

Golf Clubs in 2013

Survey of Proprietary and Members Clubs across the UK

By Hillier Hopkins LLP
Specialist Golf Club
Advisers

In association with
The Golf Club Secretary



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Welcome

to the 2013 Hillier Hopkins LLP Golf Survey Report for Members Clubs and Proprietary Clubs. Thank you to those that responded to previous surveys. Many Clubs (60%) who participated this year viewed our 2012 research report and, more importantly, used it – typically for benchmarking and board information. We are, once again, greatly encouraged to note that Clubs considered this to be a valuable, informative and interesting document.

As in previous years, we have split the results by Club type. The results from Proprietary and Members Clubs have been analysed separately, enabling Clubs to compare like for like.

The results of this year's survey are variable but do, I believe, reflect the efforts that Proprietary Clubs continue to put in across the board. In general terms they are better at cost control, marketing and making full use of their facilities.

In most cases we have seen further steps to maximise their income from all sources by constantly improving facilities, and actively seeking new social and other members to boost income.

I am not surprised that Member Clubs have been slower to react to the current trends in the market and will continue to fall behind if they do not accept that they are in a competitive arena. Lady members are still higher in proprietary clubs and so are members in the important 30-50 age group.

The key area where members clubs are still ahead is in Junior membership, but Proprietary Clubs are learning fast with new academy areas and special rates for junior members.

Overall 2012 was, I believe, a year of consolidation for most clubs and 2013 has seen some improvements. Whether this is down to the weather or other factors is debateable, but to me it does feel that the decline in membership that has been evident in recent years has at least halted and is now in many cases on the rebound.

Most of the clubs who responded are reporting improvements and growth and continued investment which is very encouraging.

Waiting lists at Proprietary Clubs have fallen whereas the opposite has happened at Members Clubs. This perhaps reflects the availability of memberships in the proprietary sector and the reduction in Members vacancies at Members Clubs. In my opinion part of this has been down to more flexible joining fees and other easier subscription payment arrangements now being offered by Members Clubs.

Will these trends continue? It is currently difficult to predict but most clubs are optimistic for the next few years and provided they continue to develop their facilities wisely, and control costs then there are considerable grounds for this positive outlook.

Our surveys have again received much recognition over the past year. We hope that this one will continue to provide information to Clubs, to assist in making strategic decisions, for benchmarking purposes, and as a source of information. We are very grateful to all the Clubs that have taken part in this survey which, without their participation, would not be possible.

Thank you for your time and effort in responding to our enquiries. We hope that the survey continues to be of interest and use in your Club activities.

As always, please do get in touch with questions, feedback and suggestions.



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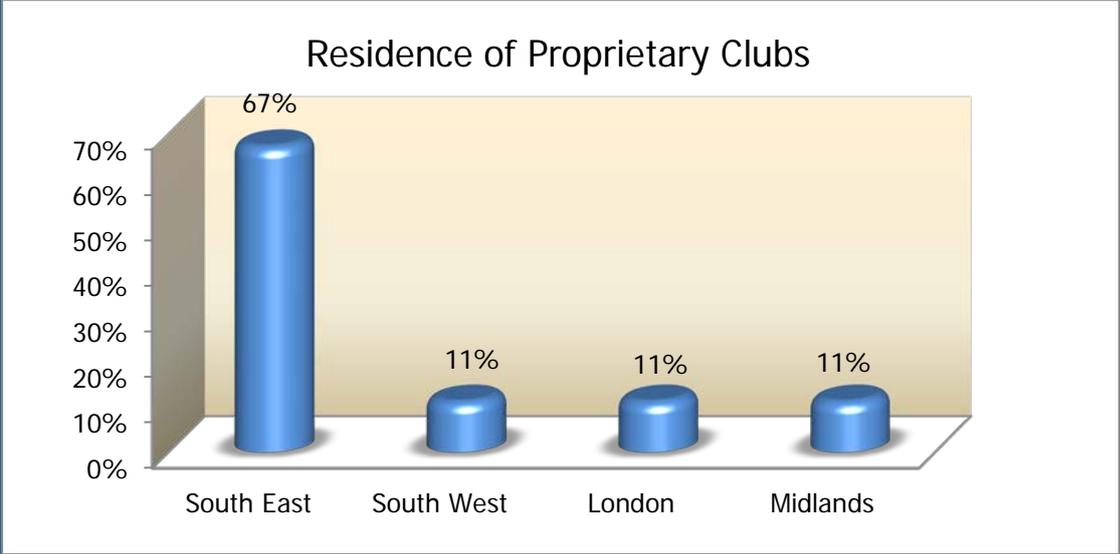
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Proprietary Clubs Results 2013

9 Clubs, Typically with 18-hole Courses

This year we bring you data from 9 Proprietary Clubs from across the South East (67%), South West (11%), London (11%) and the Midlands (11%).



These represent predominantly 18-hole Clubs, with fewer 27-hole Clubs, and no 9-hole or 36-hole Clubs.

No Honorary Positions

All survey respondents (100%) – including predominantly managers and secretaries - were paid members of their Club.

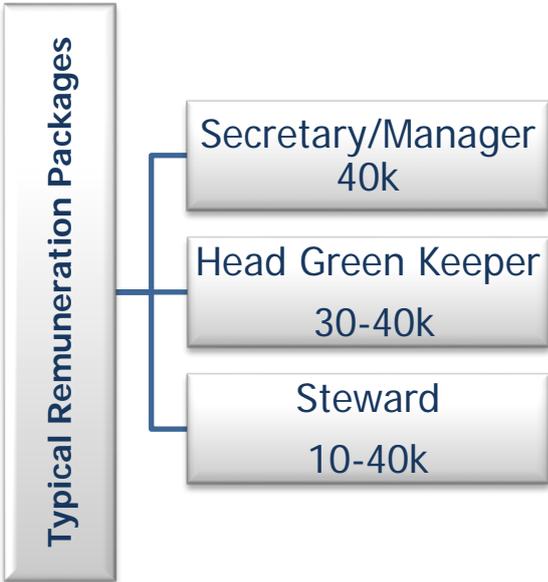


Staffing

A Typical Remuneration Package of £40,000+ for Secretaries & Managers; Generally Higher than in Members Clubs

These survey respondents had varying remuneration packages - with half under and half over £40,000 – generally higher than in Members Clubs.

As in 2012, the Head Green Keeper remuneration package was most frequently priced at £30,000-£40,000 (75%), whilst Steward remuneration was more evenly spread across a range of £10,000 to £40,000.



PGA Professionals

7 of the 9 Proprietary Clubs indicated that they had a PGA professional, in line with most Members Clubs. Among those who pay a retainer, this ranges from £1,000 - £2,500+ per month.

Proprietary Clubs pay a typical PGA professional monthly wage of £1,000-£2,500+.

More Clubs Pay Commission to their Professionals

A rising percentage of Proprietary Clubs now pay commission to their professional.



More Proprietary Clubs (67% compared to 40% in 2012) also now provide free premises as part of their package, and slightly more provide a retainer (55% compared to 47% in 2012).

