

Clubs in COVID and Beyond

Connecticut Chapter
Club Management Association
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PRIVATE CLUB PLANNERS & CONSULTANTS

Clubs in COVID


- The COVID pandemic has been the single greatest opportunity for private clubs in the last 20 years.





Pre-COVID Challenges



- Going into 2020, club leaders worried about:
 - Getting members' attention – family, travel, work, etc.
 - Negative perceptions around privacy and exclusivity
 - Burgeoning Competition
 - Extensive dining options in all styles and price points
 - New club and club-like concepts
 - Resorts
 - Declining participation in golf, especially among the younger generation
 - Creating value for the next generation of members
 - Finding and keeping staff in near zero unemployment environment
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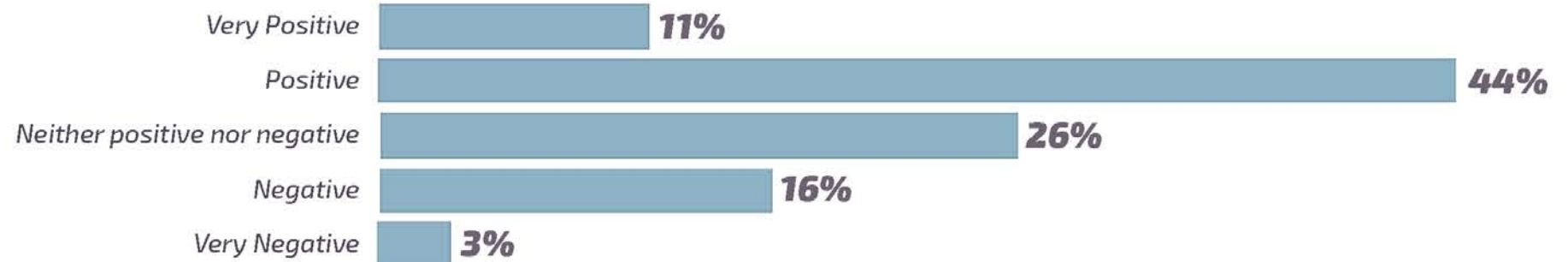


2020 – Year of the Member's Club

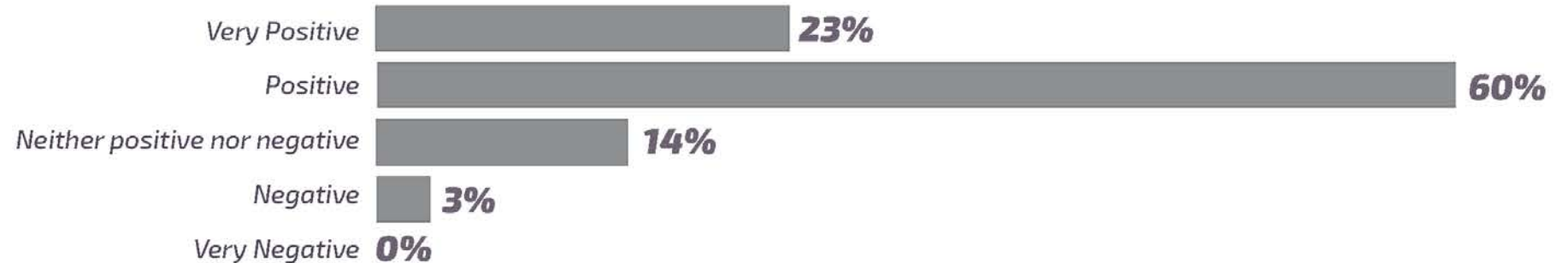
- Desire for sanctuary and safety
- Smaller social circles
- Few competitive outlets
- No travel/staycation back in force
- No or limited group activities
- No outside events
- Limited guest access

Overall Outlook

What do you think is the overall outlook for the private club industry? **FOR FALL 2020**



What do you think is the overall outlook for the private club industry? **FOR 2021 AND BEYOND**



83% of respondents think the outlook for the industry in 2021 and beyond is positive

How many rounds of golf were played at your club in July this year compared to an average July?

