KPMG
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Golf Advisory Practice
Advisory

Golf Travel Insights 2012

GOLF
BUSINESS
COMMUNITY

Introduction

Golf tourism, in its own right, has developed into a successful business, and there are numerous tour operators tailoring their offers to the specific needs of golfers all over the world. Whether as a primary motivation for a holiday or simply as a secondary activity, golf attracts millions of holidaymakers worldwide. According to IAGTO[1], international golf tourism exceeded 50 million travelers in 2011.

Golf tourists purchase many different goods and services while on their trip, supporting a wide range of businesses such as hotels, restaurants, retailers and, of course, golf facilities themselves through the purchase of green fees, golf equipment and cart rental. IAGTO estimates golfers' spend to be 120% more than that of other travelers'.

While golf tourism demand still lags behind the volume of pre-crisis years, we were pleased to note that the number of golf tourists was on the increase in 2011 and there are several emerging golf destinations in the market. Nearly three-quarters of the tour operators surveyed are also positive about the future.

In order to provide a reflection of golf tourism trends in today's challenging economic environment, KPMG's Golf Advisory Practice has undertaken the Golf Travel Insights survey among international golf tour operators for the third time in early 2012. We hope that you will find the survey results insightful and please feel free to contact us with any comments or questions regarding this research at gbc@kpmg.hu.

1 International Association of Golf Tour Operators

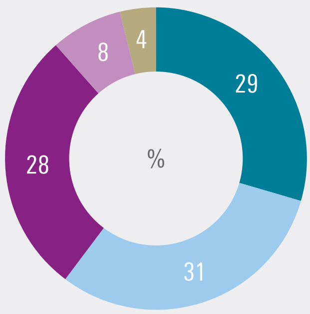
Golf bookings in 2011

Golf bookings indicate a positive trend in market demand as 60% of the surveyed golf tour operators have experienced an increase in the number of golf trips[2] in 2011, compared to only 38% in our survey last year. A similarly encouraging sign is that fewer operators reported a decrease in bookings: 12% versus 54% in the year 2010.

More than half of golf tourists booked 4-7 night trips in 2011, while a quarter booked short trips of 1-3 nights and 20% stayed for longer than a week. This distribution was similar in previous years, indicating little change in the average length of stay.

About 35% of all bookings were group bookings in 2011, typically by groups of 8-12.

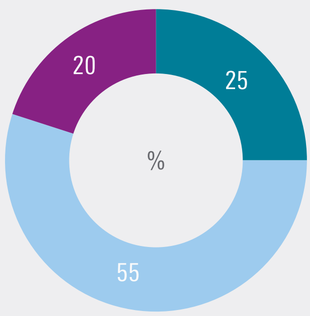
How does demand for golf tourism in 2011 compare to 2010?



- Increased significantly
- Increased slightly
- Stayed more or less the same
- Decreased slightly
- Decreased significantly

Source: KPMG Golf Travel Insights survey

Distribution of trips by the average length of stay



- 1-3 nights
- 4-7 nights
- 8 nights or longer

Source: KPMG Golf Travel Insights survey

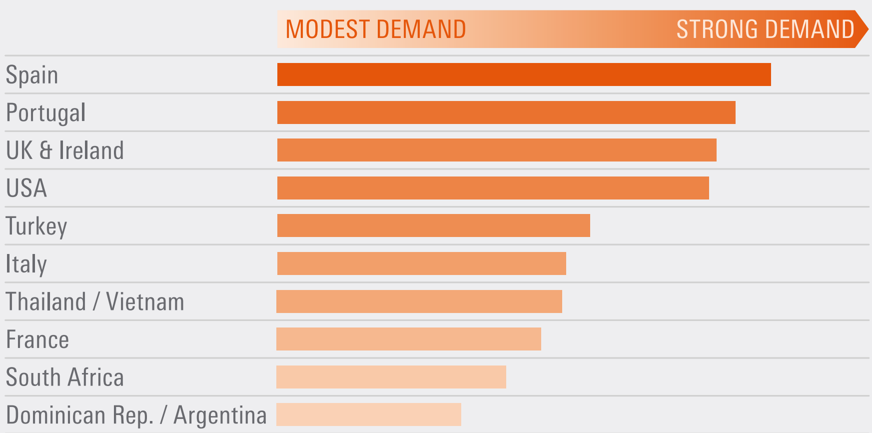
Most popular destinations

The most popular destinations in 2011 continued to be Spain and Portugal, together with the UK and Ireland, while emerging destinations like Thailand, Vietnam and Turkey are also enjoying an increasing interest. Italy and Bulgaria are also considered as emerging golf tourism hot spots by many operators.

