

# MARKET ANALYSIS

## HAMILTON MUNICIPAL GOLF COURSES

NOVEMBER 2015



INSIGHT | STRATEGY | SUCCESS

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## OVERVIEW

In October 2015, the City of Hamilton (“the City”), which owns and operates three 18-hole golf courses (Chedoke – Beddoe, Chedoke – Martin and King’s Forest, herein referred to as “the Courses” or “the Hamilton Municipal Courses”) engaged Global Golf Advisors (“GGA”) to perform a Market Study which would analyze trends for the golfing industry from a local, regional and national perspective. The Market Study focuses on the quality and service standards of competitors in the market area, as well as price points and population demographics, to better understand gaps and opportunity segments. The results of this analysis will be leveraged to develop a Revenue Plan for the courses based on the recommended pricing and packaging strategy.

## GGA APPROACH

1. External Market Analysis – GGA has scanned the area surrounding the Courses using multiple drive-time and kilometer radials. The analysis also used past census data, estimates and future projections to develop a full understanding of the local area profile as it related to the number of people in the market that align with the ‘target’ profile of potential new members. The focus was on the following characteristics which will reveal opportunities and threats for the Hamilton Municipal Courses:
  - a. Demographics – Key indicators, as it relates to public golf demand, for multiple radials surrounding each property compared to the Hamilton CMA and Provincial levels. GGA has quantified and located the best areas of opportunity for golf demand.
  - b. Psychographics – GGA has identified the top lifestyle segments within the same radial areas and focused on the segments which represent attractive candidates for public golf. GGA has highlighted desirable segments and located the areas with the highest concentration of these targeted households.
2. Golf Market Analysis of the Hamilton CMA – A detailed study of all relevant public courses within the surrounding area of Hamilton/Burlington:



- a. Course Analysis – GGA performed a detailed analysis of competitive courses’ daily fees, packages and membership offerings as well as a trend analysis to understand the historic growth in fees.
- b. Evaluated the current membership program and daily fee rates at the Hamilton Municipal Courses to provide recommendations for change.

## **SOURCES OF INFORMATION**

GGA completed a comprehensive Market Analysis in order to understand the market conditions that will impact the future success of the Courses. In performing our analysis of the Courses and their associated market area, our examination was based on the following:

- Information provided to us by the Course’s managers.
- Golf participation information from the 2006 Golf Participation in Canada Survey from the Royal Canadian Golf Association (‘RCGA’), which is the most recent information available from the RCGA.
- Psychographic trends from the 2012 Canadian Golf Consumer Behaviour Study conducted by NAVICOM on behalf of the National Allied Golf Associations.
- Demographic information from the Tactician Corporation database, a geodemographic segmentation system which utilizes data provided by Indicia.
- Discussions with local golf course operators with respect to membership programming, dues and fees, and green fee rates.
- Golf course information from market area golf course websites and various other internet sites.



- The Global Golf Advisors Golf Diagnostic Study, which contains financial and operating data on more than 380 golf courses across Canada.
- Other proprietary information contained in our files.

Our analysis and related conclusions contained herein were based on the economic and industry trends prevailing and information available as at the date of report issuance. No responsibility is taken for changes in market conditions subsequent to this date.



## EXTERNAL MARKET ANALYSIS

### CANADIAN HISTORIC GOLF INDUSTRY TRENDS

NAGA (National Allied Golf Association) has conducted studies on the economic impact of golf in Canada in 2009 and in 2014. On the surface, and in terms of the major statistics presented in these reports, it would seem that the Canadian golf economy has remained stagnant between 2009 and 2014. However, given the challenging context of this study due to the 2008 global economic crisis, these results may be more encouraging than they appear. In reality, the Canadian golf economy has more likely recovered to pre-global economic crisis levels, maintaining some of the key metrics in terms of revenues and level of play, in the wake of both the 2008 global recession and the ongoing demographic shift that has been taking place in golf since about 2000.<sup>1</sup>

In spite of these challenging overarching conditions, the Canadian golf industry has “maintained the base” economic impact demonstrated in 2009 (2008 Data). The 2014 (2013 Data) study shows that:

- While rounds played are down (26,100 per course in 2013 from 28,700 in 2008), revenues are equivalent to 2008 levels.<sup>1</sup>
- 2013 operating expenditures are in line with 2008 spending.<sup>1</sup>
- Capital spending (e.g., course improvements, infrastructure) in 2013, at \$650 million, nearly \$140 million more than the \$511 million in 2008.<sup>1</sup>
- Courses are providing their services with fewer workers, with employment down in 2013 by as much as 20% from 2008 levels and courses employ fewer students (37% from 43% in 2008).<sup>1</sup>
- Canadian golfers increased their spending on golf and golf related travel outside of Canada from \$1.9 billion in 2008 to \$4.6 billion in 2013.<sup>1</sup>
- For their part, golfers still managed to spend slightly more on golf in Canada: \$15.6 billion in 2013 compared to \$14 billion in 2008.

<sup>1</sup> National Allied Golf Associations, May 2014: Economic Impact of Golf in Canada



While the historic results and statistical trends are an important golf industry indicator, past performance does not dictate future results. Consequently, Golf Canada (formerly the RCGA) in association with several other Canadian golf stakeholder groups (collectively referred to as the National Allied Golf Association or NAGA), had the “Canadian Golf Consumer Behaviour Study” completed by NAVICOM and published on September 12, 2012. This study focuses on ‘leading indicators’ in an effort to predict future trends.

Key findings of this Study are as follows:

- The number of people entering the game is equal to the number leaving the game (18%), therefore there is no growth occurring.
- The number of golfers playing fewer rounds (38%) is greater than the number playing more rounds (14%).
- 17% of today’s golfers took up the sport as a child (6-11 years old), while only 7% of today’s golfers have a child that plays. Similarly, 23% of today’s golfers took up the sport as a junior (12-17 years old), while only 9% of today’s golfers have a junior that plays.
- There is a lack of engagement among consumers in the Canadian golf industry. Engagement refers to playing, following, supporting and endorsing the game. Based upon NAVICOM statistical expertise more engagement translates into more spending.
- The majority of rounds are played by less than 26% of golfers, while the other 74% are considered fringe golfers and play occasionally or infrequently.
- 16% of golfers are members while 84% are public golfers and an average of 6.5% leave private / semi-private clubs annually.
- Women are entering and leaving the game at a higher rate than men.

Table 1, below, is a summary of the golf participation rate and average rounds played per golfer according to studies undertaken by the Royal Canadian Golf Association (“RCGA”):



**Table 1 – Golf Participation Rates and Frequency**

	1998	2001	2006 (most recent)
<b>Participation Rate</b>			
Canada	20.5%	18.6%	21.5%
Ontario	21.8%	18.6%	21.7%
<b>Average Rounds Played per Golfer</b>			
Canada	13.9	13.2	15.5
Ontario	13.8	12.7	15.4

A formal Participation Study has not been performed for golf in Canada since the RCGA spearheaded the 2006 initiative. Accordingly, the 2006 data provides the most current historic statistics.

### **EMERGING GOLF INDUSTRY TRENDS**

Emerging trends in the golf industry were top of mind throughout the research and analytical process of this engagement and contributed significantly to the updates contained within this report. The following is a summary of key emerging trends which the City should take note of and embrace.

1. 'Time' is becoming an ever larger factor in consumer decision making.
  - The age of the all-day golf outings that include a five plus hour round of golf is fading quickly.
  - People's lives are busier and faster paced than ever before with continually increasing demands on their time.
  - As a result, recreational outlets that require an abundance of time are being prioritized and losing ground to outlets that take less time. The exception to this relates to recreational outlets that allow for multi-tasking.
  - Golf is winning favour when combined with other items on people's priority list such as: spending time with family.





2. More women are golfing and they have significant influence over how and where their families recreate.
  - It is no secret that women more often than not are the decisive voice with respect to family decisions, including how their families spend leisure and vacation time.
  - The good news is that more women are taking up the game of golf and believe the game of golf has significant potential as a family sport.
  - Accordingly, savvy golf course operators are focusing on women and juniors to bolster utilization in every category of golfer.
  
3. Shifting focus to 'fun' on the golf course and away from 'score'.
  - In order to attract new players to the game and to keep existing players golfing longer, focus is shifting away from competing and ego on the golf course to enjoyment.
  - Programs such as the 'Play-it-Forward' concept are having increasing success at enhancing golfer's 'fun' quotient and represent a critical component in any successful course's programming arsenal.
  
4. Increasing impact of social media.
  - Golfers are following their favourite golf courses via social media outlets for news, weather, specials and activities.
  - Golf courses around the globe are experiencing success with robust social media platforms that create a sense of community and the portrayal of a 'family' surrounding the golf course that local area golfers and visitors alike aspire to be a part of.
  - Key social media outlets include Twitter, Facebook, Pinterest, and Google Plus.
  
5. Movement away from rigid and fixed rate pricing schemes to variable rate pricing schemes and robust yield management programs.
  - The theory is similar to airline and hotel pricing, whereby the price for the same inventory item (seat or room) fluctuates based on demand with the goal of selling all inventory at the highest possible price.



- In the simplest form, the variable rate approach suggests that the course will vary its rate to attract targeted audiences – there should be more groups and audiences that reveal themselves as the year progresses – at select times of the day and days of the week.
  - This approach seeks to preserve the established demand for the most desirable tee times while increasing demand for the worst – or least market-attractive – tee times. The objective to the variable pricing approach is to fill the tee sheet with golfers.
  - Yield management programs demonstrate that the course is responding to market conditions and making a realistic response to current economic conditions. A successful implementation of a modern Yield Management process will indicate:
    - i. Increased rounds played,
    - ii. Improved facility utilization, and
    - iii. Increased revenues.
6. Golfers, no different than most consumers the world over, are becoming ever more conscious of environmental impacts.
- People are increasingly conscious of pollutants originating on golf courses and the detrimental impacts such pollutants may have on personal health and on the environment.
  - Facilities that have the ability to boast leading environmentally sound cultural practices are experiencing an uptick in patronage and via various environmental ‘green’ marketing and advertising campaigns.

The above outlook raises several issues for the golf industry that must be addressed in order to retain patrons and expand the reach of the game. With the aging population base nearing retirement, both affordability and playability of golf courses is becoming increasingly important. Courses that offer an affordable golf experience with multiple options for packaged golf, coupled with multiple tee settings, manageable distances and carries, and those that allow the golfer the chance to roll the ball up to the green, will be best positioned to attract this growing segment of the demographic. This is even more important when considering that aging golfers, with their increased leisure time, have the ability to play more rounds of golf per season than the majority of golfers. This is evidenced by historic RCGA statistics which suggest that retired golfers (i.e., aged 65 and older) on average play 31.4 rounds of golf per season, while the average for all golfers is 15.5 rounds per season.



In addition, practice facilities are taking on additional importance within the game as programs continue to develop in an effort to draw individuals to the sport. These are considered to be positive factors for municipal golf operations, typically characterized as affordable and playable alternatives to other public, semi-private and private golf facilities, and should be considered in any golf facility, specifically if it will attract retirees.

Overall, facilities best positioned for the future will have the ability to:

- i. Service both the growing need for practice and skill development of the golfer;
- ii. Address the needs of an aging demographic; and,
- iii. Provide value to an increasingly budget conscious population.

The current economic climate will present unique challenges for golf courses and golfers alike, and may produce a shift in the type of supply offered in order to support the potential shift in the demand for specific golf experiences discussed above.

The industry and economic changes discussed above will open the doors for financially savvy and non-traditional operators to maintain and even enhance profitability through the re-engineering of their operating model. This re-engineering process will not only focus on reducing expenses and rationalizing overhead, but will also focus on increasing revenue through enhanced positioning in the market area derived from a better understanding of demographics and competition, targeted marketing messages, and effective yield management programs.



