MEMORANDUM

DATE: October 4, 2002

TO: Salt Lake City Council Members

FROM: Michael Sears, Budget & Policy Analyst

RE: Salt Lake City Golf Division – Marketing Plan

The Administration forwarded the attached Golf Marketing Plan in response to a legislative intent statement issued in June 2001. The intent of the Council was that the Golf Division would brief the City Council by September of 2001 on a marketing plan including some new incentives that the Golf Division had recently created. The presentation was delayed so that the Golf Division could hire a marketing manager and have adequate time to prepare a comprehensive marketing plan.

The Golf Division forwarded the Golf Marketing Plan in May of 2002. This plan was prepared "in house" by the Division's marketing manager. Council staff included the plan on the announcement portion of a Council work session. During the discussion of the marketing plan, the Council noted that the plan did not contain fee strategies or benchmark data. The Council requested that Council staff research and compare the City's plan with marketing plans of other golf courses. Council staff contacted and discussed the City's marketing plan with seven marketing and golf professionals. After sending the City's plan to these professionals, Council staff again contacted these individuals for their responses to the plan. The feedback that Council staff received indicated that while the plan is not especially noteworthy and may not contain innovative marketing strategies for the industry, it could be considered a textbook example of a standard marketing plan for a municipal golf program. The responses to the plan were generally favorable.

Council staff obtained copies of marketing plans from other municipal golf courses that were available on the Internet and also obtained textbook examples of marketing plans. Attached to this report is an example of a textbook marketing plan with comparisons to the City's golf marketing plan.

As noted in Council staff research, a marketing plan contains information about the entity and its products, marketing objectives and strategies, as well as how the company will measure the success of the marketing activities. The plan describes all the marketing activities that will be performed during a specified time period (usually one year). The plan will also include any background information and research results you used to select those marketing activities. Additionally, the costs associated with the planned marketing activities as well as the measurements that will be used to determine success will be documented. The marketing plan helps establish, direct and coordinate the entities marketing efforts. Preparing a marketing plan forces the entity to assess what's going on in the local marketplace and how it affects business. The plan also provides a benchmark for later measurement. The process of preparing a marketing plan

guides the entity to developing a successful marketing strategy. The process of thinking about business goals and marketing strategy can be as important as the resulting plan.

Most often, a marketing plan is a component of a business plan. A business plan basically states how you plan to run the entity, what the entity's goals are, how much money it will take to achieve those goals and what activities will be performed to achieve the stated goals. Marketing is one of those activities. Marketing plans sometimes stand-alone but should always support and be closely linked to an entity's business objectives.

Council staff has prepared the attached table that notes in the left-hand column some common elements of a marketing plan. The right-hand column contains some of the text from Salt Lake City's plan that relates to the common elements of a textbook marketing plan. The inserted text may have been changed slightly to allow the thoughts to "stand alone" and not be dependent on surrounding sentences. Following the end of the 2002 golf season, the Golf Division can provide the Council with a status report on several of the marketing plan initiatives that have already been implemented.

cc: Cindy Gust-Jenson, Rocky Fluhart, David Nimkin, Rick Graham, Steve Wetherell, Matt Kammeyer, Greg Davis, Steve Fawcett, and Gordon Hoskins

