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GOLF & BUSINESS

Has golf's demise been greatly exaggerated?

By [Mike Stachura](#)

Have you heard the rumor about the golf industry dying? The one that's been all over the news, on social media and, yes, even on your premium cable channels?

Yes, it's been a rough week for the golf business. But do the headlines tell the whole story?



The bad-news cycle started last week with the announcement by [Dick's Sporting Goods](#) that it was essentially firing its 478 PGA professionals. While no detailed explanation was provided, the company's dismal first-quarter earnings report (a \$34 million loss) cited declining golf sales as a major contributing factor. As DKS chairman and CEO Ed Stack said in May, "We really don't know where the bottom is in golf. ... The industry has a real issue."

So when the leading off-course retailer of golf equipment, a publicly traded company, essentially projects a lack of faith in the golf business, it was only natural for the story to take on a globalized life of its own. [ESPN](#), [The Wall Street Journal](#), [Forbes](#) and the television networks all jumped on the opportunity to write golf's death sentence.

It didn't help that the bad business news came the same week that [HBO's "Real Sports"](#) attacked golf's perceived decline by opening a feature with a walk through an overgrown, shut-down golf course by host and golfer Bryant Gumbel. Former TaylorMade CEO Mark King, current president of Adidas North America, offered little encouragement for the state of the game when he said, "Every leading macro indicator we've been using for the last 20 years is saying that less people are playing, and they're playing less frequently." That was followed by Gumbel offering this gem: "Even as the economy recovers, golf remains in a nosedive."



The consensus has been consistent, as Lauren Lyster of Yahoo! Finance put it on ABC News: “We haven’t seen signs of a turnaround; if anything, we’ve seen signs of continued decline and continued struggle.”

But maybe the experts of doom haven’t been looking hard enough. The problem is, the signs the naysayers, the analysts and even the business leaders keep citing don’t tell the whole story.

Contrary to popular belief, there are positive stories in equipment sales, rounds played, and even employment opportunities. The professional game might be on better financial footing than any other individual sport, and maybe most important, the game’s leaders have embraced the idea of growing the game in its most important way: young people. The story of golf in July 2014 certainly is not candy canes and rainbows, but those clouds might not be as dark as others have been so quick to point out.

Has 2014 been a down year for equipment sales and rounds played? Certainly. Is there an oversupply of golf courses (fueled by unsustainable real-estate projections) and golf-equipment inventory (driven by overzealous manufacturers who were primed by unrealistic sales forecasts from certain large-scale retailers)?

Unquestionably. But that’s a relative and limited point of view. First, let’s remember this: There were about 5 million golfers in 1960. While U.S. population has increased only some 75 percent since then, the number of golfers has more than quintupled to around 25 million.

Recent data from golf-retail research firm Golf Datatech show that the sale of hard goods (clubs, balls, bags, shoes and gloves) through the first six months of the year are higher than or equal to 12 of the previous 17 years. Is the trend line down from the somewhat freakish highs of 2006-'08? Yes. But there are unquestionable categories of enthusiasm this year. Iron sales, the largest purchase a golfer makes, have been up this year. The wedge market, thought to be dead after the USGA rolled back groove performance, has been consistently up this year. Even the footwear market has been an important, steady source of revenue. Callaway Golf just announced its second-quarter earnings and noted its sales for the first half of 2014 were up 9 percent, with growth in all categories, including woods (up 8 percent), irons (up 14 percent), putters (up 9 percent) and golf balls (up 7 percent).