## DEMOGRAPHIC PROFILE OF THE LOCAL MARKET

Overall, the demographic profile of the immediate market area is strong in terms of population at all radial levels. Income levels are below average within the immediate neighbourhoods surrounding each Course but improve drastically when expanding outward to the 30-km radial for each Course. Table 2 and 3, below, summarizes key demographic indicators for the immediate area around Chedoke and King’s Forest, compared to the Hamilton CMA and the Province of Ontario as a whole:

**Table 2 – Demographic Profile Summary (Chedoke)**

	5-km Radius of Chedoke	15-km Radius of Chedoke	30-km Radius of Chedoke	Hamilton CMA	Ontario
Population – 2011 census	185,401	564,808	959,453	720,734	12,851,821
Population – 2014 estimate	196,673	600,948	1,025,595	768,894	13,677,220
% change	6.1%	6.4%	6.9%	6.7%	6.4%
Population – 2019 projection	200,095	623,691	1,096,776	807,061	14,433,838
% change	1.7%	3.8%	6.9%	5.0%	5.5%
Average Household Size - 2014	2.34	2.50	2.62	2.55	2.63
Average Household Income - 2014	\$ 67,167	\$ 80,246	\$ 92,610	\$ 86,124	\$ 87,528
Median Household Income - 2014	\$ 47,654	\$ 61,941	\$ 73,318	\$ 68,634	\$ 69,080
% of Households income \$80,000+	28.3%	38.0%	45.8%	42.4%	42.5%

**Table 3 – Demographic Profile Summary (King’s Forest)**

	5-km Radius of King’s Forest	15-km Radius of King’s Forest	30-km Radius of King’s Forest	Hamilton CMA	Ontario
Population – 2011 census	191,752	536,328	915,280	720,734	12,851,821
Population – 2014 estimate	202,206	569,439	976,921	768,894	13,677,220
% change	5.5%	6.2%	6.7%	6.7%	6.4%
Population – 2019 projection	207,510	587,960	1,040,198	807,061	14,433,838
% change	2.6%	3.3%	6.5%	5.0%	5.5%



	5-km Radius of King's Forest	15-km Radius of King's Forest	30-km Radius of King's Forest	Hamilton CMA	Ontario
Average Household Size - 2014	2.48	2.48	2.61	2.55	2.63
Average Household Income - 2014	\$ 65,876	\$ 78,141	\$ 92,986	\$ 86,124	\$ 87,528
Median Household Income - 2014	\$ 53,601	\$ 60,021	\$ 72,882	\$ 68,634	\$ 69,080
% of Households income \$80,000+	29.8%	36.5%	45.4%	42.4%	42.5%

Source: Demographic data by Tactician Reports.

Key Local Market Demographic Observations:

- i) The local population within the 30-km radius surrounding each course was roughly one million people in 2014. Expected population growth by 2019 is strongest at the 30-km radial level of each course (6.5% to 7.0%). Growth is expected to be much weaker within the inner 5km and 15km radials, well below the expected pace of the Hamilton CMA and Provincial growth rates.
- ii) Income statistics are also most favorable at the 30-km radial level for both locations, with average household income greater than \$90,000. This compares well to the Hamilton CMA and Provincial levels of \$86,000 and \$87,000 respectively, while the inner radials, especially the 5-km radial, fall well below this level.
- iii) There is a sizable discrepancy between median household income and average household income at all local radial levels. This is indicative of a large base of high income households in the local market that skew the average household income rate well above the median.
- iv) The percentage of mid-high income households (\$80,000+) is a strong indicator of golf demand for public courses attempting to attract memberships and/or continuous paid rounds. Within 30-km of each Course, Chedoke and King's Forest have access to roughly 45% of households that fall into this desired income range, while less than 30% of households within 5-km of each Course meet the same criteria.
- v) The average household size surrounding each course is very similar, ranging from roughly 2.4 to 2.6 across all radials.



Charts 1 and 2, below, illustrate key demographic metrics for each Course at each radial level, compared to the Provincial trend line (orange):

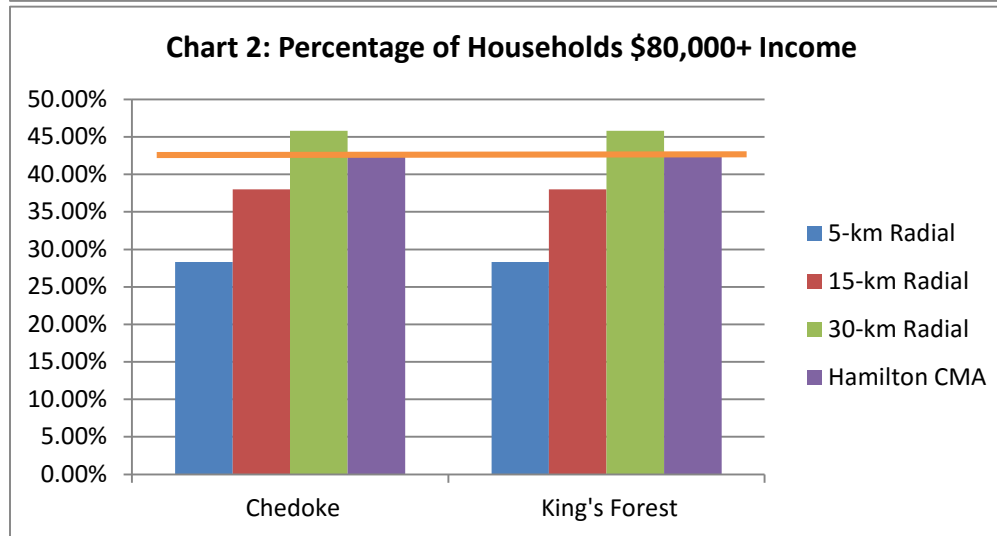
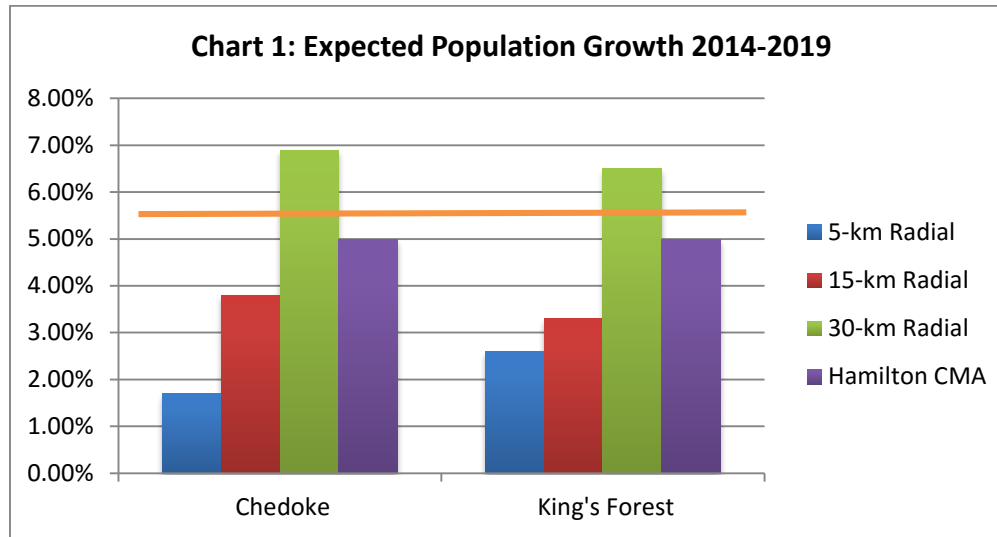




Diagram 1, below, illustrates the population densities around each Course at the 5, 15 and 30-km radials:

**Diagram 1: Population Density: 5, 15 and 30 km radius (2014)**

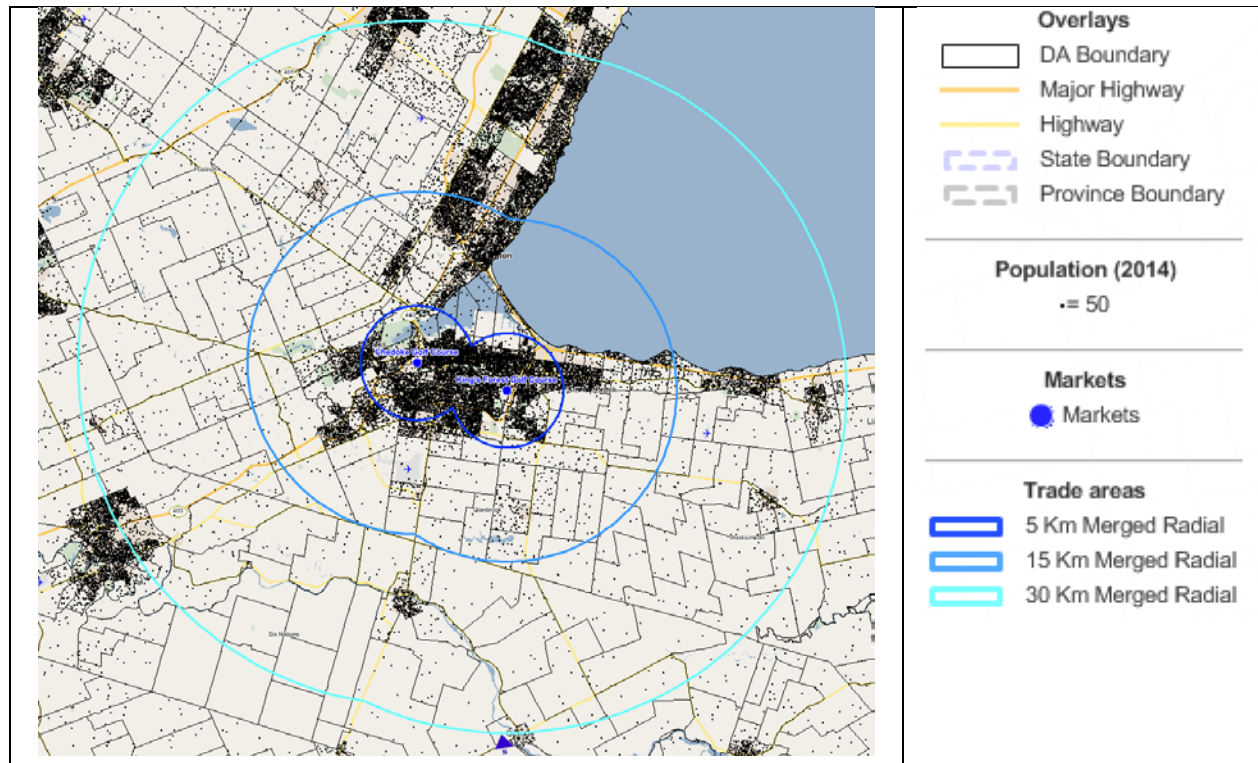
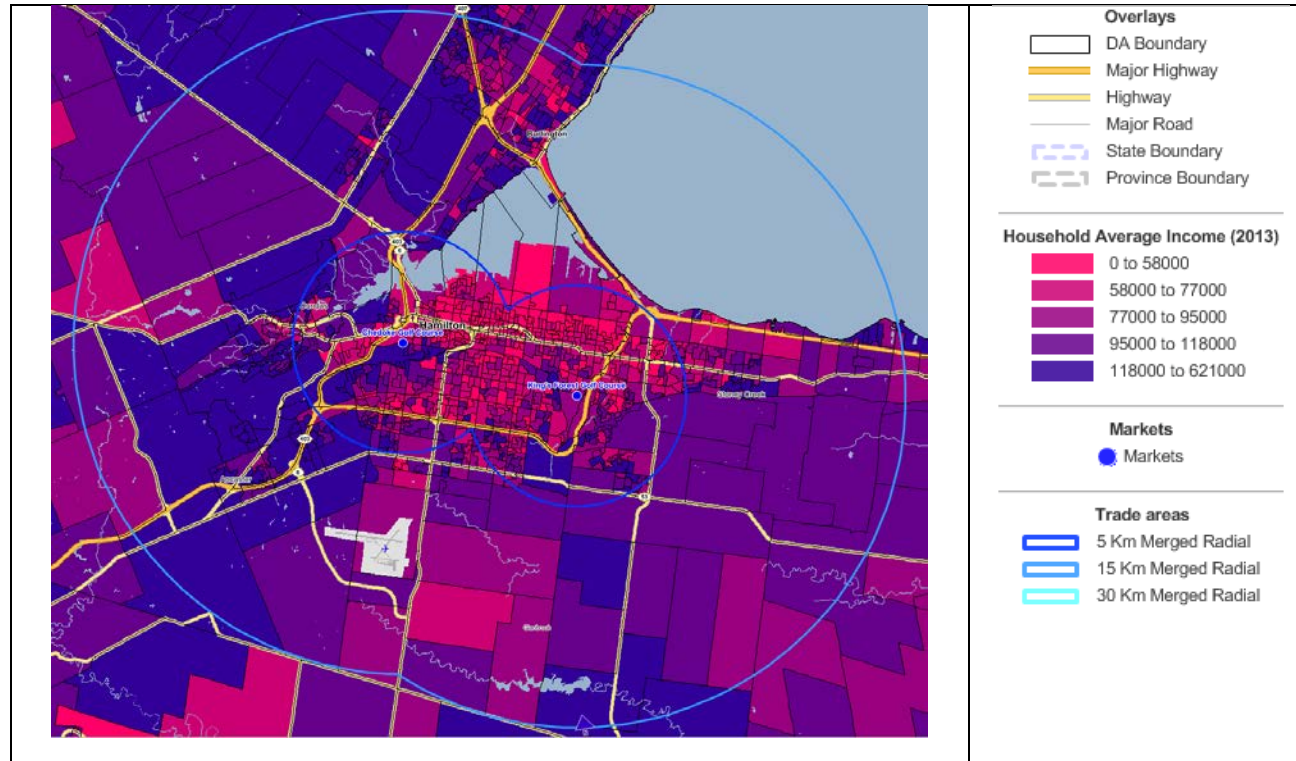


Diagram 2, on the following page, illustrates the average household income by census block at the 5km and 15km radial levels. The dark purple clusters indicate regions with average household income above \$118,000, while the bright pink areas characterize low income regions where average household income is less than \$58,000:



Diagram 2: Average Household Income (2013)



The most attractive areas for targeted marketing efforts will be the regions with both dense populations and high average household incomes (dark purple clusters). From the two maps above, the most attractive area to target in terms of income and population mix appears to be the dark purple clusters southwest of Chedoke surrounding the 5km radial boundary.





