, occasionally or rarely/never do any of the following: learn, volunteer, follow (in various ways), subscribe, practice, attend tournaments or talk about the game. Those who answered frequently to at least four of the eight questions were deemed to be engaged.

CORE FINDING:

The majority of rounds are being played by less than 26% of golfers (approximately 1.5 million).

The other approximately 4.2 million golfers are considered on the fringe of the game whereby they participate in golf but are not fully engaged in the sport. Fringe golfers play occasionally or infrequently and are not strong supporters or follower of the game. As a consideration, the Pareto Economic Principle (also known as the 80–20 rule, the law of the vital few, and the principle of factor sparsity) states that, for many events, roughly 80% of the effects come from 20% of the causes.

CORE FINDING:

Core Finding: There is limited interest in the sport outside of those that already participate in the game.

Roughly 73% of Canadians (15.4 million) do not play golf (based on the effective population of 21.2 million ie. Those that could play the game)

- Of those, 12% are very interested in the game - the same number that have a spouse or child that play. (represents approximately 3 million people)
- 3% believe that they are likely to take up the game in the next 3 – 5 years (represents approximately between 600,000 and 700,000 individuals)

CORE FINDING:

The game has a focused appeal across the effective population.

- Male dominated (70% Male / 30% Female)
- Well Educated (62% Post Secondary Graduates)
- Higher Income (26% 50K – 75K and 42% above 75K)
- Attracts Executives, Professionals, Management, Sales & Service, Trades & Retired
- The current game reflects very little ethnic diversity (A finding that represents a growth opportunity given Canada's changing ethnic demographic)

CORE FINDING:

There is a lack of engagement between golfers and the sport.

How is this impacting the game?

Fewer golfers are picking up their clubs as often (playing less golf)

- This is most notable among the 4.2 million golfers on the fringe of the game (occasional players are down 17% and infrequent players down 49%)
- Players migrate in and out of the game (occasional and infrequent golfers)

The potential exists for a decline in private/semi-private memberships [this could represent a growth opportunity for public courses]

- 16% are members in a club
- 84% are public players
- Approximately 6.5% leave private or semi-private clubs annually [this could represent a growth opportunity for public courses]

CORE FINDING:

How is this fundamental lack of engagement impacting the game?

- There is limited support among the population of golfers and a limited following for the game:

Activity (Golfer Population)	Frequently %	Occasionally %	Rarely/Never %
Learn about golf for education / improvement	11	31	58
Volunteer time to the game	7	26	68
Follow / watch on TV	28	45	27
Follow on web (e-magazines, web sites, blogs)	12	36	52
Follow the game in print	14	39	46
Subscribe to golf magazines	9	20	71
Practice at a stand alone driving range	17	52	31
Talk about golf with friends, family, colleagues etc.	25	56	19

*The Golfer Population is represented by the 27% of the effective population that play golf.

The 27% of effective population is comparable to the 21.5% golf participation as outlined in the 2006 Ipsos Reid study.

CORE FINDING:

How is this fundamental lack of engagement impacting the game?

- Spending is generally flat, or in some cases, decreasing.

Area of Spend	% Spend Increased	% Stayed The Same	% Spend Decreased	% Change
Green Fees	25	60	15	+10
Club Membership Dues	14	68	18	-4
Golf Equipment	19	62	19	-
Golf Apparel	18	64	18	-
Golf travel and/or vacations	14	64	22	-8
Golf Lessons	12	64	24	-12
Golf Accessories	17	64	19	+2

*The time frame measured was over the course of a year from 2010 through 2011.

CONCLUSIONS

1. The game is still currently successful but may be vulnerable if nothing changes.
2. The future growth of golf will require a coordinated, integrated effort within the Canadian golf industry to sustain the game.
3. New strategies are required to deliver what people want from the game. This includes increasing the value proposition of the game of golf and delivering the right value benefits in a variety of different ways.

THEMATIC BENEFITS OF THE GAME OF GOLF:

Strategic themes by which the Canadian golf industry can sustain the game:

1. Community of the game
2. Challenges of the game
3. Leadership in the game
4. Pride in the game
5. Worth of the game

ACTIONS TO SUSTAIN THE GAME

Strategic themes by which the Canadian golf industry can sustain the game:

- Maintain and invigorate the base (engaged)
- Grow engagement among occasional and infrequent golfers (immediate prize – 4 million plus golfers)
- Improve the take up rate for non-golfers (those not in the game right now)

HOW?