Average # of rounds played in July this year: **4,109**

Average # of rounds played in an average July: **3,280**

“Overall the level of activities at our club seems high.”

Strongly Agree	26%
Agree	32%
Neutral	13%
Disagree	20%
Strongly Disagree	9%

*On average, rounds are up **25%** at clubs this July*

“Racquet sports seem more popular than ever with members.”

Strongly Agree	20%
Agree	41%
Neutral	28%
Disagree	10%
Strongly Disagree	1%

“Our club is perceived by members as a safe haven.”

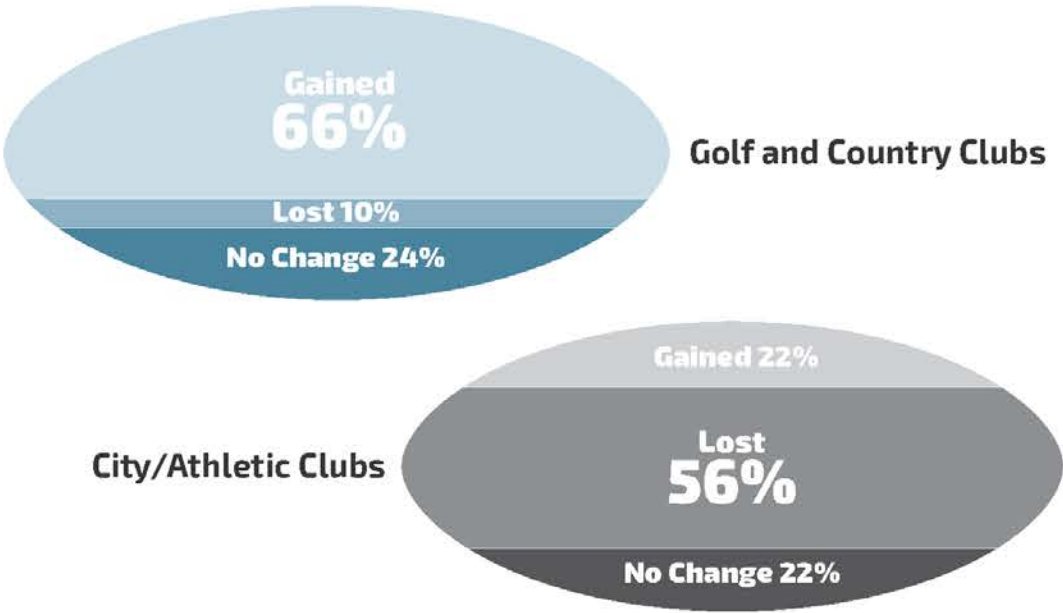
Strongly Agree	51%
Agree	45%
Neutral	4%
Disagree	0%
Strongly Disagree	0%

“Golf is experiencing high levels of participation.”

Strongly Agree	78%
Agree	19%
Neutral	2%
Disagree	1%
Strongly Disagree	0%

Membership

Have you gained or lost members since the beginning of the coronavirus pandemic?



What are your general expectations for membership growth or decline in the aftermath of the coronavirus pandemic?

Membership growth will substantially increase	8%
Membership growth will modestly increase	50%
Membership growth will hold constant	33%
Membership growth will modestly decrease	8%
Membership growth will substantially decrease	1%

There are significant differences in response to this question on the basis of club type, with 66% of country clubs reporting net membership gains compared to only 22% of city/athletic clubs. Furthermore, only 10% of country clubs report having lost members compared to 56% of city/athletic clubs.

Overall, 57% of clubs report a gain in membership since the beginning of the pandemic. This represents a 33% increase in reported membership gain compared to when this same question was asked earlier this year in May.