ATTACHMENT

COMPARISON OF SALT LAKE CITY'S GOLF MARKETING PLAN TO A TEXTBOOK EXAMPLE

Common Elements of a Marketing Plan	Key Elements of Salt Lake City's Golf Marketing Plan
Executive Summary (textbook example)	Salt Lake City's Golf Marketing Plan – Executive Summary
The Executive Summary should introduce the company or organization and explain the major points of the plan "in a nutshell." The introduction of the entity can be accomplished by briefly describing the nature of the business and the products or services offered.	Since 1950, the number of American golfers has grown seven-fold from 3 ½ million to roughly 27 million participants in the year 2000. Golf has become one of the most popular leisure time activities in the world.
	Despite the expansion in the number of golfers, golf courses, and revenues, the golf industry currently faces a number of serious challenges. While the number of golfers has been growing at a rate of 1% to 2% per year, the supply of new courses has been
A marketing plan states the company's founding philosophy (or mission statement) and company objectives. It may be appropriate to list the management team (especially its marketing team) and describe the structure of the organization.	growing at 2% to 3% per year.
	Additionally, on a national basis over the past 10 years, the total number of players and the total number of rounds played has remained relatively flat.
	The future growth of the industry depends on lowering or overcoming barriers, almost all of which are addressable at the local golf course facility level.
The Executive Summary can include a summary of the marketing objectives and recommended strategies contained in the plan and may provide a succinct description of related business or planning documents.	National trends are mirrored within the local Salt Lake City marketthe Division derives approximately 93% of its regular players from the two adjacent counties of Davis and Salt Lake.
	Despite the increased competition within the local market, there are several distinct opportunities that exist for the Golf Division to develop and grow. The keys to increasing participation and retaining those who are introduced to golfing lie in the continual development of targeted programs that are tailored to making the game more fun and inviting to an ever-widening demographic base, while retaining a strong connection to golf's traditions and values.
	The Salt Lake City Golf Division has prepared this marketing plan to evaluate industry related data, form discussions and strategies based upon available industry data, and outline a series of detailed programs that are designed to meet four basic profit increasing objectives:

- Develop new market segments by implementing strategic golf introductory programs that proactively facilitate the movement of first time and occasional golfers to golfers that are more committed and play more rounds of golf at City-owned golf courses.
- Develop, implement, and market increased use of the City's courses to local golfers, visiting golfers, and local businesses.
- Develop and implement programmatic changes to maximize the on-course advertising revenue potential of all the City's golf courses.
- Increase focus on the retention of current customers through improved customer relationship management practices. Focus on the removal of certain barriers that limit growth within the current and future marketplace.

Introductory Programs

Additional attention needs to be given in the process of introducing "non-golfers" to the sport.

Two of the greatest market segment growth opportunities involve women and juniors.

On-Course Advertising Opportunities

Salt Lake City courses have a readily definable demographic that represents a much desired market segment with many high profile sponsors.

Customer Retention

The traditional business approach has been to concentrate on the avid golfer. This will continue to be true, however, an increase in efforts to migrate occasional golfers into moderate ones and moderate golfers into avid ones would pay excellent dividends in the future.

The Golf Division has closely researched industry data and has evaluated current facility strengths, weakness, opportunities, and threats to produce detailed strategies that will open new market segments, increase current customer activity, plant seeds for future market growth, develop new revenue sources, and effectively track program effectiveness and customer needs.

Current Situation (textbook example)

This section of a marketing plan provides information about location, target market and the competitive environment. Any key issues are identified here.

The organization may detail what opportunities it is capitalizing on, with what products and/or services and how the company's products/services are unique. What makes the company qualified to succeed in this market?

What is the size, in unit and dollars, of the market in which the division (will) compete(s)?

What market trends, if any, are affecting the market size?

How many competitors are there?

What are the barriers to entry?

How do these industry parameters favor the company?

Salt Lake City's Golf Marketing Plan - Current Situation

...since 1950, the number of American golfers has grown seven-fold from 3-1/2 million to roughly 27 million participants in the year 2000. During this same period, the percentage of Americans playing the game has also risen, from 3-1/2 % to 12%. Golf has become one of the most widely enjoyed leisure pastimes in the United States.

To accommodate the rapid expansion in the number of golfers, the number of golf facilities in the United States has rocketed from fewer than 5,000 in 1950, to more than 17,000 facilities in the year 2000.

Another measure of the golf industry's growth and vitality is the expansion in revenues. Golf-related consumer spending for fees and equipment reached \$22.2 billion in 1999, according to a recent study by the National Golf Foundation.

Industry reports indicate that golfers spend approximately \$24 billion a year on travel, 75% of which goes to the hotel, transportation, and food and beverage industries.

Compared to other industries over the past 12 years, golf has grown faster than financial services, hotels, communications, and motion pictures, all of which are generally considered to be fast growing industries.