## PSYCHOGRAPHIC PROFILE OF THE LOCAL MARKET

Based on the Indicia Lifestyle database, this analysis considers the largest household segments defined within the local market area. This data assists by providing a “face” to the local population. The psychographic descriptions, shown below in Table 4, provide an overview of the most prevalent households in the 500,000+ population within the 15-km area of each Course. Overall, the Top-5 lifestyle segments (which are the same for both locations) make up 54.4% of the population at Chedoke and 53.9% of the population at King’s Forest within 15-kms.

**Table 4 – Top 5 Lifestyle Segments within 15-kms of Chedoke and King’s Forest**

Lifestyle Groups	Chedoke – % and # of People	King’s Forest – % and # of People	Group Overview
<b>#1 Group: The Typical British Family</b>	(22.0% or 124,356 people)	(23.2% or 124,356 people)	This Canadian urban segment contains married families living in bungalows or duplexes built before 1970. They are of British origins and have an average education with revenues over \$80,000 annually. They work in management, health, arts, culture and transportation.
<b>#2 Group: The Future Empty Nesters</b>	(11.5% or 64,803 people)	(10.0% or 53,703 people)	This Canadian suburban segment contains families whose children are in high-school or university. Married and living in bungalows built between 1971 and 1980, these families have an average annual income of \$110,000, and mainly work in business, finance and administration.
<b>#3 Group: The Immigrant Suburbs</b>	(8.0% or 45,440 people)	(8.4% or 44,927 people)	This Canadian suburban segment consists of families having young children whose parents are between the ages of 20 and 40. On average, 33% of the residents are recent immigrants, often of African or Arabic origins, and having little education. Annual family income is usually less than \$60,000. They have a higher unemployment rate compared to other segments.
<b>#4 Group: Suburban Empty Nesters</b>	(6.6% or 37,095 people)	(5.9% or 31,774 people)	In this Canadian suburban segment, we find married couples over the age of 45, living in bungalows or semi-detached homes, built between 1946 and 1980. They have an average education and revenues between \$40,000 and \$125,000, and work in the fields of administration, finance, social sciences, government and transportation.
<b>#5 Group: Asian High Class Suburb</b>	(6.3% or 35,418 people)	(6.4% or 34,230 people)	In this Canadian suburban segment, there are families with school-aged children and whose parents are between the ages of 40 and 55. On average, 33% of the population are Asian immigrants having arrived between 1981 and 2005. University graduates, one out of four households declares an annual income higher than \$150,000. They work in management, natural sciences, engineering and health fields.



Key Psychographic Observations:

- **Which of the Top-5 lifestyle segments (which make up roughly 54% of each population within 15-kms) represent strong candidates for consistent public golf demand?**

All of the lifestyle segments listed above are attractive candidates for public golf, with the exception of *The Immigrant Suburbs*. The desirable segments are characterized by comfortable income levels, couples and/or families, and ample leisure time to allow for continuous golf throughout the season (i.e. empty nesters).

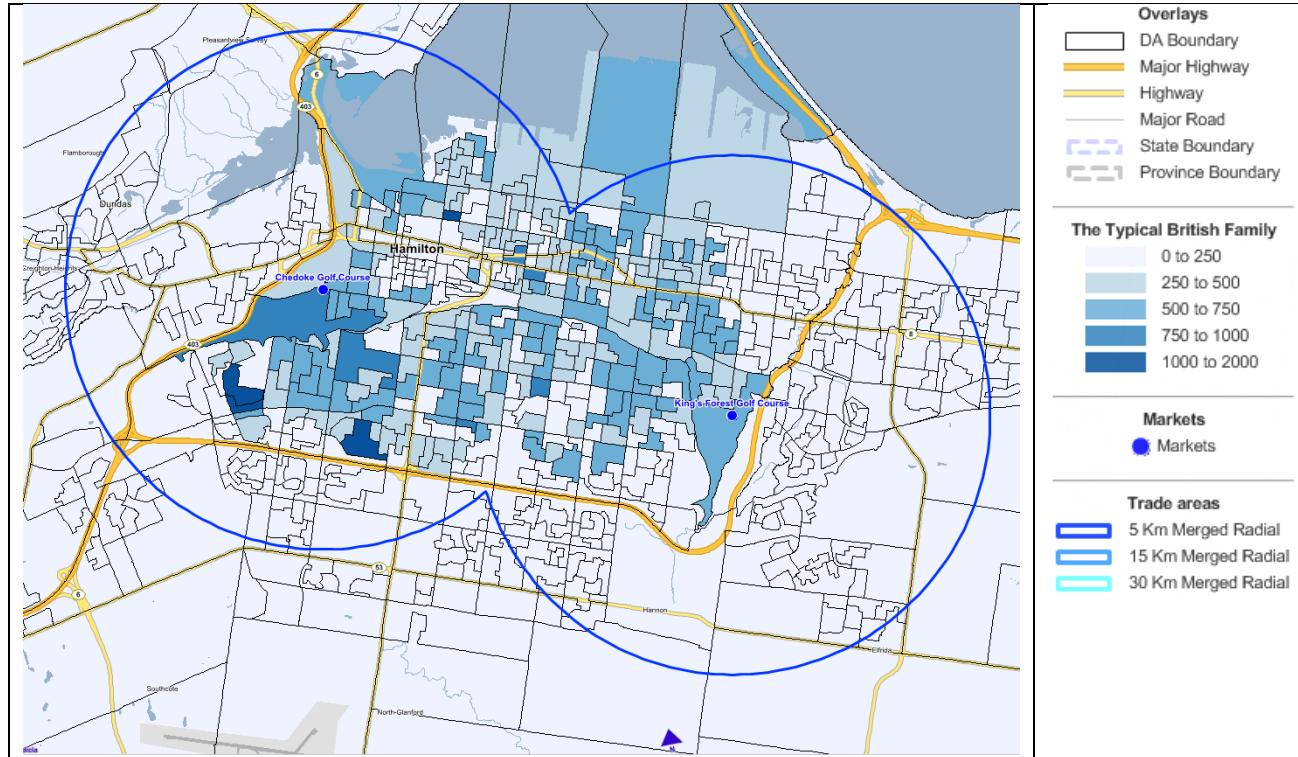
With *Immigrant Suburbs* excluded, the top-4 attractive lifestyle segments make up roughly 46% of the 15-km radius population around each Course, or just over 250,000 people.

- The profile within the 5-km area surrounding each Course is even more dominated by the top lifestyle segment, *The Typical British Family* (42.4% of the population surrounding Chedoke, 33.2% of the population surrounding King's Forest):
  - No other top lifestyle segment from table 4 is as prominent at the 5-km radial level surrounding Chedoke.
  - For King's Forest, the other top lifestyle segments all increase slightly as a percentage of total population at the 5-km radial level, which increases the percentage of attractive lifestyle segments to 56.5% of the 5-km radial area.

Diagram 3, on the following page, highlights a map of the top lifestyle group, *The Typical British Family*, at the 5km radial:



**Diagram 3: The Typical British Family Lifestyle Group Profile**





## LOCAL MARKET COMPETITOR PRICING ANALYSIS

The Hamilton golf market has seen little or no growth over the past five years. Rounds played at the majority of facilities have remained relatively unchanged, or even seen a slight decline mainly due to poor weather, but overall do not exhibit a significant trend. The stagnation of growth is indicative of a mature competitive market, where price sensitivity will only increase and courses with outdated pricing schemes will lose out on market share. Table 6, below, outlines the local market competitive set for public golf market in Hamilton and the surrounding area. The market radius has been stretched to include all courses within a 45-minute drive zone of the Hamilton Municipal Courses, in an effort to gain a complete and thorough understanding of the trends and tactics used at every potential course that competes with Chedoke and King's Forest for golf rounds.

**Table 6: Competitive Set in the Local Market**

Course	Location	Drive Time			Course	Location	Drive Time		
		(min)	Holes	Yardage			(min)	Holes	Yardage
Arrowdale Golf Course	Brantford	31	18	4960	Flamborough Hills GC	Copetown	26	27	6568
Brant Valley Golf Club	St. George	36	18	5710	Hidden Lake	Burlington	27	36	6743
Caistorville Golf Club	Caistor	30	18	4817	Indian Wells	Burlington	28	18	6402
Camisle Golf Course	Burlington	25	27	5053	<b>King's Forest Golf Course</b>	<b>Hamilton</b>	-	<b>18</b>	<b>7150</b>
Carlisle Golf & CC	Carlisle	29	27	6673	Knollwood Golf Club	Ancaster	22	36	6162
Cayuga Golf Club	Cayuga	44	18	4756	Lowville Golf Club	Burlington	26	18	6323
Century Pines	Troy	27	18	6635	Millcroft Golf Club	Burlington	24	18	5735
<b>Chedoke Golf Club - Beddoe</b>	<b>Hamilton</b>	-	<b>18</b>	<b>6084</b>	Mystic Golf Club	Ancaster	22	18	7365
<b>Chedoke Golf Club - Martin</b>	<b>Hamilton</b>	-	<b>18</b>	<b>5745</b>	Oak Gables Golf Club	Jerseyville	22	27	4320
Chippewa Creek	Mount Hope	23	27	6400	Scenic Woods Golf & CC	Binbrook	24	18	6437
Copetown Woods Golf Club	Copetown	27	18	6965	Southbrook Golf & CC	Binbrook	27	18	6658
Coral Creek Golf Course	Fisherville	45	18	7030	Southern Pines Golf & CC	Mount Hope	20	18	4299
Crosswinds Golf & CC	Burlington	32	18	7240	Sundrim Golf Club	Caledonia	33	27	6105
Dragon's Fire Golf Club	Carlisle	27	18	7200	Tyandaga Golf Course	Burlington	20	18	5803
Dunnville Golf & CC	Haldimand	45	9	2850	Willow Valley Golf Course	Mount Hope	17	18	6522
Empire Springs Golf Club	York	32	18	6322					



GGA scanned the competitive set above to determine pricing and programs, with the goal of understanding the Hamilton Municipal Courses pricing-position in the local market and any opportunities or gaps that the Courses can take advantage of. It should be noted that Glancaster G&CC (Mount Hope) closed its doors this past year. Table 7, below, outlines the peak green fee rates within the competitive set as well as the occurrence of commonly discounted fee categories (Junior, Senior, Twilight). The courses are ranked in order of peak 18-hole fees including a cart (taxes included to be consistent with City of Hamilton posted rates):

