

## Membership Marketing - Going Tactical Series

### Part One: Campaign Management

By Bob Bodman

Private clubs face a serious challenge -- that being too many clubs and not enough members either willing or able to fill the rosters. Anyone involved in our industry is acutely aware of this. One important fact, however, often obscured by the current struggling economy, is that the golf sector of the private club industry was headed for this condition long before the economy took a dive, nor will it be corrected if/when the economy perks back up. What we are experiencing is a "sea change." There are many strong tenets of a private club structure, however, that will not change.

#### A private club:

- ... is a luxury and not a utility;
- ... provides a high level of personal attention and member recognition;
- ... offers convenience and availability;
- ... provides social atmosphere and camaraderie; and
- ... offers higher quality of conditions and services than public facilities.

#### The forces against...

The law of supply and demand has created much of the challenge clubs are dealing with today. This law, like the law of gravity and thermo-dynamics, is a tenacious reality -- hard to cheat around it, while it continually pounds hard against the core of the private club tenets. Not all clubs are effected by the economy, industry trends, the law of supply and demand or the realities of attrition in the same way. There are still, and probably always will be, those venerable clubs breathing the rarified air. Although the supply at this level has increased somewhat, the well is being recharged by a "flight to quality." The more the larger field of clubs struggle, reducing quality, services and value, the more of those who can still afford it gravitate towards the clubs with a solid stance. Yet, even many of these are seeing moderate dips in their historically long waiting lists to join.

Another vicious force is attrition. These are truly hard times for many clubs. When the ship finally rights itself there will undoubtedly be less of the original crew still aboard. This is a very hard reality that clubs are facing. Attrition has always been a reality, of course, even a necessary evil in terms of feeding the capital needs of the club, but this attrition is different. Not only is the pace much faster, it is cutting deeper and leaving a qualitative void. Clubs are losing the "traditionalists" and replacing them with the "pragmatists."

### **Clubs at a crossroads**

Many clubs making up the left 95% of the bell curve, are not only feeling the adverse effects of the forces allied against it, they are struggling for preservation. Some will not make it and some have already called it quits. Most are at a crossroads. The choices are as follows:

***Bend to the left:*** Re-tool the club to operate with fewer members, without creating a vicious cycle (i.e., the feared a downward spiral). This is the trickiest route to take because once you have reduced all of the costs down, pared back hours, services, niceties, and conveniences (i.e., "luxuries") the club will begin to eat its own flesh. In the long run, private clubs are luxuries, and therefore, if a club does not offer luxury, members have less and less of a need for it. Remember the first tenet (see above).

There are some clubs in the left 25% of the bell curve, that are sustaining with this method, but it is unsure for how long. What is the longer term prognosis for these clubs? Most are finding, after the club has dialed in the obvious efficiencies, that "*You can't save your way to prosperity.*"

***Straight ahead:*** To aggressively pursue a bigger pool of potential members at a new affordability level. This is the path well travelled, mainly because it is a natural "supply versus demand" reaction. Many clubs do not even realize they have chosen this path until they are quite a ways down it. It evolves somewhat naturally, often by default. This route, however, is accompanied by numerous adverse effects, many of which are only now beginning to surface. Clubs are being forced to aggressively seek prospective members at a lower affordability level, or who have a perspective of club membership that is often contrary to the tenets of a private club.

As clubs become more affordable, more of the newer members are viewing their club as a utility, sort of like the "Costco" of golf. The longer term adverse effects are already being felt . Here are some of the changing characteristics of these new type of members:

- Asking the club to finance their Initiation Fee
- Preferring to pay their club bill with a credit card
- Running past due in their accounts, maintaining higher balances, and some being turned over to collection agencies
- Demonstrating less camaraderie, less support of the club's services and less participation in club activities and events
- Concentrating their usage in peak times to play golf and then leaving the club
- Calculating the number of rounds they can play for the Dues and F & B Minimum they pay per month.
- Tending to use less of the club's ancillary services, such as shoe care, lockers, bag storage and cart rentals if they are additional costs
- Bringing less guests and providing less new member referrals than new members in the past
- Driven by discounts, incentives and financial proposals
- Frustrated by the club's long-standing rules and regulations (i.e., dress code, cell phone use, wearing hats in the clubhouse, golf course etiquette, etc.)

***Make a hard right:*** Develop a Strategic Membership Plan -- A choice that is not only "hard," because it is a choice that is complex; it plays out over a longer term, it is hard to develop and it is even harder to sustain. It is also the "right" choice, because it is less reactive, tends to keep the club grounded to its own core values and purposes. True, it is a path of chaotic drudgery in the early stages, requires intensive introspection, extensive research, legendary Board Room debates and endless-loop scenarios. Remember, though, that private clubs have weathered through two world wars, the Great Depression, numerous recessions, devastating fires, droughts, hurricanes, floods, earthquakes and a multitude of local crisis for more than two centuries. This is credible evidence that "strategically" investing in the long term is a good choice.

### **Strategic Membership Planning.**

As stated, this choice is perhaps a more difficult road to travel in the beginning. It is like the beginning of a court case, discovering pertinent facts and assessing decisions, motivations and conditions. Added to this comprehensive research on club comparisons, members' ideas and concerns, membership history and trends, financial history and trends, usage trends, results of previous membership and marketing efforts and many other research input.

Part II of the is topic will outline the process and methodology of Strategic Membership Planning.