PGA Duties Which Focus on Tuition, Green Fees & the Pro-Shop

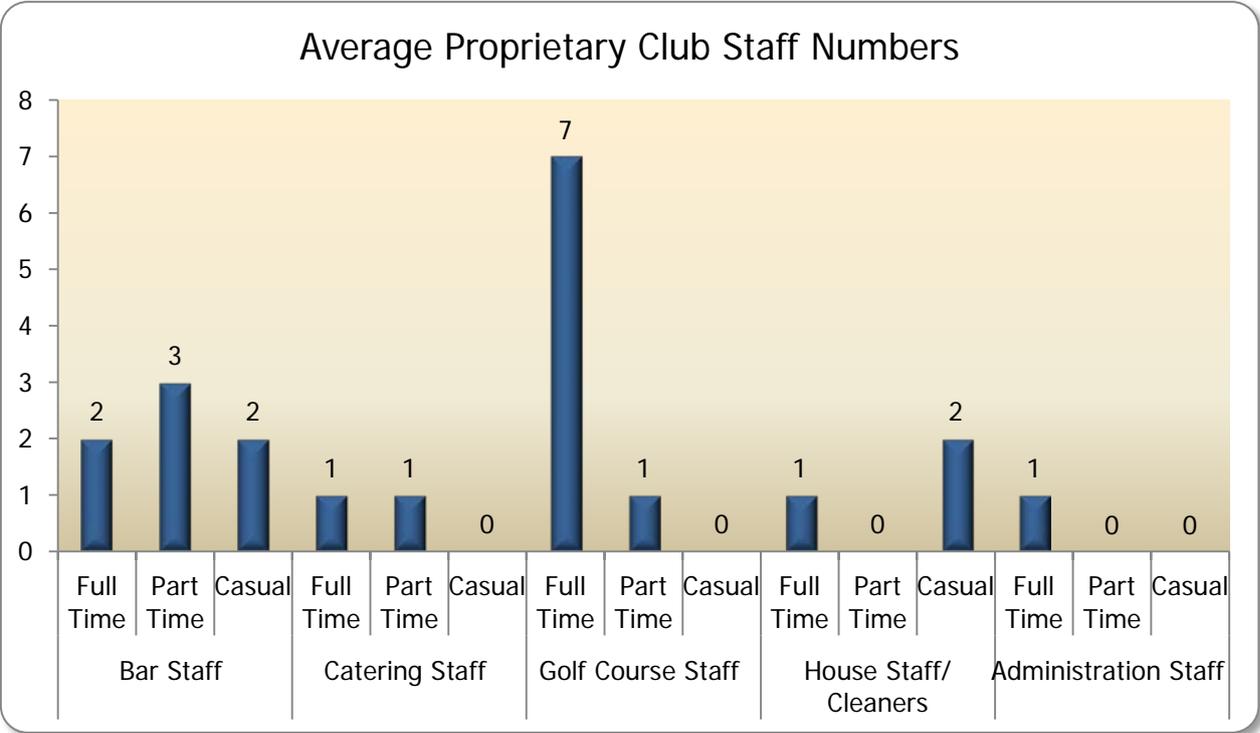
PGA professionals continue to undertake a number of duties for Proprietary Clubs, often focusing on tuition provision, green fee collection, pro-shop management and bookings emerging as typical duties.



An Average of 21 Staff at Proprietary Clubs

Always highly variable and dependent on the size and needs of each Club in question, staffing figures range from 10 to 41 across Proprietary Clubs, with an average total staffing number of 21. This average replicates that of 2012.

Average numbers across staff roles are broken down as follows, revealing few notable differences compared to 2012.



Members

Proprietary Clubs Typically with 100-500 Playing Members

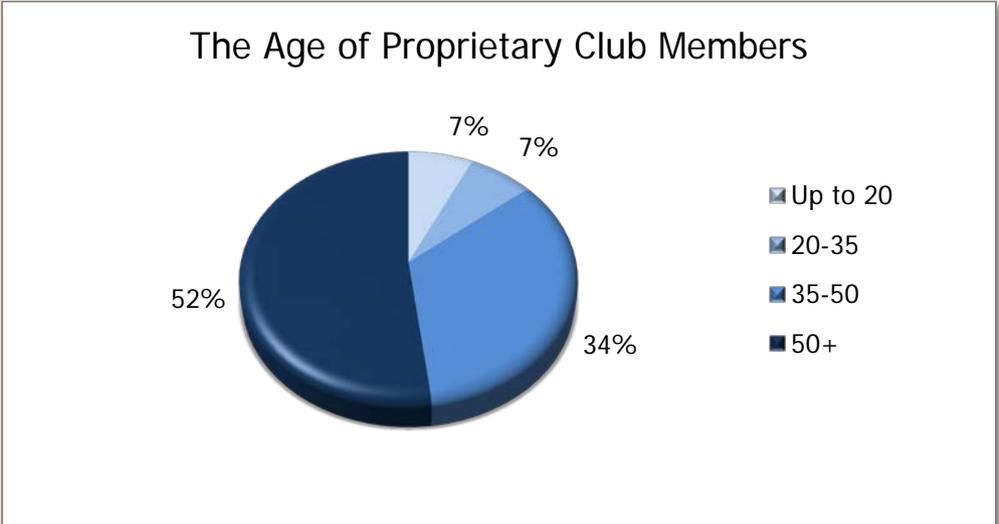
As in 2012, between 100 and 500 members proves typical for (around 44% of) Proprietary Clubs. A further 20% have 500-600 members, whilst the remainder (33%) have 600+ members. These figures show an increase in the number of members compared to 2012.

Limiting Membership

Interestingly, close to 90% of Proprietary Clubs suggest a cap on their number of playing members. Suggestions for this limit vary significantly. However, a limit of around **600** featured most frequently.

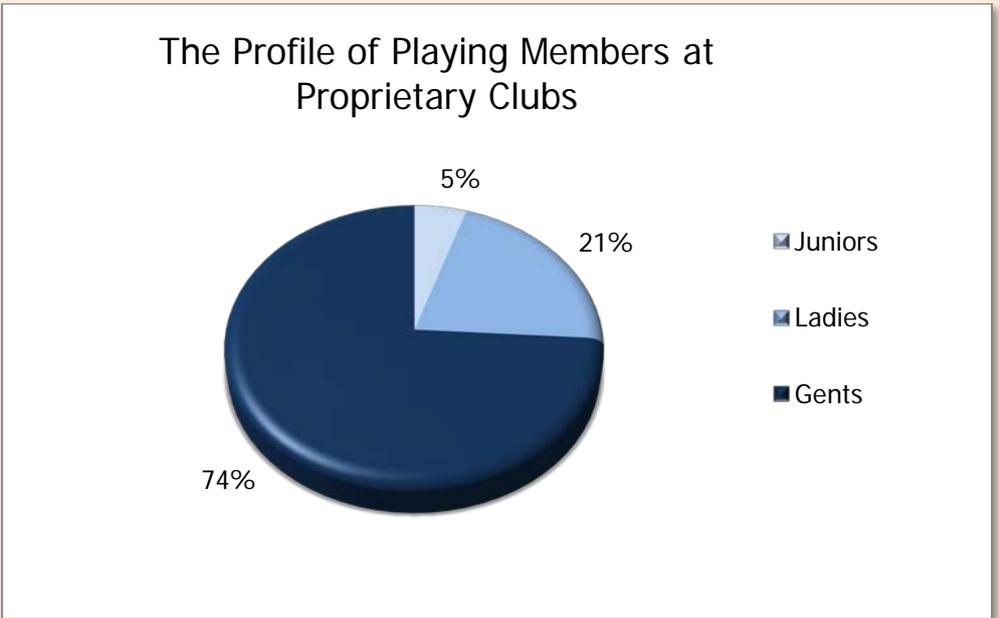
Member Ages Heavily Distributed Towards the 50+ Age Group

6 of the 9 Proprietary Clubs indicated membership numbers within each age range. As shown in the following chart, and paralleling the findings of 2012, the age distribution of Proprietary Club members shows lower numbers of younger members (in lighter shades), and a greater number of older members – aged 50+ (shaded darker). Note an increase in the percentage of members aged 35-50, which has risen from 23% in 2012 to 34% currently.



A Continuing Notably Higher Gentlemen to Lady Member Ratio

As shown in the following chart, and again aligned to the findings of 2012, the gender distribution of Proprietary Club members shows lower numbers of lady members and junior members, and more gentlemen members. Almost three-quarters (rising from two-thirds in 2012) are gents, with fewer junior and lady members.



Over 60% of Proprietary Clubs say that their Female Membership is Increasing

Over 60% of Proprietary Clubs say that their female membership is increasing - a finding in the context of no Clubs now restricting lady member usage and few Clubs indicating day and time restrictions relating to playing.