**Table 7: Green Fee Pricing in the Competitive Set**

Course	Yardage	Weekdays		Weekends		Cart Fee 18 Holes	Peak Rate With Cart	Discounts		
		9-Hole	18-Hole	9-Hole	18-Hole			Junior	Senior	Twilight
Hidden Lake	6743	\$ 39.55	\$ 71.19	\$ 50.85	\$ 77.97	\$ 21.47	\$ 99.44	✓	✓	✓
Dragon's Fire Golf Club	7200		\$ 66.67		\$ 77.97	\$ 20.00	\$ 97.97	✓	✓	✓
Carlisle Golf & CC	6673		\$ 64.98		\$ 76.28	\$ 19.78	\$ 96.05	✓	✓	✓
Crosswinds Golf & CC	7240		\$ 68.00		\$ 78.00	\$ 15.00	\$ 93.00			
Copetown Woods Golf Club	6965		\$ 62.15		\$ 73.45	\$ 18.00	\$ 91.45			✓
Flamborough Hills Golf Club	6568	\$ 35.00	\$ 56.00	\$ 42.00	\$ 67.00	\$ 20.00	\$ 87.00	✓		✓
Indian Wells	6402		\$ 59.00		\$ 69.00	\$ 18.00	\$ 87.00	✓	✓	✓
Millcroft Golf Club	5735		\$ 66.00		\$ 69.00	\$ 18.00	\$ 87.00	✓	✓	✓
Mystic Golf Club	7365		\$ 72.00		\$ 86.39	incl.	\$ 86.39			
<b>King's Forest Golf Course</b>	7150	<b>\$ 32.00</b>	<b>\$ 60.00</b>	<b>\$ 32.00</b>	<b>\$ 68.00</b>	<b>\$ 17.00</b>	<b>\$ 85.00</b>	✓	✓	✓
Lowville Golf Club	6323	\$ 39.55	\$ 50.85	\$ 39.55	\$ 67.80	\$ 17.00	\$ 84.80	✓	✓	✓
Century Pines	6635		\$ 59.33		\$ 64.98	\$ 19.78	\$ 84.75	✓	✓	✓
Willow Valley Golf Course	6522	\$ 44.07	\$ 61.02	\$ 44.07	\$ 66.67	\$ 17.00	\$ 83.67	✓	✓	✓
<b>Chedoke - Beddoe Course</b>	6084	<b>\$ 28.00</b>	<b>\$ 50.00</b>	<b>\$ 28.00</b>	<b>\$ 55.00</b>	<b>\$ 17.00</b>	<b>\$ 72.00</b>	✓	✓	✓
Knollwood Golf Club	6162	\$ 29.00	\$ 40.00	\$ 33.00	\$ 50.00	\$ 18.00	\$ 68.00	✓	✓	✓
Chippewa Creek	6400	\$ 27.00	\$ 37.75	\$ 30.25	\$ 48.50	\$ 17.00	\$ 65.49	✓	✓	✓
Southbrook Golf & CC	6658	\$ 21.00	\$ 31.00	\$ 25.00	\$ 45.00	\$ 18.00	\$ 63.00	✓	✓	✓
Coral Creek Golf Course	7030	\$ 25.00	\$ 39.00	\$ 32.00	\$ 46.00	\$ 14.00	\$ 60.00	✓	✓	✓
Camisle Golf Course	5053	\$ 23.00	\$ 30.00	\$ 25.00	\$ 40.00	\$ 18.00	\$ 58.00		✓	✓



Course	Yardage	Weekdays		Weekends		Cart Fee 18 Holes	Peak Rate With Cart	Discounts		
		9-Hole	18-Hole	9-Hole	18-Hole			Junior	Senior	Twilight
Sundrim Golf Club	6105		\$ 39.00		\$ 43.00	\$ 15.00	\$ 58.00	✓	✓	✓
<b>Chedoke - Martin Course</b>	5745	<b>\$ 22.00</b>	<b>\$ 34.00</b>	<b>\$ 22.00</b>	<b>\$ 40.00</b>	<b>\$ 17.00</b>	<b>\$ 57.00</b>	✓	✓	✓
Empire Springs Golf Club	6322	\$ 20.00	\$ 26.00	\$ 24.00	\$ 35.00	\$ 16.00	\$ 51.00		✓	✓
Southern Pines Golf & CC	4299	\$ 26.00	\$ 36.00	\$ 26.00	\$ 36.00	\$ 15.00	\$ 51.00	✓	✓	✓
Oak Gables Golf Club	4320	\$ 24.00	\$ 34.00	\$ 24.00	\$ 34.00	\$ 16.00	\$ 50.00	✓	✓	✓
Dunnville Golf & CC	2850	\$ 19.00	\$ 27.00	\$ 22.00	\$ 32.00	\$ 15.00	\$ 47.00			✓
Caistorville Golf Club	4817		\$ 24.00		\$ 30.00	\$ 15.00	\$ 45.00	✓	✓	✓
Brant Valley Golf Club	5710		\$ 38.00		\$ 43.66	incl.	\$ 43.66			
Arrowdale Golf Course	4960	\$ 17.00	\$ 25.00	\$ 17.00	\$ 25.00			✓		
Cayuga Golf Club	4756	\$ 17.00	\$ 24.00	\$ 17.00	\$ 27.00			✓	✓	✓
Scenic Woods Golf & CC	6437		\$ 39.55		\$ 39.55					
Tyandaga Golf Course	5803		\$ 35.00		\$ 50.00					
<b>Competitor Set Average</b>	<b>6033</b>	<b>\$ 27.12</b>	<b>\$ 46.02</b>	<b>\$ 29.65</b>	<b>\$ 53.62</b>	<b>\$ 17.28</b>	<b>\$ 72.32</b>	<b>71%</b>	<b>71%</b>	<b>81%</b>

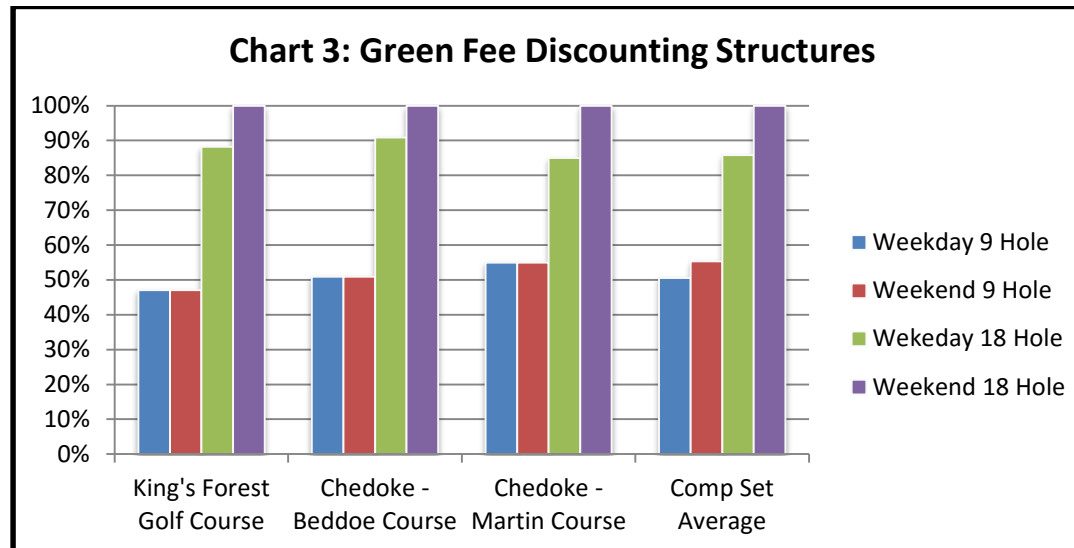
Key Observations: Green Fee Pricing:

1. The **peak 18-hole rate including a cart** for the competitive set **ranged from \$44 to \$99 with an average of \$72.32**. The price positioning for the three Hamilton Municipal Courses are spread out nicely across the competitive set; King's Forest at the mid-high end of the range, Beddoe near the competitive average, and Martin at the mid-low end of the range.
2. It is of GGA's belief that King's Forest is one of, if not the highest quality public course in the competitive set, despite a peak price that ranks below nine other competitors. The value-for-money at King's Forest is likely the strongest on the market, which needs to be reflected in future Course promotional communications.
3. The average **18-hole cart fee** at each of the Hamilton Municipal Courses is well aligned with the **average for the competitive set (\$17.28)**.



4. The off-peak discounting structure for the competitive set average is as follows:
  - a. Average 18-hole weekday green fee rates are priced at **86% of the average 18-hole weekend rate.**
  - b. Average 9-hole weekday green fee rates are priced at **59% of the average 18-hole weekday rate.**
  - c. Average 9-hole weekend green fee rates are priced at **55% of the average 18-hole weekend rate.**
  - d. **Junior fee discounts are offered by 71% of the competitive set.**
  - e. **Senior fee discounts are offered by 71% of the competitive set.**
  - f. **Twilight fee discounts are offered by 81% of the competitive set.**

Chart 3, below, illustrates the relative fee structures of the three Hamilton Municipal courses in comparison to the competitive set averages:





Overall, the fee discounting structures at Hamilton Municipal Courses are well aligned with the tactics deployed by the competitive set. The only immediate change that is necessary at this time is to raise the 9-hole weekend rates at King's Forest (47% of 18-hole rate) and Beddoe (51% of 18-hole rate). The current discounts at these two Courses is excessive, given the primary goal of setting a 9-hole fee should be to incentivize golfers to elect to pay for 18-holes. The Courses should consider setting a 9-hole weekend rate at 55% to 60% of each respective 18-hole rate.

### **HISTORIC RATE TRENDS AND ROUNDS PLAYED**

The growth trend of both green fees and rounds played in the competitive set are strong indicators of the health of the local golf market. The Hamilton golf market is still in a state of recovery dating back to the 2008/09 recession. **Rounds played at the majority of facilities are still down significantly since this period. On a positive note, the majority of course operators reported either a slight increase or a flat trend in rounds played this past year, while no courses reported a noticeable decrease in rounds.** The stagnation of growth is indicative of a mature competitive market, but the fact that several courses experienced an increasing trend this year may provide a positive outlook for demand in the future.

Green fee prices have also exhibit a flat trend across the local market over the past six years. **Between 2009 and 2013, the average annual growth in peak prices across the competitive set was just 0.24%. From 2013 to current 2015 rates, prices have remained almost completely stagnant (0.09% annually).** Overall, the cumulative average growth rate for peak prices within the competitive set is just 1.45%, less than the typical inflation rate for a single year.

**King's Forest and Chedoke were among the few Courses that actually increased prices between 2009 and 2013, and have since held prices flat.** Table 8, on the following page, highlights the peak price growth since 2009 on a course-by-course basis for the competitive set, ranked by the cumulative price growth achieved since 2009:





**Table 8: Historic Green Fee Pricing Trend in Competitive Set**

Course	Cumulative Growth	Annual change 2013-2015	Annual change 2009-2013	Peak 18-Hole Green Fee Rates		
				2015	2013	2009
Sundrim Golf Club	26.5%	8.1%	2.2%	\$ 43.00	\$ 37.00	\$ 34.00
Flamborough Hills Golf Club	21.8%	5.8%	2.3%	\$ 67.00	\$ 60.00	\$ 55.00
Century Pines	16.2%	5.3%	1.3%	\$ 64.98	\$ 58.76	\$ 55.94
<b>Chedoke - Martin Course</b>	<b>14.3%</b>	<b>0.0%</b>	<b>3.6%</b>	<b>\$ 40.00</b>	<b>\$ 40.00</b>	<b>\$ 35.00</b>
<b>Chedoke - Beddoe Course</b>	<b>12.2%</b>	<b>0.0%</b>	<b>3.1%</b>	<b>\$ 55.00</b>	<b>\$ 55.00</b>	<b>\$ 49.00</b>
<b>King's Forest Golf Course</b>	<b>9.7%</b>	<b>0.0%</b>	<b>2.4%</b>	<b>\$ 68.00</b>	<b>\$ 68.00</b>	<b>\$ 62.00</b>
Coral Creek Golf Course	9.5%	0.0%	2.4%	\$ 46.00	\$ 46.00	\$ 42.00
Knollwood Golf Club	8.7%	0.0%	2.2%	\$ 50.00	\$ 50.00	\$ 46.00
Carlisle Golf & CC	7.1%	2.7%	0.4%	\$ 76.28	\$ 72.32	\$ 71.19
Indian Wells	6.2%	0.0%	1.5%	\$ 69.00	\$ 69.00	\$ 65.00
Millcroft Golf Club	6.2%	0.0%	1.5%	\$ 69.00	\$ 69.00	\$ 65.00
Arrowdale Golf Course	0.0%	2.1%	-1.0%	\$ 25.00	\$ 24.00	\$ 25.00
Copetown Woods Golf Club	0.0%	0.0%	0.0%	\$ 73.45	\$ 73.45	\$ 73.45
Crosswinds Golf & CC	0.0%	0.0%	0.0%	\$ 78.00	\$ 78.00	\$ 78.00
Lowville Golf Club	0.0%	0.0%	0.0%	\$ 67.80	\$ 67.80	\$ 67.80
Southern Pines Golf & CC	0.0%	0.0%	0.0%	\$ 36.00	\$ 36.00	\$ 36.00
Camisle Golf Course	-2.4%	2.6%	-1.8%	\$ 40.00	\$ 38.00	\$ 41.00
Brant Valley Golf Club	-3.4%	6.8%	-3.8%	\$ 43.66	\$ 38.42	\$ 45.20
Hidden Lake	-4.2%	0.0%	-1.0%	\$ 77.97	\$ 77.97	\$ 81.36
Chippewa Creek	-4.6%	0.0%	-1.2%	\$ 48.50	\$ 48.50	\$ 50.85
Oak Gables Golf Club	-5.6%	0.0%	-1.4%	\$ 34.00	\$ 34.00	\$ 36.00
Southbrook Golf & CC	-6.3%	-4.1%	0.5%	\$ 45.00	\$ 49.00	\$ 48.00
Tyandaga Golf Course	-6.5%	-0.6%	-1.4%	\$ 50.00	\$ 50.58	\$ 53.50
Dragon's Fire Golf Club	-8.0%	-7.9%	2.3%	\$ 77.97	\$ 92.66	\$ 84.75
Mystic Golf Club	-9.1%			\$ 86.39		\$ 95.00
Scenic Woods Golf & CC	-23.9%	-9.3%	-1.6%	\$ 39.55	\$ 48.59	\$ 51.98
Willow Valley Golf Course	-25.3%	0.0%	-6.3%	\$ 66.67	\$ 66.67	\$ 89.27
Caistorville Golf Club		0.0%		\$ 30.00	\$ 30.00	
Cayuga Golf Club		-9.1%		\$ 27.00	\$ 33.00	
<b>Competitor Set Average</b>	<b>1.45%</b>	<b>0.09%</b>	<b>0.24%</b>	<b>\$ 55.01</b>	<b>\$ 53.99</b>	<b>\$ 56.94</b>