Median net new members: 16
Average net new members: 26

COVID Accelerated Trends

- Changes that would have taken years have occurred in a matter of months
 - Work from home
 - Adoption of new technologies – Zoom, Apps, friction-free payment, etc.
 - Virtual everything
 - Urban flight
 - Transformation of the home



COVID-19 will have broad implications on consumer behavior

Most are Good for Clubs

- Focus on individual and family wellbeing
- Smaller social circles
- Demand for personalized communications
- Increased online connections for everything
- Further acceptance and adoption of technology
- Hybrid work schedules
- To-go food and cooking at home replacement programs

Effective leaders must understand and innovate their way through these changes

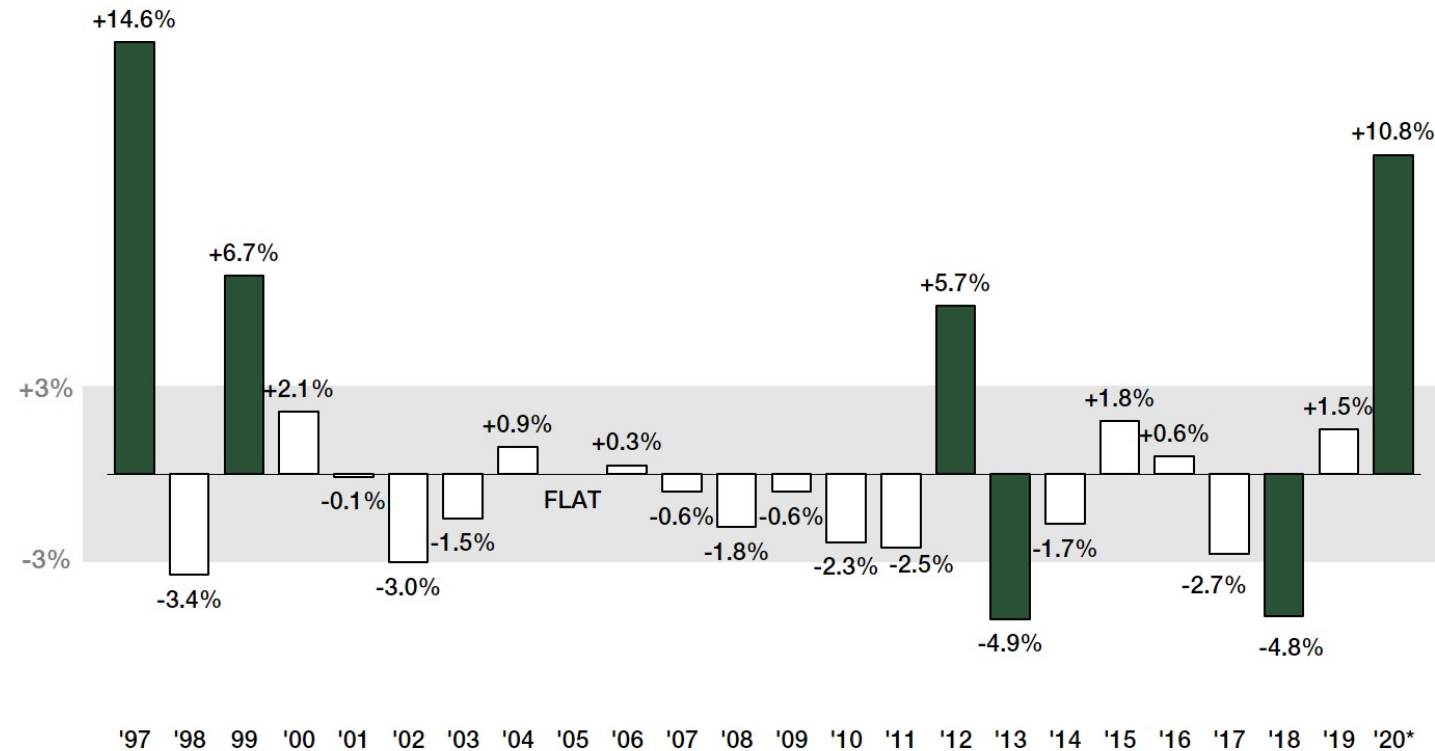
2021 and Beyond

Golf and Country Clubs

- Golf is booming
- Clubs are first choice for socializing and recreation
- Emphasize your “third place”/”trusted place” status
 - Private member sanctuary
 - Knowledgeable, caring staff
 - Controlled access
 - Limited F&B volume



U.S. Rounds Played Year-Over-Year Change (%)



* YTD figure (through October 2020)

Data source: Golf Datatech (with NGF support); Sample of approximately 2,500 reporting facilities

