



GOLF | A Driving Force in South Australia's Economy

FACTS SHEET No. 5

OCTOBER 1999

INTRODUCTION

Golf is a sport that brings more to our community than the opportunity to undertake physical activity. While golf is one of South Australia's most popular sporting activities, it also makes a significant contribution to our economy and is being increasingly used by business as a means of entertaining existing clients and courting new ones.

It would be difficult to find a sport that is both as challenging and frustrating as golf. The use of handicaps has contributed to golf's universal popularity, allowing players of varying ability to compete against each other and against the course.

If you are looking to make a career in sport, grab a golf club and start practising. According to Business Review Weekly (BRW), golf produces more big money earners than any other sport in Australia. Golfers account for five of the top ten highest paid sports stars in this country. In 1998, Greg Norman earned over \$37 million. However less than one percent of this figure was generated from prize money, unlike the remaining four golfers in the table who made most of their money through victories and top ten finishes in various tournaments.

Top 5 Australian Golf Earners in 1998

1. Greg Norman	37.30 million
2. Steve Elkington	2.50 million
3. Karrie Webb	2.25 million
4. Stuart Appleby	2.15 million
5. David Graham	2.01 million

Source: BRW , 21 Dec 1998

While most golfers will never earn a cent from playing golf, let alone appear on BRW's top money earners list, the game offers many benefits. This facts sheet will look at the role golf plays in many areas of our society, including:

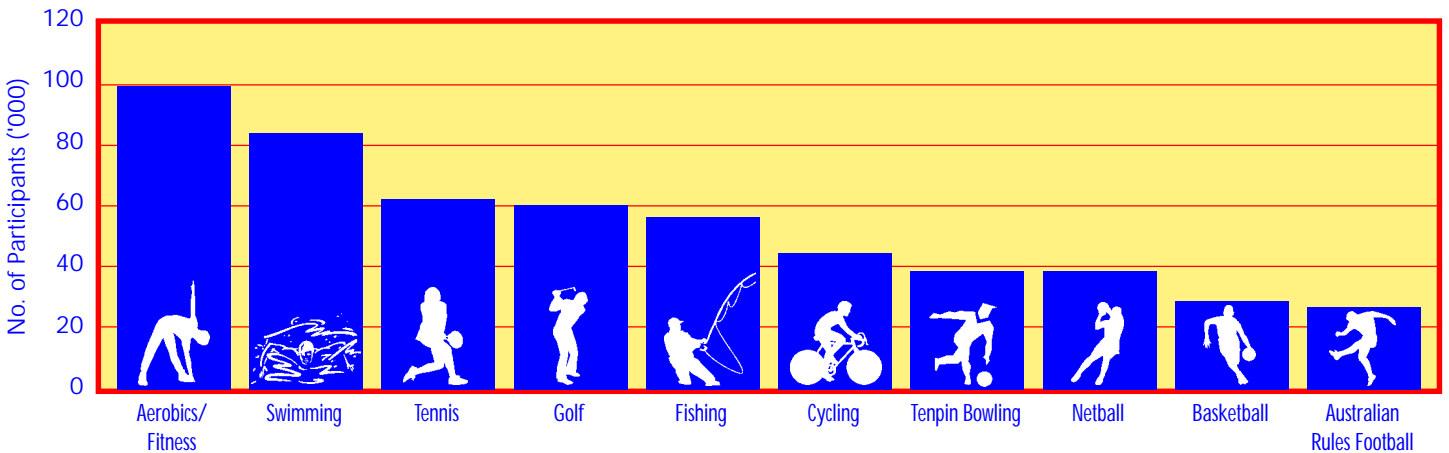
- the rate and frequency of participation in golf;
- the amount of money spent by participants;
- how golf is used to promote business;
- golf tourism; and
- the value of exporting golf products and services

Also included are interviews with two South Australians who currently export golf related expertise throughout the world - Peter Ormsby and Neil Crafter.