### SEASON PASS/MEMBERSHIP ANALYSIS

It is important to understand the positioning of the Hamilton Municipal Courses season passes relative to the market in order to identify gaps and opportunities. Table 9, below, highlights the common membership offerings within the competitive set, ranked by the price of the Single Unlimited Memberships at each course:

**Table 9: Membership Offerings in the Competitive Set**

Course	Yardage	Unlimited			Limited			Prepaid Packages	
		Individual	Couple	Spouse %	Individual	% Full	Couple	Rounds	% Discount
Crosswinds Golf & CC	7240	\$ 3,978			\$ 3,468	87%			
Hidden Lake	6743	\$ 3,725	\$ 7,075	90%					
Millcroft Golf Club	5735	\$ 3,696	\$ 6,640	80%	\$ 3,060	83%		15 or 30	9% / 20%
Lowville Golf Club	6323	\$ 2,938			\$ 2,034	69%			
Dragon's Fire Golf Club	7200	\$ 2,932	\$ 5,526	88%					
Indian Wells	6402	\$ 2,900	\$ 5,200	79%	\$ 2,200	76%	\$ 4,000	10 to 40	11% to 20%
Flamborough Hills Golf Club	6568	\$ 2,609	\$ 4,939	89%	\$ 2,184	84%	\$ 4,137		
<b>Chedoke Golf Club - Beddoe/Martin</b>	<b>6084</b>	<b>\$ 2,134</b>	<b>\$ 3,848</b>	<b>80%</b>	<b>\$ 1,583</b>	<b>74%</b>		<b>12 or 24</b>	<b>18% / 23%</b>
<b>King's Forest Golf Course</b>	<b>7150</b>	<b>\$ 2,134</b>	<b>\$ 3,848</b>	<b>80%</b>	<b>\$ 1,583</b>	<b>74%</b>		<b>12 or 24</b>	<b>18% / 21%</b>
Chippewa Creek	6400	\$ 1,949	\$ 3,350	72%	\$ 1,452	74%	\$ 2,610		
Coral Creek Golf Course	7030	\$ 1,850							
Southbrook Golf & Country Club	6658	\$ 1,850	\$ 3,400	84%	\$ 1,250	68%	\$ 2,200	10/25/50	11%/15%/20%
Knollwood Golf Club	6162	\$ 1,559	\$ 2,563	64%	\$ 1,153	74%			
Sundrim Golf Club	6105	\$ 1,520	\$ 2,600	71%	\$ 1,300	86%	\$ 1,740		
<b>Chedoke Golf Club - Martin</b>	<b>5745</b>	<b>\$ 1,435</b>	<b>\$ 2,419</b>	<b>69%</b>	<b>\$ 1,045</b>	<b>73%</b>			
Dunnville Golf & CC	2850	\$ 1,297	\$ 2,063	59%	\$ 1,055	81%	\$ 1,772		
Southern Pines Golf & CC	4299	\$ 1,229	\$ 2,337	90%	\$ 890	72%		12 or 25	13% / 22%
Mystic Golf Club	7365	\$ 1,187							
Scenic Woods Golf & CC	6437	\$ 1,045							
Oak Gables Golf Club	4320	\$ 1,040	\$ 1,780	71%					
Cayuga Golf Club	4756	\$ 1,016	\$ 1,919	89%				10 or 20	7% / 15%
Empire Springs Golf Club	6322	\$ 961	\$ 1,865	94%	\$ 760	79%	\$ 1,464	12	8%
Brant Valley Golf Club	5710	\$ 819						10	10%
Caistorville Golf Club	4817	\$ 745	\$ 1,290	73%					
Arrowdale Golf Course	4960	\$ 728	\$ 1,292	77%	\$ 523	72%	\$ 943		
<b>Competitor Set Average</b>		<b>\$ 1,891</b>	<b>\$ 3,366</b>	<b>79%</b>	<b>\$ 1,596</b>	<b>77%</b>	<b>\$ 2,358</b>		



Key Observations: Memberships:

1. **Full unlimited single memberships within the competitive set range from \$728 to \$3,978 with an average price of \$1,891.** King's Forest and the Beddoe/Martin joint memberships are positioned as the 8<sup>th</sup> highest priced membership within the competitive set.
2. Spousal discounts are quite common within the competitive set. **The average cost for a spouse to join is 79% of the primary member.** This structure aligns well with the current practice at King's Forest and Beddoe/Martin (80%).
3. Limited memberships are equally as common as Couples memberships, with the golf restriction almost always being a weekday only membership (occasionally afternoon weekend golf is allowed). **The average 'restricted' membership in the competitive set is priced at 77% of the respective unlimited single membership.** All three Hamilton Municipal Courses offer a slightly better discount compared to the competitive set average.
4. Prepaid round packages are advertised by roughly half of the competitive set, generally in packs of 10 or 12 to start. **Pre-paid discounts range from 8% to 18% (Hamilton Municipal Courses) for the smallest rounds pack and naturally increases as more rounds are purchased.** It is not recommended that the Hamilton Municipal Courses increase the discount any further than the current level or they will risk a declining net rate per round.
5. Flex passes are a new, versatile form of membership that is currently offered by several competitors. The low-upfront investment, 'pay-as-you-play' structure has gained popularity amongst an increasingly budget conscious golf audience across North America. Below are a few examples of flex structures currently offered among key competitors as an alternative to their traditional unlimited membership:
  - a. Dragon's Fire Golf Club: \$495 down payment to receive 20% off the applicable fee at the time of the round, applies to weekdays only.
  - b. Millcroft Golf Club: \$300 down payment to receive 20% off the peak regular priced green fee, applies to weekdays after 12pm and weekends anytime. The Club sold a limited number of these memberships in 2015.
  - c. Lowville Golf Club: \$499 down payment to receive 50% off all green fees, includes 10 free cart rides and other member perks. Or pay \$149 down payment to receive 20% off all green fees.



## INTERNAL GOLF REVENUE ANALYSIS

The previous section of the report analyzed the Hamilton Municipal Courses as they compare to the competitive set in the local market area, with the goal of identifying gaps and opportunities to support recommended changes to the current fee structures and category offerings. It will be equally critical to analyze the golf revenue performance of the three city Courses to identify the change in round make-up and the profitability of each membership category. Table 10, below, outlines the key performance metrics of each Course over the past three years as it relates to rounds played and memberships:

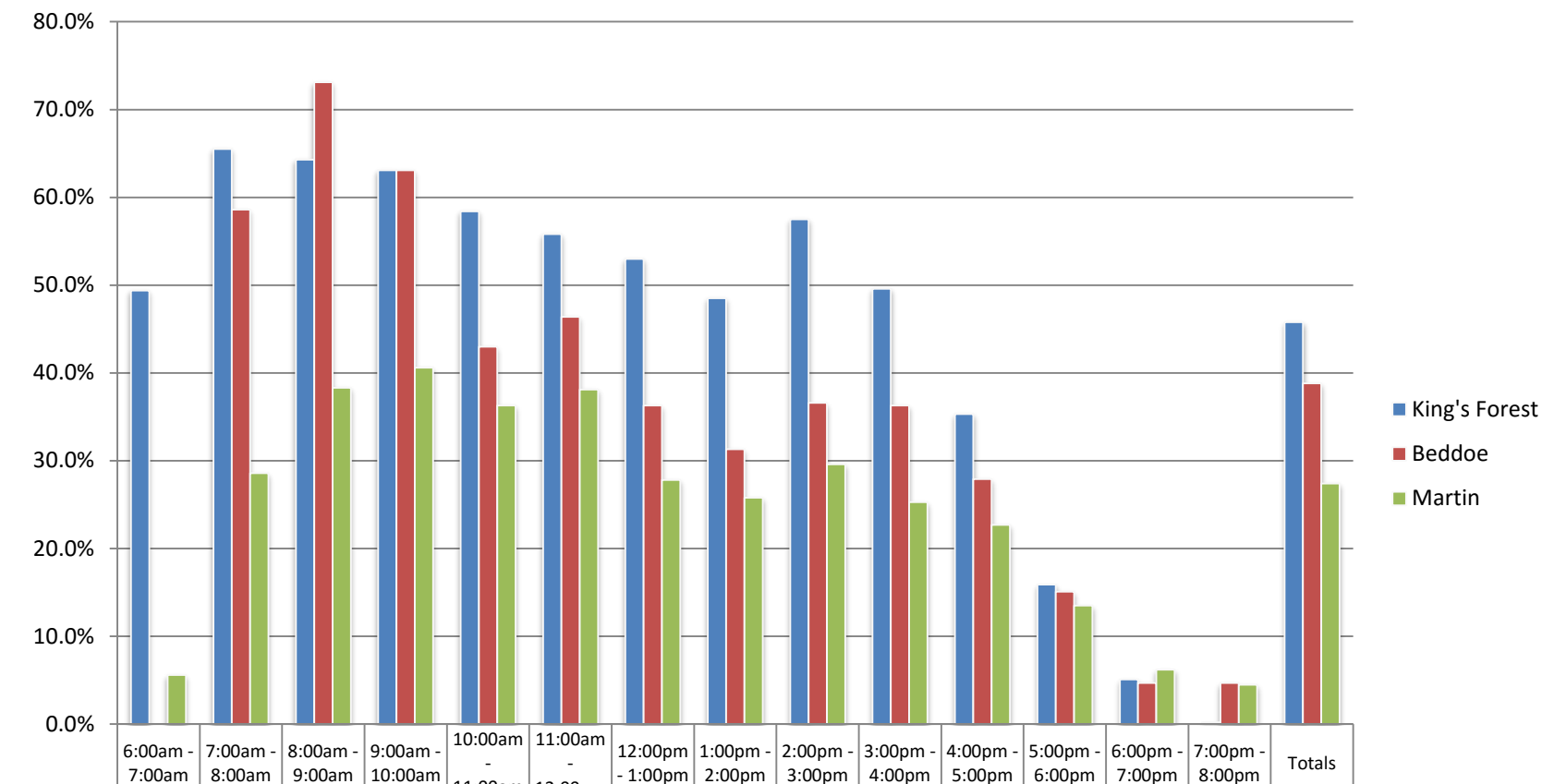
**Table 10: Revenue Metrics at Hamilton Municipal Courses**

2015 KPI's	2015			
	King's Forest	Beddoe	Martin	Overall
Paid Rounds (thru mid-Oct.)	15,620	10,065	12,604	38,289
Green Fee Net Rate per Round	\$ 36.43	\$ 29.14	\$ 21.62	\$ 29.64
Peak 18-hole Rate	\$ 56.64	\$ 46.46	\$ 32.74	n/a
Green Fee Net Rate %	64%	63%	66%	n/a
Cart Utilization rate %	49%	47%	47%	48%
Members (incl. City-Wide)	131	97	37	239
Rounds per Member	56.0	57.4	34.0	59.3
Rounds per Member (Non-City-Wide)	53.4	59.0	47.2	54.8
Net Rate per Member Round (Non-City-Wide)	\$ 25.96	\$ 24.40	\$ 15.37	\$ 24.37
Member Net Rate %	46%	53%	47%	n/a
Total peak rounds (open - 11am)	44%	49%	41%	n/a

The public net rate per round as a percentage of the peak rate ranges from 63% to 66% at the three courses in 2015, which is below the benchmark of 75%. The member net rate per round ranges from 46% (King's Forest) to 53% (Beddoe), which is also below the normal benchmark of 60%. The lower net rates for members at all three Courses is a result of a high number of rounds played per member, especially at King's Forest and Beddoe. Chart 4, on the following page, illustrates the tee time booking utilization for each course by hourly time slots at each course:



**Chart 4: Daily Tee Time Booking Utilization by Hour**



	6:00am - 7:00am	7:00am - 8:00am	8:00am - 9:00am	9:00am - 10:00am	10:00am - 11:00am	11:00am - 12:00pm	12:00pm - 1:00pm	1:00pm - 2:00pm	2:00pm - 3:00pm	3:00pm - 4:00pm	4:00pm - 5:00pm	5:00pm - 6:00pm	6:00pm - 7:00pm	7:00pm - 8:00pm	Totals
King's Forest	49.4%	65.5%	64.3%	63.1%	58.4%	55.8%	53.0%	48.5%	57.5%	49.6%	35.3%	15.9%	5.1%	0.2%	45.8%
Beddoe	0.0%	58.6%	73.1%	63.1%	43.0%	46.4%	36.3%	31.3%	36.6%	36.3%	27.9%	15.1%	4.7%	4.7%	38.8%
Martin	5.6%	28.6%	38.3%	40.6%	36.3%	38.1%	27.8%	25.8%	29.6%	25.3%	22.7%	13.5%	6.2%	4.5%	27.4%



Overall, none of the courses currently have capacity issues. King's Forest has the highest overall booking percentage at 46%, but demand is smoothed out throughout the day until about 4pm. Beddoe is much more cyclical, with tee utilization increasing as high as 73% between 8am and 9am but falling below 40% for all hours after 12pm.