Plan Now

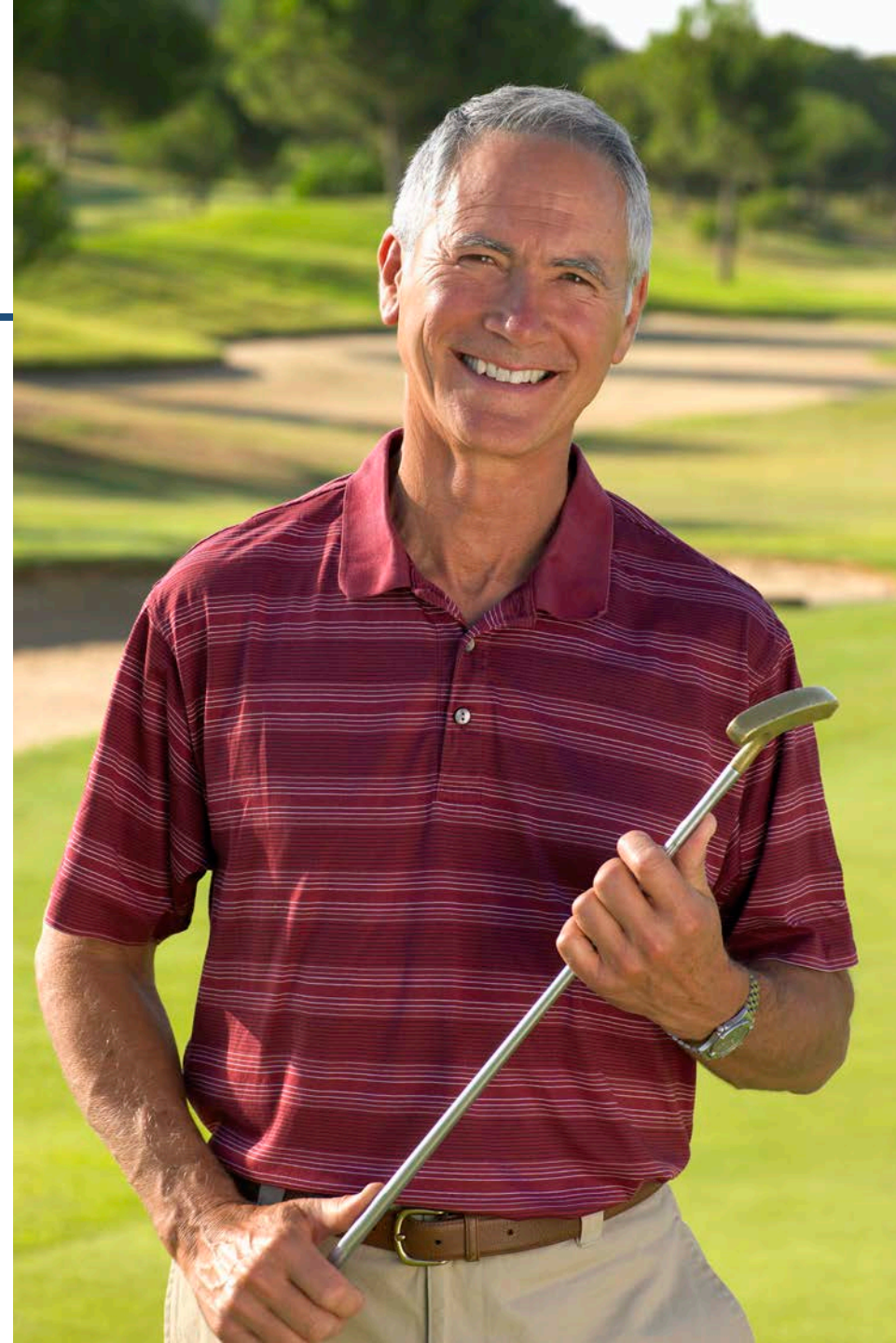
- The pandemic will end and many of the pre-COVID challenges will return for clubs.
- The dominant trends in lifestyles and clubs have been to broaden the experience in addition to the core golf offerings.
- Golf-centric clubs – running counter-trend – must strive for excellence
 - Course conditions
 - Playing experience
 - Social atmosphere

How Do We Sustain It?

