

*"It's Personal"*

**KNOW YOUR CUSTOMER 101**

**GOLF 2.0**



# Know Your Customer 101

## Preface

Golf 2.0 is an industry-wide strategic plan to grow the game. Within the strategic plan, recognition is given for the time constraints facing Professionals and operators. **Know Your Customer 101** can serve as an introductory high level primer to help you get started with recommendations for “strengthening the core.” While reviewing this primer, we encourage you to access the **Know Your Customer Playbook** to gain further detail into each of the processes listed here. Reviewing the **Playbook** is important; it will make you more knowledgeable and will best prepare you to improve your performance on the processes that you and your employer view to be priorities at your facility.

**Retaining and strengthening the core golfer business** will likely be of great importance to facility owners. If you’re not an owner, this strategy represents an opportunity for you. This is your opportunity to engage and meet with your employer about all of the new tactics and strategies you’ll be executing to grow the business by increasing customer retention and rounds played from each customer.

Your involvement in executing a strategy to Know Your Customer at your facility will solidify your position as a key revenue generator. If you’re successful at improving customer retention and customer spending, you’ll be more valuable.

This added value may benefit you with increased compensation. By taking an active role, you’ll positively contribute to growth of the business. If you’re an owner, this growth will lead to more profit. If you’re not an owner, you’ll be in a better position to share performance improvements from revenue growth due to your role in successfully executing a Know Your Customer strategy at your facility.

Visit [Golf20.net](http://Golf20.net) to access the **Know Your Customer Playbook** and **Know Your Customer Facility Plan** for more information. The **Know Your Customer Playbook** will provide more information on each of the processes introduced here, so you can complete the action steps listed at the back of this document. The **Know Your Customer Facility Plan** will provide you a template for you to complete, which will identify processes that are priorities for improvement. We encourage you to engage your employer and other facility staff for your facility plan. By successfully executing your facility plan, you’ll improve customer retention and you’ll strengthen the core golfer segment at your facility.

## Introduction

*BECOMING AN EXPERT MARKETER IS A MARATHON, NOT A SPRINT. THE KNOW YOUR CUSTOMER PLAYBOOK IS A DETAILED ROADMAP TO HELP YOU BECOME A BETTER MARKETER, BUT YOU DON'T NEED TO MASTER ALL OF THE SUGGESTED TACTICS AND STRATEGIES LISTED IN THIS PLAYBOOK TODAY.*

Why should the Golf 2.0 “Know Your Customer” Playbook be important to you? Golf 2.0 is about dramatically growing the number of golfers, rounds and revenues over the next decade. Does this sound like something in which you and your employer might be interested in?

## What is CRM

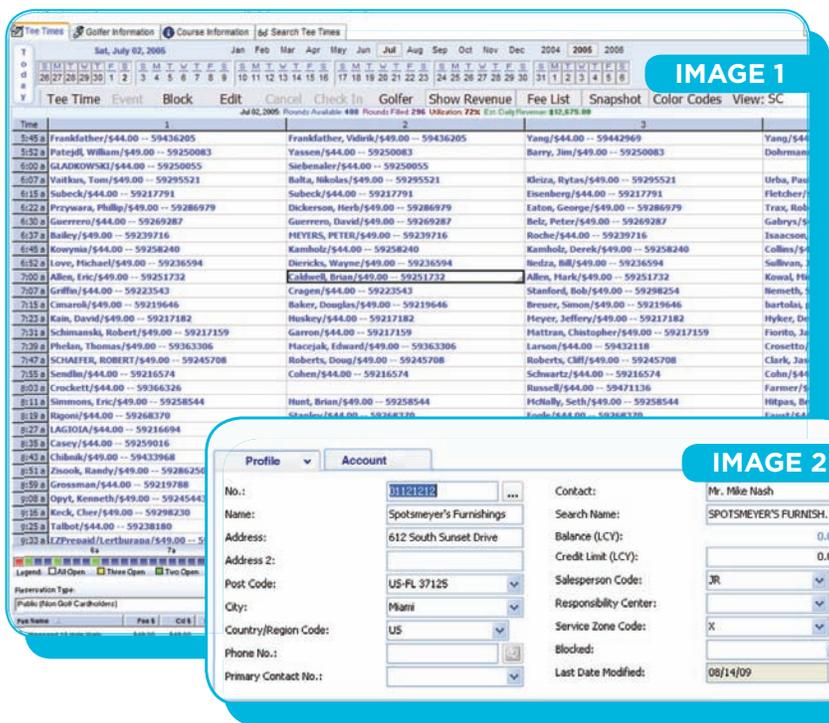
Customer Relationship Management (CRM) is a significant tool in the Golf 2.0 strategy of Retaining and Strengthening the Core. “What exactly is CRM?”

