

Golf news

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Following our first 6 monthly newsletter earlier this year, please find enclosed our latest update on various relevant movements in the golf industry.

This newsletter majors on whether members golf clubs should consider becoming a Community Amateur Sports Club (CASC) and take advantage of the potential tax advantages that are available to such clubs. We will be holding round table talks on whether this is of interest to sports clubs in general in the future and if you are interested in attending, please do not hesitate to get in contact with the Albert Goodman marketing team on 01823 286096.

Also included within the newsletter are articles on the risk of golf club failures, the cost to golf professionals due to the late cancellation of lessons, an update on the England Golf 2018 club membership questionnaire, as well as the benefits of golf to overall health and ways of boosting revenue.

If any questions arise out of this newsletter or you would like to discuss how we could work with your business, please do not hesitate to contact the Albert Goodman golf team.

Keith Miller
Partner and Golf Club Specialist



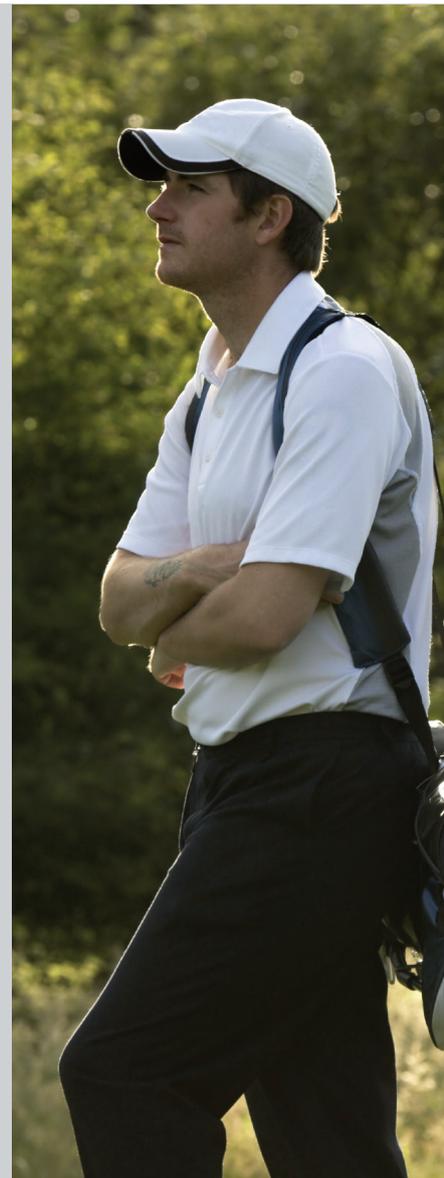
Introduction

Golf pros losing income DUE TO CANCELLING CLIENTS

In a recent article written by The Golf Business online it is claimed that 'UK golf coaches are losing more than £9,000 per year due to clients cancelling their pre-booked coaching sessions'. In a society of work-commitments and ever-changing schedules it is becoming a regular expectation that no plans are concrete. As much as a healthy lifestyle is important, often leisure activities take a back seat when it comes to work and family commitments. This often can't be helped, but for golf coaches, it is certainly bad for business.

The Golf Business online, stated that 'on average coaches report five no-shows or last-minute cancellations every week, with a fifth even being let down six to eight times per week by clients who had committed to a session'. The most common excuses from cancellers, range from; 'being tired' and 'not feeling motivated', to 'having other commitments' and even, 'forgetting their kit'! Not only is it frustrating for the golf coaches that receive these cancellations, but due to loss of earnings it means that they are struggling to make ends meet, some even leaving the profession completely.

There are some preventative measures that can be taken to reduce the amount of last minute cancellations. Firstly, consider using an online booking management tool or app for clients to book in their sessions. This not only makes booking a session more accessible to more clients and allows a coach to organise their time more efficiently but it also allows payment to be taken when bookings are made, meaning no shows are much less likely. Another option is to ensure a contract is signed when a client first books a session with you, iterating that if sufficient notice is not given for cancellation they will be charged. For the most part, clients will be understanding of the fact that a cancelled session is lost wages and opportunities, and will be more than happy to be charged for the time lost.



SHOULD WE WORRY ABOUT THE RISK OF *golf club failures?*

There have been multiple stories of golf clubs being closed down across the UK in recent times, and with fewer people engaging in outdoor sports in general is 2019 one of the most challenging years for golf clubs?