- Rounds played have declined most years since 1997
- We need to be ready for when the economy fully re-opens and lifestyles normalize (year-end 2021?)
- Under the cover of COVID
 - Eliminate stuffy club culture
 - Leverage opportunity of new players, especially women and children
 - Make people aware of new/friendlier golf rules
 - Keep costs in check
 - Revamp your golf program to improve performance and encourage play among the different player classifications – recreational to competitive

Formula for Success

- Engagement + Enjoyment = Increased Play
- Increased Play = Community + Retention
- Retention increases significantly when everyone in the household participates
- Leaders must innovate to leverage historic opportunity

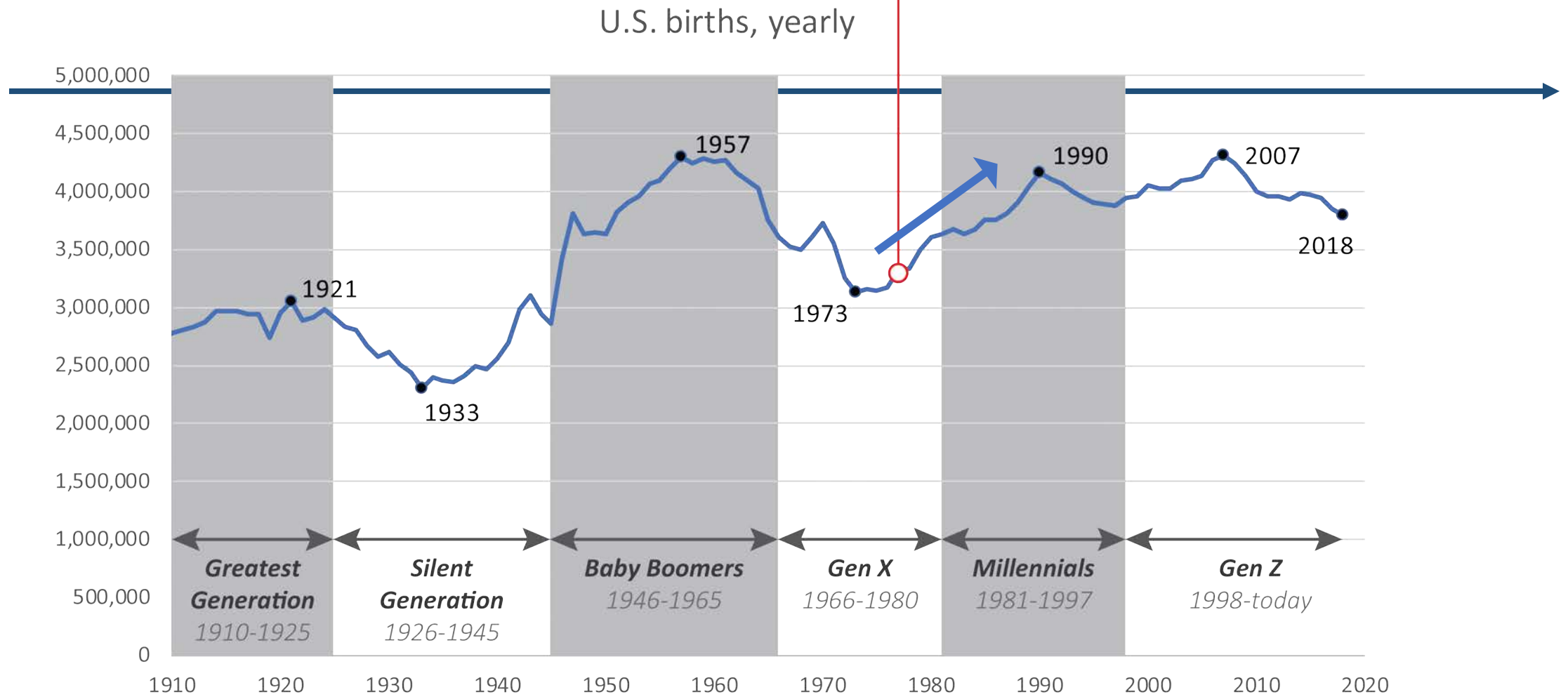


Case Study: Golf Member Achievement Program

- Better play equals more play
- Meet with professional staff
 - Understand member's position on golf spectrum
 - Recreational to competitive
 - Set goals
 - Review equipment
- Free Lesson
 - One free 30-minute lesson per member household per month
 - Any aspect of game
 - Generates an appointment
 - Creates reason to practice
 - Practicing leads to spin-off revenue
- It all builds community