Simple answer is:
Deliver more value to more golfers.

As everyone sees value in terms of the thematic benefits of the game, demonstrate how golfers will receive more of the benefits that drive their choice to:

- Play
- Spend
- Support the Game
- Follow the Game
- In other words, give them a reason to get engaged.

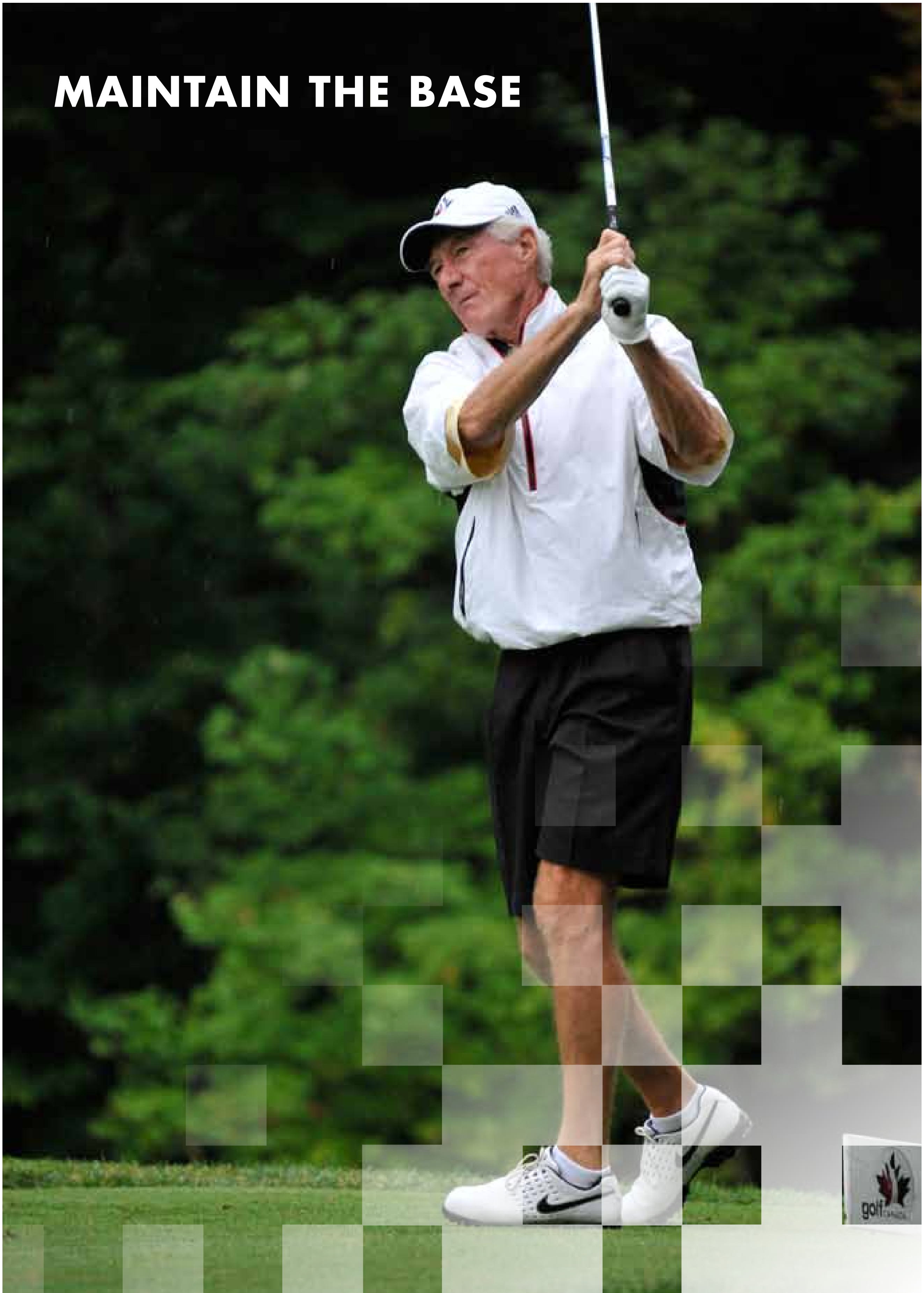
Innovation and collaboration:

There is no way to remove the vulnerability from the game without significant innovation and no way to innovate without collaboration across the Canadian golf industry.

