IAGTO European Convention
24-26 April 2023, Marbella

State of the Market

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So, in these last few minutes I just wanted to flag up a handful of conclusions that we believe will have a long term impact on golf tourism, with some recommendations that might also be helpful to you in the 8300 meetings that about to take place.

Of course, every trend that we refer to will vary depending on both the market and on the destination!

And when I talk about long-term impacts, I am talking about 3 years, which is a long time in anyone’s book in these days of rapid change!

Many of these observations will overlap and more than a few are driven by this simple statement: We're not getting any younger!!

We all know that golf courses in many countries enjoyed 10-15% more play during the pandemic. But actually, the number of rounds played is actually of very little interest to me, but what WAS of particular interest to golf tourism was a) the return of lapsed golfers, b) an increase in play turning occasional golfers into regular golfers, and c) just generally golfers getting better. The better they get, the more they are likely to spend on a golf holiday.

The rise in beginner golfers is also important to keep the golf tourism industry growing in the future but is unlikely to have a significant impact for the first couple of years. So – let's start with our estimation that the pool of potential golf travellers has increased by 4-5% overall – which itself will have a significant long-term impact!

Findings from our survey are that…

Last year's surge was fuelled by pandemic re-bookings, which is now largely over

Where current demand is greater than 2019 levels + 4%, it's because of the increase in the desire of golfers to take golf vacations

People with savings are spending more of it on golf vacations, and they're spending it NOW!

Golfers are taking more trips

They are spending more money on the trip, getting what they want and also staying a few days longer in order to make the most of it.

The strength and urgency of this desire we believe is set for the next 3 years and can be considered long-term.

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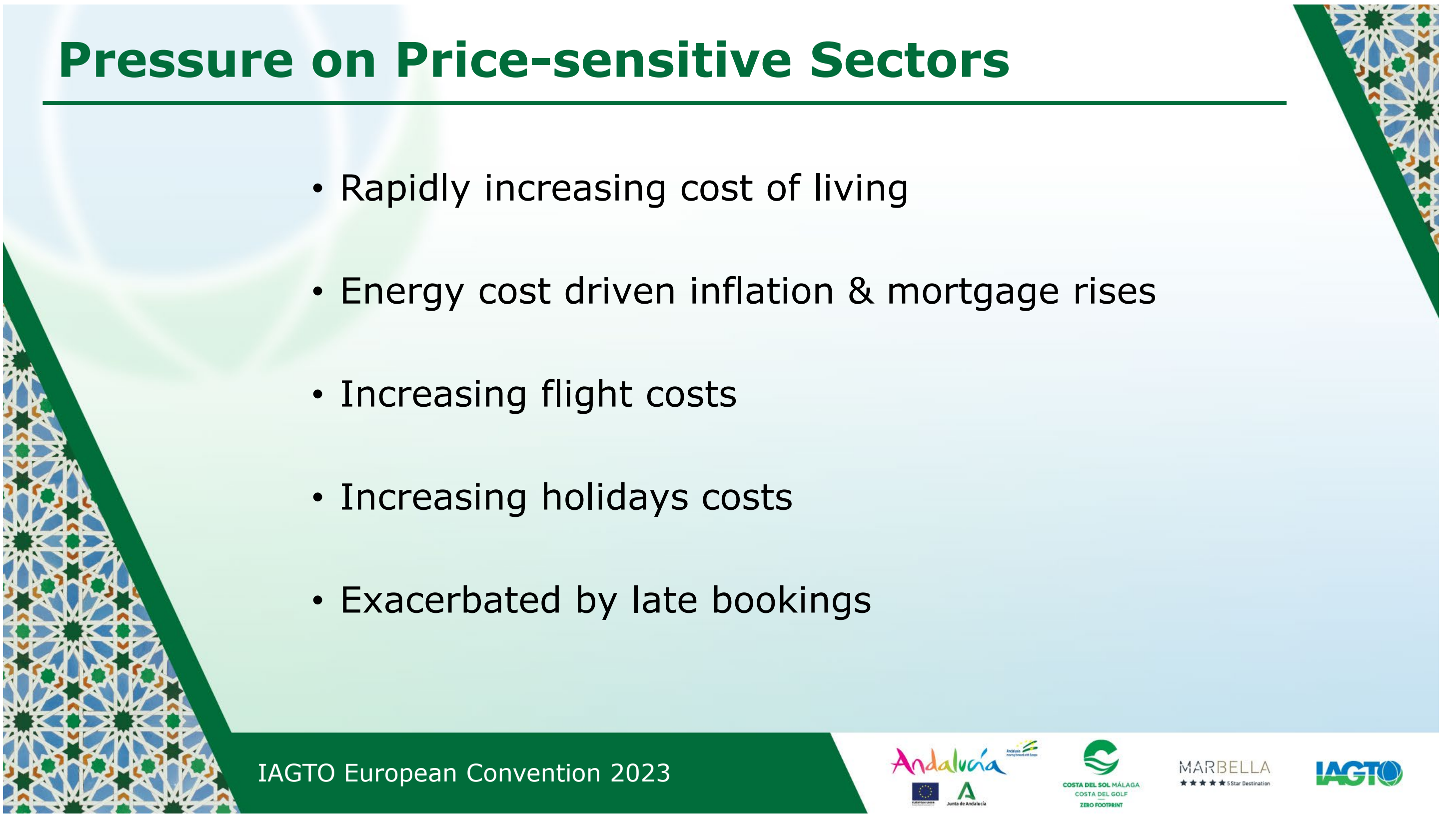