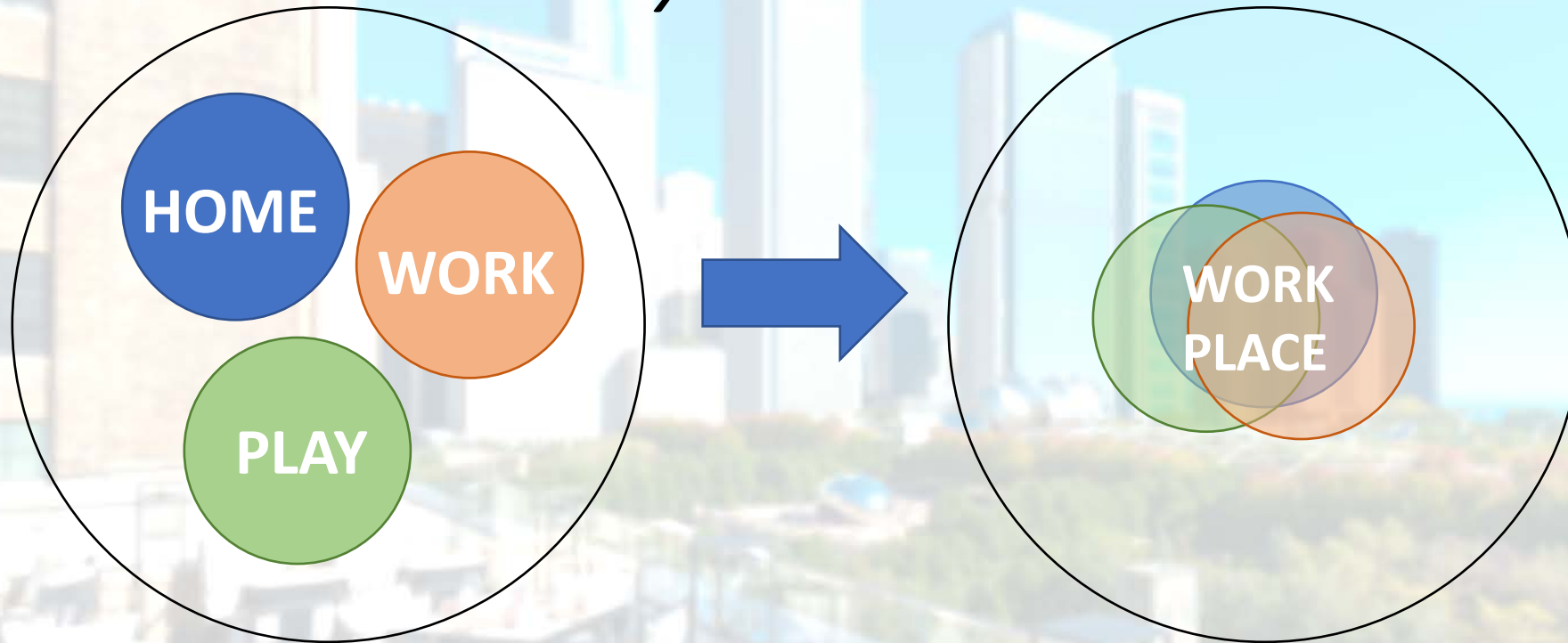


Birth of the 42 year old
that joins your Club in 2019



DATA SOURCE: MCMAHON GROUP, INC. and NATIONAL CENTER FOR HEALTH STATISTICS.