CRM is a widely implemented strategy for managing business interactions with customers, clients and sales prospects. It involves using technology -- particularly customer database software -- to organize and automate processes for customer tracking. In the golf industry at the facility or management company group level, that means information about customers, their golf shop purchases, rounds played, golf revenue, instruction and any other trackable information.

CRM enhances your marketing efficiency through more effective processes of communicating with current and potential customers. Through CRM, you can also segment your customers to target specific groups, such as avid golfers vs. moderate golfers or customers who use your facility in a certain manner.

By using CRM to support customer interaction, you create a culture of turning unknown or average customers into loyal and engaged customers. This enhanced relationship with customers will result in:

- improved rates of customer acquisition through positive word of mouth and social referrals
- higher customer satisfaction
- a stronger relationship between you and your customers
- higher customer retention rates
- increased share of the customer’s wallet (spending at your facility compared to other facilities)
- higher profit per customer
- a sustainable competitive advantage



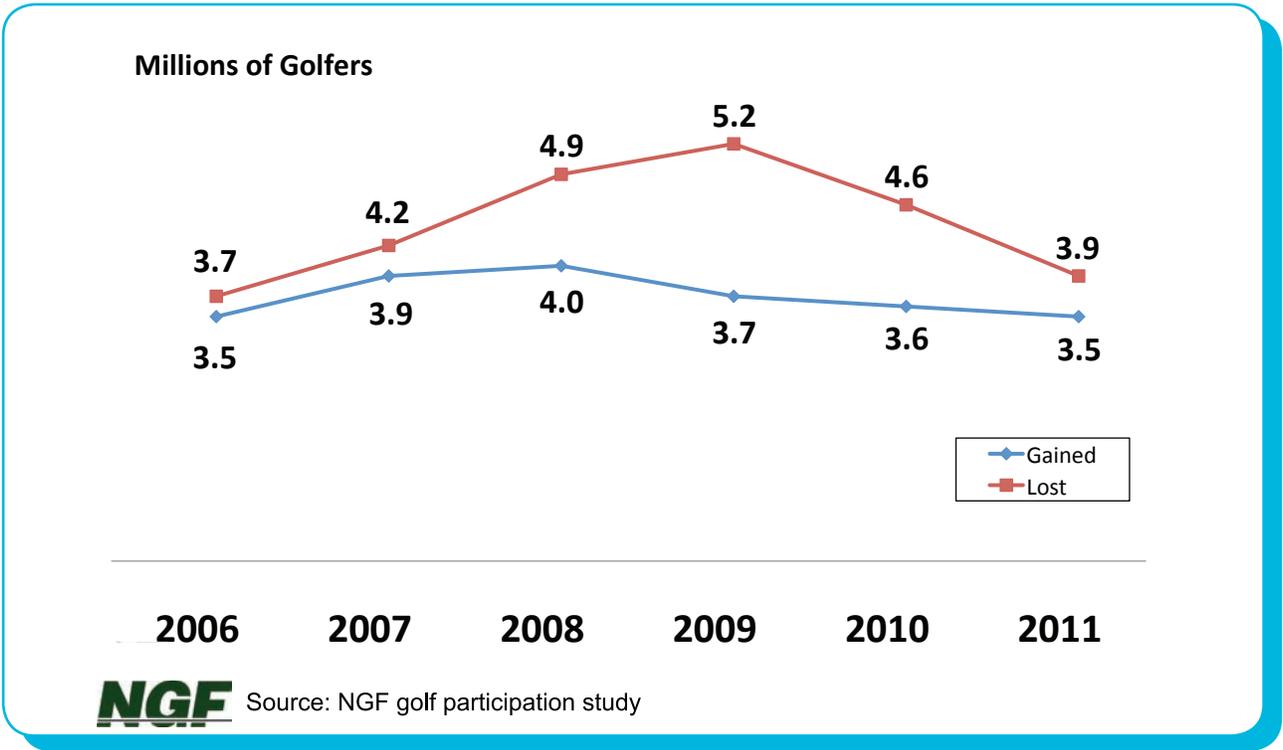
**IMAGE 1** is a screen capture of an electronic tee sheet with customer names and each customer's unique record number. This type of technology solution would help an operator organize and track customer rounds and purchases so that they could complete Process 5 - CRM Marketing Plan Execution.