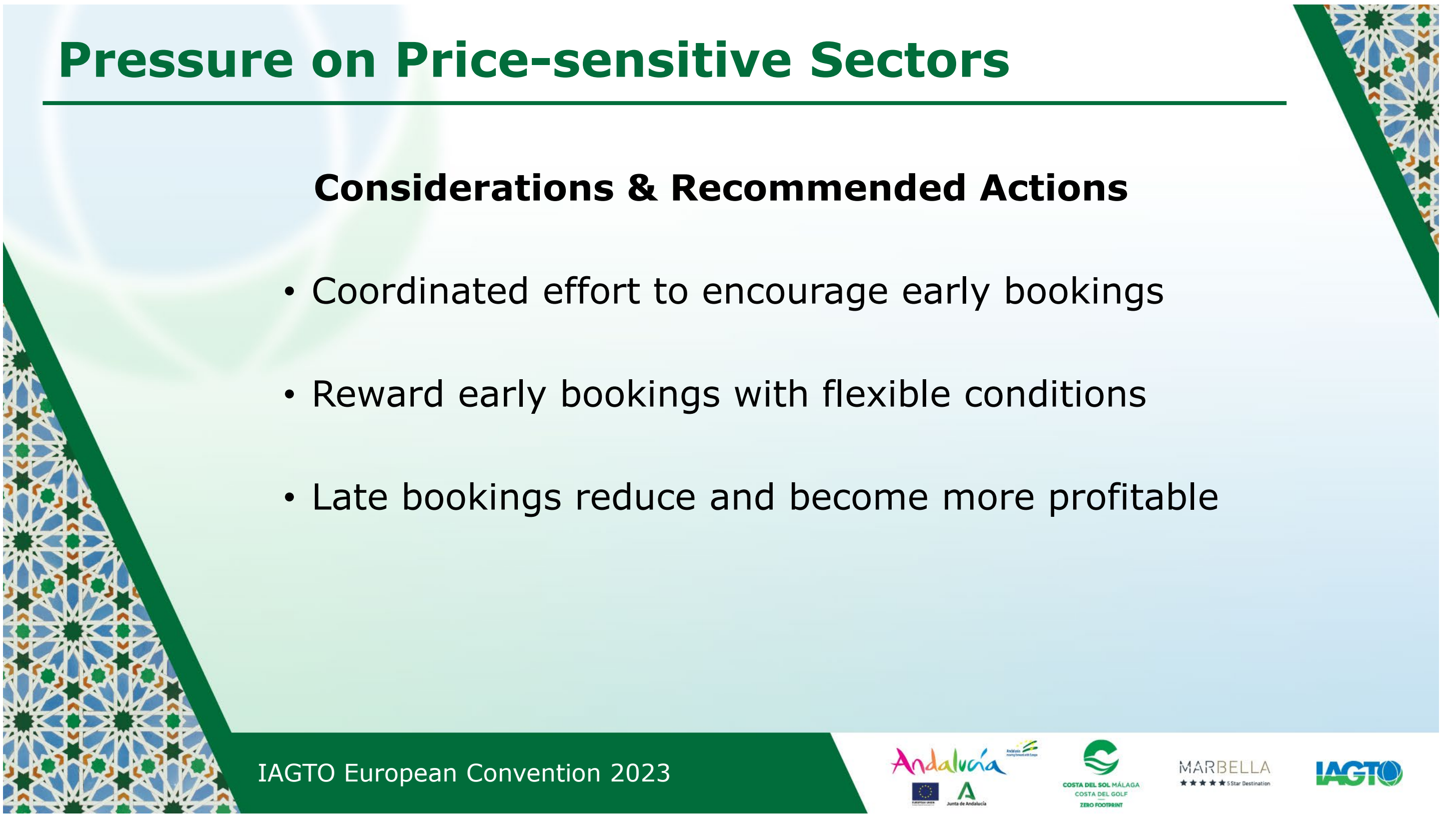
While golfers with savings drive the market, there is a great deal of pressure on the price-sensitive end of the market that is likely to be impacted for the foreseeable future:

Everyone is experiencing rapidly increasing costs of living

Increasing flight costs

Increasing holidays costs

And this is exacerbated by the current tendency for golfers in this sector to book late when prices are of course higher.



Action that can be taken to address this challenge includes a coordinated effort by buyers and suppliers to encourage early bookings, when flight prices are at their lowest, matching this with best offers from suppliers and with flexible conditions.

Back in 2010, during the Financial Crisis, I stood up at an event similar to this and flagged up that a decreasing group size is usually an early indicator of a declining market.

Now - 13 years on in this post-pandemic era I actually think that smaller group sizes are now here to stay for the coming 3 years, even as golf tourism rebounds strongly and continues to grow.

Some of the reasons for this are that…

The upper end of the market is booking more personalised trips – and MAYBE taking fewer group trips

While the lower end is being squeezed by cost of living hikes that are unlikely to abate any time soon

Logistical obstacles such as the frequency or availability of flights is likely to continue for a while – airport and airline strikes don't help.

And uncertainty in the market persists, now also because of geopolitical concerns.

This raises some important considerations for the golf tourism industry because most group bookings come from tour operators because of their complexity.

So firstly, suppliers need to recognise that declining group size does not represent a weakening in the power of their tour operator partners, it is just a reflection of golf traveller behaviour

You're also likely to see more late-changes to group sizes which is why we recommend that suppliers consider adapting their current group policies to apply to smaller group sizes, and implementing more flexible conditions where possible taking into account what is out of the control of the tour operator.

I never thought that I would bring Cognitive Dissonance into a golf tourism discussion! But findings from our survey show that we need to be able to hold two opposing views at the same time, because they are both correct!

More bookings are now being made further in advance. AND more bookings are now being made at the last minute!

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The best way to look at this is in terms of the golf product.

For what we would call Bucket List product or golf experiences in Short Supply or with Limited Capacity, enquiries are being received further in advance now than ever before.

A good example of this would be the Championship links golf courses in Ireland – but this applies equally to other highly desirable golf products with limited supply. So… open your 2025 books now!

Conversely, here on the Mediterranean, the vast majority of suppliers are reporting a significant trend towards late bookings this year, with bookings made within 2-3 weeks of arrival not being uncommon.

Advance bookings are better for everyone, including the consumer, so while this trend may be set for some time, you might want to consider the following:

Open future-season bookings much earlier than before

Hitch a ride on the Bucket List train!

Manage last-minute enquiries more effectively and incentivise early bookings

The low levels of consumer confidence in the aftermath of the pandemic, led to suppliers offering maximum flexibility to the customer.