Lines Between Home, Work and Play Have Blurred



Club Programs and Facilities Must Mimic Multifunctional Home Life



Macro trends
remain intact

- Demand for a broad-based lifestyle experience

Watchwords
remain

- Community
- Family
- Casual
- Fun
- Fitness

Heightened
for 2021

- Sanctuary
- Safety
- Simplicity

Reasons for Joining a Country Club

Element	Women (% Important)	Men (% Important)
Member Dining	91%	82%
Golf	81%	90%
Social Activities	72%	54%
Swimming/pool	71%	57%
Youth/Children's Activities	61%	49%
Fitness/Wellness	58%	51%
Tennis	56%	41%

Capital Creates Change

- Facilities remain vital sources for driving engagement
- Many changes can be made quickly and effectively

BY PLAN

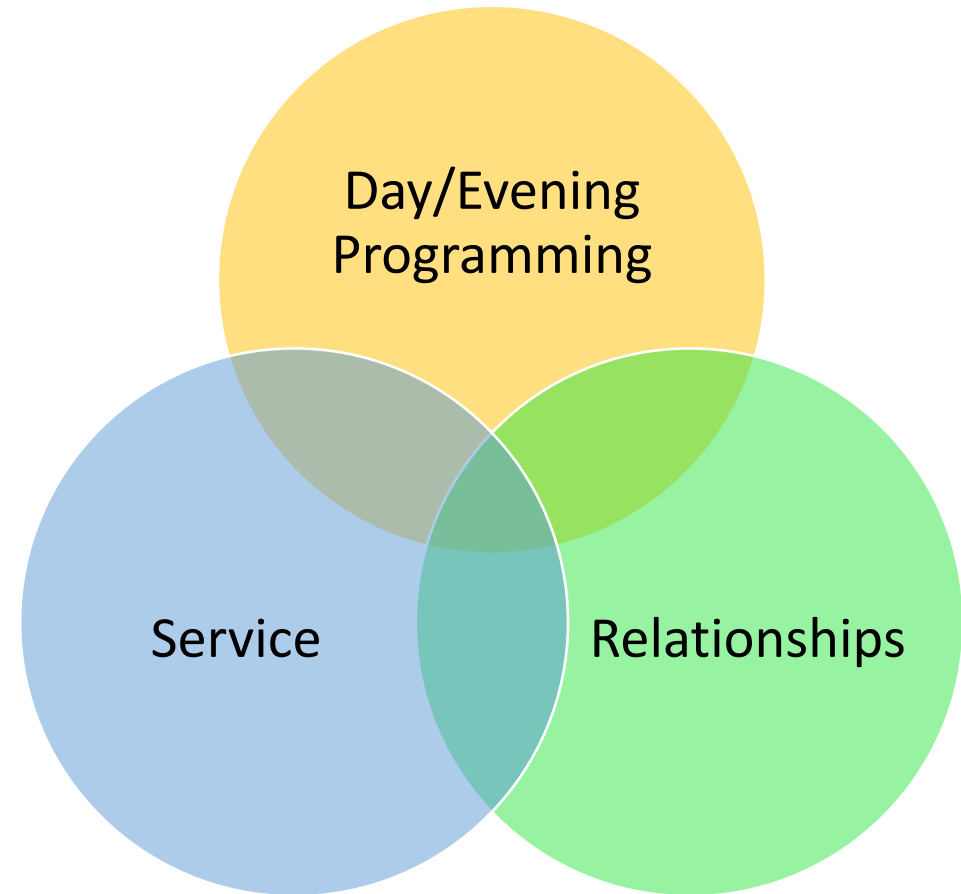


Adapt Your Physical Plant to New Environment

- Member-focused environment
- Wi-Fi Cafés/Remote work
- Drop-in spaces
- Quick casual dining
- Less dense dining rooms
- Repurposing function spaces
- Spacious outdoor seating areas
- Guest lodging

The Power of Programs

- Heart of experience
- Multi-generational
- Clubs within club
- Day, evening and weekend activities
- Developed and scheduled by club
- To be successful, clubs need the facilities to house their programs

