

# Golf Participation in America, 2010-2020



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## Introduction

**RECENT DECLINES IN THE NUMBER** of golfers and golf courses, coupled with a reduction in golf consumer spending, have many in the industry asking: “Where is the game headed?”

And when we think of the game, we correctly think about amateurs, the people who play the game. NGF’s founder, Herb Graffis, said that it is these amateurs “from whom all blessings flow.” What Herb meant was that without the amateur golfer, there would be no business of golf, no tournament golf, no golf media ... no golf!

We have been told that American consumer spending accounts for 70% of the nation’s gross national product, or GNP. Well, it’s safe to say that American golfer spending accounts for 100% of the golf industry’s GNP. So to understand where the game and business of golf is headed, we need to understand where the number of amateur golfers is headed.

From the mid 1980s to the turn of the century, the number of golfers grew by about 50% – from 20 million to 30 million golfers. That is very substantial growth – a compound annual growth rate of around 3%. But since the year 2000, the number of golfers plateaued and has been slowly declining, raising concerns about the future.

**Figure 1: Golfer Participation - year by year**

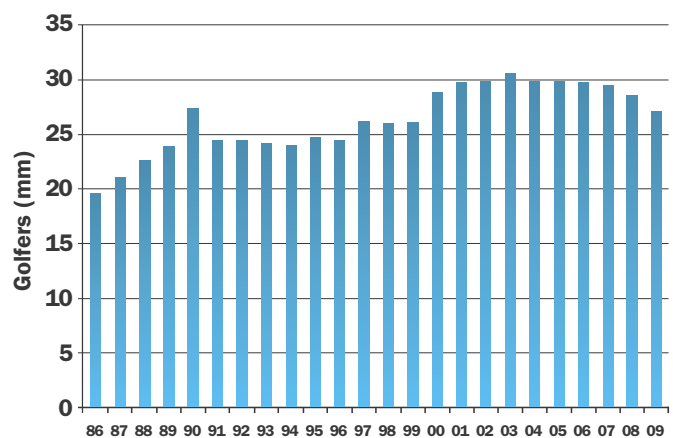


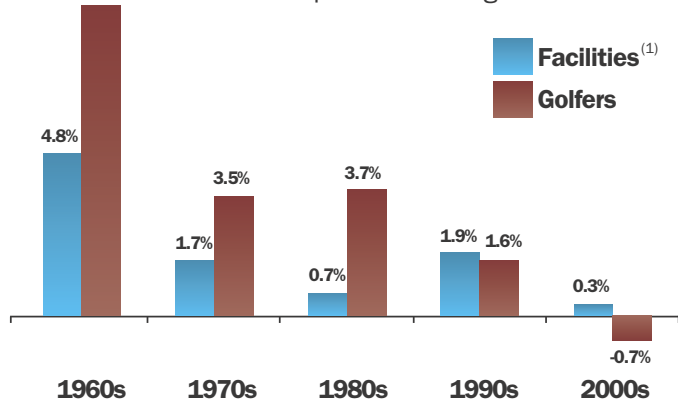
Figure 2 on the next page shows another way to look at how golf has grown over the years. This view by decade shows the compound rate of growth or decline in golfers and golf facilities during each 10-year period since the 1960s.

These figures show that the golf course boom of the 1990s actually pales in comparison to the boom of the 1960s. And, there was a big difference between the 60s and 90s booms with regard to the kinds of courses that were built. The courses built in the 60s

All photos courtesy: www.tandk.com

**Figure 2: Supply and Demand Growth by Decade**

Compound annual growth rates



### Supply and Demand Growth by Decade

Decade	Courses Added <sup>(1)</sup>	Golfers Added (mm)
1960s	3,803	7.0
1970s	1,817	5.0
1980s	841	7.5
1990s	2,641	4.4
2000s	492	(-1.7)

(1) Net of openings/closures

were mainly affordable public courses ... munis, 9-holers, par-3 were mainly affordable public courses...munis, 9-holers, par-3 and executive courses. Conversely, the courses of the 90s were either built in private gated communities, or they were high-end daily fee courses. The effect of this difference on the growth rate of golfers was dramatic – it was about five to six times higher in the 60s.

## Golf Participation in the 2010s

So what's in store for golf participation in the 2010s? Will the leak we experienced in the 2000s continue into this decade? Has golf participation peaked in America?



To answer these questions, NGF partnered on a research study with IHS Global Insight, one of the leading economic consulting firms in the world. The IHS consulting practice serves over 170 industries in 200 countries, and their services are relied upon by many S&P 500 companies.

The main focus of the study was to project the effects of population demographics on golf participation over the next 10 years. A secondary focus was to determine if economic factors might influence these demographic effects.