One of the main contributing factors to golf-facility closure is having financial issues, and in a challenging economic period 2019 is no different. Golf clubs need to focus on ways to draw new members to their clubs, and the most obvious way to do this is by offering new member discounts. One local South West club is currently offering a deal for new members whereby you pay the membership price for the period, and you then receive a credit balance on your club account equal to the price paid. This offer has drawn in numerous new members and has contributed to significant growth at this club, not only in terms of increased golfers on the course but also encouraging use of the bar and restaurant facilities.

However, there are more revenue options to be considered in an ever evolving market. As mentioned on our first golf club update, diversification is saving some struggling golf clubs by offering more health and wellbeing services such as pilates, yoga and spas in addition to golf. Exploring the idea of diversification further, some local golf clubs are offering crèche facilities for children, evening music entertainment and even wedding services! These are just a few of the services currently being offered by clubs to maximise revenue streams and reduce risk.

But even keeping with the theme of golf, there are options golf clubs can look into to diversify the services on offer. Two very topical ideas are Foot Golf and Speed Golf. Foot Golf is a growing game in the UK, with many new venues starting to offer this exciting variation of the game. Foot Golf is generally played on golf courses, with some clubs offering this on par 3 courses, whilst others are offering extreme adventure courses. Speed Golf is another new offering which combines golf and running! Speed Golf is a more fitness-orientated version of golf where people can play a full 18 holes in less than 90 minutes, providing a test of agility against accurate shots. In a time when consumers are looking for efficiency more than ever when it comes to their lifestyle, this could be a great additional service to offer.

In summary 2019, does pose challenges to the sport, but with these challenges exciting new opportunities too. Exploring only a few of the options above could lead to revenue growth and boost a business's profits and cashflow, meaning the risk of golf club failure should not be a concern.

Should my **MEMBER-OWNED** golf club become a **CASC?**

In line with all Golf Clubs reviewing how to maximise income and ensuring that expenses are under control, I have noted that member owned golf clubs have recently also been revisiting whether to take advantage of the Community Amateur Sports Club (CASC) rules.

Despite the ability to register as a CASC from 2002, various changes to the rules have occurred over the years and the latest rules have now been relevant since 2015. **These rules need to ensure that the members club adheres to the following rules:**

- The promotion of participation in an eligible sport (of which golf is one)
- Be open to the whole community, meaning maximum membership charges of £1,612 pa but making provision for those unable to pay over £520 pa
- Organised on an amateur basis so the club needs to be a non-profit making club with restrictions on the benefits available
- The main purpose of the club is for members to be participators in the sport, rather than social members
- Not exceed the income limit where non-members income must be below £100k pa, although the use of wholly owned subsidiaries may help if this is a potential problem

As a reminder, registering under CASC rules enable potential tax savings to include:

- 80% Mandatory Relief from Business Rates Relief, with the potential to ask the Local Authority to forego up to a further 20% reduction at their discretion
- The club being eligible to claim Gift Aid on donations made to them from UK registered taxpayers – turning a £1 donation into £1.25
- The ability to claim Gift Aid Small Donations Relief on cash donations up to £30. Maximum reclaim £2k pa
- Corporation Tax Benefits, such as trading income from non-members if less than £50k being exempt from Corporation Tax, as would income from property if less than £30k
- Exemption from Capital Gains Tax

From the above, the rates relief exemption is probably the largest cash flow benefit, hopefully ensuring that there is no necessity of significant increases in subscriptions to make the books balance. **Despite this, members clubs need to ask themselves whether this is worthwhile and such question should include the following:**

- How important will the tax advantages, such as rates relief and ability to claim Gift Aid be to the club?
- Does the club intend to pay certain individuals for playing for the club?
- Will the club be looking to raise income through trading with its members or through activities which directly further its purpose?
- Is the club likely to receive a large amount of income from property lettings?
- Will the club be constructing buildings?
- Does a trading subsidiary have implications on VAT, rate relief and alcohol licensing rules?
- Are cash benefits worth it when measured against the additional time and record keeping required to obtain and retain CASC status

If your club is interested in reviewing whether to go through this process, please do not hesitate to contact the golf team at Albert Goodman.

5 ways to **boost revenue** *immediately*

1

'Package' your club well

Offering sessions as a package with added extras, as opposed to a discounted rate, can often attract a customer that was previously uncommitted, offering food or drink voucher along with a session or a preferential rate if a number of rounds are booked and paid for in advance are good tactics.