No Discounted Rates for Lady Members

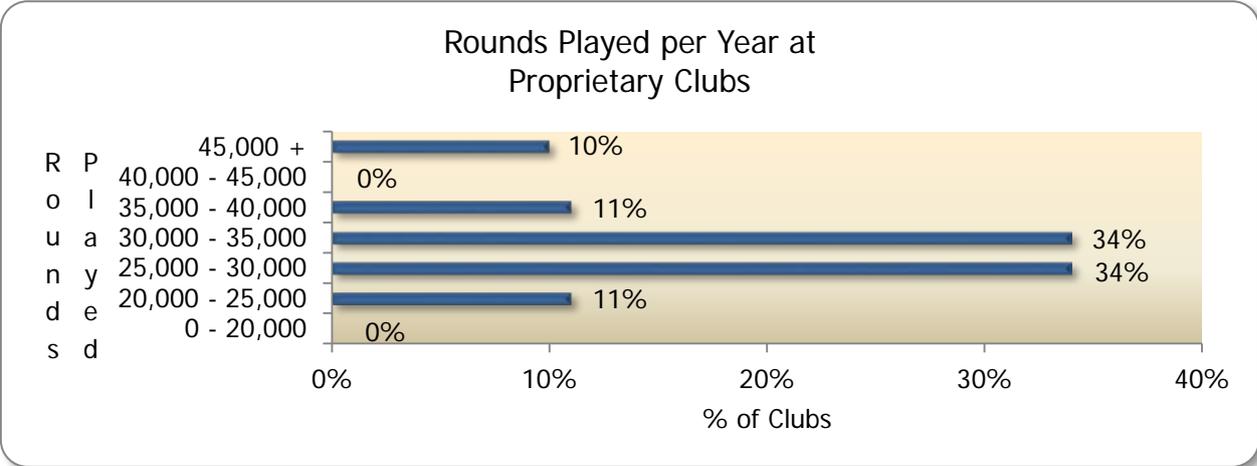
However, none of the Proprietary Clubs surveyed offered reduced rates for lady members.

Increasing Numbers of Social Members at Proprietary Clubs

In 2011, just 20% of Clubs had a social membership which exceeded 25, despite the fact that Proprietary Clubs undoubtedly benefit from increasing social membership levels, with an anticipated positive impact on revenue. In 2012 this rose to 40% with a membership of 25+, before rising again to 67% currently.

A Large Variation in Rounds Played at Proprietary Clubs

As in previous years, a large variation in the number of rounds played annually at Proprietary Clubs is clearly evident.



Society Rounds

Rounds played by societies range from 30,000 to 45,000.

Fewer Waiting Lists

Just 11% of Clubs indicate that they have a waiting list, typically of 30 people waiting for around six months. This compares with 14% of Clubs in 2012 indicating a waiting list of 100 plus for between 12 and 18 months.

Facilities

Just under 80% of Proprietary Clubs have a Driving Range

Our previous 2010 and 2011 research showed around 70% of Proprietary Clubs with a driving range. In 2012, this percentage rose to 87%, before falling again to 78% in 2013. Driving range incomes of between zero and £25,000+ were evident.

A rising proportion of Proprietary Clubs have an Academy Area

This is a figure which has risen from around one-third in 2011, to half in 2012 to two-thirds (67%) currently.

Academy Areas

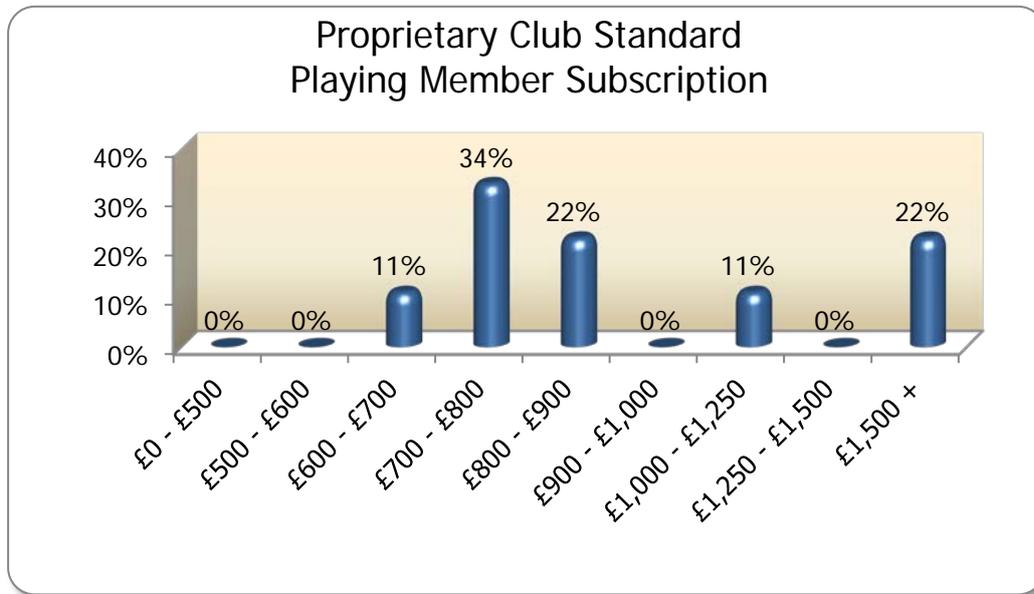
More Proprietary Clubs now have an academy area, with unspecified yearly revenue.



Fees & Charges

Subscriptions

As in 2012, membership fees for Standard Playing Members vary significantly - from a minimum of £600, to £1,500+. Note in 2013, there are no subscriptions priced at less than £600.



Among those Proprietary Clubs reporting Social Membership, the majority – as in previous years - charge £0 to £25.

More Clubs Now Have Entrance Fees

A rising proportion (from 33% in 2012 to 56% in 2013) of Proprietary Clubs now have an entrance fee, ranging vastly from £45 to £3,000.

Just one Proprietary Club without an entrance fee proposes to implement one, principally highlighting membership levels underpinning this decision.



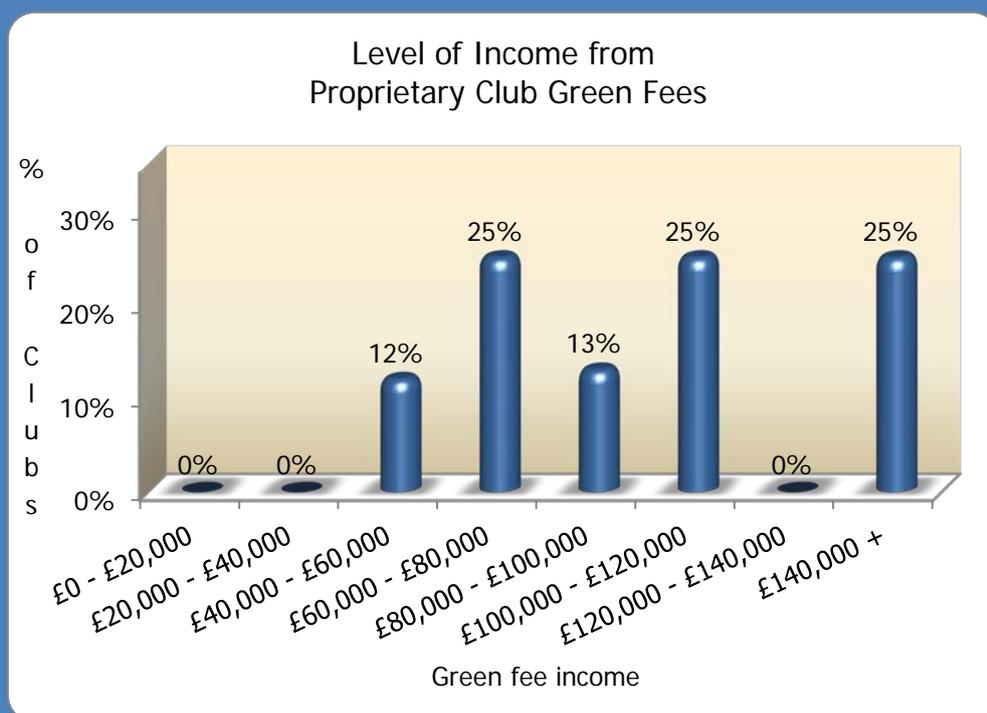
Slightly Higher Average Green Fee Charges in 2013

Average green fee charges are shown below, across weekdays, weekends and all day use, both with and without members. Most of these charges are slightly higher than those of 2012, with the exception of all day usage (both with and without a member) which has remained largely unchanged.