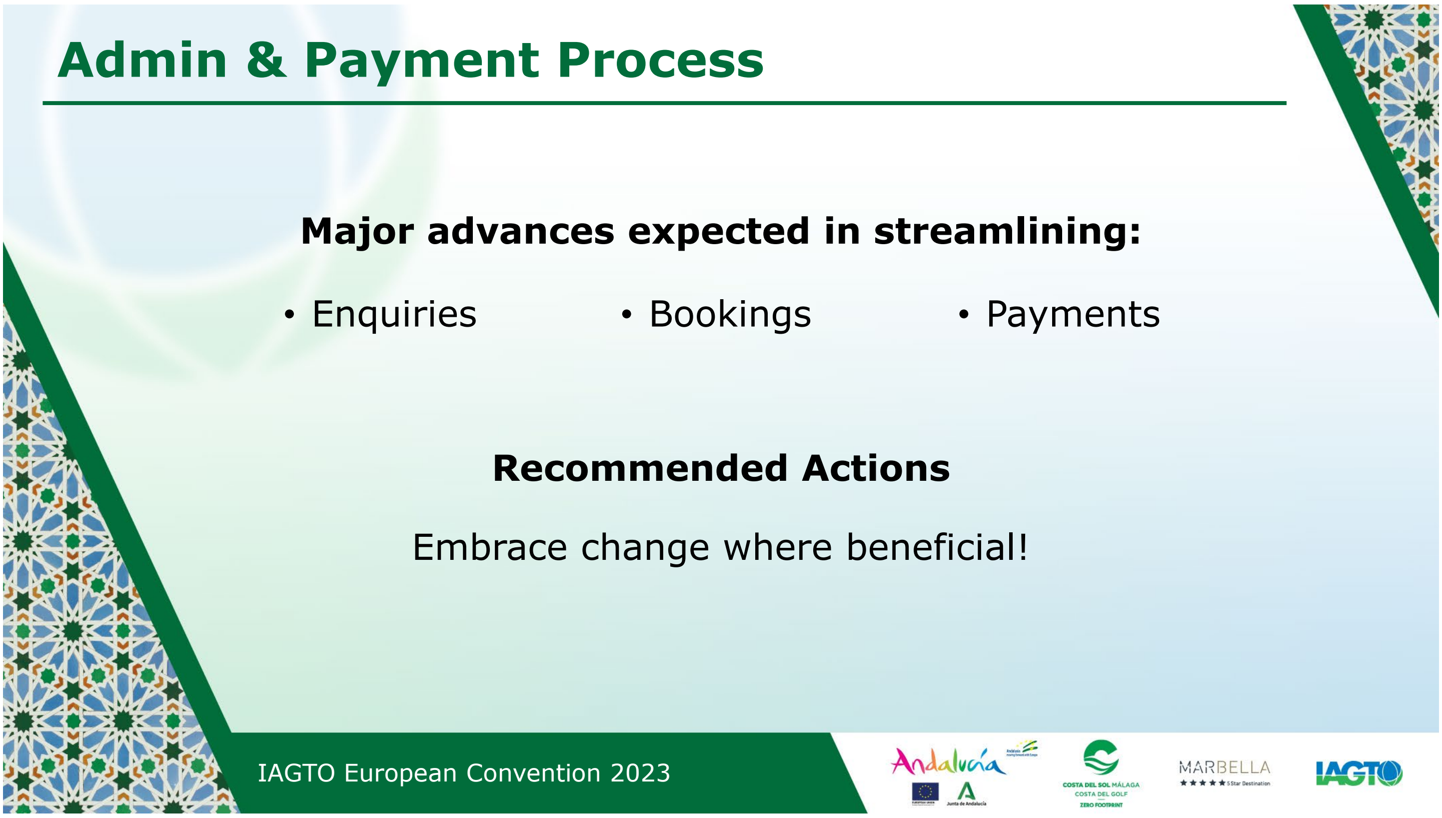
This access to flexible conditions is now engrained into the consumer mind-set and Golf Travellers are going to continue to choose destinations, product and booking channels where the conditions are most flexible.

Our survey shows that consumers are paying more attention to terms & conditions than they have ever done before.

Wherever possible, the flexibility offered by suppliers direct to the customer should be available to golfers booking through golf tour operators that you allow to promote and sell your product.

Maximum sales are generally achieved when the consumer is allowed to choose how they book, while you the supplier remain in total control of which booking channels you partner with.

Another thing that I said back in 2010 still applies, was to remove all unnecessary obstacles, to which we could now add differing terms & conditions.



Lastly, one thing that took root during the pandemic and will just accelerate rapidly for the next 3 years, is the effort being made by all IAGTO members to reduce administration time and costs in all aspects of the enquiry, the booking and the payment process.

The last big change was when making same-day international bank transfer payments became fast, easy and cheap. The next big transformation I think will occur over the next 3 years, during which I believe all 3 aspects of golf travel administration will become ever more streamlined.