There have been arguments that television ratings for golf are down in 2014 (and indeed the majors have been off), but according to the PGA Tour, the number of unique viewers this year is consistent, and sponsorship

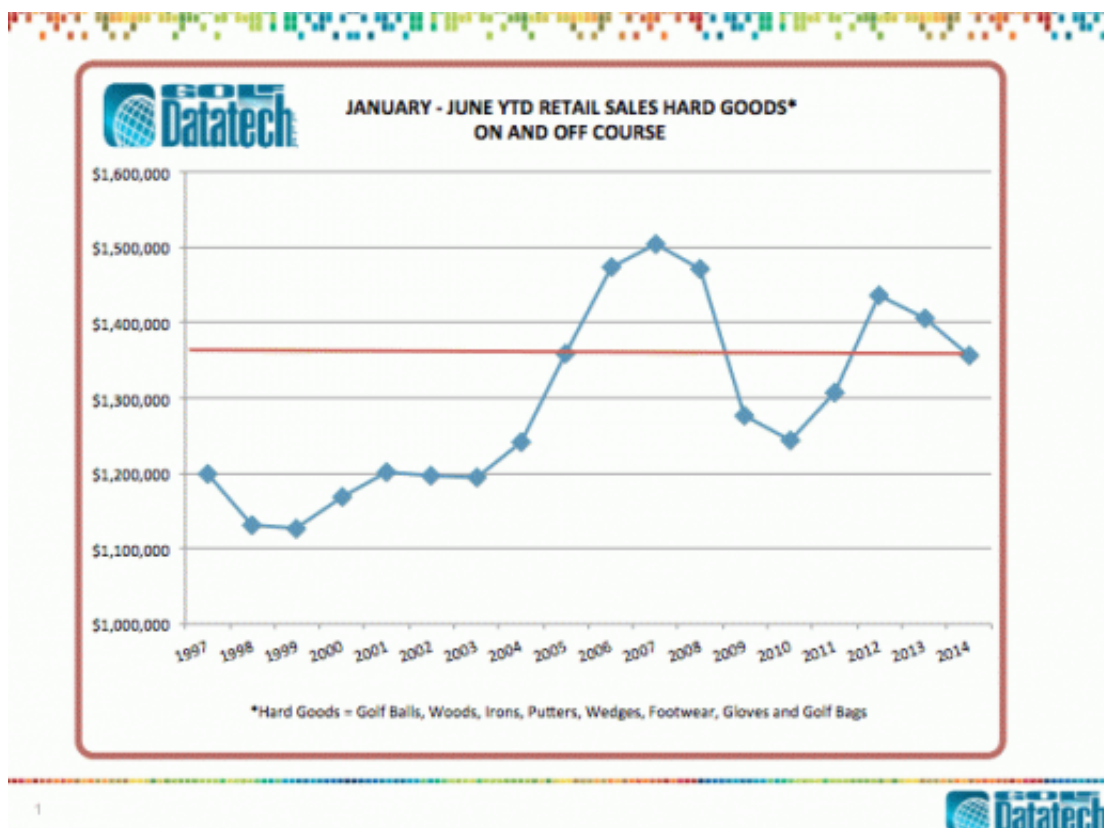
interest across all tours has risen to unprecedented levels. Golf Channel set a ratings record for the month of April this year.

“The professional game is stronger than it’s ever been, with record years for not just us but the LPGA, too,” said PGA Tour commissioner Tim Finchem. “There are a lot of bright signs, and you have to keep everything in balance.”

Balance might seem a hard thing to develop when nearly 2 percent of the PGA of America’s membership is fired in one afternoon by Dick’s Sporting Goods. But beyond those headlines of doom and gloom is the positive progress report from GolfTEC, the golf-instruction franchises that utilize a patented motion-capture analysis technology to teach more lessons than any single entity in golf. It’s in the middle of a record-setting year for its 190 facilities nationwide in terms of revenues, lessons and number of locations, and according to co-founder and CEO Joe Assell, it will be hiring an additional 100 PGA professionals over the next six months. Its business has doubled in the past five years.

“While others reference macro trends and complain about long-term declines, we focus on growing our business one golfer at a time,” Assell said. “The success of GolfTEC is built on making better golfers. When people shoot lower scores they play more often and enjoy the game more. Golf needs this now, because it’s the fuel that will help our industry grow across the board.”