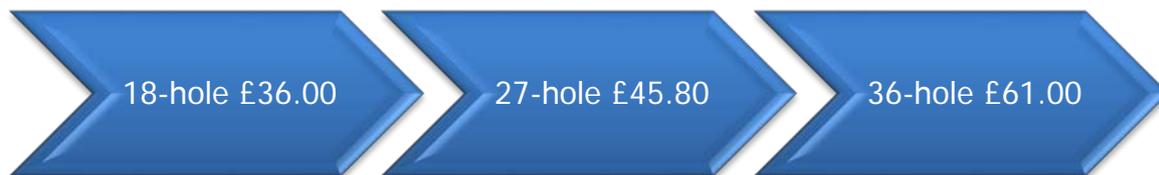
Extremely Varied Green Fee Incomes

As in 2012, incomes from green fees are extremely diverse and spread across the income spectrum, from £40,000 to over £140,000. This year sees a slight fall from 30%+ to 25% of Proprietary Clubs with green fee income of £140,000 plus.



More Expensive Society Packages

Many Proprietary Clubs offer society packages, with average costs as follows:-



Society package costs are significantly higher than in 2012 - the average cost often more than doubles that of a year ago.

As in 2012, Proprietary Clubs offering society packages feel that two aspects impact most significantly on these:



Room and Facility Hire

Of those Proprietary Clubs providing room hire figures for Members and for Member-sponsored events, many indicated that this was **free of charge**.

Non-member room hire ranged from £50 to £150.

Just under 80% of Clubs Charge No Match Fee to Visiting Teams from Neighbouring Clubs

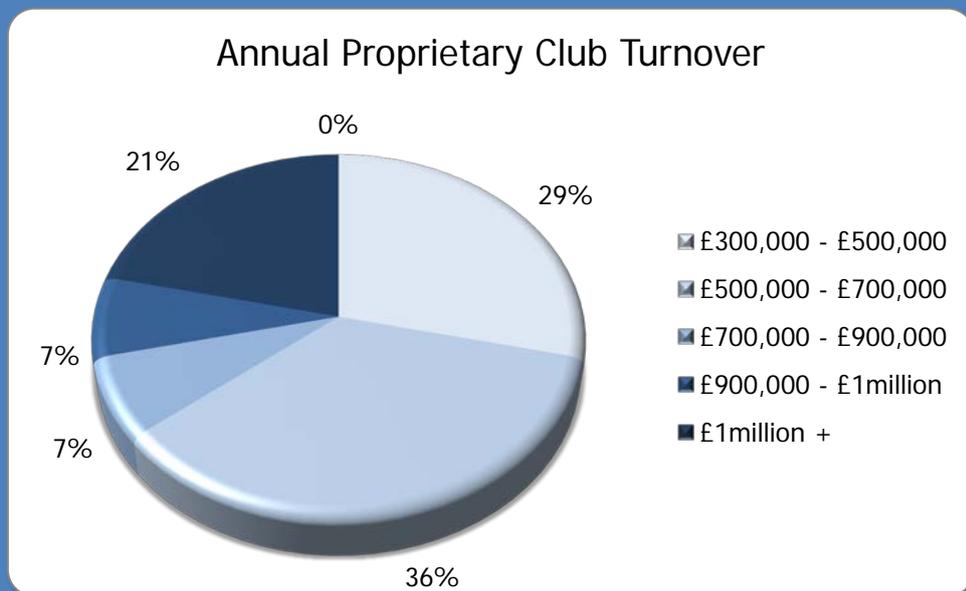
Those who do, charge between £10 and £15.

Among those who currently don't, opinion was divided as to the possibility of introducing this – with many clubs reticent to do so.

Financial Information

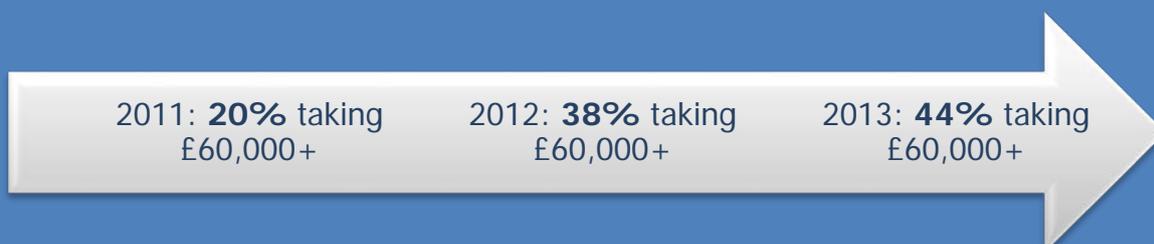
Typical Club Turnover of £100,000 - £1,000,000+

Consistent with the results of previous years, Proprietary Clubs reported turnover ranges from £100,000 to £1 million+.



Society Income Increasing for Some Clubs

Society income for Proprietary Clubs remains below £60,000 for around 56% of Clubs. However, the figures suggest that income IS increasing, with the proportion of Clubs taking in excess of £60,000 continuing to rise year on year.



Society Surplus/Deficit

In Proprietary Clubs the highest surplus figure from society usage was £200,000, with the greatest deficit of just over £13,000. It is not possible to draw conclusions from these figures.

Rising Bar Revenue and Activity

This year bar revenue from Proprietary Clubs is slightly better than in 2012.

The importance of bar usage as an income stream should not be underestimated. Compared to 2012 when just one-third of Proprietary Clubs were taking in excess of £100,000 in this area of business, over 80% now do so.

The following diagram illustrates average bar and rate costs. These should be regarded as indicative of only those Clubs who chose to disclose figures – with a majority choosing not to do so. It is also not possible to report on net profit due to most Clubs not disclosing this figure.



Utility Costs

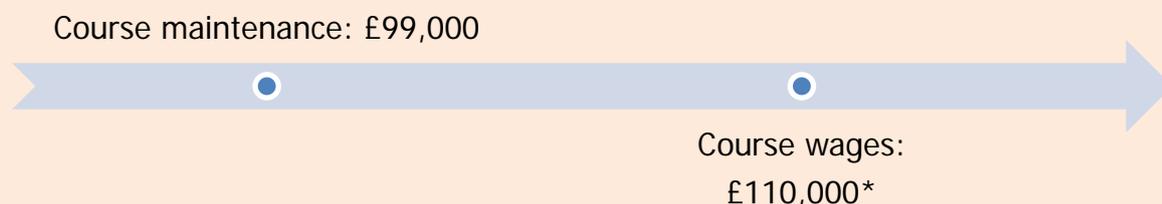
Average utility costs vary significantly across Clubs. However, averages are as follows.



Again, these 2013 figures should be regarded as indicative only, due to the low number of Clubs choosing not to disclose. However, the figures suggest rising electricity and gas costs for Clubs.

Average Course Maintenance and Wage Costs

Typically in the region of £99,000 for maintenance and over £100,000 for wages.



*Excluding one club with course wages of £495,000

Average Current and Anticipated Course Special Project Costs

Most Clubs chose not to provide this data.

Average Current and Anticipated Clubhouse Special Project Costs

Most Clubs chose not to provide this data.

Average Current and Anticipated Grounds Special Project Costs

Most Clubs chose not to provide this data.

Average Current and Anticipated Equipment Special Project Costs

Most Clubs chose not to provide this data.

Clubhouse Maintenance Costs and Staffing

Few Clubs provided an indication of Clubhouse maintenance costs. Those who did, yielded an average per annum figure of around £28,000 – higher than the £17,000 evident in 2012.

Ditto Clubhouse staff wages, which came in at an average yearly figure of £95,000.

Franchise Catering Used by just 11% of Proprietary Clubs

Only 1 Proprietary Club uses a franchise for its catering needs which is probably an indication that they can run these operations profitably.

Among those Clubs who cater *without* the services of a franchise, profit margins range from less than 20% to 70%, with 60-70% emerging as a typical percentage.



Annual Surpluses & Deficits

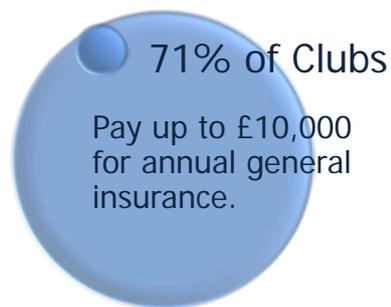
In Proprietary Clubs, the highest surplus figure was £200,000, with a highest deficit of £50,000. It is difficult to draw any conclusions from the minimal data collected in this area.