So I'm just going to conclude with a couple of charts that back up what you will all have experienced over the past 12 months.

We asked our members 2 simple questions in this survey:

1) The first was "How did bookings in 2022 compare to bookings in 2019"

2) And the second was "How do you expect bookings this year to compare to bookings taken lasty year"

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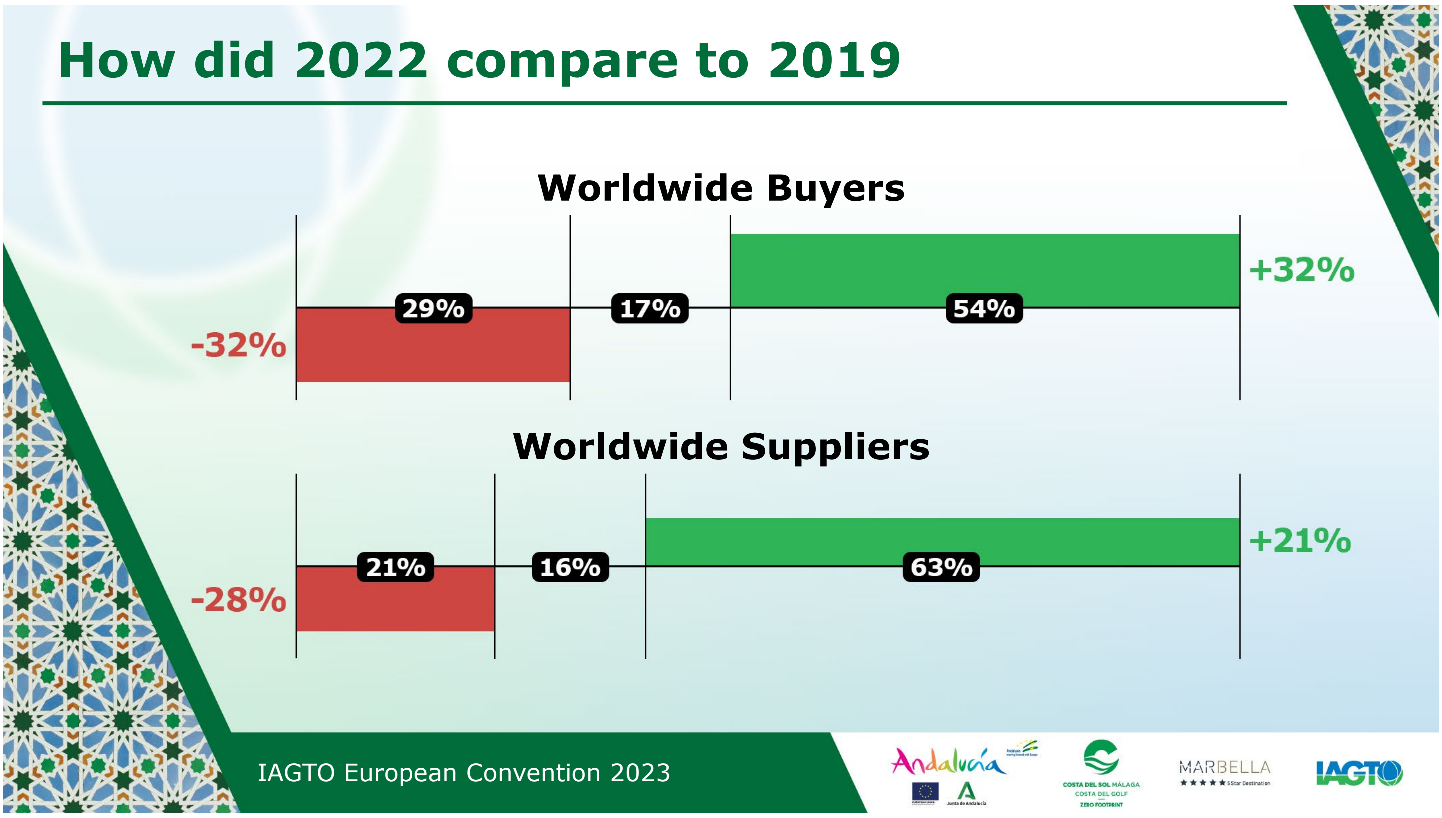

Looking globally to begin with, not everyone experienced a resurgent 2022, with 29% of buyers and 21% of suppliers achieving sales still significantly below their 2019 highs.