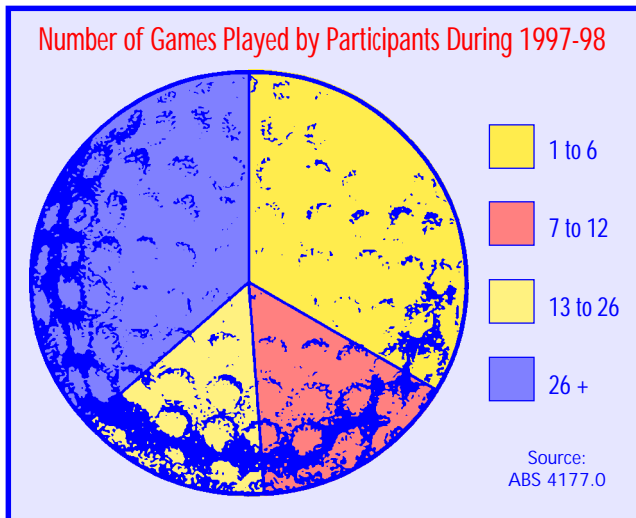
Participation

Golf has the fourth highest participation rate of any physical activity in South Australia with approximately 60,000 participants - more than twice as many as Australian Rules Football (27,200).



An interesting trend within golf participation is emerging. Over the past three years the number of younger people playing the game is increasing. The number of 18-24 year olds participating currently makes up 12 per cent of total participants compared with only 8 per cent in 1995-96. There were also increases in the 25-34 and 35-44 age groups, with increases from 18 per cent to 22 per cent and 19 per cent to 22 per cent respectively.

Players aged 45 years and over currently make up just under 45 per cent of total participants, compared with 55 per cent three years ago.



As highlighted by the graph at left, there is a varying level of commitment towards golf with:

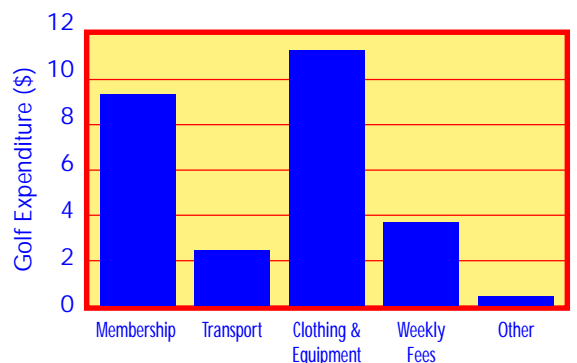
- 34 per cent of participants playing at least 26 games per year, or at least every two weeks;
- 30 per cent of participants playing less than one game every two months;
- 20 per cent of participants playing on average one game every one to two months; and
- 16 per cent of participants playing one game every two to four weeks.

“Golf is now seen by many as an industry”

Expenditure On Golf

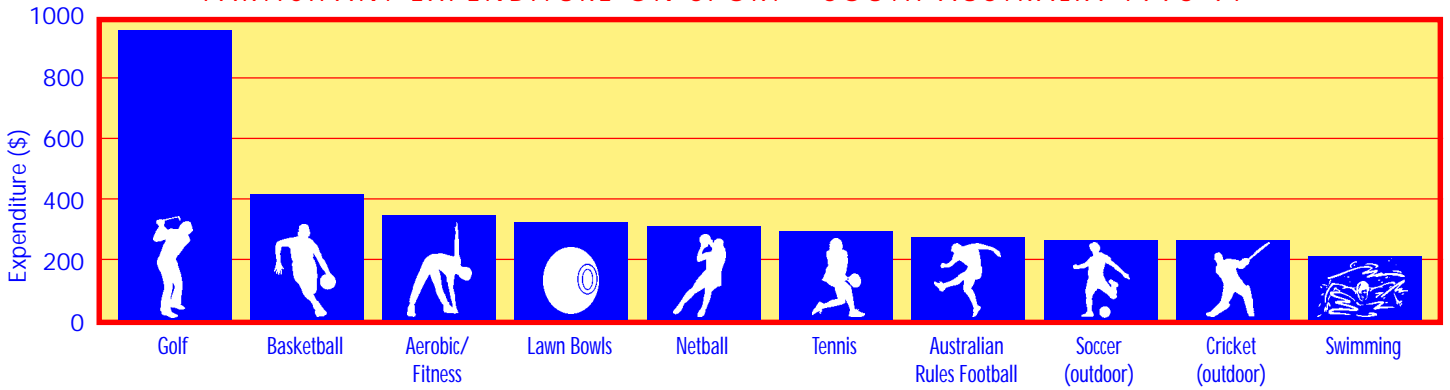
Golf participants in South Australia spend an average of \$966 each year on membership/green fees, clothes, equipment and travel. This is quite a significant outlay when compared to other popular sports such as Australian Rules Football, Basketball and Cricket where the average participant expenditure in South Australia is between \$250 and \$410 per year.