VAT Recovery

Steady Rates of Annual General Insurance

As in 2012, Proprietary Clubs are typically paying up to £10,000 for annual general insurance (over 70%), with slightly more at the lower than the higher end of this category.



Business Development

More Proprietary Clubs Reporting Growth than in 2012, with a Healthy 50%+ Growing

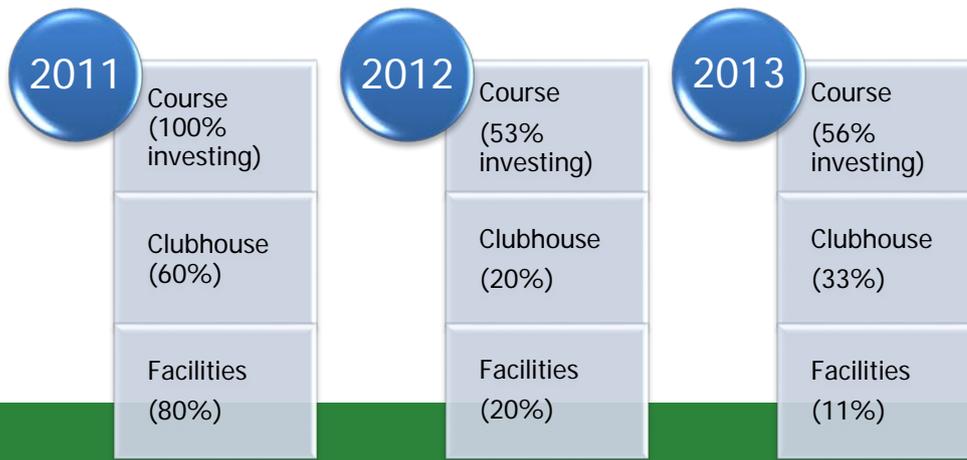
The percentage of Proprietary Clubs reporting growth has ranged from 54-67% over the last four years. Consistent with this, in 2013 this figure stands at 57%. No Clubs currently feel that they are reducing.

The Vast Majority of Proprietary Clubs Continue to Invest in Marketing

The vast majority of Proprietary Clubs continue to market their offer, typically using advertising (55%) and email campaigns (44%) as the most frequent types of marketing undertaken. Each of these marketing methods is selected because of their perceived effectiveness, peaking with special offers. Around 1 in every 3 Clubs operates a 2 for 1 Scheme.

Slightly More Proprietary Clubs Investing

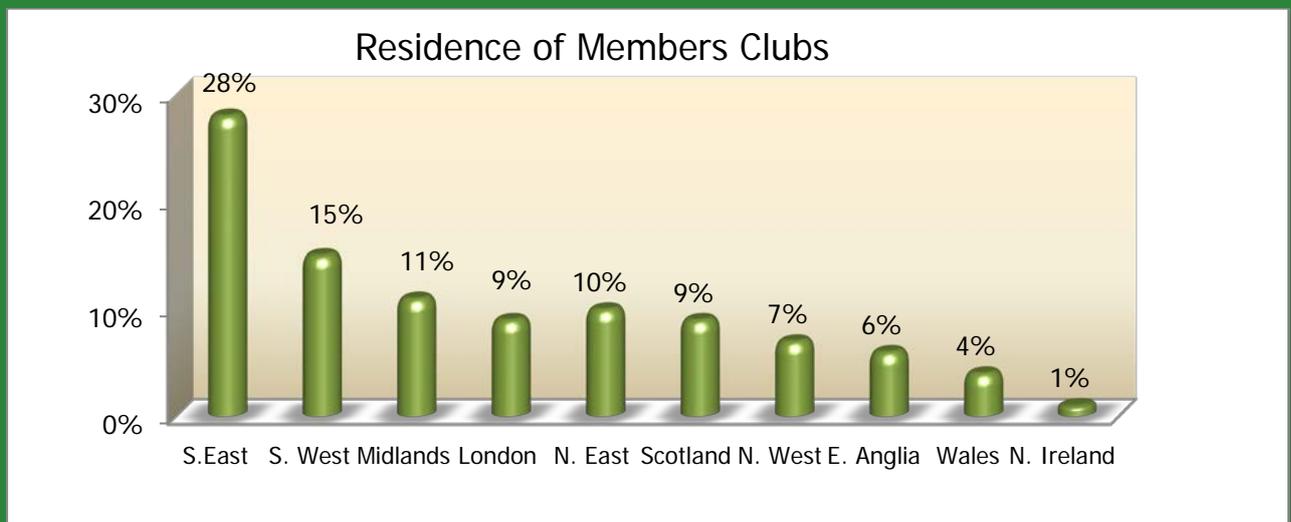
Compared to 2012, more Clubs are now intending to invest in their Course and Clubhouse.



Members Clubs Results 2013

85 Clubs, Typically with 18-hole Courses

This year we bring you data from 85 Members Clubs from across ten regions of the UK, with over half from the South East (28%), South West (15%) and the Midlands (11%). As in 2012, these were predominantly 18-hole Clubs (85%), with fewer 9-hole (3%), 27-hole (6%) and 36-hole (6%) Clubs.



Few Honorary Positions

The vast majority of survey respondents – including predominantly managers and secretaries - were paid members of their Club, with very few (just 9%) honorary positions evident.



91% paid

Staffing

Increasing Remuneration Packages

These survey respondents had a typical remuneration package in excess of £40,000 (56%) – a rise since 2012.

The Head Green Keeper remuneration package was most frequently priced slightly lower at £30,000-£40,000 (45%), whilst Steward remuneration was lower still at £25,000-£30,000 (32%).



PGA Professionals at Most Members Clubs

92% of Members Clubs indicate that they have a PGA professional. Among those who pay a retainer, this is typically from £1,000-£2,500 per month.

Around 47% of Members Clubs pay in excess of £2,000 to their PGA professional, compared to 42% doing so in 2012.

Members Clubs pay a typical PGA professional monthly wage of £1,000-£2,500.

More Clubs Pay Commission to their Professionals

Over the last three years between 52% and 60% of Members Clubs have paid commission to their professionals. In 2013 this currently stands at 57%, maintaining an average commission level of 7%.

More Members Clubs (67% compared to 58% in 2012) now provide free premises as part of their package, with a steady 93-94% providing a retainer.

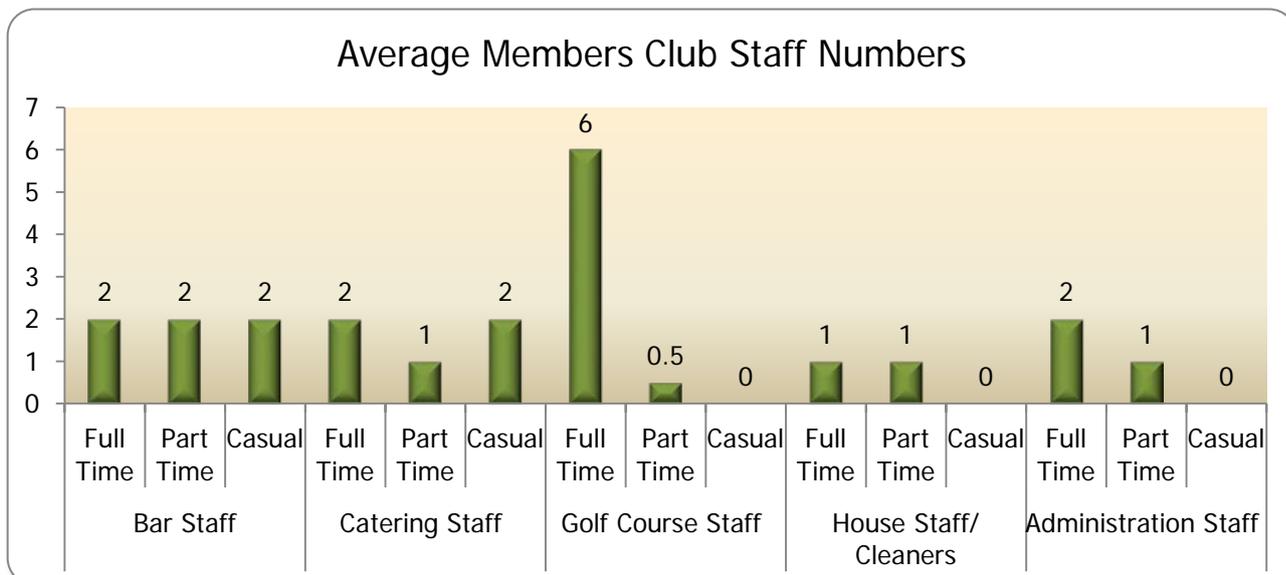
PGA Duties Which Focus on Tuition, Green Fees, the Pro-Shop and Bookings

PGA professionals undertake a number of duties for their Clubs, with a tri-part role of tuition provision, green fee collection and pro-shop management emerging as typical duties.