## Forecasting Approach

We began by forming golf participation clusters (GPCs) based on demographic characteristics. Two primary criteria were used in the formation of these participation clusters:

- We had to be able to forecast the size of each cluster in the year 2020. So we had to use only those population characteristics that could be forecasted.
- The clusters needed to be MECE – Mutually Exclusive and Completely Exhaustive.

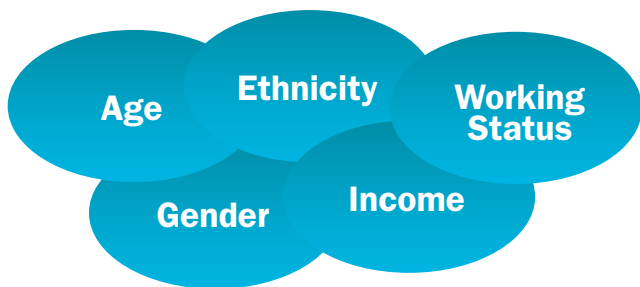
After studying the relationship between golf participation and various demographic factors, we created 21 discrete golf participation clusters which were based on five demographic characteristics (see variance in cluster participation rates in Figure 3 on next page):

- Age: 6-11, 12-17, 18+
- Income: < \$50K, \$50K to \$124K, \$125K+
- Working status: Working vs. retired



- Gender: Males and females
- Ethnicity: White/Asian vs. all others (White/Asian were combined due to the similarity of their golf participation rates)

Participation clusters were formed based on:



“Since the year 2000, the number of golfers has been slowly declining, leading many of us to wonder: ‘where is this headed?’”

comparable studies of golf participation each year since the late 1980s. Each of these studies was based on nationally representative samples of at least 20,000 respondents, and in some years many more.

Figure 4 on the next page shows how the participation rate for one of our clusters has varied from year to year (GPC 8: high income, white/Asian, working males).

## Participation Rates

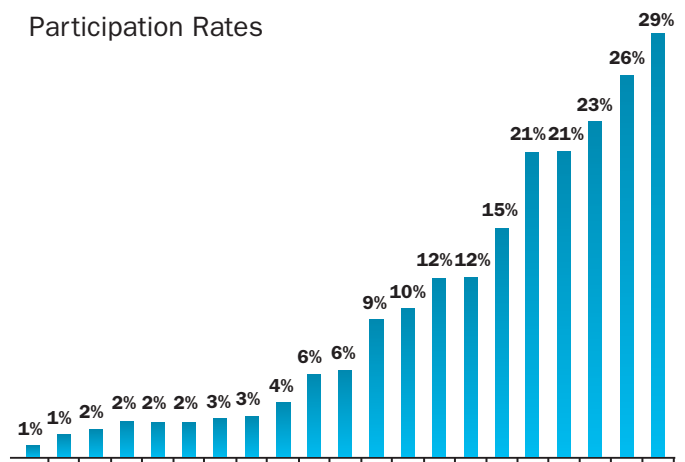
Our objective in forming the golf participation clusters was to obtain as much difference in participation rates as possible.

We established GPCs with participation rates from under 1%...

- Lower income minority women
- Lower income white/Asian women  
...to over 25%:
- Higher-income white/Asian working men
- Higher-income white/Asian retired men

The next step was to calculate the historical golf participation rates for each cluster. This was possible because the NGF has done

**Figure 3: Twenty-one Mutually Exclusive Clusters**  
Participation Rates



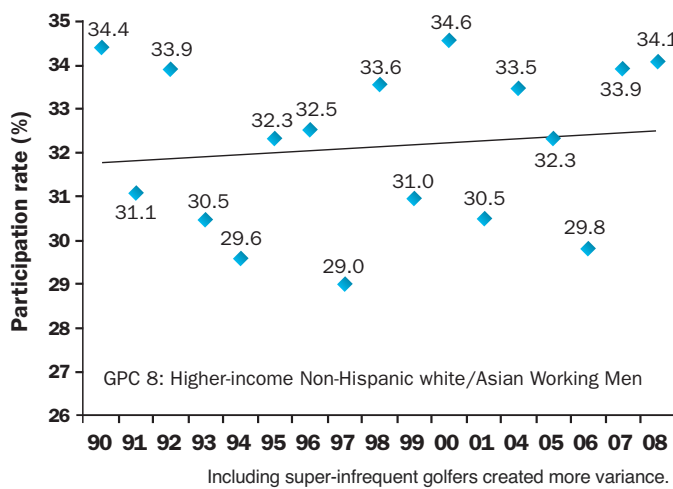
Identifying the participation trend in each cluster was not always easy. We wondered how the participation rate could vary so much from year to year. At first we thought it might be sampling error that was causing the swings in participation rates. But that turned out not to be the case.

