

BUSINESS BEAT

Golf courses get better numbers

Majority of clubs ring up net profit in fiscal 2003 for first time in three years, despite lower revenue

More than half the major golf courses around the country were profitable on a net basis in fiscal 2003, according to a survey of 512 courses released on Aug. 24 by Nikkei Keizai Shinbun Inc.

Of the 530 golf courses submitting valid responses, 54.7% said they posted a net profit for the year compared with 27.6% that said they suffered a net loss. This marked the first time in three years that the majority of the golf courses made money.

Average revenue for all the courses declined 3.4% year-on-year to ¥670 million (\$6.1 million), while the average number of players inched up 1.1% to about 45,600 — the first rise since fiscal 2000.

In recent years, many golf course operators have made serious efforts to change their management structures to cope with falling greens fees by laying off workers and reducing materials procurement costs. They have also improved services to attract more customers.

Accordia Golf Co. — one of the largest operators, with 74 golf courses under its management — has cut costs through bulk purchasing and the introduction of online reservations. The affiliate of Gold-

man Sachs Group Inc. of the U.S. has lowered greens fees and has outsourced restaurant management, adding more variety to the menu. Many of its golf courses, including Narashino Country Club, logged gains of more than 10% on the year in both sales and players.

Kansas Monarch Country Club, currently undergoing rehabilitation, has begun exploring a relatively untouched market. To attract foreign golfers, it is providing foreign-language training for employees and has tied up with overseas travel agencies.

Through such activities, more than half the courses responding, or 56.9%, said they project an increase in the number of golfers this year. And a majority expect sales growth, with more than 60% projecting a net profit.

Inching up

A separate Nikkei survey covering all golf courses across the nation found the total number of golfers in fiscal 2003 to have gained 0.1% to about 88.7 million, the first rise in two years. As of March 31, the number of golf courses around the country totaled 2,419, seven fewer than a year earlier.



Narashino Country Club, operated by Accordia Golf Co., reports more golfers and higher sales in fiscal 2003.

With more women and novice men taking up golf, attracting individual customers, particularly younger people, is the key to rehabilitating golf courses.

A Nikkei survey of the weekly membership price index for 510 major golf courses found prices have been rising since bottoming out in June 2003.

While fewer companies are selling their golf course memberships, orders and inquiries from individuals have been increasing. Men around 60 years of age

account for many of these new orders.

"Demand has started to increase not for investments but from people who want to enjoy playing golf after retirement," said an employee of golf course membership broker Sakura Golf Corp.

Noting the trend, golf equipment manufacturers have started to develop new markets targeting women and young people in hopes of reversing the decline in the number of golfers. In the past, such customers got little attention when men made up over 90% of the market.

To boost interest, SKI Sports Ltd., known for its Dainippon brand of golf goods, has started promotional activities with municipalities and nonprofit organizations. In July, the company held a charity function that featured lectures and a dinner at Ashiya Country Club in Hyogo Prefecture in which a large number of women took part.

Bridgestone Sports Co. has formed tie-ups with golf driving ranges to promote lessons mainly for housewives. It is also planning full-scale development of golf clubs designed for women.

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