...a golfer is defined as an individual 12 years of age or older who has played at least one round of golf during the survey year (2000). Junior golfers are defined as those golfers of ages 12 through 17 who played at least one round of golf during the year 2000. Senior golfers in this golfer demographic are defined as those ages 50 and over who played at least one round of golf during the year 2000.

In the industry, core golfers are defined as those golfers ages 18 and over who played at least eight rounds of golf during the year.

Rounds

On a national basis, the total golfing population of 26.7 million golfers played 586 million rounds of golf in the year 2000.

Beginning Golfers

For the past 10 years, the game has been seeing approximately two million beginners a year, with the 18 - 29 age group producing the largest single sub-segment.

	Female Golfers
	Although they comprise just 19% (5.1 million) of all golfers, they continue to account for more than 30% of all beginning golfers.
	The growth potential of the female segment of the golf population is reflected in the fact that among the total population of women in the U.S., the participation rate in golf among women is about 5% versus 18.5% for males.
	Junior Golfers
	Since 1986, the number of junior golfers has increased 43% to 2.1 million.
	Senior Golfers
	Research continues to show that golfers not only play more as they get older, but that their overall spending on golf also increases.
	Public vs. Private Golf
	Approximately 80% of all golfers in the U.S. today play the majority of their rounds at public courses. On the other hand, the average private club golfer plays more than twice as many rounds per year (34) as the average public golfer (16).
	In marketing to golf's customers, perhaps the most important information to note concerning the classification of golfers described in the above studies is the impact these various classifications have on golf's revenue stream.
	Avid golfers – by industry definition, those who play 25 or more rounds annually, or who spend more than \$1,000 annually on golf-related entities – make up about a quarter of the golfing population, but account for 53% of spending.
	They, and moderate golfers playing eight to 24 rounds per year, account for 94% of rounds played.
	At the other end of the spectrum, golfers deemed "Occasional Golfers" – playing seven or fewer rounds per year – account for 47% of the golf population, but spend only 11% of the total.
Competitor and Issues Analysis (example)	Salt Lake City's Golf Marketing Plan – Competitor and Issues Analysis
The company includes information about other	Despite the expansion in the number of golfers, golf courses, and revenuesthe golf

individuals or companies (competitors) who offer similar products and services as the division.

Key business issues that are potential challenges, such as new legislation or the impact of an impending technological advance in the golf industry are listed.

Who are the (proposed) customers? What are their demographics? (Where do they live? What are their income levels? etc.)

What products/services are these customers currently buying to fulfill the need that the company hopes to fill?

What are the customers' true (underlying) needs, and what trends are affecting these needs?

Who are the major competitors?

How large are they?

What are their strategies?

industry now faces the following challenges:

- Supply and demand issues
- Participation rates and player frequencies
- Retention and attrition rates
- Disparities in gender, age, and minority distribution among players
- Overcoming barriers that inhibit growth

While participation rates are up, the number of golfers is up, and revenues are up, the number of golf courses has increased much faster than any of these other factors

The participation rate for golf discussed previously shows significant increases over a measured 13-year period from 1987 through 2000. However, further analysis indicates that the greatest percentage increases in participation rates for golf occurred prior to 1991; since that time, participation rates have remained at a relatively flat annual growth rate.

Over the last decade, golf has been quite successful in attracting new participants, ranging from 1.5 million to 3 million per year. However, industry statistics over the same period indicate that almost as many players have been leaving the game as have been taking it up

While the number of female golfers has grown significantly over the last few years ...women still comprise only 19% (5.1 million) of the current golfing population.

When committed golfers are asked what attracts them to playing the game of golf they most frequently indicate that they value the social aspect, competition and challenge, being outdoors in nature, and the healthful aspects of the experience, such as tension relief.

According to the National Golf Foundation, through expansion of the population, and the normal influx of new players taking up the game, the golf industry can expect the addition of approximately 3 to 4 million golfers and 100 million rounds over the next decade.

Current Players. The largest opportunity for growth rests among those presently playing less than 25 rounds per year.