The Canadian golf industry must communicate, inform, educate, indoctrinate and integrate with golfers and non-golfers where they play, shop, learn, practice, socialize, experience and connect with the game.

That means creating consistent integrated actions on the golf course, in the club house, at the practice range, in schools, on websites, through networks and the media and even at the household level.

MAINTAIN THE BASE



MAINTAIN THE BASE: MARKET DYNAMICS

Segment Details:

- Small segment – less than 20% of golfers (approximately 1.1 million)
- Avid (approximately 684,000) and frequent (approximately 798,000) golfers
- They are engaged
- They play mostly private and semi-private clubs
- Males (74%)
- Urban (48%) and Suburban (31%)
- Age: Largest representation: 18 – 25 (22%), 26 – 35 (24%) and 60+ years (21%)
- Highly Educated: University (27%), Post Graduate (24%)
- High number of Executives, Management and Professionals (35% represented in these 3 categories)
- Half have spouses that golf and 40% have a child (including adult children) that plays
- Have been playing golf a long time (60% took up golf as a child or junior)

Behaviours:

- For these individuals golf is more than just a game, it's a way of life
- They see themselves as lifelong golfers – playing for as long as they can
- Play more golf (they statistically associate with 'spend more this season and spend more in the future')
- Play golf in more situations (competitive rounds, business rounds, out of province, out of country, charity rounds)
- Follow and support the game (learn about golf, talk about golf, watch golf, volunteer, attend championships)
- Keep a formal handicap and are most likely to be members of a golf club and golf association (ie. Golf Canada, Provincial Association, etc.)
- Half have taken golf lessons this past season
- Believe the cost of golf is justified
- Play golf whenever they can (if they could play more, they would)

MAINTAIN THE BASE: MARKET DRIVERS

BENEFITS THAT DRIVE ENGAGEMENT/SPEND

- Socializing with friends and family
- Playing for business
- Shared passion for the game
- More programs available for beginners
- Contribute to charities
- Membership in a community
  - o Traditional golf community
  - o Rules, dress codes, proper equipment and attire are essential
  - o Membership in associations
- Being part of the game means something

Help golfers with the challenges of the game:

- Getting better as a player
- Continually learning and improving
- Continually challenging themselves
- Securing convenient tee times

Move the game forward:

- Effective associations and leaders within the golf industry
- Grow the popularity of the game
- A game that is worthy of their support
- Reinforce the value proposition of the sport

A game they can be proud of in Canada:

- Pride in the game (accomplishments, participation, the Canadian game on a world stage)
- Core values that make the game special (integrity of the game, equitable play, traditions, storied history, camaraderie)
- A game that is worthy of their support
- Reinforce the value proposition of the sport

MAINTAIN THE BASE: IMPLICATIONS AND ACTIONS

It is not only important to maintain/protect this segment of golfers, it is critically important to use them.

These golfers are totally engaged with the game. They play as much as they possibly can. There are not a lot of additional rounds in these folks but that doesn't lessen the need to keep them invigorated. Consistently deliver some of their key benefits as the means to deliver more value:

- Demonstrate leadership and innovation through the agronomy best practices. (It matters to them)
- Find better ways to deliver lessons that help them meet the challenges of getting better
- Help them develop comprehensive plans to improve
- Find creative ways to maintain the traditions and integrity of the game while responding to the more modern needs of the younger people coming into the game. (i.e. dress codes, course policies, etc.)