2

Reward loyalty

It is a well-known fact that returning customers spend more than new ones and that they make up the 20% of customers that create 80% of your revenue, creating a rewards scheme for your members, will increase loyalty and customer spend.

3

Use e-commerce

Utilise the pre-existing traffic on your website by adding in an e-commerce store selling pro shop products directly to your customers. You can offer free pick-up from your premises, and it allows you to monitor your customers purchasing habits allowing an improved service and sales experience.

4

Branded merchandise

Selling branded merchandise not only helps with profits and gets your brand name out there, but can also be used to reward loyal customers by offering the merchandise at a discounted rate after they have played a certain amount of games.

5

Introduce self-service

Either self-service course access or self-service in the golf club restaurant area can encourage efficiency; reduce staff costs and the risk of communication errors.

THE 2018 CLUB MEMBERSHIP QUESTIONNAIRE *Round up*



The biennial club questionnaire, created on behalf of England Golf, is designed to provide a snapshot of the national golfing landscape, complete with current trends. This article will summarise the key points of the 2018 edition of the membership questionnaire.

As an overview, in the last decade the golfing landscape has changed considerably, with club membership's having steadily declined, only recently showing signs of stabilisation, but with the number of golfers and leisure golfers continuing to grow.

KEY NUMBERS

Since 2014 overall membership numbers have seen a small increase, with the biggest increase being in adults over 65 years of age. In 2018 38% of the clubs asked, saw an increase in membership, but the percentage of golfers who play weekly and monthly has stayed relatively static since 2014.

KEY THEMES

KNOW YOUR MARKET

It is important to establish and clearly define your market and offering. It was clear that the clubs that offered more tailored packages which in turn provided more flexibility to the less traditional golfer demographic showed more growth in memberships. The activities offered by golf clubs is also an area which can increase business, such as; new member incentives, beginner coaching sessions and 9 hole green fees which again provides flexibility to the less traditional golfer.

CUSTOMER JOURNEY

It is important to consider the experience a golf club is offering through the eyes of a potential new customer and ask questions such as; how would they hear about the club? How do they get in touch? How easy is it to sign up? Customers want their experience to be quick and easy to arrange, and pleasant throughout. Only 63% of the clubs asked, used an online booking system, the adoption of online booking has been relatively slow for golf compared to other industries but the progressive golf courses are starting to realise the benefits to moving booking online, it is a growing market and allows perceptions of inaccessibility to be broken down.

It is not just enticing a potential customer to book or make contact, giving them a warm welcome is equally as important in a customer journey. 65% of the clubs asked, saw stabilised or increased memberships over the previous 2 years when integrating one or more of the welcome methods, such as a welcome pack, new members evening, or club induction.

RETENTION AND SATISFACTION

Retaining and satisfying customers is very important, collecting data from members and visitors can really help to allow a golf club to make better, more informed decisions, and tailor offerings to the customers' requirements. This information can be collected via surveys, or communication via email or even telephone.

Healthy lifestyles leading to a **HEALTHY GOLF BUSINESS**

The steady decline of golf is becoming an increasing concern, golf club memberships in the UK are dwindling due to an ageing demographic, and as a World Golf Foundation-funded report claims; 'the sport's future is at risk unless it becomes quicker and more inclusive'. The challenge for golf clubs is bringing the business in line with the lifestyles and interests of today's society and a potentially younger demographic.

In 2019, health and wellbeing has never been more prominent. Awareness of the importance of being healthy both physically and mentally has been steadily growing, with the 2011 census analysis showing that around 80% of the UK were considered in very good general health. The wellness industry grew by 6.4% annually from 2015 - 2017, from a \$3.7 trillion to a \$4.2 trillion market, nearly twice as fast as global economic growth.

Golf clubs can use this current trend as a new marketing initiative to attract a more diverse array of members to their clubs. Promoting golf as a part of a health and wellbeing initiative could potentially attract a whole new segment of customers.

England golf recently started their #SwitchOffWithGolf campaign encouraging golf fans to use golf as an escape for everyday stress caused by technology and an 'always on' culture. Golf clubs can take part in this campaign and promote their club as a sanctuary for health and wellbeing, offering things like corporate packages for businesses to host de-stress away days for their employees; involving a round of golf, a talk from a mental health expert and a lunch. Golf clubs can also use these proven health benefits for golf to use in their external marketing and involve themselves in various movements such as mental health awareness week.



Contact

01823 286096

www.albertgoodman.co.uk

@AG_LLIP