The customer database would track personally identifiable information, demographic data, transaction data and aggregate purchase history data (see Process 2 - Customer Database Development) for each customer.

**IMAGE 2** is an example record from a customer database displaying a customer's personally identifiable information.

Golfer "churn" is a concern related to growth of the game. Since 2006, on average, 4.42 million golfers per year leave the game. To reduce this churn, key facility personnel need to employ strategies to better understand and communicate with customers so that they continue to return to YOUR facility and not spend their discretionary recreation budget at a competing course or with another sport or activity.

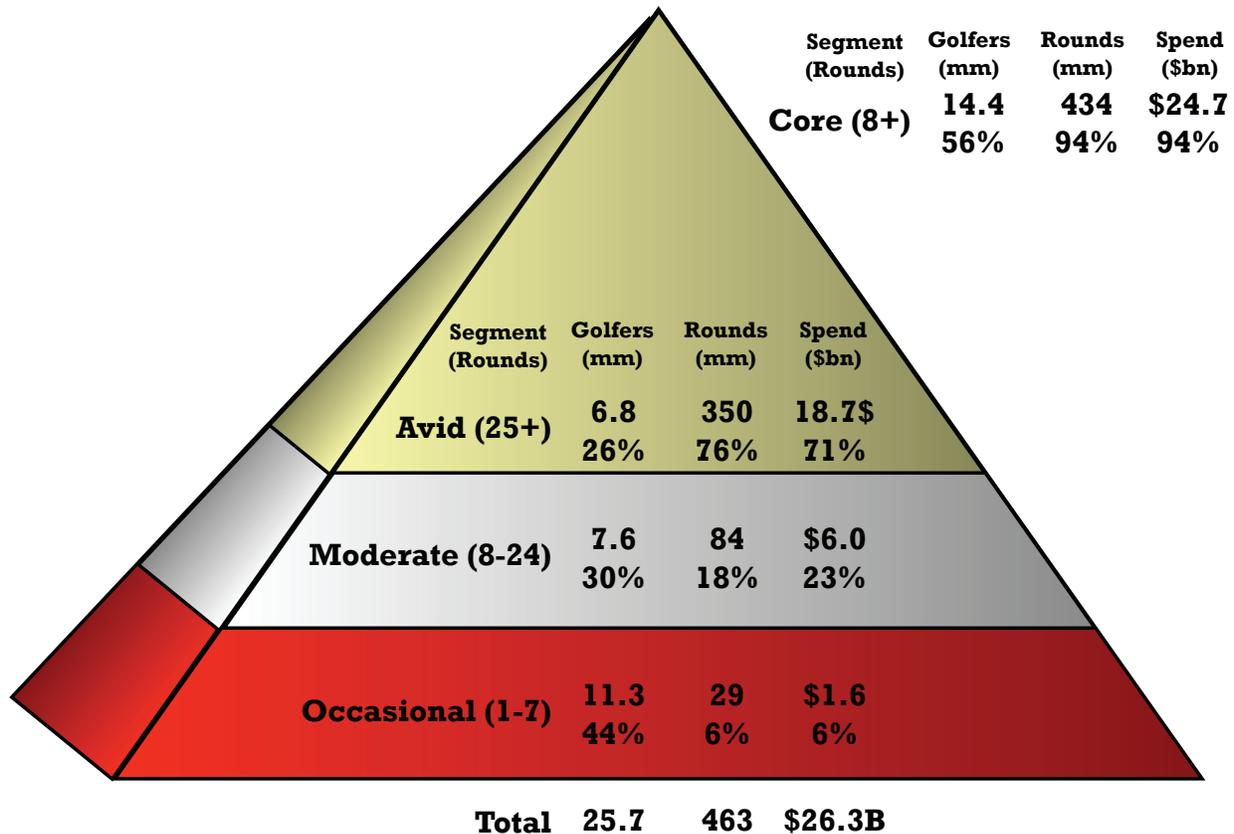
## Participant Gains vs. Losses



The chart above shows the problem of how the amounts of golfer losses have outpaced gains since 2006.