Former Golfers. Twelve million former golfers (out of a total of 42 million adult former golfers) indicate that they have a high interest in becoming committed golfers.

Non-golfers. Only about 7 million (representing about 5%) of the 130 million non-golfers, are highly interested in the game.

Junior Golf Opportunity. Juniors represent another opportunity for the industry. There are 51 million juniors in the U.S; age 5 to 17.

The keys to increasing participation and retaining those who are introduced to golfing lie in the continual development of targeted programs that are tailored to making the game more fun and inviting, while providing a stronger connection to golf's traditions and values.

The primary market area for the golf courses operated by the Salt Lake City Golf Division is principally defined by the U.S. Census boundaries of the Salt Lake City-Ogden Metropolitan Statistical Area; the northern part of Utah County; Summit County; and those portions of Tooele and Wasatch Counties nearest Salt Lake City.

The most recent data from the National Golf Foundation and other sources indicates that on the national level, approximately 11.7% of the total population of individuals of age 12 and over plays golf. However, with a golfer participation rate of 15.1%, Utah is ranked the 12th highest state for percentage of residents who play golf.

Except for resort golf courses, the demand of the local golf market largely determines a course's ability to generate revenues and profits

In 1990, there were twenty-seven golf courses in the combined counties of Davis and Salt Lake. In 2000, the number had increased to 42. This represents a 55.6% increase in golf courses over the past decade, while the population of the two counties increased by only 24.5%.

Furthermore, this challenge in supply and demand will further intensify as a result of additional golf courses in the primary market area that are currently under construction or in the planning stages. The Golf Division has identified 8 additional golf courses in the primary market area that were under construction as of December 31, 2001, and nine others that are currently in the planning stage.

Marketing Objectives (textbook example)

The company's marketing objectives are stated, such as increasing the awareness of its product among the target audience. Also include the time frame for achieving your marketing objectives.

Salt Lake City's Golf Marketing Plan – Marketing Objectives

Quantity and variety of golf courses: Salt Lake City manages eight golf courses, the strongest presence by a single management entity in the local golf market.

Well-conditioned courses: In survey after survey, golf consumers indicate course conditions as the single most important factor in their choice of where they choose to play golf.

Reputation: After more than 80 years in operation, providing area residents and visitors with reasonably priced, high-quality public golf courses, Salt Lake City Golf continues to enjoy an enviable reputation as the one of the premier municipal golf providers in the country.

Loyal customer base: The longevity of the City's golf operations and the quality of the service provided has established a loyal customer base that, in many cases, extends through several generations of golfers.

Economies of scale: The operation of eight golf courses in a single management system permits the City to employ various economies of scale in its operations.

Staffing: Salt Lake City's Golf Professionals and Golf Course Superintendents represent an exceptionally experienced, very competent group of professionals, highly regarded by their peers in the industry and by the local golfing public.

Technology: For a number of years, the City has been on the leading edge in the local market when it comes to employment of technology in its golf operations.

Customer database: The implementation of the technology features discussed above has given the Golf Division a large customer database from which to implement various customer relationship management strategies.

Location: Over the past several years, location has been both a strength and a weakness.

Debt service: The funding required to service the revenue bonds for the two courses the City built in 1990 still provides significant draw down in the Golf Division's capital improvement capabilities. Adherence to the Division's Business Plan over the past several years has made it possible to make significant inroads on long-standing capital improvement needs, but full relief will not be available until the bonds are

retired in 2008. Capital improvements are critical to maintain competitiveness in the market.

Age of facilities: When compared to other golf courses in the market place, the City's courses are, for the most part, older facilities that have been in operation for decades.

Lack of banquet room space: The ability to attract corporate tournaments is sometimes contingent upon the availability of banquet room space.

Relative inflexibility in fee pricing mechanisms: The structure of the approval processes required in municipal government fee pricing tends to limit flexibility in meeting the opportunity for demand-driven fee pricing such as has been practiced for some time in the hotel and airline industries, and is increasingly being employed in the golf industry.

Women and juniors: Women and juniors represent the largest opportunity for future market expansion

On-course advertising: By developing and selling on-course advertising, the Golf Division has the opportunity to realize new revenue potential that has not been fully utilized in the past.