The total amount of expenditure during 1996-97 due to participation in golf was \$26.8 million, the breakdown of which is shown in the graph to the right. Clothing and equipment was the largest component of this, followed by memberships, weekly fees, transport and other costs.



SOURCE: ABS 4177.0

PARTICIPANT EXPENDITURE ON SPORT - SOUTH AUSTRALIA 1996-97



SOURCE: ABS 4177.0

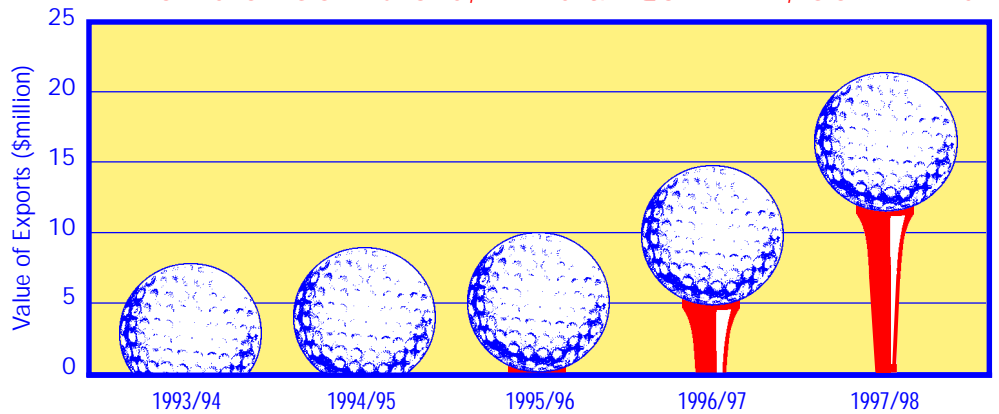
The Business Of Golf

Golf is now seen by many as an industry. It supports numerous retail outlets and clothing manufacturers, it brings export dollars into Australia through international trade in golf related equipment and services, and it has also become an important marketing tool for the business community.

Exports

As can be seen from the graph on the right, Australia's exports of golf related equipment are experiencing significant growth. In fact, these figures understate the true contribution golf makes to our economy, as they do not include the export of services such as golf course architecture or the income generated through golf tourism.

EXPORTS OF GOLF CLUBS, PARTS & EQUIPMENT, GOLF BALLS



“The link between golf and business has never been stronger”

Golf Tourism

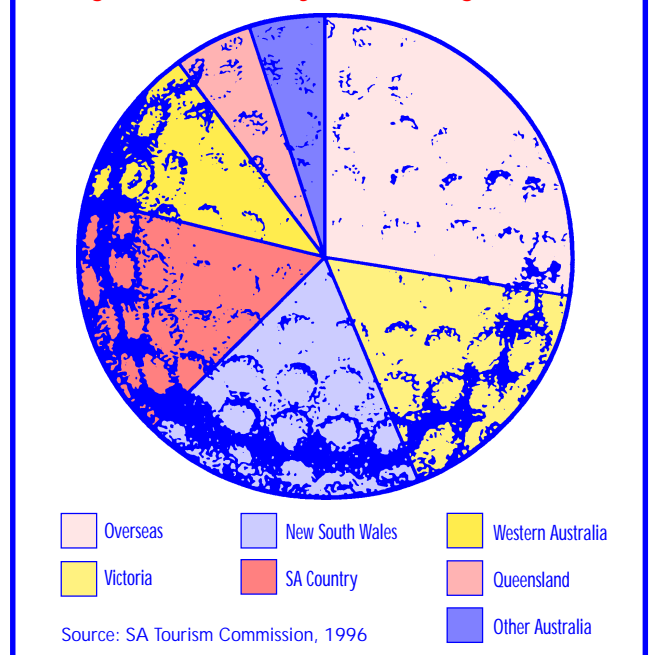
Golfers demonstrate a high propensity to both play golf when they travel and to take golf focused holidays.