An Average of 22 Staff at Members Clubs

Always highly variable and dependent on the size and needs of each Club in question, staffing figures range from 3 to 110 across Members Clubs, with an average total staffing number of 22. Average numbers across functions are broken down as follows:-²¹



Growing Member Numbers at Many Clubs

Members Clubs display a wide ranging number of playing members, with 34% having 100-500; 23.5% having 500-600; 23.5% having 600-700 and 19% having 700+. These figures suggest a slight decline in numbers, with Clubs with 500+ members falling from 72% in 2012, to 67% currently.

Limiting Membership

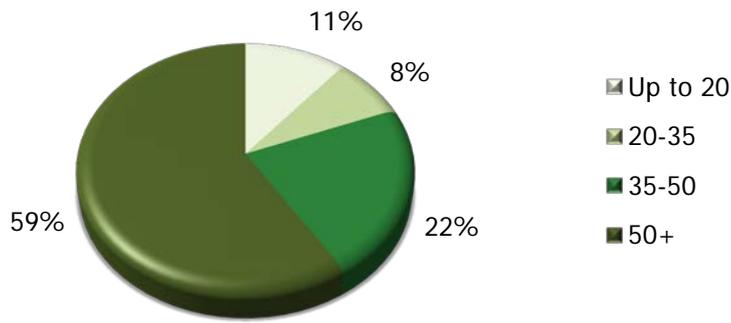
An increasing percentage of Members Clubs suggest a cap on their number of playing members. Suggestions for this limit vary significantly. However, a limit of

500-700 features most frequently.

Member Ages Distributed Towards the 50+ Age Group

As in 2012, and as shown in the following chart, the age distribution of Members Club members shows fewer younger members (in lighter shades) and more older members (shaded darker).

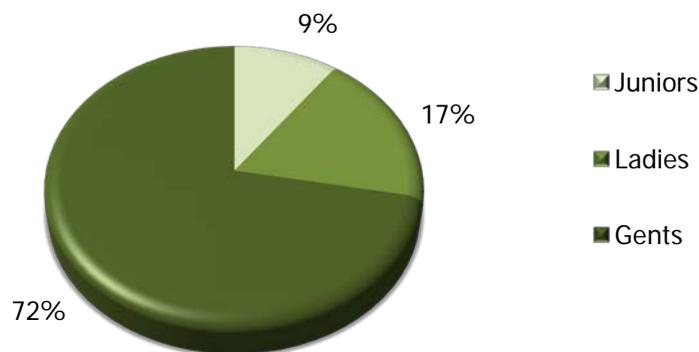
The Age of Members Club Members



A Continuously Higher Gentlemen to Lady Member Ratio

As shown in the following chart, and aligned to the findings of 2012, the gender distribution of Members Club playing Members shows fewer female and junior members, and more gentlemen members. Almost three-quarters of playing members are gents.

The Profile of Playing Members at Members Clubs



Just 41% of Members Clubs say that their Female Membership is Increasing

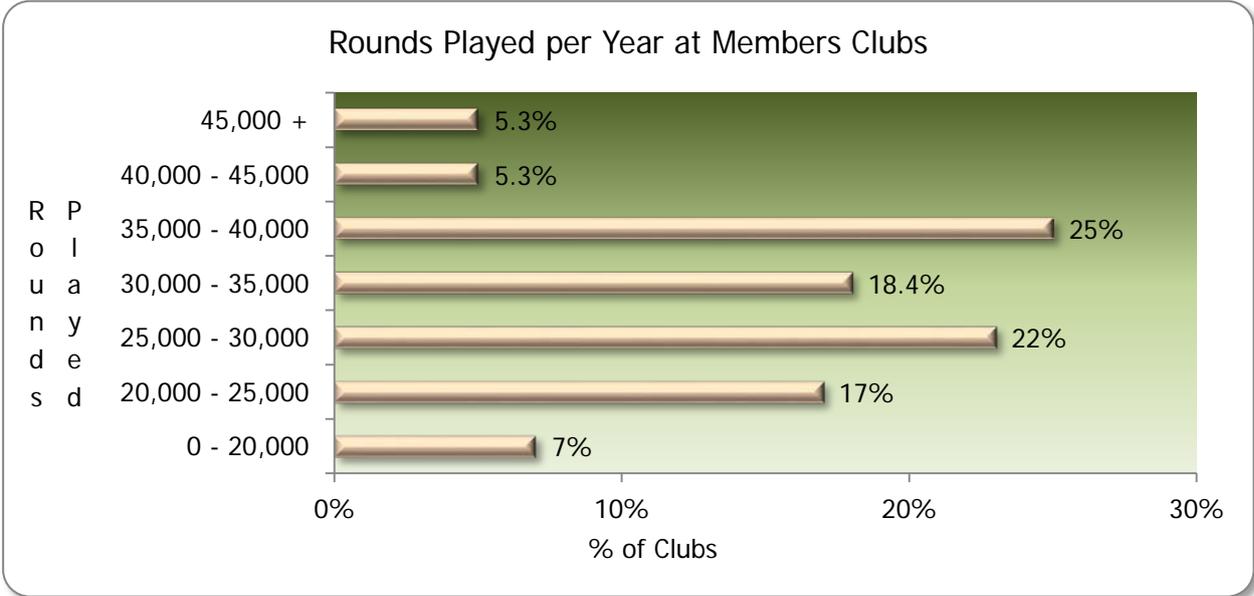
This is a percentage far less than that indicated by Proprietary Clubs (over 60%). Just 6% of Clubs restrict Lady Member usage, typically in terms of time restrictions. A falling percentage (8%) of Members Clubs offer reduced rates for Lady Members.

Significantly Increasing Numbers of Social Members

Consistent with 2012, around 30% of Members Clubs have a social membership exceeding 100. This steady social membership is encouraging, with clubs continuing to benefit from social membership levels which impact positively on revenue.

Total Annual Rounds Played in Members Clubs

A large variation in the number of rounds played annually at Members Clubs is clearly evident.



Increasing Society Rounds

Rounds played by societies range from zero to 20,000. The typical number of rounds played is approximately **2,300** annually – slightly higher than that recorded in 2012. Around a third (34%) of all Members Clubs report an increase in the number of rounds played.

Increased Waiting Lists

Compared to 21% recorded in 2011 and 18% recorded in 2012, 26% of Members Clubs now have a waiting list. Among these Clubs the average number of people waiting to join is 46, with waiting times from just one month to eight years.

Facilities

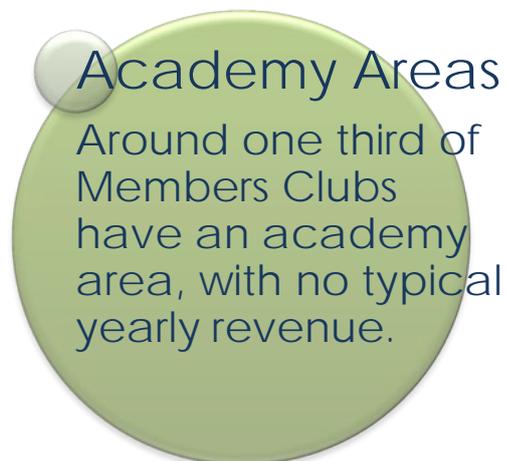
Most Members Clubs Have No Driving Range

In sharp contrast to Proprietary Clubs, just 35% of Members Clubs have a driving range. Members Club yearly driving range income is typically up to £5,000.