However, 54% of buyers and 63% of suppliers worldwide experienced their best ever sales.

The difference is primarily geographical.

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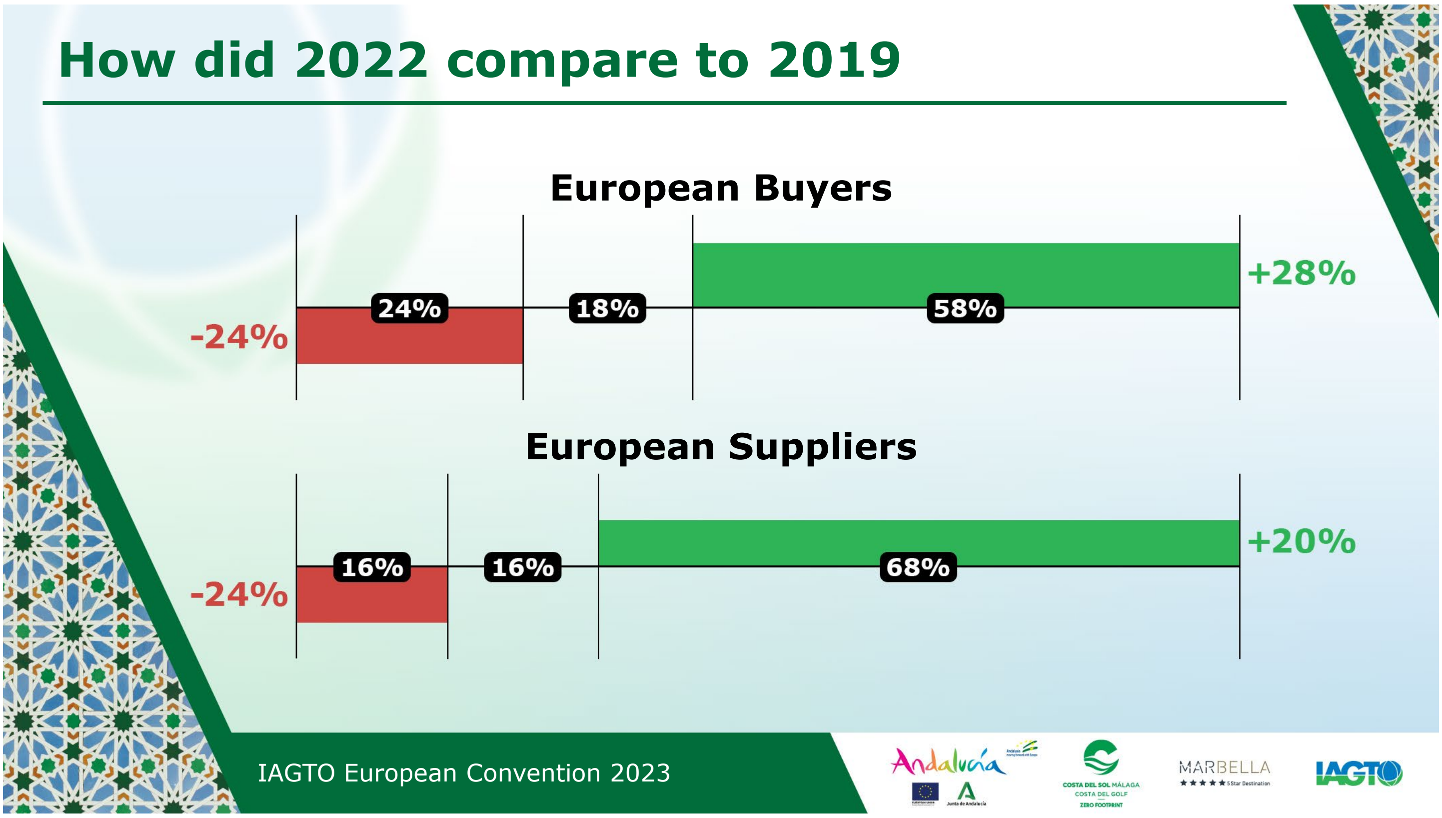
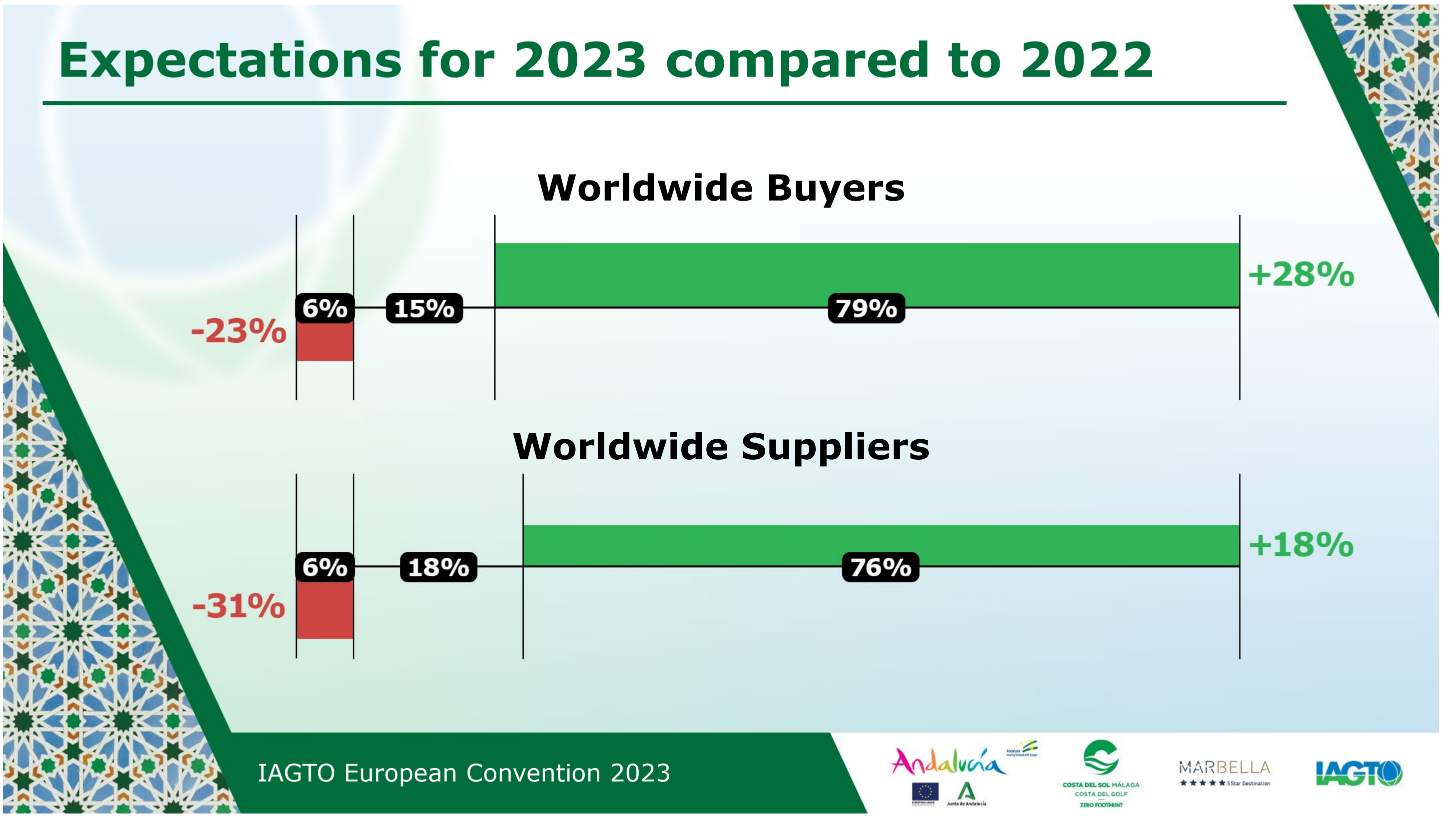