The ideal image above would be a smooth and consistent trend in utilization regardless of the time of day, which is the ultimate goal of yield-management pricing programs. While all three courses have the ability to add rounds across every time slot, the twilight evening hours have the highest potential to add rounds through discounting programs and specials.



## **RECOMMENDATIONS AND OBSERVATIONS**

The Hamilton Municipal Courses have experienced a declining demand since 2010 and made minimal adjustments to peak rate pricing. Based on GGA's perception of each Course, the value-for-money is extremely high at King's Forest and could be improved at Chedoke by lowering the rates slightly. Now, the Hamilton Municipal Courses must turn their attention to aggressively increasing rounds played at each facility. It is of utmost importance for the City to embark on a robust communications and yield management program to get the word out that the Courses are moving towards dynamic pricing models, within affordability parameters in order to continue providing strong value and accessible golf to Hamilton residents while enhancing the City's ability to sustain its Courses, both from a financial and a capital perspective.

### **ON-COURSE OBSERVATIONS**

#### ***BOTH FACILITIES***

- There are very few driving range facilities within the inner-city limits despite the dense population. Demand and revenue could be increased significantly if either facility was able to offer a full-service, full-length driving range in the long-term. The self-service driving range at Chedoke is very limited in its current state as the majority of the general public will shy away from facilities that don't supply range balls. Based upon location, Chedoke would have the greatest opportunity to develop a full driving range which would significantly increase net profit.
- Carts at both facilities are in relatively poor conditioning and both fleets will need to be upgraded in the near future.
- Both facilities should strongly consider implementing GPS systems into the cart fleets, which can be funded by sponsored advertisements that appear on the screen between each hole. GPS systems speed up pace of play and are well received by the public, especially for public courses where many golfers are playing the course for the first time.

#### ***CHEDOKE***

- Forward tee location and yardage would attract a larger demographic of golfers – add gold tee and move some red tees forward. The difference between current front and back tees is very limited on some holes.



- Benches at the tee blocks are in poor condition at Chedoke. Minor renovations like this can often be accomplished with the help of volunteer members, by providing them with an incentive to take on various ‘odd-jobs’ that arise throughout the season.
- General lack of signage and wayfinding for a public course. Some existing signs are unprofessional, handmade, etc. Could improve the presentation of the courses by upgrading signage on the course and adding cart exit signs/next tee.
- Trees – shading turf, safety, etc. – could use significant removal. Greens Maintenance staff should continue to be on the lookout for trees that could be removed to improve sunlight access to greens.
- More bunkers would help improve site lines, keeping balls in play - Need to be compared to cost of maintenance.

## DAILY FEES AND SALES

1. The competitive set of courses indicate that the posted green fee rates at King’s Forest are low while the rates at Chedoke are slightly high, given the quality and reputation of each course. As such, the posted rates should be adjusted as outlined in Table 11 (page 37 and 38).
2. Maintain discounted rates for off-peak time periods as well as Junior and Senior discounts as these are all common rate categories in the competitive set and will be expected by the majority of local market golfers.
  - **Junior fee discounts are offered by 71%** of the competitive set.
  - **Senior fee discounts are offered by 71%** of the competitive set. However, very few competitors offer a discount during weekends, as the Hamilton Municipal Courses currently do.
  - **Twilight fee discounts are offered by 81%** of the competitive set.
3. Adjust twilight rate structure to improve tee time utilization in historically slow periods.





- Adjust the time that twilight rates come into effect so that the first twilight category begins at 3pm.
  - Implement and post a sunset rate for after 6pm seven days a week that allows golfers to play as many holes as they can. Evening rounds at all three courses are extremely low and this new category is expected to increase demand during these hours.
4. Post packaged pricing for specials that include green fees and cart fees for one all-in price at discounts that align with the desired net rate per round at each Course. Outside of specials, rates and cart fees should always be posted separately.
5. Keep league and tournament play operating in a consistent pattern and improve tracking of tournament rounds; improve communication of non-tournament and league days with golfers.
- 'Tournaments' need to be better defined with a set minimum number of players. Rounds and corresponding revenue needs to be tracked separately rather than lumped in with public rounds, since it is important for the Courses to understand the net rate that they are achieving for tournaments to help assess the profitability of such events.
  - Leagues and tournaments, when they do not occur consistently (i.e. Friday night couples league every other Friday or Saturday tournaments only on weekends that a tournament is booked) can have a negative impact on green fee paying golfers as their expectations surrounding tee time availability can become jaded.
  - For example, have periodic couples' nights, family nights, junior nights, and ladies nights that the courses promote a week or two in advance and does not exclude walk-up golfers or other demographics of golfers – meaning, do not turn these golfers away, allow them to play in and amongst the 'special interest groups', but have them pay regular rates.
6. Continue to post all rates as dollar values, especially for seniors and juniors.
- It is important for golfers to see dollar values as opposed to percentage discounts that require them to do their own calculations.



7. Consider eliminating the discount for junior and senior golfers during peak times and offering other specials, promotions and packages to capture junior golfers.
  - Offering a standing discount to various golfers in peak times flies in the face of a true yield management concept where your most valuable tee times should be sold at your highest price.
  - Junior golfers should not be offered discounted prices during peak times (before 11am). Allow juniors to play before 11am for the same rate as everyone else, but start the junior category pricing after 11am daily.
  - It was very rare in the competitive set for courses to offer a senior discount during peak times. The most common senior discount pricing occurred for weekdays and/or weekend afternoons. Ideally, the three Hamilton Municipal Courses should look to remove the senior discount during peak times. However, an abrupt decision like this will likely be met by significant backlash from the senior green fee players, so it is recommended that the courses consider the impact over the next few years before cutting ties with the peak senior discount.
  - Beddoe/Martin courses should consider implementing an accompanied junior special in off-peak times (weekdays and weekends after 11am) whereby accompanied juniors under the age of 14 are free on the condition that both parents (or two family members) have paid the full listed rate.
  - The Courses may even consider a special junior membership program in future years that captures juniors for the season, but restricts their play to slow times. Juniors ages 18 and under may have more flexibility to play during the late-morning and early afternoon throughout the summer depending on their summer job schedules. Generally, capturing junior members will encourage their parents to also play more frequently.
  - Including a weekly group lesson program for Junior members followed by reserved tee times is an attractive perk that will encourage many juniors serious about learning the game to join as full members, and also provides positive press for the Courses. This is a long-term recommendation that will be most effective if either facility is able to add a full-service practice range.



8. All three Courses should implement a yield management process with the goal of filling the tee sheet every day, all day:
- The goal of an effective yield management system is to fill every available tee time at the highest price the market is willing to pay in order to play. The recommended yield management process avoids posting a long stratified price list with a large number of different green fee rates for various times of the day.
  - Successful yield management programs require periodic specials and discounts to be developed and pushed out to the market on relatively short notice via all available channels based on constant tee sheet analysis. In order to be effective, these 'distribution channels' must be established and effective – think of e-mail distribution lists, social media followers and radio spots, among others.
  - The tee sheet should be constantly monitored and analyzed in order to identify times of opportunity to release special pricing for specified times in order to utilize all available inventory.
  - The first objective is to fill the tee sheet for the course at the highest possible rate. Once the tee sheet is full – or reasonably near full – Management will begin to increase the variable rate to test and measure the elasticity of price within its targeted audiences.
  - This approach does not suggest discounting the prices of tee times that are already being successfully filled. Nor does this approach suggest that the course is desperate. This approach demonstrates that the course is responding to market conditions and making a realistic response to current economic conditions.
  - In order to effectively manage a yield management program, key performance indicators must be readily available and monitored to allow for quick and decisive action.
  - Relevant performance indicators include percentage booked, percentage open, percentage sold, revenue per round and revenue per round as a percentage of the average posted peak rate with target levels for each.



- As an example, the net rate per round as a percentage of the average posted peak rate target should be 75% overall which is the mid-point of the benchmark range. **Currently, the net rate per round is hovering between 63% and 66% for the three courses.**
- The information system utilized by the course must be sophisticated enough to track and report key performance indicators and allow for advanced tee sheet management. Rounds played by type (member, flex, public, etc.) must be tracked for every hourly time slot, which is something the current Jencess system is unable to generate.
- Management should review the tee sheet 24 to 72 hours out and develop and test various promotions throughout the year designed to fill open periods on the tee sheet.
- The Courses should be cautious to avoid running the same specials every week at the same time each week as golfers may begin to learn the patterns and wait for the specials to play their rounds. Specials should vary in type and time every week.
- In order to be effective, it will be important for clear guidelines and reference points to be established on pricing and discount levels in order to help guide management to an appropriate net rate outcome.
- Table 11 on the following page provides recommended guidance for the level of discounts and green fee pricing that each Course should use in building special packages and promotions in accordance with the Course's yield management initiatives.
- The highlighted prices in the '2016 Rates' column should be posted on each Course website, along with the Packaged Rates and specials. Note that not only should the pricing be reviewed and adjusted periodically, so to should the suggested tee times for each rate.
- Please note that the pricing targets for specials should not be published and may need to be adjusted periodically throughout the year as management tests the market and determines the highest price achievable while filling the tee sheet.



**Table 11: Recommended Daily Fee Pricing**

King's Forest				
ADULT	2015 RATE	2016 RATE	<i>pretax increase</i>	Assumption
Monday to Thursday	\$60	<b>\$62</b>	\$1.70	86% of weekend peak comp set average
Friday to Sunday and Holidays	\$68	<b>\$72</b>	\$3.54	undervalued currently in the competitive set
Twilight - Monday to Thursday	\$39	<b>\$43</b>	\$3.84	70% of weekday peak
Twilight - Fri to Sun and Holidays	\$43	<b>\$50</b>	\$6.55	70% of weekend peak
Sunset (after 6pm)	n/a	<b>\$35</b>		70% of peak twilight
9 Hole (Mon-Thurs)	n/a	<b>\$37</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$32	<b>\$40</b>	\$6.73	55% weekend peak; comp set average
18 Hole Power Cart	\$34	<b>\$34</b>	\$0.00	aligned with comp set
SENIOR	RATE	RATE		
Monday to Thursday	\$46	<b>\$54</b>	\$7.08	75% comp set norm
Friday to Sunday and Holidays	\$53	<b>\$57</b>	\$3.54	few courses discount weekends; increase same % as peak
9 Hole (Mon-Thurs)	n/a	<b>\$32</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$32	<b>\$31</b>	(\$0.58)	55% weekend peak; comp set average
JUNIOR	RATE	RATE		
after 11am	\$32	<b>\$36</b>	\$3.54	50% of peak
Beddoe				
ADULT	2015 RATE	2016 RATE	<i>pretax increase</i>	Assumption
Monday to Thursday	\$50	<b>\$43</b>	(\$6.19)	86% of weekend peak comp set average
Friday to Sunday and Holidays	\$55	<b>\$50</b>	(\$4.42)	align more appropriately in comp set
Twilight - Monday to Thursday	\$33	<b>\$30</b>	(\$2.57)	70% of weekday peak
Twilight - Fri to Sun and Holidays	\$39	<b>\$35</b>	(\$3.54)	70% of weekend peak
Sunset (after 6pm)	n/a	<b>\$25</b>		70% of peak twilight
9 Hole (Mon-Thurs)	n/a	<b>\$25</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$28	<b>\$28</b>	(\$0.44)	55% weekend peak; comp set average
18 Hole Power Cart	\$34	<b>\$34</b>	\$0.00	aligned with comp set
SENIOR	RATE	RATE		
Monday to Thursday	\$40	<b>\$38</b>	(\$2.21)	75% comp set norm
Friday to Sunday and Holidays	\$43	<b>\$43</b>	\$0.00	very rare to discount weekends; do not drop price
9 Hole (Mon-Thurs)	n/a	<b>\$22</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$22	<b>\$24</b>	\$1.46	55% weekend peak; comp set average
JUNIOR	RATE	RATE		
after 11am	\$28	<b>\$28</b>	\$0.00	same as 2015