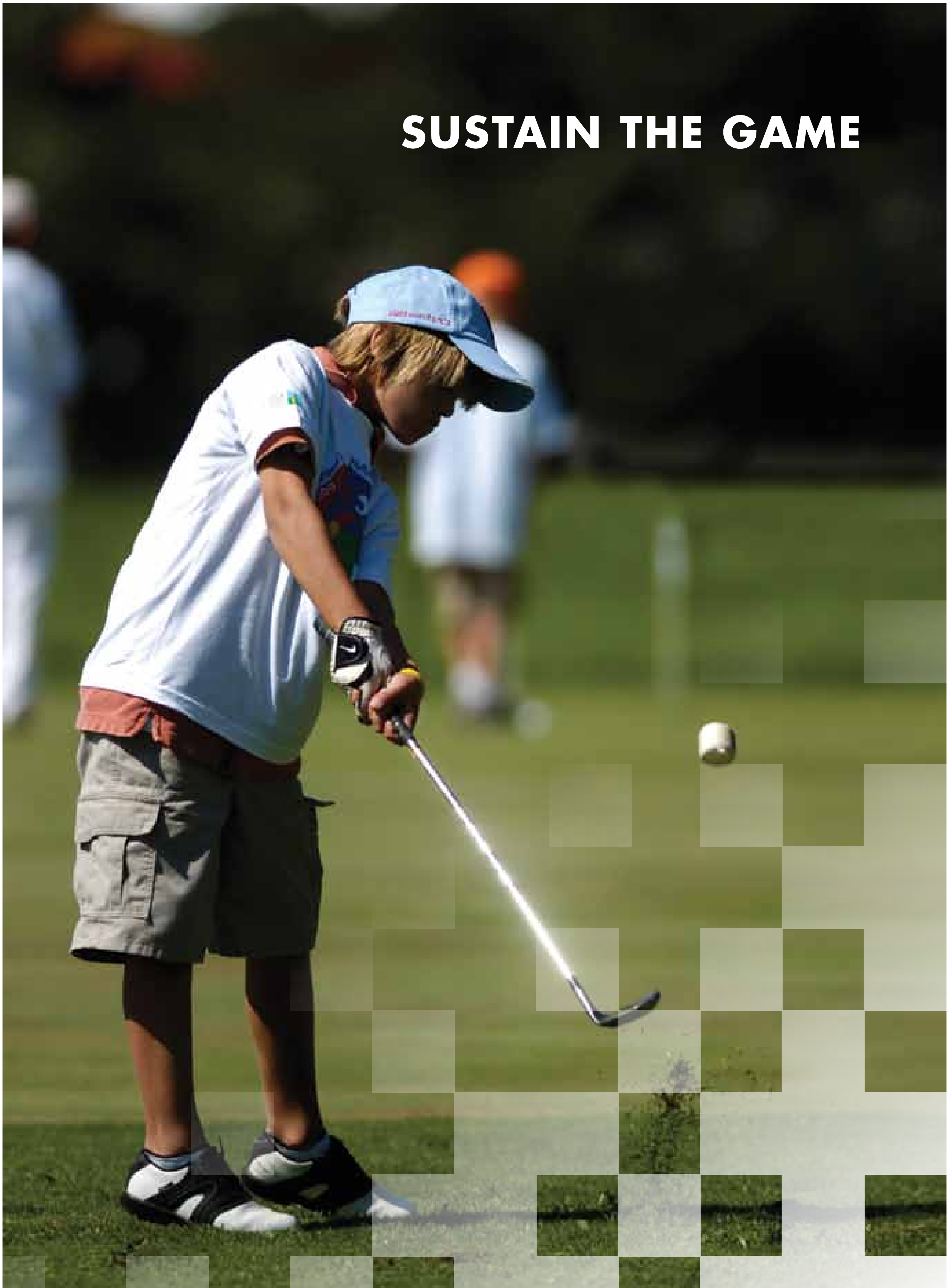
Use the base

There is an excellent opportunity to use the base as a means to extend the "golf brand." "Base" players could become effective advocates and champions for the game.

- The golf industry can assist base players to inform, educate and indoctrinate fellow golfers into the power of the game.
- Leveraging network connections, social media and the course/clubhouse (i.e. open houses) to connect with fellow golfers

Base players are your best advocates. Use them.