What we found was that “super-infrequent” golfers, those who played only one to three times per year, were adding “noise” to our model.

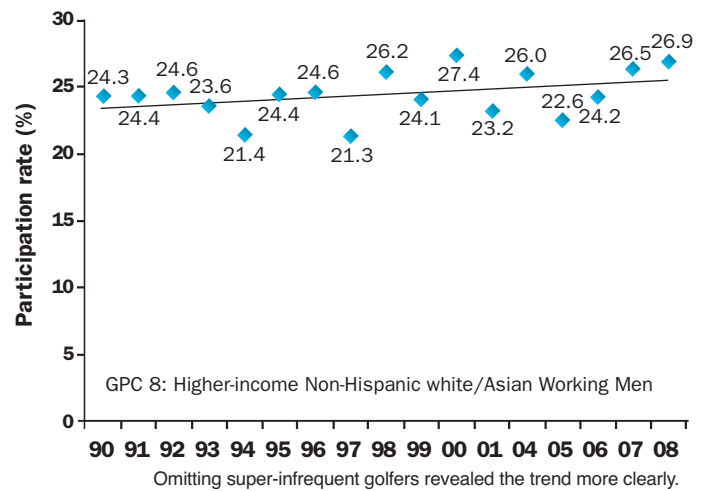
Once we removed the super-infrequent golfers, the variance in participation rates dropped, and the precision of our model improved dramatically, allowing us to identify the real participation trend in each cluster (Figure 5).



**Figure 4: GPC 8 (1+ rounds)**



**Figure 5: GPC 8 (4+ rounds)**



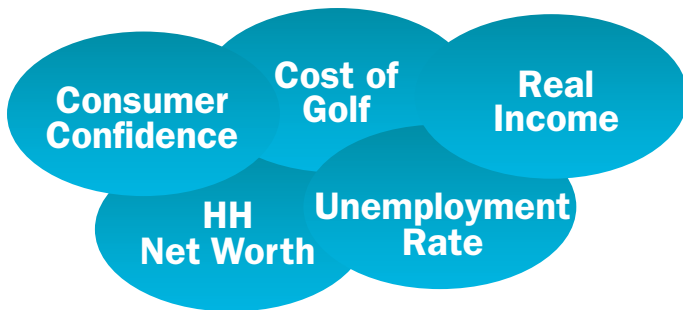
*Courses built in the 60s were mainly affordable public...those in the 90s were either built in private gated communities, or they were high-end daily fee courses.*

## Economic Factors

With the statistical noise removed, we established a time series trend for golf participation in each of 21 GPCs. We found about half of the trends flat and the other half slightly declining. In only one cluster did we find a rising trend. It should be noted that none of the falling trends were significant, telling us that participation rates do not change quickly.

The next step in our forecasting project was to see what effect, if any, macro-economic variables had on golf participation rates – things like the unemployment rate, the cost of golf, consumer confidence, etc. What we found was that the effects of these variables were not significant enough to warrant moving away from our time series trend analyses.

### Economic Factors:



## Population Change by Golf Participation Cluster

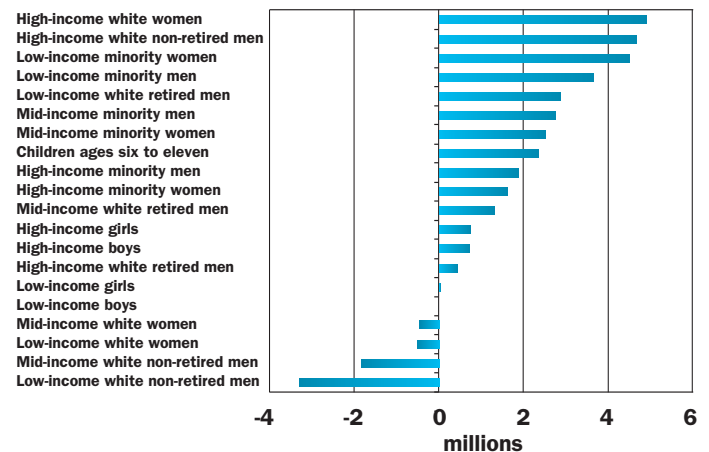
The next step was to estimate the population of each GPC in the year 2020. These estimates were developed by IHS based on U.S. Government census data and their own proprietary population forecasts. The forecasts showed that projected changes in the size of each cluster varied greatly, from negative three million to positive five million.