The vast majority of golf spending is accounted for by the core golfer segment. A core golfer is someone who plays eight or more rounds annually. The Pyramid of Influence Chart from the National Golf Foundation (NGF) highlights the buying power of the core golfer. This below chart illustrates the crucial segment that these customers represent to the success and vitality of the industry.

## Golf's Pyramid of Influence 2012

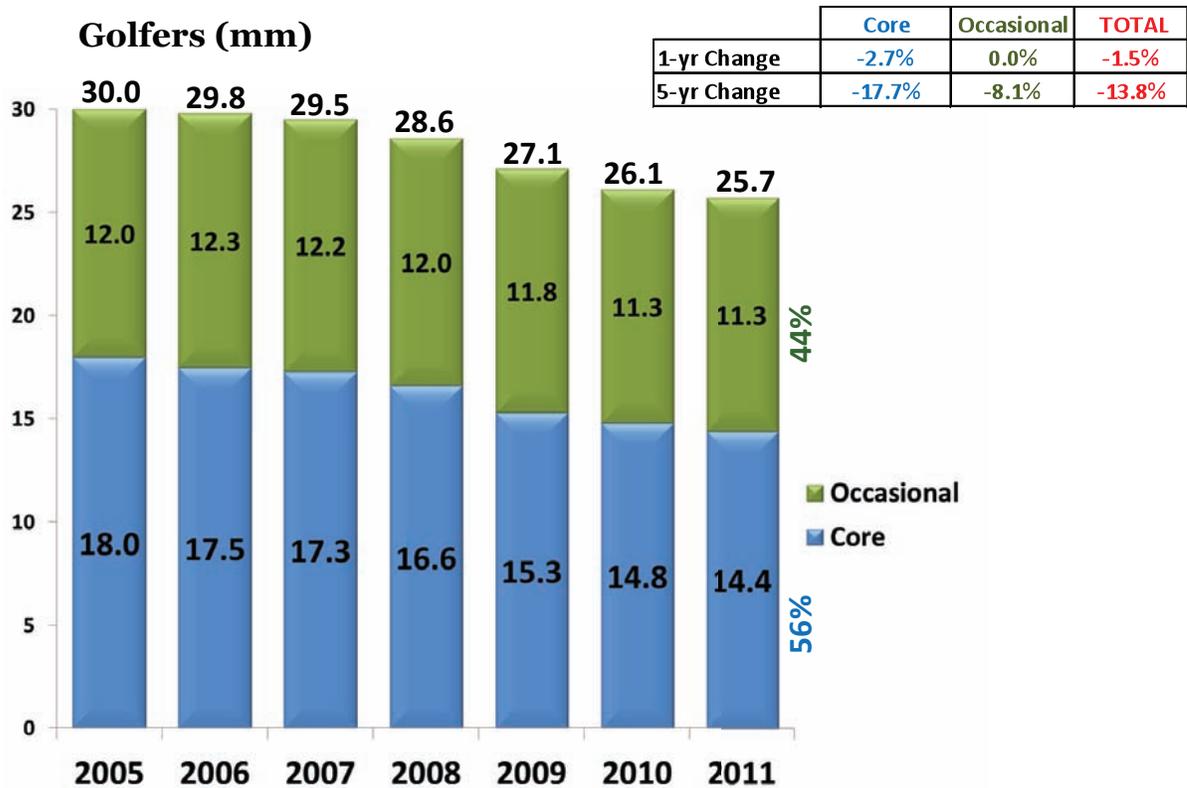


NOTES: Percentages reflect % of total golfers. Avid is a sub-set of Core – Note: Spending Data from 2010 reporting

The studies conducted by the Boston Consulting Group that have helped identify golfer habits and trends tell us that if you lose a power customer, it may take 20 new customers to replace that single loss from a rounds played and revenue perspective.