SUSTAIN THE GAME



SUSTAIN THE GAME: THE PRIZE

The Opportunity – more golfers, more engaged with the game

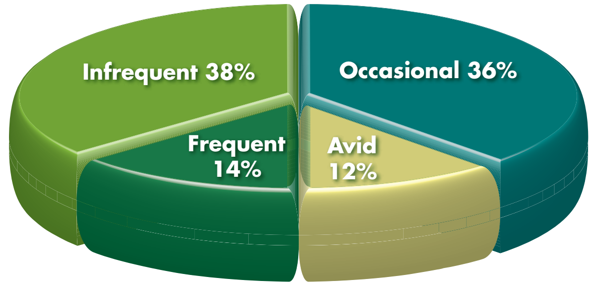
The opportunity to sustain and grow the game is two-fold - the approximately 4.2 million golfers who are infrequents (approximately 2.2 million) or occasionals (approximately 2.0 million) plus some percentage of the 73% of Canadians who do not play the game today.

The infrequent and occasional golfers who represent the growth opportunity for golf in Canada account for 74% of the effective population - approximately 4.2 million individuals.

- Avid and Core players statistically associate with spending more. These segments already play more and spend more than other segments and statistically associate with spending more in future.
- In other words; they are already playing and spending as much as they can and those that can spend more & play more in the future will do so.

Among the population of approximately 5.7 million golfers:

Group	Size
Avid (26+ round/year)	684,000
Frequent (9-25 rounds/year)	798,000
Occasional (4-8 rounds/year)	2,052,000
Infrequent (1-3 rounds/year)	2,166,000



The Focus

The best immediate opportunities for sustaining the game appear to be with male public players (they believe the cost of golf and the value proposition of the sport is justified).

- In the initial stages, if you do not have the resources for a multi-pronged approach, you may wish to focus on this target group

Women represent an important segment for potential growth, however, many do not believe the cost of golf and the value proposition of the sport is justified.

- Women are entering and then leaving the game at a much higher rate than men
- There needs to be a very focused effort on women and there is no easy win to positively impact behaviour among this important segment

NAVICOM elaboration - Although some percentage of women express interest in the game, women as a group statistically associate with “the game is not worth the expense”. Men as a group, statistically associate with “the game is worth the expense”. Based on these statistical associations, it is a more difficult task to convince women to either take up the game or play more than it is to do the same for men.

The study uncovered there is a pattern and outlook that exists that is impacting the growth of the game.

- 18 – 25 years: Excited about the game, (more entering the game, playing more often)
- 26 – 35 years: Ambivalent toward the game (equal uptake and lapse / waning interest)
- 46 – 59 years: Disillusioned (More players of this age lapse or leave the game / excitement is gone and they become disappointed)

The Canadian golf industry must focus strategy against the very decernable pattern that exists around the entrance to and exit from the game.

The focus of the Canadian golf industry's growth strategy needs to be built around the previous finding. In order to maximize the opportunity to grow the game, the Canadian golf industry needs a strategy built around:

- Reaching Out (Finding New Players, Introducing Them to the Game, Get them Excited!)
- Pulling In (Building Golfers' Commitment to the Game: Helping Players Grow and Improve Their Game, Get them Engaged!)
- Holding On (Show Golfers The Value of the Game: Help Players Stay Connected, Stay Fit, Stay Involved In The Game, Keep them Engaged!)

*NAVICOM research focused on the age groups 18-25, 26-35 and 46-59 because they displayed unique set of behaviour characteristics regarding entering, growing and then leaving the game. None of the other age demographics showed the same characteristics.

SUSTAIN THE GAME: MARKET DRIVERS

BENEFITS THAT DRIVE ENGAGEMENT/SPEND

- Socializing with friends and family
- Enjoyment of the game
- Shared passion for the game
- Membership in a golf community
- Being part of the game means something (to them, their friends, their family and their community)

Help golfers with the challenges of the game:

- Getting better as a player
- Trading off time & money
- Introducing friends & family to the game
- Help golfers believe they get as much or more back from the game as they put in (improving the basket of benefits and the value proposition of the sport)
- Golfers have multiple interests and need to walk away believing it was money well spent
- Leaving golfers with a positive feeling and viewpoint about the game
- Pride in the Canadian game
- Inspiration from the game
- A game that is worthy of their support

THEMATIC BENEFITS OF THE GAME OF GOLF:

1. Community of the game
2. Challenges of the game
3. Leadership in the game
4. Pride in the game
5. Worth of the game

Move the game forward:

- Effective associations
- Grow the popularity of the game

NAVICOM Elaboration – unengaged golfers want to see evidence of leadership in moving the game forward. That includes demonstrating the effectiveness of the various associations as well as growing the popularity of the game. They are not yet "sold" on the game. They like many aspects of the game (pride, inspiration, integrity and passion) but do not want to be part of something old and traditional. They want to see a game that reflects who they are as individuals and a game that makes them feel good about themselves. They want to see a game capable of changing with the times.