Martin				
ADULT	2015 RATE	2016 RATE	pretax increase	Assumption
Monday to Thursday	\$34	<b>\$33</b>	(\$1.17)	86% of weekend peak comp set average
Friday to Sunday and Holidays	\$40	<b>\$38</b>	(\$1.77)	align more appropriately in comp set
Twilight - Monday to Thursday	\$25	<b>\$23</b>	(\$1.88)	70% of weekday peak
Twilight - Fri to Sun and Holidays	\$30	<b>\$27</b>	(\$3.01)	70% of weekend peak
Sunset (after 6pm)	n/a	<b>\$19</b>		70% of peak twilight
9 Hole (Mon-Thurs)	n/a	<b>\$19</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$22	<b>\$21</b>	(\$0.97)	55% weekend peak; comp set average
18 Hole Power Cart	\$34	<b>\$34</b>	\$0.00	aligned with comp set
SENIOR	RATE	RATE		
Monday to Thursday	\$30	<b>\$29</b>	(\$1.33)	75% comp set norm
Friday to Sunday and Holidays	\$32	<b>\$32</b>	\$0.00	very rare to discount weekends; do not drop price
9 Hole (Mon-Thurs)	n/a	<b>\$17</b>		59% weekday peak; comp set average
9 Hole (Fri-Sun)	\$16	<b>\$18</b>	\$1.42	55% weekend peak; comp set average
JUNIOR	RATE	RATE		
after 11am	\$22	<b>\$22</b>	\$0.00	same as 2015

***\*Management has voiced concern that it may be difficult to raise daily fee rates at King’s Forest in advance of the 2016 golf season. Accordingly, it will be imperative in 2017 to increase King’s Forest green fees as per the structure indicated in this report.***

9. Continue with current tee time intervals and ensure starters manage appropriate start times and intervals between groups in order to help maintain a fast pace of play.
  
10. Shorten the length of time that all players can book tee times in advance to one week. Given the quality at King’s Forest as one of the best public courses available to play in the region, it’s anticipated that the course will encounter golfers wishing to book in advance of the 7-day booking period. Rather than turning away these customers, the Course should implement an ‘upcharge’ of \$10 at peak times and \$5 at off-peak times for those wishing to book prior to the 7-day booking period.
  
11. Build on the current relationship with GolfNow.com and UnderPar.com in order to broaden the market audience by reaching out-of-market golfers at a low cost while leveraging the far reaching and robust marketing and advertising capabilities of these partner sites.



- Third party tee time sellers such as GolfNow have a large audience of golfers who search for available tee times via their tee time interface. Golf now partnered with 6,000 courses and booked over 11,000,000 rounds in 2013 and increased the figure to 9,108 partners with 13,436,981 rounds in 2014. The impressive growth of GolfNow is proving that golfers are aware of and actively using the site to book their rounds.
- In continuing to use these partners, each course should make sure that any specials and discounts offered to the market are efficiently and effectively promoted through each of these sites and that the special green fee rates are reflected on these tee sheets.
- UnderPar allows courses to pre-sell a substantial number of off-peak time green fees during times that are historically very slow or prone to significant weather vulnerabilities. The adoption of this type of strategy will assist with cash flow, especially considering that each course does not have a very strong membership program currently, which most courses leverage to assist with cash flow.
- UnderPar can also help the Courses hedge the risk of poor weather for upcoming golf seasons. Based on historic weather patterns, the use of 'Under Par' to sell 1,000 rounds at a 2 for 1 discount in off-peak times, before May 31<sup>st</sup> and after September 10<sup>th</sup>, should be considered in order to reduce risk of lost revenue due to weather.
- Each Course should utilize these discount tee time resellers as an integral part of their distribution channel in relation to the yield management strategy in order to fill all tee times with the highest price the market is willing to pay.

12. Continue leveraging power carts to enhance the value proposition in special promotions.

- Enhance the value proposition in 'special promotions', i.e. offer \$10 carts or \$5 carts or free carts as part of special promotions in order to fill tee times without having to discount green fees far beyond the levels identified in Table 11.

13. Implement walk-on rates during periods that are notoriously slow.



- Use the discount rate sheet above to encourage golfers at the last minute or as they are driving by to stop in for a quick round of golf at discounted walk-on rates, availability permitting.
  - Do not post the walk-on rates, but promote the opportunity referencing a range of discounts available depending on the day of the week and the time of the day.
14. Implement and aggressively advertise a rain check policy that rewards golfers for coming to the Courses and braving the weather on days when it is raining.
- Each Course should provide golfers that tee off in the rain another round of golf in off-peak times in order to bolster utilization during bad weather days and to incentivize golfers to come to the Courses even if the weather is not looking promising. This should be posted to the Course websites.
15. Monitor the net rate per round on a weekly basis through sales report analysis and make adjustments to special packaging and promotions in order to ensure revenue per round is kept within the targeted range. Aim for 75% as a best-practices benchmark in perpetuity and adjust pricing accordingly to hit this target.

## MEMBERSHIP

16. Full unlimited membership pricing at each Course should maintain a similar price positioning in the competitive set as the green fee pricing for each Course. Accordingly, the Beddoe/Martin membership should not be priced at the same level as the King's Forest membership to reflect the difference in quality and to cover more price points within the competitive set.
- a. **Full unlimited single memberships within the competitive set range from \$728 to \$3,978 with an average price of \$1,891.** King's Forest and the Beddoe/Martin joint memberships are positioned as the 8<sup>th</sup> highest priced membership within the competitive set.
17. Maintain current ancillary membership categories (Couples, Weekday, Senior, Junior) and adjust pricing as recommended herein.





- a. Spousal discounts are quite common within the competitive set. **The average cost for a spouse to join is 79% of the primary member.** This structure aligns well with the current practice at King's Forest and Beddoe/Martin (80%). The discount could be increased at each Course given the desire to acquire more members, so that the spousal membership is priced at 75% instead of 80%.
  
  - b. **The average 'restricted' membership in the competitive set is priced at 77% of the respective unlimited single membership.** All three Hamilton Municipal Courses offer a slightly better discount compared to the competitive set average. In 2016, each Course should offer the weekday membership at 75% of the full membership and adjust pricing in the future depending on how the prices are received by the market.
18. Any new memberships developed in the future should be designed to control and protect a minimum net rate per round (benchmarked for memberships at 60% of the average posted peak rate).
19. During the time period between 8am and 10am each morning, when demand is strongest, each Course should ensure that a maximum of 5 out of the 13 tee time slots are available to be booked by members. This will ensure that each Course is maximizing the revenue that can be earned from peak green fees and not turning away public golfers willing to pay peak fees. If the extra tee times between 8am and 10am remain un-booked, allow members to claim them two days in advance.

Table 12, on the following page, highlights the recommended changes to the 2016 full season passes at each Course:



**Table 12: Recommended Membership Pricing 2016**

<b>KING'S FOREST SEASON'S PASS</b>	<b>2015 RATE</b>	<b>2015 pre tax</b>	<b>2016 RATE</b>	<b>2016 pre tax</b>	<b>Pre tax change</b>	<b>Assumption</b>
Adult	\$2,134.31	\$1,888.77	<b>\$2,300.00</b>	<b>\$2,035.40</b>	7.76%	still below comparable courses after increase
Couples	\$3,847.84	\$3,405.17	<b>\$4,025.00</b>	<b>\$3,561.95</b>	4.60%	comp average is 79%; adjust to 75% for spouse
Weekday	\$1,582.90	\$1,400.80	<b>\$1,725.00</b>	<b>\$1,526.55</b>	8.98%	adjust up to 75% of full; comp average is 77%
Senior	\$1,533.20	\$1,356.81	<b>\$1,652.22</b>	<b>\$1,462.14</b>	7.76%	same % bump as full (7.8%); still below comp norm
Junior	\$523.72	\$463.47	<b>\$564.38</b>	<b>\$499.45</b>	7.76%	same % bump as full (7.8%)
<b>BEDDOE/MARTIN SEASON'S PASS</b>	<b>2015 RATE</b>	<b>2015 pre tax</b>	<b>2016 RATE</b>	<b>2016 pre tax</b>	<b>Pre tax change</b>	<b>Assumption</b>
Adult	\$2,134.31	\$1,888.77	<b>\$1,995.00</b>	<b>\$1,765.49</b>	-6.53%	need lower rate to encourage more rounds
Couples	\$3,847.84	\$3,405.17	<b>\$3,491.25</b>	<b>\$3,089.60</b>	-9.27%	comp average is 79%; adjust to 75% for spouse
Weekday	\$1,582.90	\$1,400.80	<b>\$1,496.25</b>	<b>\$1,324.12</b>	-5.47%	adjust up to 75% of full; comp average is 77%
Senior	\$1,533.20	\$1,356.81	<b>\$1,496.25</b>	<b>\$1,324.12</b>	-2.41%	adjust to 75% of full
Junior	\$523.72	\$463.47	<b>\$500.00</b>	<b>\$442.48</b>	-4.53%	\$500 all in; take away weekend morning privileges
<b>MARTIN SEASON'S PASS</b>	<b>2015 RATE</b>	<b>2015 pre tax</b>	<b>2016 RATE</b>	<b>2016 pre tax</b>	<b>Pre tax change</b>	<b>Assumption</b>
Adult	\$1,434.93	\$1,269.85	<b>\$1,300.00</b>	<b>\$1,150.44</b>	-9.40%	need lower rate to encourage more rounds
Couples	\$2,419.02	\$2,140.73	<b>\$2,275.00</b>	<b>\$2,013.27</b>	-5.95%	comp average is 79%; adjust to 75% for spouse
Weekday	\$1,045.37	\$925.11	<b>\$975.00</b>	<b>\$862.83</b>	-6.73%	adjust up to 75% of full; comp average is 77%
Senior	\$1,018.79	\$901.58	<b>\$975.00</b>	<b>\$862.83</b>	-4.30%	adjust to 75% of full
Junior	\$386.74	\$342.25	<b>\$350.00</b>	<b>\$309.73</b>	-9.50%	\$350 all in; take away weekend morning privileges

***\*Management has voiced concern that it may be difficult to raise membership rates at King's Forest in advance of the 2016 golf season. Accordingly, it will be imperative in 2017 to increase King's Forest membership rates as per the structure indicated in this report.***

20. Implement a City-Wide 'Flex Pass' for 2016 in order to capture loyalty and as a low-cost alternative to membership.

- High-end market area courses that offer similar passes charge between \$300 and \$500 upfront and a 20% to 50% discount on green fees thereafter.



- Accordingly, the new flex pass at each course will be modelled to capture the same amount of annual revenue as a full membership (based on average of 40 rounds per member) so as not to cannibalize traditional season passes while providing a flexible option for golfers.
- Instead of offering a percentage off green fees, the courses should set specific green fee rates that appear to the golfer to be significant discounts.
- The number of Senior passes should be limited to a set capacity (to be determined) since this category provides a low net rate per round (only slightly higher than the 2015 public net rate per round for each course).
- An upfront payment will be required in order to obtain each 'Flex Pass'. Pass holders will then be entitled to lower priced green fees and cart fees, advanced tee-time booking privileges, as well as discounts on merchandise and food and beverage. Table 13, on the following page, highlights a suggested Flex Pass structure:



**Table 13: Suggested Flex Pass (not including HST)**

<b>Flex Pass Characteristics – ADULT</b>	<b>King’s Forest</b>	<b>Beddoe</b>	<b>Martin</b>
1. Activation Fee to Purchase Pass	\$265 One Time		
2. Peak Green Fee (25% off before 11am; 40% at Martin)	\$44.47	\$30.86	\$18.85
3. Non-Peak Green Fee (40% off all courses)	\$35.58	\$24.69	\$18.85
4. Cart Fee (\$2 off)	\$13.27	\$13.27	\$13.27
5. Merchandise and Food and Beverage Discount	10% Off	10% Off	10% Off
<b>6. Projected Net Rate per Round (avg. 40 rounds)</b>	<b>\$46.16</b>	<b>\$34.35</b>	<b>\$25.49</b>
<b>Flex Pass Characteristics – SENIOR</b>	<b>King’s Forest</b>	<b>Beddoe</b>	<b>Martin</b>
7. Activation Fee to Purchase Pass	\$225 One Time		
8. Peak Green Fee (25% off before 11am; 40% at Martin)	\$36.84	\$26.88	\$16.19
9. Non-Peak Green Fee (40% off all courses)	\$29.47	\$21.50	\$16.19
10. Cart Fee (\$2 off)	\$13.27	\$13.27	\$13.27
11. Merchandise and Food and Beverage Discount	10% Off	10% Off	10% Off
<b>12. Projected Net Rate per Round (avg. 40 rounds)</b>	<b>\$38.36</b>	<b>\$29.76</b>	<b>\$21.82</b>

- The Flex Pass should act like a prepaid gift card, payment of the \$265 ‘activation fee’ should activate a card that the pass holder is able to pre-load with money to be used to pay for anything at each Course.
  - The flex program needs to be promoted early and often during the upcoming winter. City affiliated publications and the city-wide resident email list should be leveraged to make sure residents are aware of the low upfront cost to join the program and that spots may be limited depending on demand.
21. Adjust the pricing for pre-paid green fee booklets and ensure no carry-over periods between seasons.
- Market competitors’ offer pre-paid green fee booklets in various sizes at various discount levels. Typically, a 10 round pack would be discounted at 10%, a 15 round pack at 15%, a 20 round pack at 20% and so on, taking into account the average rates.