A survey conducted by the South Australian Tourism Commission in 1996 found that 24% of visitors to Adelaide are golfers. Of this figure, over half also play golf when they travel.

Survey results also indicated that golfers would like to purchase holiday packages which include course fees, accommodation, transport, meals and entry to tournaments.

The South Australian Tourism Commission also found that South Australia rated highly amongst preferred destinations for golf focused holidays with 30% of golfers nominating Adelaide and 18% nominating other SA locations as their preferred destinations.

Origin of Golf Players Visiting Adelaide



Exporting South Australian Golf Expertise

Two of the major players on the South Australian golf scene are Neil Crafter and Peter Ormsby. Both presently export their golfing expertise to international markets. For Neil it's through his golf course design company Golf Strategies, while Peter successfully exports his golf training tool, the Swingyde, in addition to operating Australia's largest golf store, Pete's Golf.

We spoke to them about how they have developed new markets for their products and services, and got their views on the role golf may play in the business community in the future.

CASE STUDY 1

Interview with Peter Ormsby, Managing Director - Pete's Golf

Having won the 1998 Australian PGA Retailer of the Year Award, Pete's Golf remains Australia's largest golf store. More than a retailer, Pete's Golf added an exporting arm to its operations in 1994 through the development of an exciting training tool - the Swingyde. Peter Ormsby, Managing Director, shared his views for the benefit of readers.

How did the idea for Swingyde come about?

The late Allan Brock of the Royal Adelaide Golf Club approached me in 1994 asking me to purchase and develop the idea, which he'd had for over 20 years. I took the original idea and attempted to make it more user friendly. Through months of development and investment a separate company was formed, international patents were taken out, a trademark was registered world wide and packaging was created culminating in the official launch at the Ford Open at Kooyonga in February 1996.

“ Even players on the PGA Tour have used Swingyde ”

What are the advantages of using the Swingyde?

It was designed primarily to check the swing position at the top of the back swing but has many more advantages including grip, address position, club takeaway and follow through. It assists golfers in their swing, correcting wrist cocking and allowing the correct plane to be followed. It can suit either left or right handed players, men and women alike and weighing about 35 grams it is very compact.

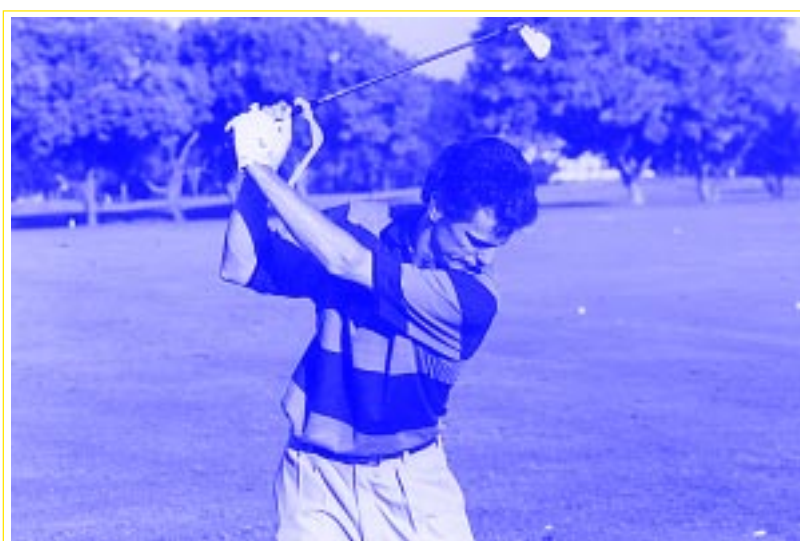
To which countries has Swingyde been exported?