SUSTAIN THE GAME: STRATEGIC FOCUS

**FOCUS BUSINESS STRATEGY ON:
GOLF – "IT'S A GAME FOR LIFE"**

Help Players to Get Involved and Stay Involved:
Help them navigate their course.

18-25 Years – Focus:

Get them into the game and get them involved

Key Benefits:

- Socializing (Fun, Enjoyment)
- Challenge (Growing Their Game)

NAVICOM Elaboration – as 18- 25 years enter the game, you have them. They see the game very much as presenting a meaningful basket of benefits. They want a game that is fun, that is social, that they can enjoy and yet a game that presents challenges to be overcome. It is important to present the game as fun, exciting, social and easy to get involved with. It is equally important to present the game as one that is difficult to master while providing evidence of how you can learn, improve and satisfy the desire to get better. These folks are yours for the taking. However, you just can't leave them to their own devices to grow in the game. You have to show them and help them make the connections.

26-35 Years – Focus:

Building value – reinforcing the benefits

Key Benefits:

- Challenge (Overcoming the time & money challenges, continuing to improve and grow their game)
- Passion & Pride for the Game
- Socializing (Fun, Enjoyment)

NAVICOM Elaboration - Otherwise, by 26-35 years of age they are becoming less enamored with the game. Their initial excitement is fading and they are beginning to see the game more as a series of challenges (time, money, improvement and growth) that are difficult to overcome. At this point there are as many of them leaving the game as entering. If you can't show them that the basket of benefits that attracted them in the first place (fun, enjoyment, socializing, challenges and pride) is, in fact, achievable, you will lose them forever.

46-59 Years – Focus:

Stay – consistently demonstrating the benefits
(we are busy making the game better)

Key Benefits:

- Challenge (Overcoming the time & money challenges, continuing to improve and grow their game)
- Value (Cost Justified)
- Passion & Pride for the Game

NAVICOM Elaboration - And that is what happens with the 46-59 year old group. They become disillusioned with the game. It represents the most lapsed golfers of any group. They become frustrated with their play – not getting better, not growing their game. They become frustrated with the game – too hard to book tee times, pace of play rules etc. All of this contributes to a loss of pride and inspiration from the game, which in turn diminishes fun and enjoyment. When that happens it is easy to let the challenges of time and money drive you from the game.

CANADIAN GOLF MARKET SEGMENTS: CONNECTING THE DOTS

As 18-25 years enter the game, you have them...

- They see the game very much as presenting a meaningful basket of benefits.
- They want a game that is fun, that is social, that they can enjoy and yet a game that presents challenges to be overcome. It is important to present the game as fun, exciting, social and easy to get involved with.
- It is equally important to present the game as one that is difficult to master while providing evidence of how you can learn, improve and satisfy the desire to get better.
- These folks are yours for the taking. However, you just can't leave them to their own devices to grow in the game. You have to show them and help them make the connections.

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And that is what happens with the 46-59 year old group...

- They become disillusioned with the game.
- It represents the most lapsed golfers of any group.
- They become frustrated with their play – not getting better, not growing their game.
- They become frustrated with the game – too hard to book tee times, pace of play rules etc.
- All of this contributes to a loss of pride and inspiration from the game, which in turn diminishes fun and enjoyment.
- When that happens it is easy to let the challenges of time and money drive you from the game.