So, with 21 time series trends, and 21 population forecasts, all that was left to do was multiply:

$$21 \text{ Trends} \times \text{Projected Population} = 2020 \text{ Forecast}$$



**Figure 6: Population Change, 2009-2020**



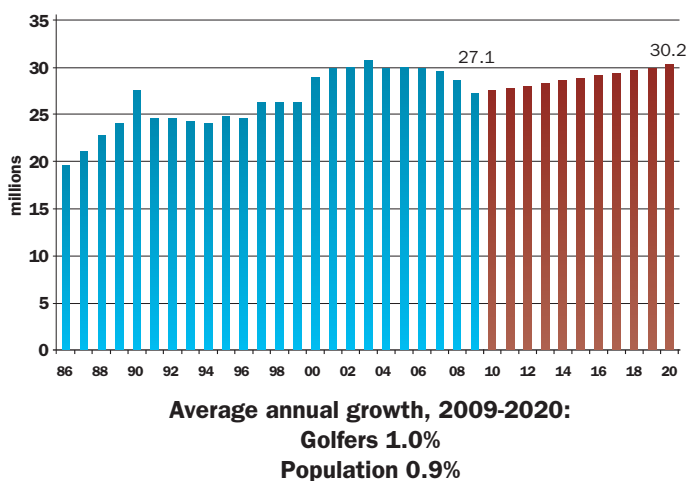


## Results

Here is what we found:

- We expect the number of golfers to grow by about three million between now and 2020. This is a growth rate of about 1%, similar to the forecasted growth rate of the general U.S. population.
- Most of our forecasted growth comes from expected increases in the size of high income/high participation rate clusters.
- While the growth of low participation clusters is also expected to be high, the effect on overall golf participation is subdued because of the low participation rates.

**Figure 7: Number of U.S. Golfers, projected to 2020**

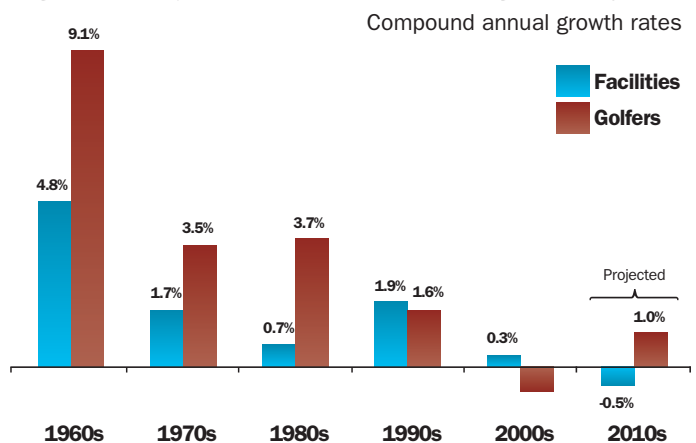


- Over the next 10 years, rounds played per year are expected to gradually increase by 73 million rounds, or 15%. The increase is based in part on the expected increase in golfers, and in part by the aging of the golfing population and the increased play frequency expected of those golfers.

## Supply and Demand in the 2010s

We expect to see a net decline of between 500 and 1,000 golf courses in the 2010s. Combined with our projected increase in golfers, this means a reversal of the 2000s trend and a rise in golfers and rounds per 18 holes.

**Figure 8: Supply and Demand Growth, including 2010 projection**





*“The golfer base is most likely to remain in the range of 25 to 30 million participants.”*

## Implications for Golf Course Operators

- The increase in the number of golfers and rounds played over the next 10 years will come, but it will be gradual, and hardly noticeable. At the end of the decade the average number of golfers per golf course may rise by only 150 to 200 golfers. Rounds will increase somewhat more, due to the aging of the population, particularly the baby boomers.
- Local market conditions will have much more to do with individual course performance than the macroeconomics of the golf business. One or two conversions from private club to public course can make a big difference on a local trade area, as can the closing of one or two courses or clubs.
- Increases in golfers and rounds will not necessarily lead to proportionate increases in revenues, as aggressive pricing will continue to attract bargain-hunting golfers.

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2000s	492	(-1.7)
2010s (projected)	(-750)	3.1

## Implications for Golf Equipment Manufacturers

So, what are the implications for companies that sell golf equipment and other golfer supplies and services?

- The golfer base is most likely to remain in the range of 25 to 30 million participants. Significant upside or downside is unlikely unless the rates of new golf attraction and retention change. And, while there are programs in place aimed at creating that change, near-term changes in historical trends are unlikely.
- Improvement in individual company performance will come from increasing market share vs. increasing market size. Competition will remain fierce for the attention of a stable consumer base.
- Due to increased competition and the possible lingering effects of the recession, price increases are an unlikely means to increased profitability.





## Special Thanks

This research study was made possible by a grant from the Acushnet Company, who approached NGF in the fall of 2009 to see if we would be interested in developing a forecast for golf participation. Acushnet needed a forecast for their own business purposes, and they were generous enough to let us share our findings with the industry. Many thanks to Wally Uihlein and the rest of our friends at Titleist and FootJoy.



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