Exports of Swingyde started in April of 1996 to countries such as Japan, Singapore, Thailand, New Zealand, England and Europe

and we are developing a market share in the United States. In 1997 Swingyde won the Emerging Exporter of the Year Award for South Australia.

At which level of golfer is the Swingyde aimed?

Because it is so simple all calibres of players can use it.



Players will notice a dramatic improvement after only one week of practising 15 minutes per day. Even players on the PGA Tour have used Swingyde. Jim Flick, USA PGA Tour coach has been involved in teaching golf for over 43 years. His students include Tom Lehmann and the legendary Jack Nicklaus. Jim described the Swingyde as 'the best training tool to help golfers of all abilities to swing their club on line every time'.

From a retail perspective, how did South Australia's major golfing events impact on your sales?

The effect of these golfing events was incredible. During last year's Australian Open, the Christmas trading period reached record highs. Spectators watching these great players go round became enthusiastic about golf and came in for new clubs or equipment so they too could go out and play. Such events impact on all levels of golfer from the very good players to those who have never swung a club before. PGA Golf is all about promoting golf to everybody.

Exporting South Australian Golf Expertise

CASE STUDY 2

Interview with Neil Crafter,
Principal Golf Course Architect -
Golf Strategies

The Crafter name is synonymous with golf in South Australia. Golf Strategies is a specialist golf course design company with regional offices in Australia, Malaysia and the Philippines.



Golf Strategies provides a complete range of golf course design services including site assessment, conceptual and master planning and post construction consultation.

Past projects include the Astana Golf Resort, Kuantan, Malaysia, the Guangzhou South China Golf Club, Guangzhou, China and locally the Fleurieu Golf Course at Mt Compass, South Australia. Currently, Golf Strategies is developing The Shambala Sanctuary Golf Course, Bangalore, India, and the Golden Cypress Point Golf Club, Dalian, China amongst others.

Neil Crafter, Principal Golf Course Architect at Golf Strategies shared some of his views about golf course design as well as other issues impacting on the golf industry.

Many of your past projects have been in Asia, where the growth of golf has been remarkable over the last decade. Do you think growth will continue in this region and other regions throughout the world?

Obviously South East Asia has, in recent years been affected by the economic downturn in this region. The buoyancy of an economy often reflects trends in golf. Malaysia is now starting to show improvement and the Philippines and China are certainly very strong golfing regions. Away from Asia, Europe is certainly growing rapidly, especially Germany. However the United States definitely has the fastest growing golf population with around 400-500 courses being built per year.

In which other regions (apart from Asia) has Golf Strategies designed courses?

Golf Strategies is reliant on the generation of funds through exporting our services; over 60% of our business comes from overseas. Currently we are constructing a golf course in Bangalore, India. Locally, the first stage of the development at Glenelg has been completed as well as the redevelopment of the Patawalonga and the opening up of the Fleurieu Golf Course.

Most of our business stems from Asia however.

Do you see Australia as having a competitive advantage in golf course design?

I think we do. Australia has a long golfing history and golf has been established in Australia for many years. Not only that, but Australia also has a long history of golf course construction which is definitely appreciated by Asia which sees Australia as a sporting nation.

Due to Australia's global position, the time zones do not vary greatly which makes business much easier in terms of communication with Asian clients. Ease of travel to these parts also helps Australia's cause.

How does a South Australian golf course designer compete on a world stage when some of your competitors include Greg Norman, Jack Nicklaus and Gary Player?

Quite simply, not every client wants a course built by such big names. Such courses are often many millions of dollars more expensive than those constructed by a smaller golf course designer such as myself. Much of my work comes from word of mouth, and therefore there is not a huge budget on advertising. However, the advantage I have over the aforementioned names is the personalised service I am able to give. Clients are often sick of the sight of me by the completion of a course! I often use the following analogy - if you want to build an opera house, do you contact an architect or Pavarotti? - just because he sings does not mean he can design a theatre.