One-to-One Marketing: The information technology revolution has provided tools to better understand customer behavior and affords the opportunity to engage in better customer relationship management.

Off-peak discounting: As discussed, one of the barriers to future growth in the participation rate in golf by those who indicate they would like to play more is the cost to play.

Hospitality industry: Salt Lake City golf courses are excellently located within a short distance from downtown Salt Lake and Park City.

Corporate sales: Opportunities exist to better market the City's golf courses to the local business community.

On-Line Reservation System: A recent study conducted by Yahoo! Internet Life Magazine reported that metropolitan Salt Lake City ranks 6th on a list of the top 50 Internet-friendly cities.

Gift cards: The Golf Division is evaluating an electronic gift card program for use

within the system.

Threats

Continuing increase in the quantity of competitive golf courses in the market area.

Aggressive marketing by external competitors.

Dependence on culinary water for irrigation purposes.

Weather

Marketing Strategy (textbook example)

This section of the plan deals with how the company will achieve its marketing objectives. This portion of the plan is the heart of a marketing plan and covers the 4 Ps of marketing.

Product: Describe the company's product or service in detail. Include product features and benefits

Price: Describe the company's pricing strategy and payment policies.

Promotion: Describe the promotional tools or tactics promotion plan the company will use to accomplish the marketing objectives.

Place: Describe how and where the company will place the product so customers have access to it

At what price point(s) will the product be sold?

How does the company plan to promote the product or services?

Salt Lake City's Golf Marketing Plan – Marketing Strategy

The recent explosive growth of new golf courses in the Salt Lake City primary market area has outpaced the growth of new golfers, resulting in fewer golfers per course. From a business standpoint, the excess supply of courses has meant declining utilization rates for existing golf courses in the market.

Conversion of occasional golfers into committed golfers.

Building the base of golfers for the future.

Marketing the golf courses to other businesses as a venue for sponsor advertising.

Acquisition of new customers through partnering with local corporations and the hospitality and convention industries to serve their golfing client base.

Apply much greater focus on the retention of current customers through better customer relationship management.

Women

Juniors

Young Women

Minorities

The Golf Division will develop a full on-course advertising package to offer to corporate sponsors.

Limited and somewhat exclusive advertising space will be offered on a yearly renewable contract basis

The plan will be based around the following objectives:

Develop and refine full sponsorship package for implementation by January 2003.

Evaluate, submit bid proposal, purchase and install necessary sponsorship items by spring of 2003.

Fill 40% of program offering by January 2003.

Fill 90% of program offering by January 2004

Achieve full repayment of capital outlay within five years, with 10% revenue growth annually.

The traditional approach has been to concentrate on the avid golfer. This will continue to be true, however, an increase in converting occasional golfers into moderate ones and moderate golfers into avid ones would pay excellent dividends in the future.

The Golf Division has the following planned strategies that will assist in understanding customer needs and increase focus on customer retention through improved relationship management.

Refine the current customer database

Develop benchmarks

Develop data tracking standards

Improve data integrity through employee training and database management

Implement Customer Loyalty and Satisfaction Program (focused on-line customer surveys) by fall of 2002

Provide incentive programs that reward frequent play at Salt Lake City courses

Provide course amenities and enhancements that increase customer satisfaction and create improved course loyalty

Growing customer demand by lowering or eliminating identified barriers to growth that inhibit increased golfer participation rates

Action Programs (textbook example)

This section is the company's marketing "to do" list. Describe what will be done, when it will begin or be completed, and who will accomplish the tasks.

What is the current status of product or service development?

When is the proposed "finish" date of development? What obstacles, if any, must the division overcome in this process? What specific tasks must be completed?

Who, if anyone, outside the company will be involved?

How is the company protecting its interests?

Salt Lake City's Golf Marketing Plan – Action Programs

In order to access new customer bases throughout a diverse demographic cross-section and create a population of more committed golfers, the Golf Division proposes increased development of four introductory programs targeting juniors, young women, women, and minorities. These four groups represent sizeable market segments whose current participation rate in golf illustrate significant opportunities for player development. These programs will be tailored to address the specific needs and challenges of each group.