- The current discounts at each Hamilton Municipal Courses are too generous, and should be adjusted to the model above in order to avoid cannibalizing the demand for 'Flex Memberships'.

## MARKETING

22. Both facilities need to develop an email list database to serve as the basis for future specials and promotions. Starting in 2016, the courses should attempt to gain contact information from every public player in order to strengthen the Hamilton Municipal Course network.

- Offer \$1 off the green fee in exchange for their e-mail and consent to join the e-mail list.
- The same offer can work to encourage golfers to 'like' the Course's Facebook page or other social media outlets.

23. Continue to leverage the "SPECIALS" tab on the website home page for daily and weekly specials.

- In all promotional communications, the Hamilton Municipal Courses should link to the 'SPECIALS' page on the website to direct all traffic from various communications regarding specials being pushed out via e-mail blast and other media to the Course's website.

24. Continue to build social media presence and embark on an aggressive social media campaign in 2016.

- Emerging trends are for golfers to follow their favourite golf courses via social media for news, weather, specials and activities.
- Key social media outlets include Twitter, Facebook, Pinterest, and Google Plus.
- The key to social media is to communicate often and in an interesting, relevant and engaging way and to amass as large a 'following' as possible. The number of people 'connected' and 'following' each Course on social media is essentially a measure of the potential 'reach' each communication has. Without a 'following', communications go largely unheard; however, without



constant communications, it is difficult to entice people to follow each Course and thus build a 'following' and with it significant 'reach'.

- While it is important to avoid 'over-communicating' via e-mail blasts, being in danger of over-communicating on social media is much more difficult. Social media is an excellent tool and channel for each Course to entice people to get out to the Course in real-time and visually through photographs and other creative posts.
- The Chedoke Courses are currently on Facebook (51 'likes') while King's Forest is basically inactive (4 'likes'). Neither Course has a Twitter presence at this time.
- Both facilities must focus on significantly enhancing their following in 2016.
- Many public golf facilities have successfully built a sizeable following on Twitter and use it as another free means of disseminating special promotions and Course news in a quick and efficient manner.
- Each Course should set-up a page on Google+ and begin to communicate and build a following through this social media outlet as well. A Google+ page and profile is important as it helps with search engine optimization.
- Each Course should bolster their presence on Pinterest and Instagram as well in order to develop a relationship and capture the female social media crowd, widely accepted as the greatest demographic utilizing these two outlets.

25. Continue to develop and test a robust, efficient and effective communications distribution channel.

- Over the next few months and throughout 2016, the Hamilton Municipal Courses should test various communication methods, such as e-mail blasts, twitter, Facebook, google+, radio spots, website posts and other online advertisers.
- This is accomplished by only selecting one or a small few to distribute target specific specials and tracking where customers heard about the specials when they come in to golf.



26. Develop and implement other marketing programs that will drive customer loyalty and retention while enhancing utilization:

- Word-of-mouth and viral marketing options will be the primary marketing vehicles to be used in 2016 and beyond. The Course(s) must call on programs that reward repeat/return play - promotional rounds after certain volume thresholds are achieved by each golfer (i.e. play ten rounds and the 11<sup>th</sup> round is free) – and that increase the frequency of play (i.e. prizes for most rounds played).
- Following are several programs that should be rolled out in 2016:
  - ‘My Best Friend’ – Viral marketing program that enables existing golfers to promote the Course to friends. The goal here is to increase the audience of golfers and offer ‘best friends’ who have not played the course a discount.
  - ‘Best Customer Recognition’ – Recognize most frequent golfers with monthly and annual awards that encourage frequent and repeat play. For example, a winter trip to Florida for the four non-member golfers who play the most rounds at each course. Or, special prizes (i.e. sports tickets or golf balls or all-the-coffee-you-can-drink) for non-member golfers who play more than 40/60 rounds per year at The Hamilton Municipal Courses.
  - Members can also be rewarded in the same way for the ones that bring in the most guest rounds to each Course.
- Host a ‘pay-what-you-think-its-worth’ day (specifically at King’s Forest where the current value for money is strongest) – This concept encourages golfers that have never played King’s Forest to come out to the Course and play a round. Each golfer offers feedback on the course at the end of their round and pays the Course what they felt it was worth. The day should be structured to offer a fun and enjoyable experience on the Course. Accordingly, tee time intervals should be sizeable to ensure a quick round of golf, numerous marshals should be out on the course to ensure pace of play is moving and to pleasantly deal with any issues and free beverages and snacks should be offered on certain holes, among other things.
- Test various ‘nine and dine’ programs to promote couples golf - Test the market on several weekend evenings with a ‘nine and dine’ event for couples or parent and child beginning at 4:00 to 4:30 p.m. The fee would be the twilight rate plus the dinner at full price which would include a food and beverage special.



## REVENUE IMPACT

The financial success of the golf operation at each course in 2016 and beyond will rest on the ability to execute the three-pronged strategy listed below:

- I. **Flex Program** that competes strongly with current programs in the area. No other competitor membership around can offer the mix of location, quality and different course offerings at the low-cost value of the 2016 proposed Hamilton Municipal Course flex pass.
- II. **Aggressive Yield Management philosophy** that leads to effective dynamic pricing and maximizes public rounds played at each course.
- III. **Robust Marketing and Communication** that not only promotes the benefits of a city-wide flex pass, but also extends the reach and network of each course to Hamilton residents in a way that ensures outgoing communication is directed to a high volume of target specific recipients.

The successful execution of the above outlined strategy supports the potential for significant revenue gains from golf operations (green fees, membership fees, cart fees). Based on the market analysis, current state of the industry and past experience with similar courses, GGA believes King's Forest has the potential to achieve 27,000 annual rounds played in 2016, while the Chedoke Courses are beyond capable of running 45,000 combined rounds.

It is also important to note for long-term strategic purposes that GGA believes an upgrade to the practice facility at Chedoke will provide the greatest revenue opportunity for the City moving forward. A 10-acre full practice range at the premium Chedoke location in the heart of the city could significantly increase net income; and as a result, a feasibility study should be considered.





Table 14, on the following page, outlines the potential net revenue impact for the 2016 season at each course, based on the following key assumptions:

- King's Forest will run 27,000 rounds in total while Chedoke will run 45,000 – 24,000 at Beddoe and 21,000 at Martin.
- 25% of current members will leave, mostly as a result of transitioning to the flex program. The number at King's Forest is projected to be slightly higher (35%) due to the price increase for each membership category.
- Members will exhibit the same rounds behavior (rounds per member) as that of 2015. The remaining rounds will be made up of 70% public play and 30% flex play.
- Flex members are assumed to play 40 rounds on average, for the purposes of calculating their net rate per round.
- 75% of flex rounds will come from adult flex members while 25% will come from Senior flex members. The senior flex category should have a cap on the number of passes sold to ensure that Senior flex members never make up the majority of flex rounds.
- The public net rate per round will increase by \$3.50 at King's Forest as a result of increases in the average green fee pricing across most rate categories. The net public rate per round at Beddoe will decrease by \$4.40 while the Martin rate decreases by \$1.80 for similar reasons.
- The cart utilization rate will remain the same as 2015 for the purposes of projecting revenue in 2016.
- The average membership price increase as a result of rate changes has been estimated as the following for each Course:
  - King's Forest – 7.3%
  - Beddoe – (5.9%)
  - Martin – (6.6%)

***Note\*: The following impact revenue table projects revenues using the GGA proposed rates (increased fees at King's Forest). The net effect of freezing 2016 rates at King's Forest will result in a revenue loss of \$60,589 at King's Forest compared to the figures in table 14, assuming the same number of rounds played.***



Table 14: Revenue Impact of Proposed Rate Changes

	2015			2016 Projected			NET IMPACT		
	KF	Beddoe	Martin	KF	Beddoe	Martin	KF	Beddoe	Martin
<b><u>PUBLIC ROUNDS</u></b>									
Total Rounds	22,961	14,822	14,677	27,000	24,000	21,000	4,039	9,178	6,323
Public Rounds	15,620	10,065	12,604	15,560	14,303	13,612	(60)	4,238	1,008
Change in net rate as a result of price increase				\$3.50	-\$4.40	-\$1.80	\$3.50	-\$4.40	-\$1.80
Public net rate	\$36.43	\$29.14	\$21.62	\$39.93	\$24.74	\$19.82	\$3.50	-\$4.40	-\$1.80
<b><u>FLEX</u></b>									
Flex Rounds				6,669	6,130	5,834	6,669	6,130	5,834
Flex Rounds Adult				5,001	4,597	4,375	5,001	4,597	4,375
Adult Flex net rate				\$46.16	\$34.35	\$25.49	\$46.16	\$34.35	\$25.49
Flex Rounds Senior				1,667	1,532	1,458	1,667	1,532	1,458
Senior Flex net rate				\$38.36	\$29.76	\$21.82	\$38.36	\$29.76	\$21.82
<b><u>MEMBERSHIP</u></b>									
Member Rounds	7,341	4,757	2,073	4,772	3,568	1,555	(2,569)	(1,189)	(518)
Membership Attrition				35%	25%	25%	35%	25%	25%
Avg. membership price increase				7.3%	-5.9%	-6.6%	7.3%	-5.9%	-6.6%
<b><u>CARTS</u></b>									
Utilization rate	48.9%	46.9%	46.9%	48.9%	46.9%	46.9%	0.0%	0.0%	0.0%
Public 18-hole rate				\$15.04	\$15.04	\$15.04	\$15.04	\$15.04	\$15.04
Member 18-hole rate				\$13.27	\$13.27	\$13.27	\$13.27	\$13.27	\$13.27
Flex 18-hole rate				\$13.27	\$13.27	\$13.27	\$13.27	\$13.27	\$13.27
<b><u>REVENUE (GREEN FEES, CARTS, MEMBERSHIP)</u></b>									
Membership Revenue (incl. City-Wide split evenly)	\$173,415	\$130,967	\$27,366	\$120,948	\$92,430	\$19,170	-\$52,467	-\$38,537	-\$8,196
Public Green Fee Revenue	\$568,993	\$293,321	\$272,501	\$621,261	\$353,884	\$269,786	\$52,268	\$60,563	-\$2,715
Flex Green Fee Revenue - Adult				\$230,848	\$157,895	\$111,509	\$230,848	\$157,895	\$111,509
Flex Green Fee Revenue - Senior				\$63,953	\$45,602	\$31,822	\$63,953	\$45,602	\$31,822
Cart Revenue	\$190,754	\$117,594	\$117,594	\$188,608	\$161,282	\$142,033	-\$2,146	\$43,689	\$24,439
<b>Golf Ops Revenue Actual (Year-End)</b>	<b>\$962,105</b>	<b>\$993,189</b>		<b>\$1,225,619</b>	<b>\$1,385,414</b>		<b>\$263,514</b>	<b>\$392,225</b>	
<b>Overall Golf Ops Revenue Actual (Year End)</b>		<b>\$1,955,294</b>			<b>\$2,611,033</b>			<b>\$655,793</b>	



## **RESTRICTIONS**

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GGA reserves the right (but will be under no obligation) to review all calculations included or referred to in this report and, if we consider it necessary, to revise our conclusions in light of any information existing at the report date which become known to GGA after the date of this report.

GGA instructs that its analysis must be considered as a whole and that selecting portions of the analysis or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Market Analysis. The preparation of a Market Analysis is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

***Global Golf Advisors, Inc.***

***November 2015***