Fewer Members Clubs than Proprietary Clubs Have an Academy Area

However, the percentage with an academy area (35%) is consistent with that of 2012.



Fees & Charges

25

Standard Player Member Subscriptions

26

Membership fees for Standard Playing Members vary from up to £500, to £1,500+, with the most typical charge being £500-1,000.



Social Membership Charges

The most typical social membership charge was £50-£150 (57%), highlighting slightly higher charges than evident in 2012.

More Clubs with Rising Entrance Fees

Compared to just under 60% in 2012, 64% of Members Clubs now have an entrance fee, ranging from £200 to in excess of £4,000, and an increased average of just over £1,400.

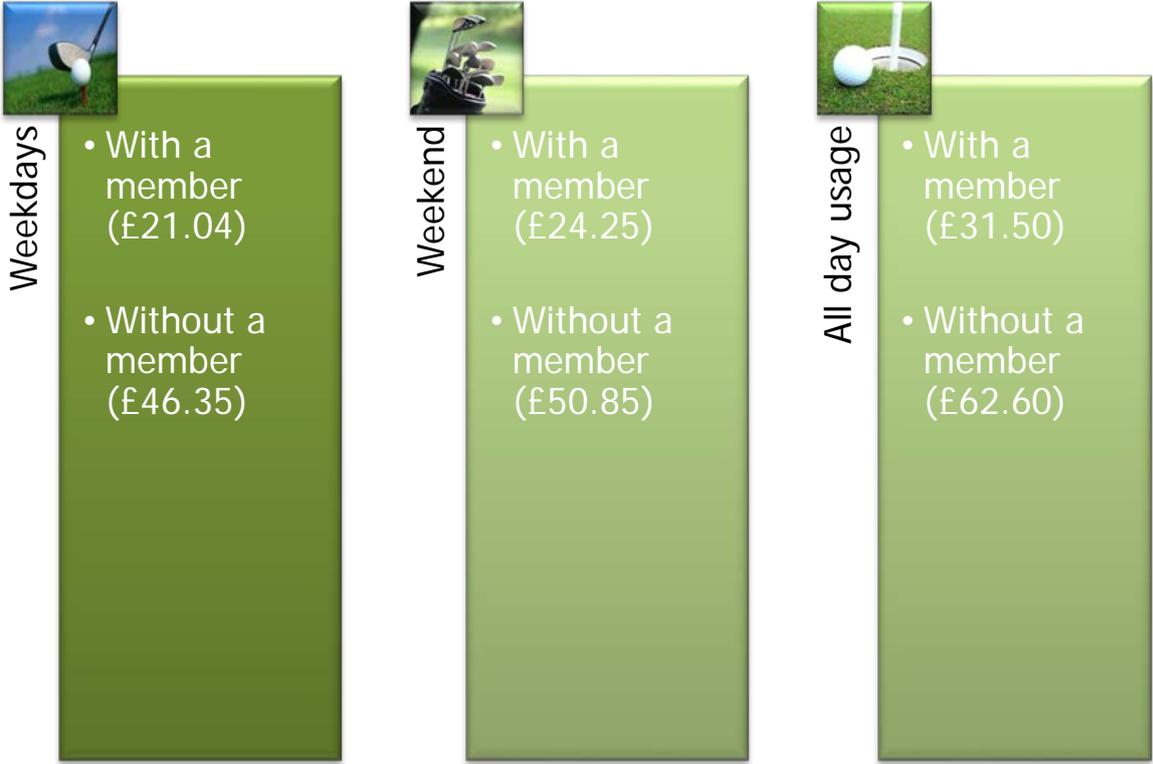
The vast majority of these Clubs anticipate no change in this fee.

Few Clubs currently without entrance fees propose implementing one, highlighting demand as the key aspect which would impact upon this decision.



Average Green Fee Charges at Members Clubs

Average green fee charges are shown below, across weekdays, weekends and all day use, both with and without members. These are slightly higher than 2012 charges across all categories.



Increasing Green Fee Incomes at Members Clubs

Incomes from green fees are spread across the income spectrum, from zero to over £140,000. This year sees 46% of Members Clubs with green fee income of up to £60,000, compared to 55% in 2012. 14% of Members Clubs now have a green fee income of £140,000+, compared to 10% in 2012.



Many Members Clubs offer society packages, with average costs as follows*. These show a slight increase on 2012. Most society cost packages remain higher in Members Clubs than in Proprietary Clubs - consistent with expectations in the current climate.



*Some Members Clubs offer a range of prices dependent on numbers and catering.

The vast majority of Members Clubs offering society packages feel that two aspects impact most significantly on society packages – the time of year/season and the catering package level.

Average Room & Facility Hire

Average approximate rates for room hire within Members Clubs are presented below. A number of Clubs indicated that this was free. Others indicated price per head facilities and variable charges dependent on numbers and catering.



Over 90% of Members Clubs Charge No Match Fee to Visiting Teams from Neighbouring Clubs

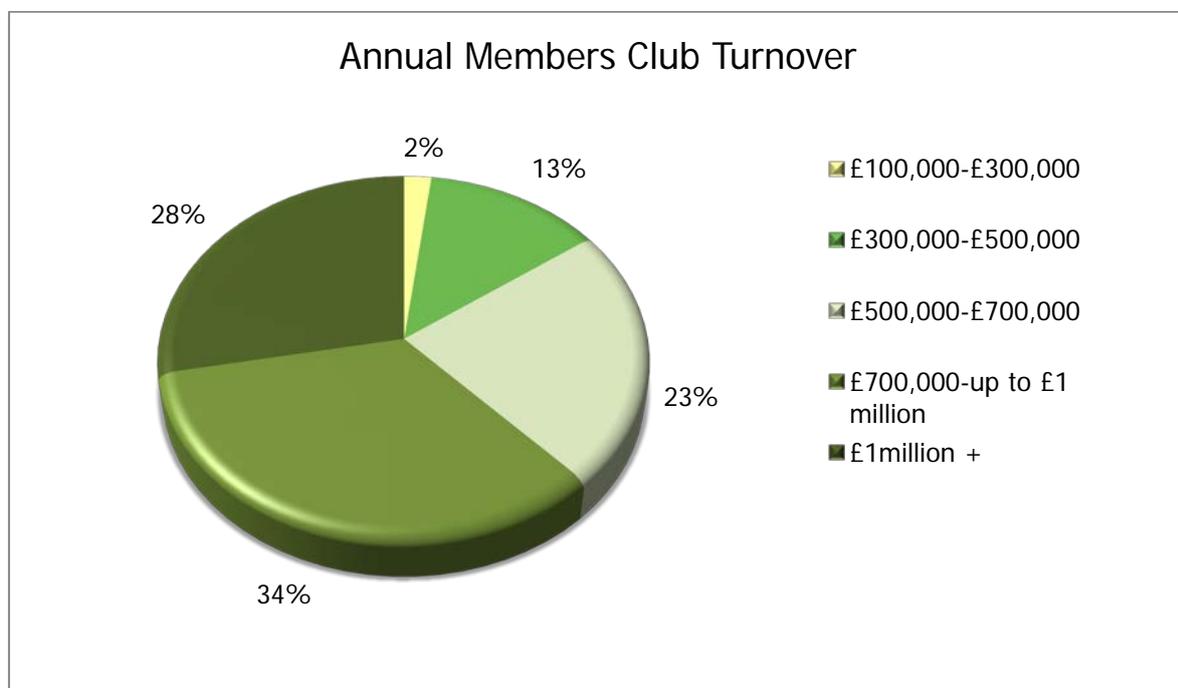
Those who do, charge between £5 and £20.

Among those who currently don't, two thirds (66%) of Members Clubs were reticent to do so.

Financial Information

A Rising Number of Clubs with a Turnover of £1 million+

Members Clubs report turnover levels ranging from £100,000 to £1 million+, with more Members Clubs now reporting turnover of £1 million+ (28%), compared to 2012 (19%).



Society Income at Members Clubs

Society income for Members Clubs continues to be most frequently £20,000-40,000 (31%).

