



# DRIVING VALUE

THE FACTORS THAT SHAPE  
CONSUMER DECISIONS  
ARE HIDDEN AND AT TIMES  
DOWNRIGHT QUIRKY

BY DAVID  
GOULD

**T**he law of supply and demand is no friend to public golf these days, but Rod Metzler has spotted a strange loophole in it. Metzler, president of Sacramento-based Empire Golf, agrees there are too many courses and not enough fee-paying players. Yet he insists “there are a lot of golfers around who don’t seem to care whether they pay \$75 or \$45 a round—they only care about having a great experience.”

Metzler is talking about people (and this is the bad-news part)

who used to be frequent golfers but are down to one outing every five or six weeks. When golf was part of their weekly budget, they had plenty of price sensitivity regarding green fees. Now, it’s dawned on them that each round of golf they play is a special occasion. As a marketing guru like Dr. Russell Belk would point out, people loosen the budget belt when they’re savoring a rare treat. “A self-reward for deserving behavior” is how Belk, who teaches at Toronto’s York University, describes it.

Indeed, consumers perceive value in countless ways. It has a definite “situational” component, according to Morris Holbrook, professor of marketing at Columbia University. Holbrook defines “situational” as “specific to the context.” For low-frequency players at Empire Golf facilities, their golf context is special-occasion-only, and it resets their value equation.

Lars Perner, a professor at the University of Southern California, urges course owners to study the “mental accounting categories” golfers create. Listen for any mention of injury rehab or the desire to use golf for business-related networking. Your facility can provide some of those value benefits (especially if you go full-out and create a mid-week “Nine and Networking” event) and, therefore, it earns a share of the budgeted funds in each of those “mental categories.”

Quite a few operators, including Leigh Bader, a course owner and major gear retailer in Easton, Massachusetts, spotted another example of how situational value can turn bad news into good news for daily fee golf early in 2009. “This season began with an advantage for us, based on the consumer looking around and saying, ‘We’ve had an economic meltdown, but I’ve still got to live my life,’” Bader says. “They realized that the big investments aren’t possible—there was no way you could buy a home or sell a home, or buy a car or take a big trip—but the family is still in need of some entertainment.”

That situational factor made golf at Pine Oaks Country Club, Bader’s family friendly golf course, a clear and desirable value. Through May, rounds played were up by 7.2 percent compared to the same period last year.

Bader, who is one of the most successful e-commerce retailers in golf, has noticed that rock-bottom lowest

price only emerges as the absolute measure of value when circumstances are at their starkest. Prime examples are the banking collapse of last autumn and the terrorist attacks of September 11, 2001.

“Used product went nuts in mid-December of last year,” Bader says. “People looked at their situation and

participants are shown these figures (usually expressed as prices or wages), their prior definition of value tends to get scrambled. These numbers are called “anchors” because they tend to lodge in the brain and heavily influence future calculations.

The golf ball giveaway program being administered by Ralph Stading

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felt they had zero control over anything. Under those conditions, the type of purchase we see is very low dollar cost and quick deliveries—basically, get it done cheap and quick. As time went by, that sentiment faded and people gave themselves permission to go a little more upscale.”

Identifying the lowest price is merely one way for consumers to define value, but it’s one that too many course owners feel stuck with. To get unstuck, read a few chapters of “Predictably Irrational,” the popular new book by MIT economist Dan Ariely. Fittingly, the tome is subtitled “The Hidden Forces That Shape Our Decisions.”

Ariely’s entertaining experiments and case studies prove how easily a rational human detours from what appears to be his or her most desirable cost/benefit decision. Many of the experiments play on the importance of numbers that Ariely seems to pull out of thin air. Once his study

Michael Herrick has learned that consumers place a good deal of value in being able to choose from a menu of pricing options.



at Lewis River Golf Club in Woodland, Washington, resembles the experiments in Ariely’s book because it introduces a new “anchor” into the minds of consumers. Stading launched the promotion after discovering that extensive price discounting was doing very little to stimulate demand for rounds at his course. So in May 2007, he created e-mail and newspaper ads offering golf plus a half cart at rack rates and a free sleeve of Titleist Pro V1s as incentive. The course’s results for that month have improved significantly year over year.

“The customer looking for a deal perceives value in money saved,” Stading says. “If you give them \$15 off of your fee, they’ll save \$15 and you’ll forgo \$15. If you give that golfer a sleeve of balls, they’ll have saved the same \$15 they would have spent at Costco or Dick’s Sporting

Goods, and your cost will be \$7 for the balls.” The way Stading sees it, premium merchandise “has a value fresh in the customer’s mind,” which keeps him or her from focusing only on the green fee.