On the front lines, the news of rounds played can be viewed in two ways. Certainly, the sheer numbers of rounds are down and weather has been a large factor. This June was one of the six wettest Junes in the United States in the past 120 years. But a look inside those down numbers shows an increase in golf being played when the weather cooperates. The average rounds-per-day-open through June 2014 was up 2.7 percent compared to 2013. Twenty-one states reported rounds played were up in June.



The sale of hard goods in golf, while down this year, is still up from a decade ago.

Joe Munsch, president and CEO of Texas-based golf-course management firm Eagle Golf, thinks the sky-is-falling reports have been overstated. He cites a National Golf Foundation report that suggests in addition to the 25 million golfers in the U.S., there are 27 million others interested in playing golf.

“To me, that sounds like there is more opportunity to grow the game than there is a threat that the sport is losing favor,” he said. “We have to find a way to introduce new players to the game in a way that starts off fun, doesn’t take six hours, and does not intimidate the beginners.”

Maybe out of desperation, but in a systematic effort, the game is doing just that, arguably more so than at any time in its history. There have been documented success stories with alternative golf forms like larger holes and the soccer-golf hybrid FootGolf, as well as the enthusiasm behind the TopGolf driving-range craze. Even the [once-staid USGA has embraced the nine-hole round](#) as a solution for the over-scheduled, lapsed golfer.

The PGA of America-sponsored Get Golf Ready program, which offers five lessons to adults for about \$100, has been a continued proven driver of interest, says Ted Bishop, president of the PGA of America. At the junior level, Bishop also points to the growth in participation in just one year of the Drive, Chip and Putt Competition. In its first year, qualifying events were offered in just 14 states, but its second season shows the program is in all 50 states. The PGA Junior League, which is a team-based Little League-like approach to junior golf, is in just its third year and involves more than 7,000 facilities and more than 20,000 youngsters, double what it was a year ago. Bishop estimates in the next five years, the PGA Junior League could involve 50,000 players, up from zero just two years ago.

“This is a real barometer of the future of the game,” said Bishop, who also coaches a team at Legends Golf Club in Indiana, where he is the general manager. “The interaction between kids has been so impressive to me, and that clearly has led to increased interest. Then, you add in that the parents of these kids, who are themselves not golfers, are developing an interest in the game because of their kids’ interest.”

Bishop makes an even more salient point about the economy of golf. Rather than the perception that the game is too expensive, he notes that 80 percent of the rounds played are at public golf courses where the average green fee for 18 holes is \$28.

“These parents are the millennials, the people you’re talking about trying to get into the game,” Bishop said. “When you’re looking at your recreational budget and what you can do together as a family, I think more people are going to say, ‘Golf is something we can do.’”

Bishop and other leaders believe young people are not only the catalysts for golf’s future, but the strongest elements of golf’s present. Finchem points to The First Tee reaching a record 3.5 million youngsters in the last year. That’s a powerful number when you realize that a traditional, outdoor, analog game like golf is somehow energizing a nation that is eschewing physical education, battling a growing childhood-obesity problem and fighting a culture that sees kids spending nearly eight hours a day in front of screens.

Golf’s youth numbers are even more encouraging when a study from U.S. News & World Report showed that youth participation in football, baseball, basketball and soccer is on the decline.

In his 20 years at the helm of the PGA Tour, Finchem has seen the professional game through incredible growth and challenging economic times. He cautions about focusing an assessment of the game’s strength on “a pinpoint piece of data.” He talks a more positive game than the stories of last week might have you believing.

“I think we have to work harder in today’s world to get people to try the game and get into the game, and we have to do some things that we really haven’t done in the past to help with that,” he said. “Really, it comes back to the youth, reaching out to youth. You can’t expect youth to come to the game, you have to bring the game to young people. We’re dealing with it -- we’ve got to get better at it -- but I see a lot of bright spots. I’m very bullish on the future of the game both here in the United States and globally, where it’s growing quite nicely. And with golf going in the Olympics, that’s going to be accelerated.”

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