When we zoom in on Europe, 5% fewer Buyers AND Suppliers saw sales struggle to reach 2019 levels, and 5% more experienced their strongest performance.



Then when we asked the question "How do you expect your 2023 bookings to compare with those from last year?". These were the results when averaging out across the globe.

It's notable that the percentage of both Buyers and Suppliers doing better or worse is almost exactly the same, but that the projected growth of golf tour operator bookings performing well this year is significantly higher.

This reflects the fact that tour operators always have a greater capacity for growth than suppliers who have, basically, a fixed inventory to sell.

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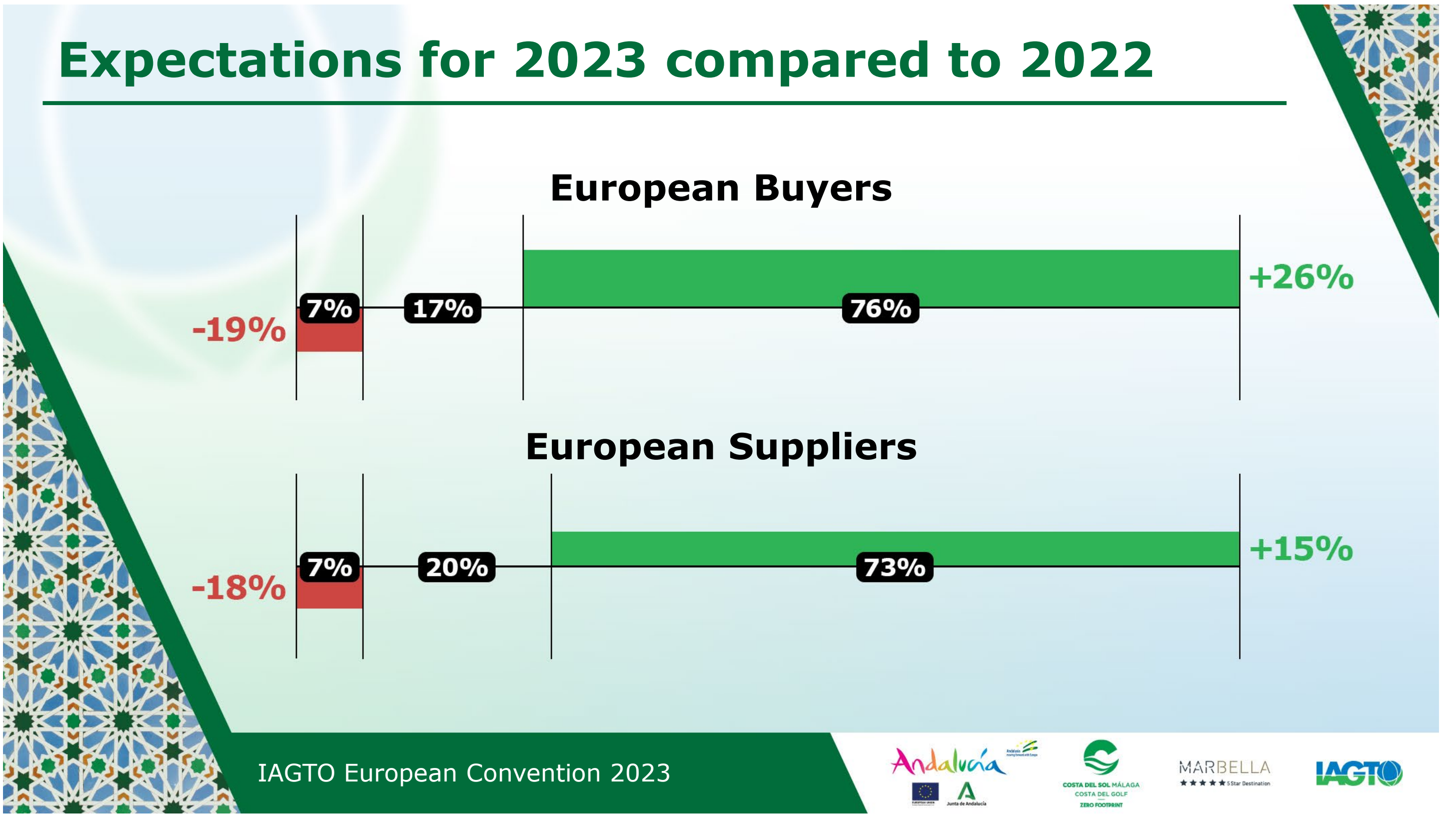

And when we zoom in on European members we can see once again that you cannot put a thin wafer between the relative performances of IAGTO member buyers and suppliers.

Most of all this shows how integrated our golf tourism industry is, and how interdependent we are on each other, buyers and suppliers.

And that is of course what IAGTO and this Convention is all about!!!