“Packing your business cards is as important as packing your clubs”

Golf is often seen by many, especially in the corporate world, as a means of building relationships outside the boardroom. What are your perspectives on the Corporate Golf Day?

Golf world wide is seen as a business sport. Globally, golf is used to strengthen or develop business relationships. It is the perfect sport for getting to know someone outside the office setting, without the hustle and bustle of a large sporting event, where there are so many other things going on around you.

Is there opportunity for Australia to become a leader in the lucrative business of golf tourism?

Most definitely, especially in Queensland where there are many resort style courses. South Australia is however slowly catching up with the development of a number of recent courses on the Fleurieu Peninsula. It is relatively cheap to play golf in Australia in comparison with other parts of the world especially in parts of Asia.

The Corporate Golf Day

BUILDING BUSINESS RELATIONSHIPS

Over the past decade many businesses have recognised that golf can play an important part in helping them to promote their capability. For many, the Corporate Golf Day has become an integral part of the marketing plan enabling them to sell their products or services on the course and to make business contacts to sell them in future.

Golf is renowned for being the most honest game in the world and if people aren't abiding by the rules on the course, you may have to watch out for them in the world of business! Success in business largely depends on the strength of the relationships which that business has, thus the aim of the Corporate Golf Day is simple - to build or strengthen business relationships in an informal setting. Clients or potential clients come together informally for a few hours, often discussing things other than business, leading to stronger relationships.

For many years male executives have dominated the Corporate Golf Day but it is increasingly becoming the case where female executives are deliberately and strategically taking up golf in order to be able to participate in Corporate Golf Days, investing significant amounts of time and money into learning how to play golf. (ABC Radio, The Sports Factor, 20 November, 1998)

Many millions of dollars and thousands of hours are spent by the corporate world on business golf, which can be an excellent investment as it is a powerful tool for building relationships and developing business.

However, if a company looks carefully at how they are using golf in a corporate setting, the cost of business lost and missed opportunities may outweigh the benefits. It is critical for a company to tie its business strategy to corporate goals and track the efforts and results. (BIZGOLF.COM, Anderson, J., Costly Business Golf Mistakes, 1997)

Critical Factors:

- The combination of people brought together
This could be based on the potential dollar value to the business, skill level, or how well they get along, but arguably the most important factor is whether participants will be able to do business with each other.
- When to talk business
Due to the informal setting, the cues to discuss business are not as well defined on the course as they are in the office and it is difficult to know when to introduce business into the conversation. Some prefer not to discuss business on the day, but to follow up with the '20th Hole Strategy'.
- Bring your business cards
Even if you don't discuss business on the day, the Corporate Golf Day provides an ideal opportunity to establish new contacts for future business deals. It has been said that packing your business cards is as important as packing your clubs.
- Follow-up (the 20th Hole Strategy)
This can be as simple as a telephone call or visit to review how enjoyable the day was and often leads to business interaction and commercial gain.

Conclusion

This facts sheet shows the many different ways that golf impacts on the community.

Golf is extremely well positioned to remain as one of the sports with the highest participation rates. The recent trends, which highlight the increasing number of younger players, are encouraging, while the continued success of Australia's leading players on the international circuit should provide role models to bring more young people into the sport.

The growing level of golf related exports demonstrates the important role that golf plays in stimulating our economy. When combined with the high level of golf related tourism that Australia attracts, the true economic worth of the golf industry is clearly significant.

Finally, the business community is increasingly using golf as a tool to leverage commercial opportunities. The popularity of the Corporate Golf Day illustrates the important marketing role that golf offers. The link between golf and business has never been stronger.

References

ABS	Sport and Recreation - A Statistical Overview	Cat. No. 4156.0	Business Review Weekly	Report by Neil Shoebridge - 'Sports Top Scorers'	December 21, 1998
ABS	Participation in Sport and Physical Activities, 1997/98	Cat. No. 4177.0	ABC Radio National	The Sports Factor	November 20, 1998
ABS	Participation in Sport and Physical Activities, 1996/97	Cat. No. 4177.0	South Australian Tourism Commission www.bizgolf.com	'Golf and Tourism - The Opportunities'	September, 1996

Further Information

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