The figures obtained in 2013 suggest that income is remaining fairly consistent, hovering around the 23-25% mark for the last three years.

Society Surplus/Deficit

In Members Clubs, the average society surplus figure was £31,000 – very close to that indicated in 2012 (£30,000). The average society deficit is currently £11,600 – almost half of that recorded in 2012.

The importance of bar usage as an income stream should not be underestimated. This year bar revenue from Members Clubs appears to be improving. 63% of Members Clubs take up to £150,000 in this area of business. 37% take £150,000+, compared to just 28% in 2012.

The following diagram illustrates average bar and rate costs. It is not possible to report on net profit due to many Clubs not disclosing this figure.



Utility Costs

Average utility costs vary significantly across Clubs. However, averages are as follows – with all showing increases on 2012 figures.



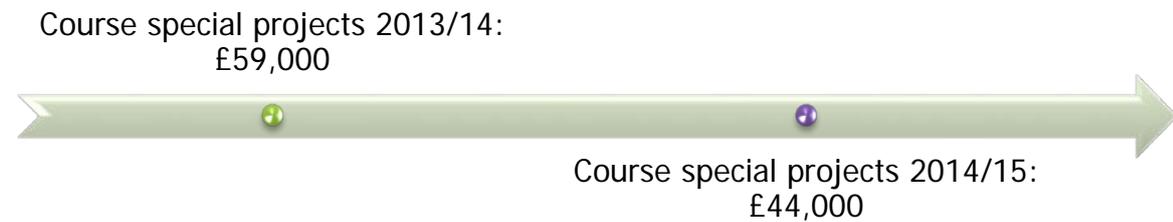
Average Course Maintenance and Wage Costs

Typically in the region of £96,500 for maintenance and £180,000 for wages. This latter figure represents an increase of more than £25,000 since 2012.



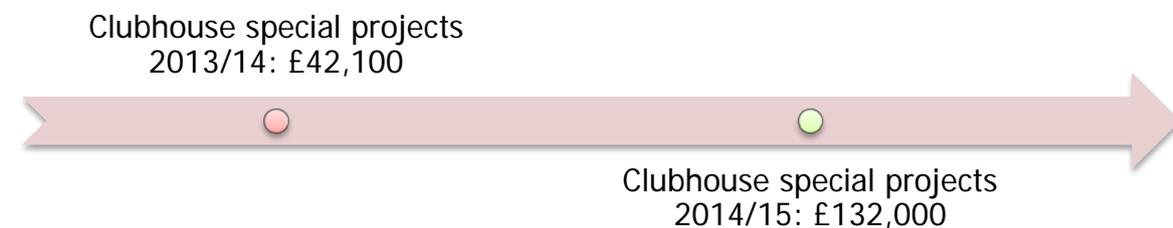
Average Current and Anticipated Course Special Project Costs

In overall terms spend is up on previous years on special project course costs, rising from £33,000 in 2012 to £59,000 currently. However, this is expected to decrease in the following year.



Average Current and Anticipated Clubhouse Special Project Costs

In overall terms spend is up on previous years on special project course costs, rising from £33,000 in 2012 to £59,000 currently. However, this is expected to increase significantly in the following year, with a number of Clubs planning £1 million pound plus projects.

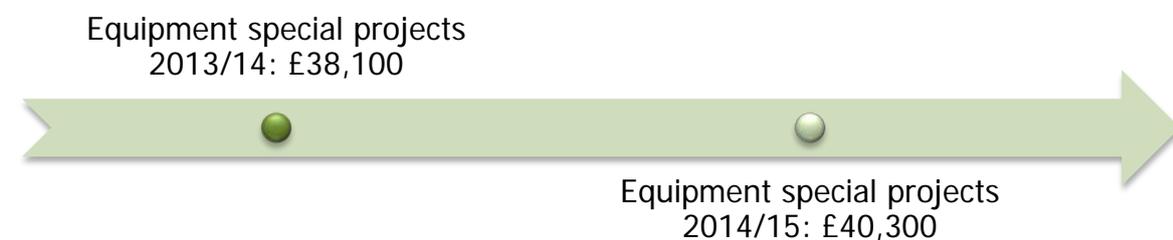


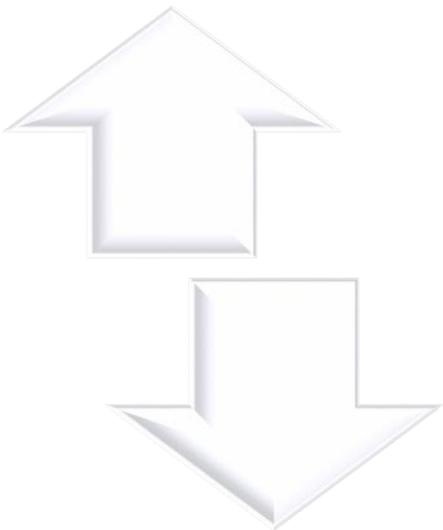
Average Current and Anticipated Grounds Special Project Costs

Few Clubs provided an indication of anticipated grounds special project costs and thus it is not possible to report on this data.

Average Current and Anticipated Equipment Special Project Costs

In overall terms spend is up slightly on previous years on special project equipment costs, rising from £28,000 in 2012 to just over £38,000 currently. This is expected to further increase in the following year.





VAT Recovery

VAT recovery figures among Members Clubs remain most frequently in the 15-30% and 30-45% ranges.

A rising figure of close to 80% recovers VAT in one of these categories.

Annual General Insurance

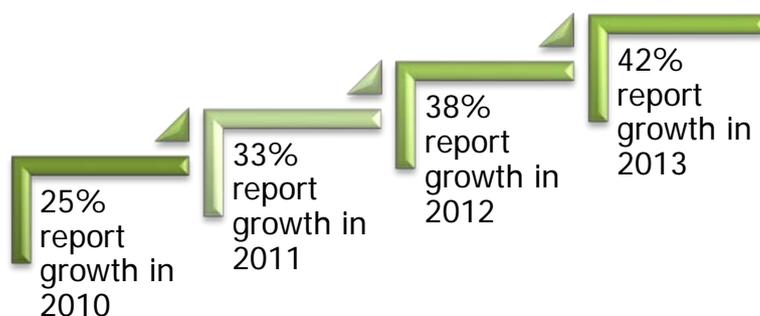
As in previous years, Members Clubs are typically paying between £5,000 to £10,000 for annual general insurance (59%).

9% pay up to £5,000 and 27% pay £10-15,000. As in 2012, 5% of Members Clubs pay in excess of £15,000.

Business Development

More Members Clubs Continuing to Report Growth

The percentage of Members Clubs reporting growth has steadily risen year on year since 2011, climbing from 25% to 42% currently. In contrast, there has been a slight increase in the percentage that are reducing, rising from 9% in 2012 to 14% currently.



Most Members Clubs Continuing to Invest in Marketing

As in 2012, most Members Clubs are continuing to invest in marketing (82%). Networking, advertising, events and special offers are all frequently highlighted as types of marketing undertaken. Each of these marketing methods is selected because of its perceived effectiveness, peaking with networking and special offers. The percentage of Members Clubs who operate a 2 for 1 Scheme has dropped from 26% in 2012 to 18% currently - fewer than evident in Proprietary Clubs. These schemes generate from £1,000 to £30,000 per year, with one Members Club reporting a loss.

A Continuing Focus on the Golf Course as the Major Source of Investment

Investment in courses continues to grow. And indeed across all four potential areas of investment increased percentages are evident.



Key Messages

Future Trends and Recommendations

Whilst we are seeing some progress this is not universal across all Clubs, we believe that with the right impetus all Clubs can move forward. Some of the key areas continue to be:

Maximising Academy facilities and income

Generating increasing Driving Range income

Improving margins

Controlling costs of Greens staff and materials through buying organisations

Maximising revenue per member.

Maintaining marketing spend

Continuing to offer flexible membership arrangements

Focus on improving the course wherever possible

We hope you find this report interesting. Our Golf Club specialist, Robert Twydle, would be delighted to visit your Club individually if you would like a thorough review of your existing arrangements and recommendations for improvement, where necessary.



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