Trends in golfer participation show the most notable decline over the past six years has been in core golfers, while the amount of occasional golfers is almost flat.

## Overall Golfer Trends



**NGF** Source: NGF golf participation study

This Know Your Customer Playbook is designed to help provide you with tools and strategies for you to execute which help you better manage customer relationships. It's critically important that we improve our relationships with customers through CRM, customer service, affinity marketing and communications programs that fit their needs and encourage them to become power customers. Your skill in managing relationships with your customers could result in more power customers who will play more rounds, take more lessons and spend more at your facility. This showcases expertise of any staff involved in this as revenue generators and demonstrates measurable value delivered for your employer. Golf 2.0 can enhance your position as the expert revenue generator of golf at your facility.

Each facility scenario is unique and playbook users are ultimately responsible for taking personal control of using the information, programs and direction. By accessing this Know Your Customer - "It's Personal" Playbook, you've made the initial commitment to retain and strengthen business from your core customers. To grow the game, it's crucial that the annual churn rate is reduced.

## Special Section: Making Golf More Fun

A key message within the Golf 2.0 Strategic Plan is the importance of Friends, Family & Fun in golf. This special section is applicable to all of the further steps listed in this playbook. To engage customers it's crucial to keep the fun in golf and to market the fun aspects of the game to your customers.

Consumers will spend their discretionary income on activities that they perceive to be most gratifying to them. Facilities that are successful in making the game fun for their consumers will have an advantage as consumers will seek to spend their discretionary budget at these facilities.

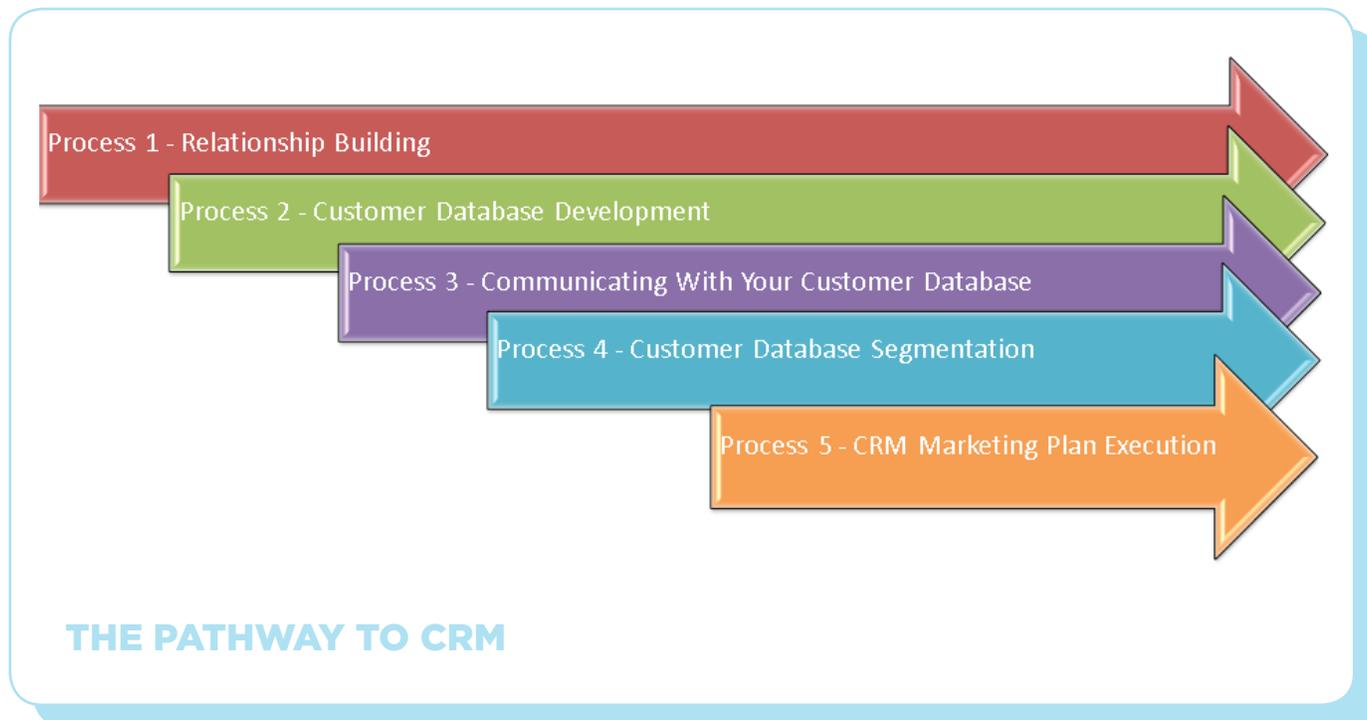
Below are statements YOUR customers should be able to make about the fun experience that they have when visiting YOUR facility:

1. It appeals to the things I need for relaxation and to get outdoors and enjoy the fresh air.
2. It's really easy to make a tee time.
3. Staff are friendly to me and my family.
4. Everyone knows my name.
5. Staff takes the time to learn about me and what I'm seeking out of the game to further my enjoyment and they have ways to help me have even more fun at the course.
6. Staff members are welcoming and not distant. They genuinely care about me and I'd consider the staff members friends of mine.
7. When I come to the course I feel welcome and they want me to come back.
8. It's easy to park.
9. It's easy to check in.
10. The course is more fun and more welcoming than the health club, restaurant or movie theater.
11. Golf is fun, not a chore.
12. The golf experience meets my expectations.
13. The golf experience is time-efficient and predictable for me and the time I've decided to invest in golf.



# *The Pathway to Customer Relationship Management (CRM)*

Begins with the Assessment: Identify your current level of managing customer relationships



## **By completing the CRM steps at your facility, you will:**

- Create a culture of building a clientele
  - | Turn customers into clients and clients into partners
- Encourage your customers to play more
- Demonstrate to customers that you understand them and their golfing preferences
- Strengthen the relationship between you and the golf facility staff, and your customers
- Help build a solid base of customers from which to grow in future years

## Assessment

The best way to advance your progression in knowing and engaging customers is with an assessment to determine your current level of effectiveness in managing your customer relationships. The assessment will identify your current proficiency level, and will identify the section of the Playbook that you should initially focus on to better know your customers. After you've executed suggested strategies at your facility based on your first assessment, we recommend that you retake the assessment to identify the improvement you've made at knowing and engaging your customers.

## Process 1: Relationship Building

*THE CUSTOMER DOESN'T CARE WHAT YOU KNOW UNTIL  
THEY KNOW THAT YOU CARE.*

The customer/member/guest won't continue the relationship-building process until they know in their heart that you care about them as a person. The least-expensive strategy, yet the one that can provide you with the greatest return on your investment, is a strategy of creating relationships, strengthening relationships and educating relationships about the added value the customer receives from doing business with you. Technology, products, services and the business at large continue to change, but the one constant is that people want to know that we want them and care about them. If the customer doesn't feel this when they visit you, they'll leave and they'll visit someone else who they believe does care about them. Once the customer knows that you care, you'll be able to grow your revenues for each customer by engaging in intelligent conversations with them. By understanding and conversing with the consumer about what they want and need from the game you'll be in a position to discuss the products or services that you provide to meet their wants and needs. As you meet these wants and needs, not only will you improve your revenue from each customer but you'll also grow your number of customers through better customer retention.

*REVENUE PER CUSTOMER X TOTAL # OF CUSTOMERS = TOTAL REVENUE*

*THE RELATIONSHIP BUILDING PROCESS GROWS BOTH REVENUE  
PER CUSTOMER AND YOUR TOTAL NUMBER OF CUSTOMERS*

## ***Process 2:***

# ***Customer Database Development***

Your customer database serves as the crucial foundation for all of the following processes in the Know Your Customer Playbook. Building the best customer database is one of the most valuable assets you can maintain as a Professional, owner or operator. The techniques required to build and maintain an outstanding database are dependent on you and your team at your facility, and not through some tool on the internet. Building an outstanding database will provide you with a:

- Leading indicator of revenues
- Vehicle to market your facility
- Profiling tool to use when prospecting for new customers
- Guide about customer preferences for marketing and operational decisions
- Sourcing system to quantify and track effectiveness of different marketing campaigns

As detailed in this process, you'll learn what information to collect in your database and how to build and maintain the best database depending on your facility type.