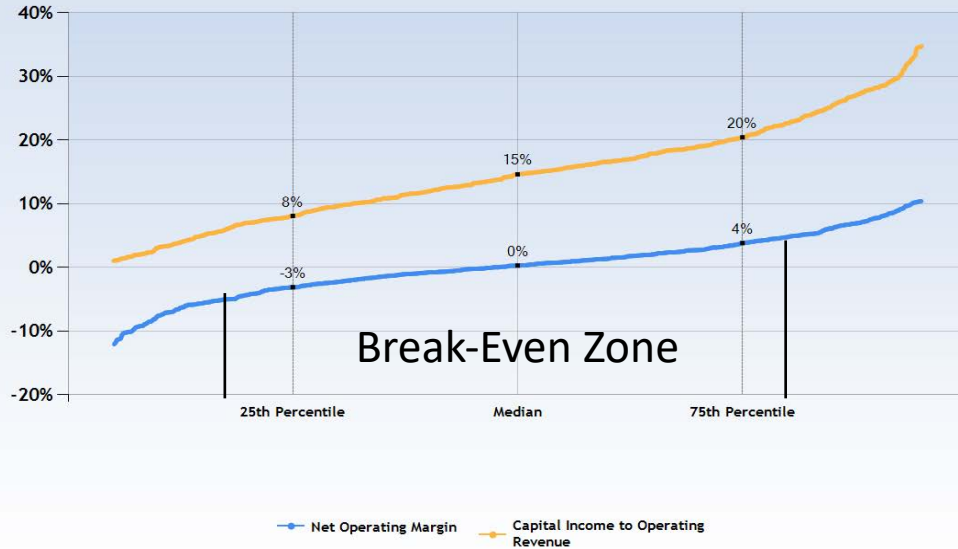


Virtual Club Goes Viral

- Use internet to increase engagement with existing and potential members
 - Video messaging
 - Virtual tours
 - Chef livestreams cooking tutorials
 - Golf Professional sends video golf tips
 - Fitness instructors livestream workout classes
 - On-line bridge
 - Educational opportunities
 - Online meetings
 - Webcast the annual meeting

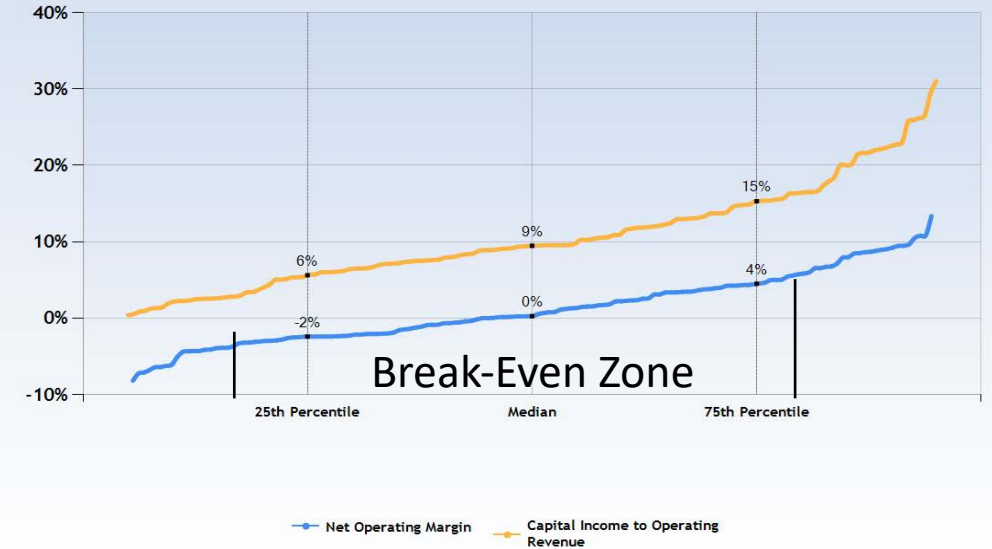


Operating Margin & Capital Income to Revenue



Clubs with Golf

Operating Margin & Capital Income to Revenue



Clubs without Golf

The Exercise for 2021

- Creating a Member Centric budget that is operating break-even
- Use the crisis as an opportunity to quantify how much Dues Revenue is needed to cover Margin on Non-Dues Revenue that is unlikely to materialize