Of the four proposed groups, the junior program has received the most emphasis historically.

Intentions are to provide beginning young women golfers in the City's junior program an initially comfortable learning environment by placing them with members of their own peer group under the guidance of a female golf instructor.

In addition to hosting UJGA tournaments on several golf courses this summer, the Golf Division will be participating in the following enhanced programs that provide opportunities for those who wish to develop an interest in golf and also learn valuable life skills through the provided instruction programs:

This summer, the Golf Division is partnering with the Sorenson Multi-Cultural Center, the University of Utah, and other organizations to develop a youth outreach program involving golf.

The Golf Division also anticipates participation in The First Tee program, another program stressing the teaching of life skills to young participants.

The Golf Division proposes to establish a partnership with the Utah High School Activities Association to develop a program designed to introduce young women (ages 14-18) to golf.

Women reflect the greatest market opportunity for the golf industry.

Minorities reflect a small but growing market segment.

Recognizing the need to develop on-course advertising opportunities, a new full-time staff position of Golf Advertising and Marketing Manager was requested and

approved beginning in fiscal year 2002. There are five distinct areas of potential on-course advertising opportunities the Golf Division has currently identified and are in the process of developing. The Golf Division is developing a marketing program targeted at Salt Lake area businesses that do a significant amount of corporate entertaining and "business golf." The Hotel Voucher Program is designed to provide a discount incentive to area hotels for use in creating value-added golf offerings to their client base, such as golf weekend get-away packages. While the City annually hosts a large number of corporate golf tournaments each year, corporate golf tournaments have historically been solely managed through the professionals at each golf course, with little proactive follow-up subsequent to the tournament to attempt to reserve return bookings in the following season. The creation of an a new Internet site devoted to marketing the Division's golf program is under development and will be implemented by during the spring of 2002. The Frequent Player Discount Card program rewards golfers that play Salt Lake City courses on a regular basis. **Budget (textbook example)** Salt Lake City's Golf Marketing Plan does not include budget or financial information. List the cost of the marketing activities the company is describing in the marketing plan. This information is provided as part of the Golf Division budget and 5-Year Strategic Plan Actual Income Statements & Balance Sheets (if applicable) Pro Forma Income Statements, Balance Sheets and Cash Flow Statements (quarterly for Years 1 & 2, annually for Years 1-5) How much capital does the company need? When? What is the exit strategy?

Measurements (textbook example)

Describe numerical targets that will measure the results of implementing the company's marketing plan. Include time limits for achieving goals. For example, "increase sales by 10 percent in 12 months."

Salt Lake City's Golf Marketing Plan - Measurements

Traditionally, a majority of marketing decisions made by the Golf Division have been made by experience and common practices. Sufficient hard data was rather scarce to direct some of those decisions.

Benchmarking the Golf Division operations to national, regional, and local markets would provide validation of the organization's position in the market and assist in the determination of the operation's strengths and weaknesses as well as the strengths and weaknesses of its competition.

A new mechanism to accomplish this type of golf benchmarking has recently become available to the industry through the National Golf Foundation Customer Loyalty and Satisfaction Program

Identify customers

Determine customers' perception of price, value, quality, and service of each course's operation

Rate customer's loyalty

Compare Salt Lake City courses with national statistics

Track each facility's success

Determine what percentage of customers' rounds is going to the competition

Learn why customers play at the City's courses and other competing courses

Find out where to make operation improvements

Narrow down where to spend advertising dollars

Identify new opportunities for revenue generation

This program will provide a structured mechanism for critical assessment and timely reporting of customer input regarding operational strengths and deficiencies, customer service quality, and marketing opportunities.

Supporting Documents (textbook example)

Include any supporting documents referenced in other plan sections, such as resumes of key management, spreadsheets, market research results, statistics, etc.

Salt Lake City's Golf Marketing Plan does not included supporting documents in a separate section

The summary information from the research data is contained throughout the plan.