## ***Process 3:***

# ***Communicating With Your Customer Database***

Communicating with customers through your customer database is one of the least-expensive and most-effective forms of marketing you can do. For advertising, your costs are for viewers of your ad, but you have no way to be certain that these viewers are interested in your facility. Conversely, when communicating with your customers, you know they all have some interest in your facility since they're customers. Your communications to your database can increase customer retention and facility utilization by providing a reason for them to return while also solidifying consumer familiarity and comfort with your facility. You should communicate all benefits of your facility, current news and events, future facility plans, player development programs, special offers and request customers to provide feedback and involve them in discussions about your operations. Your communications should use a layered approach which may include:

- Email
- Website
- Customer survey
- Text
- Social media

## ***Process 4:***

# ***Customer Database Segmentation***

Customer segmentation is important for this simple reason. All customers are not created equal. Facilities that are successful in attracting and retaining highly profitable customers will gain an exceptional competitive advantage. Although proper customer segmentation can be a challenge, this challenge is precisely the reason why the reward is so compelling. You'll get a sustainable competitive advantage since many of your competitors won't put in the required effort.

Once you've segmented your database you'll be able to execute your CRM marketing plan which will result in increased customer engagement, tracking of marketing campaigns, tracking of player development programming, higher customer retention, increased share of wallet from each customer and greater gross margin per customer. Consider segmenting your customer database by:

- Demographic groups and skill groups
- Customer preferences
- Recency, Frequency, Monetary (RFM)
- Share of wallet (what % of golf is played at my facility)
- Hot/cold customers (what customers are playing more or less than their historical usage patterns of the facility)
- Customer satisfaction
- Customer lifespan
- Commitment to the game (PGA Golfer Portraits)
- Profitability level (from customer profit analysis)

# **Process 5:**

## **CRM Marketing Plan Execution**

Executing your CRM marketing plan will provide you with a personal communication system to each and every individual customer. Your communications will be relevant to each customer's preferences and buying behaviors. This will lead to increased customer response to your messages and increased customer loyalty. Your customers will recognize through your messaging that you understand them and speak their language.

### **Your CRM Marketing plan should include a:**

- SWOT (strengths, weaknesses, opportunities and threats) market analysis
- Customer relationship audit
- Goals and objectives from CRM marketing execution
- Communication schedule and strategy of the messages and promotions for each targeted customer segment group

### **Executing your CRM marketing plan may include targeted messages to these customer segments:**

- Marketing specific zip codes
- Marketing to advanced, intermediate and beginning golfers
- Marketing messages to men and women
- Marketing to different age segments (juniors, 18-35, 35-50, 50-65, 65+)
- Marketing to customers who book tee times
- Marketing to customers who prefer certain apparel and equipment vendors
- Marketing to customers based on their preferred time of day/day of week to play
- Marketing to customers who are your highest spenders
- Marketing to customers who've played a recent round but who have been historically low spenders and low rounds-playing customers
- Marketing to customers who haven't played a round recently, historically don't play many rounds with you and don't spend much money with you
- Marketing to customers who spend most of their golfing budget at competing facilities
- Not marketing to customers at the times of day/day of week when they can't play
- Not sending emails to email addresses which have a "hard bounce" (rejected) or who haven't opened your emails in a long time (for a year or more)

## *Next Action Steps:*

1. Meet with staff at your facility. Discuss the importance of customer relationship building. Assess your current services and communication. Agree on action steps needed to improve.
2. Organize your customer records and establish a solution for building and maintaining customer information.
3. Use digital and social media to stay in touch with your customers. Create compelling content and messages. Conduct regular customer satisfaction surveys including open-ended feedback.
4. Analyze and segment your customer information to identify various customer segments and profiles at your facility.
5. Create tailored offers for customers in the customer segments at your facility and based on recent customer behavior.



*"It's Personal"*

Visit [Golf20.net](http://Golf20.net)

# GOLF 2.0



**PGA**™