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SUSTAIN THE GAME: IMPLICATIONS

Sustaining the game will require an integrated cooperative approach across the Canadian golf industry:

- Messaging and actions focused on "It's a game for life"
- Innovation is required to help players overcome the time & money challenges. Innovative ways to:
  - Shorten courses (takes less time to play)
  - Simplify courses for beginners (innovation around the game in introductory stages i.e. beginner times to play, fewer holes to play, etc.)
  - Lower costs
- Opportunity for entry level equipment, apparel and accessories
- Easier playing courses or "graded" courses to help people navigate through the game on appropriate courses for their level of play
- Make environmental issues a pride play (messaging around agronomy best practices as well as research and innovation to reduce environmental impact of course conditioning)
- Integrated learning (group learning, internet lessons, virtual coaching, etc.)
- Find ways to make lessons simple, easy and cost effective
- Help new players to feel welcome
  - Help golfers to overcome some of the challenges (ie. securing convenient tee times, find play partners, improve the game, etc

SUSTAIN THE GAME: CONCLUSIONS

Although the benefits that drive growth in the game are clear and discrete, overall, performance on the course and off are weak. That leaves only small minorities currently associating (statistically) with increased spend.

In order to drive engagement and subsequent increases in rounds played and dollars spent on lessons, equipment, apparel, accessories and in the club house, it is essential to have more golfers statistically associate with the benefits.

Hence, the need for both innovation and collaboration within the Canadian golf industry.

- You have a clear picture of what's needed to drive engagement and spending in the game.
- Thematically the benefits of golf (all 5 points of engagement) all are clear:

  1. Community of the game
  2. Challenges of the game
  3. Leadership in the game
  4. Pride in the game
  5. Worth of the game

- The vast majority of golfers don't statistically asscociate with engagement/spend
- You can't play lip service to the drivers (benefits that drive engagement)/need to be able to demonstrate performance on these drivers (show me how don't just tell me)
- Need to show value benefits to golfers/not simply telling them about it. How can the Canadian golf industry help golfers experience better value.
- This about showing, not telling.

The Canadian golf industry must work together to find innovative ways to show golfers that the game and everything attached to the game is; fun, enjoyable, social, challenging but winnable, inspiring, prideful and lead edge.

CONSUMER BEHAVIOUR
UTOPIA FOR THE GAME OF GOLF IN CANADA

From a consumer behaviour perspective, success means getting golfers more engaged by playing more, following more, supporting more and spending more.

The degree to which that measure goes up has all sorts of impact. The more engaged golfers are, the more they will spend.

- Do they play, follow, support and endorse the game of golf? Does that level go up?
- The game needs more engaged/loyal consumers – arguably more than it needs new participants
- There is a large pool of people who play the game – Yet there is only a small pool of people who are engaged in the game.
- Working towards increasing golfer loyalty to the sport means increasing the potential of having customers for life.

In short, having Canadian golfers embrace the notion that golf better than the other games they can play, follow and support.

APPENDIX			
Player description	**Rounds/year**	**Estimated Population**	**Error margin + -**
Avid	25 +	684,000	4.10%
Frequent	9 to 24	798,000	3.70%
Occasional	3 to 8	2,052,000	2.40%
Infrequent	a couple of games	2,166,000	2.30%
Total Golfer Population		**5,700,000**	1.40%
Census Population - Canada (Statistics Canada)	33400000		
Effective Potential Golfer Population	**21,200,000**		
Effective potential golfer population (or effective population) – refers to the population of Canadians who are capable of playing golf. Exclusions include age, infirmity, disability and proximity to a course. The effective population was estimated by reviewing Statistics Canada census data and then eliminating portions of the population based on age (too young or too old), health (infirmity or disability), finances (significantly below the poverty line) and location (no golf facilities within a reasonable proximity).			
Player description	**Rounds/year**	**Estimated Population**	**Error margin + -**
Players entering the game		1,026,000	3.30%
Players leaving the game		1,026,000	3.30%
Golfers playing more rounds		798,000	3.76%
Gofers playing same rounds		2,736,000	2.00%
Golfers playing fewer rounds		2,166,000	2.29%
Today's golfers who started as a child		969,000	3.65%
Today's golfers who have a child playing		399,000	5.30%
Today's golfers who started as a junior		1,311,000	2.90%
Today's golfers who have a junior playing		513,000	4.70%
Golfers 18 - 25 years old		912000	3.50%
Golfers 26 - 35 years old		1254000	3.01%
Golfers 46 - 59 years old		1368000	2.90%