In the first year of the free-sleeve-of-balls strategy, Lewis River capped fee promotions and still increased play by approximately 1,200 rounds. These results reflected the largest annual uptick for the course since 1999 in terms of revenue per utilized round and revenue from golf net of advertising/promotional expense.

Empire Golf used a different tactic to redefine value in golfers’ minds: Management

trotted out an anchor-type number that didn’t relate to dollars; instead, it represented green speed. The group’s “Need For Speed” marketing effort—using the company’s Web sites and on-course signage—spotlights the real-time Stimpmeter speed on the greens of all five Empire courses, which are generally over 10 feet at all times.

Interestingly, the “Need For Speed” program began as an internal challenge to the maintenance crews at the company’s courses and was only supposed to last two months. Course managers quickly realized that golfers were impressed and got caught up in the small movements (or large movements, in the case of aerification or change of season) in these numbers, along with the bragging-rights angle.

“Customers mention ‘Need for Speed’ and our Stimp numbers all the time—that alone tells you it has value to them,” Metzler says. “This is a case where a majority of the golfing public places high value on an attribute that actually hurts them on the scorecard. I had a guy come up to me the other day talking about how great it is that our greens are fast. He said, ‘You know, I’m four-putting, but I’m loving it!’”

At Shaker Hills Golf Club in Massachusetts, Michael Herrick has continued his experiment with price/value perceptions on golf fees by tweaking and expanding his volume-discount offers. Herrick, following his instinctive mandate toward multiple price tiers and variety in pricing-packaging, stumbled upon two important truths. Both showed the degree to which being in the driver’s seat—that is, being able to choose from a menu of payment options—by itself offers a desirable degree of value to the consumer.

“I had trouble selling individual memberships—season passes, re-

## THE VALUE OF EDUCATION

THERE ARE JUST TWO REASONS WHY ANYONE EVER BUYS ANYTHING: It solves a problem or it makes them feel good. That’s an old saw, but entrepreneurs with a knack for customer psychology keep looking for new ways to recognize and prove that statement.

Kris Moe, a PGA-trained golf school director with four West Coast locations, has studied consumer marketing and enjoys solving the riddle of what people seek in a golf school.

“I discovered yet another interesting thing about golfers after we expanded into the Pebble Beach area [with our school] at Poppy Hills Golf Course,” he says. “Some of our students at Poppy Hills are really taking out an insurance policy—they don’t want the friend or business partner who’s hosting them at Pebble Beach to waste their \$400. So they run over here to our school.”

Value is in the eye of the beholder—or it’s “comparative and personal” to quote Morris Holbrook, professor of marketing at Columbia University. So before you mindlessly compete on lowball pricing, you have to see your product’s value through as many eyes as possible. At Moe’s golf schools, value gets defined and delivered in such forms as:

■ SELF-ESTEEM UPGRADES. “You get students who want to be good at their job and they want to be good at golf—those two factors make or break their self-esteem,” Moe says. “You can find that out by listening, and most of the time you can make it happen.” Until the cost factor (\$65 per student) became prohibitive, Moe administered a 30-page questionnaire that identified learning styles and yielded behavioral insights as well.

■ RIGHT-BRAIN LIBERATION. “Our society is analytical, and successful people are overly analytical,” Moe says. “They need a way to get their right brain active and all that creative, visual capacity unlocked. With some students, it’s unbelievably hard but eventually we succeed—and they can apply that to other aspects of their life.”

■ ROMANCE REKINDLING. “We have a school in the Napa Valley wine country, where people come to get a pastoral experience that’s more sensual and satisfying than their normal environment,” Moe notes. “It’s typically the woman’s idea, and she needs something to make it work for the man. We’re aware of that and when she calls, we talk about our school in a way that fits with what she wants out of this vacation.”

A good percentage of the time, the woman will even sign up for some golf instruction herself. That’s a bit of added value on both sides. —D.G.



Leigh Bader strives to provide value in his retail business and his golf operation.

After decades of giving fleet buyers a Model T-like choice of green or white, manufacturers began offering numerous hues, ranging from reds to bronze to even black.

"Those dark colors connote a higher quality level, even though the vehicle isn't any different," says Fred Palmer, vice president of national accounts at Club Car. "It's a visible detail that suggests this club or resort is a cut above the competition."

In a more traditional technique, Maine-based Harris Golf recently employed a very simple value proposition—discount green fees at three Harris-managed courses—and wrapped it into a much more subliminal type of value

ally—to a collection of golfers who were our regulars," he notes. "I offered them a 50-round pass and they basically jumped at the offer."

Actually, what Herrick offered was a bulk purchase of golf privileges but unlike a membership, it imposed an outside limit on how much the golfer could play. In that sense, the pass program was like an assignment that can be completed, at the end of which the consumer feels they have attained a cost-benefit victory. Unless he or she plays every single day, a member (or season pass holder) will finish the season wondering how they might have squeezed in more rounds and, thus, truly received their money's worth.

In "Predictably Irrational," there is a chapter called "Keeping Doors Open" that demonstrates the relief humans feel when their options, though reasonably wide, no longer seem infinite. Interestingly, this 50-pass experience, once it reaches its satisfactory conclusion, seems

**"THIS SEASON BEGAN WITH AN ADVANTAGE FOR US, BASED ON THE CONSUMER LOOKING AROUND AND SAYING, 'WE'VE HAD AN ECONOMIC MELTDOWN, BUT I'VE STILL GOT TO LIVE MY LIFE.'"**

to transport the Shaker Hills pass buyer to a new status. To borrow the phrasing of Bader, the pass buyer "earns permission" to simply buy a membership. "The 50-pass guys of previous seasons have basically all become members," Herrick says.

Value seeps into a golfer's consciousness in subtle, surprising ways. One interesting example is the body colors painted on golf cars.

proposition involving the company's recent purchase of Wilson Lake Country Club in Wilton, a 77-year-old golf club that was in danger of falling into receivership. As spring approached, Harris Golf sent out e-mail blasts with attractive 1930s-era artwork celebrating the Wilson Lake heritage and offering a free round of golf to anyone who purchased a discounted \$50 round at another Harris Golf facility. They dubbed the program the "Preservation Pass."

"The response was extremely positive," says Peter Flint, a golf professional for Harris Golf who splits time between a number of the company's courses. "People around here who love golf want to feel that an important course like Wilson Lake isn't being lost. Our message is that times may be tough, but Maine's great golf experiences are here to stay and our company wants to be a big part of that."

But here's the big question: Would Harris Golf have sold just as many two-rounds-for-\$50 passes if they had never mentioned Wilson Lake or its preservation?

"Offering this 'Preservation Pass' to a golfer is like offering cage-free eggs to a supermarket shopper," Professor Perner says. "It gives them a chance to engage in socially responsible spending, which for many people enhances the value of whatever product or service they're paying for."

Since most avid golfers tend to be mindful of golf's storied history, buying a Preservation Pass may satisfy multiple needs or wishes. There are potential pitfalls, however. "When you do this type of marketing, it has to feel legitimate, not like a blatant gimmick, or else it can backfire," Perner warns.

Meanwhile, developers who build golf communities often have the benefit of precise studies linking big-name course architects with jacked-up (pun intended) home values surrounding the course. At upscale daily fee facilities whose designers are lesser known, extracting value from the architect's name is a challenge, but potentially well worth it.

One obvious value bonus for a course takes place when its designer "hits a home run elsewhere," notes Rich Katz, head of Billy Casper Golf's publicity arm, Buffalo Communications. Katz's company does public relations work for the new Sweetgrass Golf Club in Michigan, which recently

cracked one national magazine's ranking of that state's top 20 courses.

"That was a breakthrough for Paul Albanese, the architect, and for Sweetgrass as well," Katz says. "Our job is to spread the word about this award and any others that Paul or Sweetgrass receive. His star will rise and the course's will, too."

Katz is puzzled by public golf course operators who don't use their club's Web sites and scorecards to hype their

course architect—especially if he or she is around and still active. "The days of taking a build-it-and-they-will-come approach are over," he says. "Owners don't realize how much they contribute to a rising architect's name value by running a great operation. When an owner takes the next step and says how wonderful this architect is, he's plugging that value back into his operation."


The personal component is, perhaps, the last cornerstone of consumer value. In other words, people aren't all the same. Because they have different "mental categories" of value, your latest great marketing idea will only register with a segment.

"Knowing more about the motivations of the golfers visiting your club [is vital]," says Michael

Solomon, professor of marketing at St. Joseph's College in Philadelphia. "Market segmentation, where we group consumers in terms of common characteristics, is what helps us tailor our approach to each."


Ultimately, it—along with other ways consumers define value—distinguishes an operation that merely survives from one that thrives. **FB**



David Gould is a Connecticut-based freelance writer.

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