North African destinations (including Egypt, Tunisia and to some extent Morocco) were hit hard in 2011 by the Arabic uprising in terms of inbound golf tourism. On the other hand, golf markets of Mediterranean Europe (Spain, Portugal, France, Italy and Turkey) could benefit slightly from the Arabic unrest by taking over some of the golf tourism demand.

The United States traditionally has a very strong domestic golf tourism market, while Argentina and the Dominican Republic have become more and more popular outbound tourism destinations for US citizens.

Hot spots for golf tourism



Source: KPMG Golf Travel Insights survey

2 For the purposes of this study a golf trip is defined as a leisure trip taken within a country or cross-border, which includes at least one overnight stay and when the traveler’s main motivation is to play golf.

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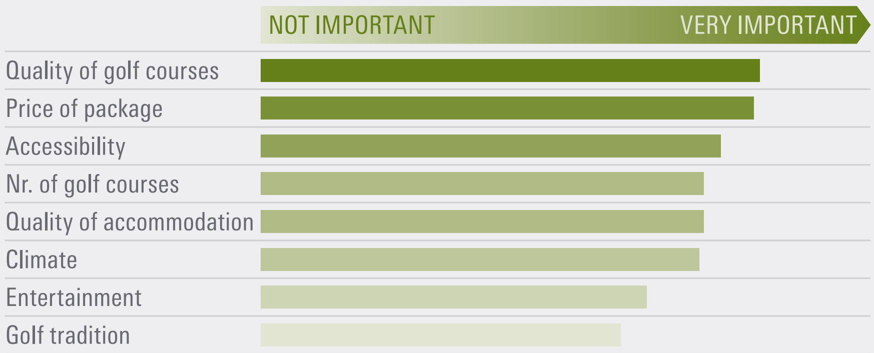
Golf tourists and their expectations

The biggest golf travelers remain the Americans, the Canadians and the Brits, followed by the Scandinavians (mainly Swedish) and the Germans.

While golf tourists care most about the quality of the golf courses at a destination, they are becoming more and more price sensitive. Accessibility remains a key factor, and particularly the availability of direct flights to a golf destination plays an important role.

In regard to playing activities, a golf tourist generally plays 4-6 rounds of golf on 3-5 different courses on a one-week golf holiday.

Key factors when choosing a golf destination



Source: KPMG Golf Travel Insights survey

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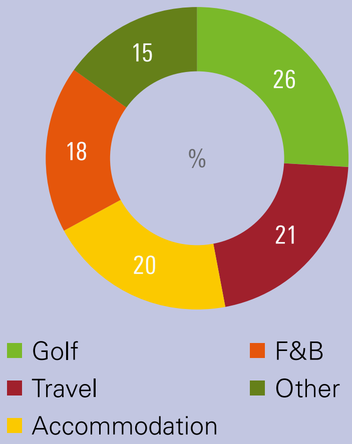
Pricing

Info box: tourists' spending

According to our research, golf tourists spend on average EUR 150-180 per day on a short trip, and approximately EUR 250 per day while on a long haul golf trip. The following chart presents the typical breakdown of golf tourist spending during a long haul trip of 7–9 days.

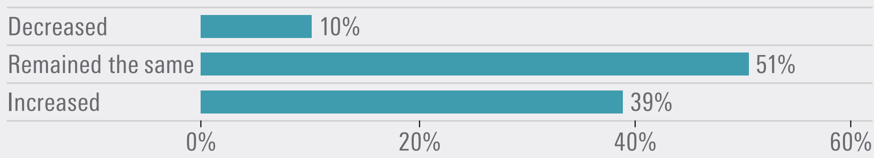


Source: KPMG research

Based on our survey, a 1-3 night golf trip, including accommodation and green fee but excluding flight, costs between EUR 300 and 600, depending on the destination. A 4-7 night trip typically costs EUR 600-900, while those who travel for longer than a week should budget over EUR 1,500, with some luxury golf trips costing as much as EUR 5,000.

Thirty-nine percent of golf tour operators have recorded an increase in package price, while the majority kept prices stable in 2011. Changes in pricing, however, also depend on which destinations they organize trips to. For instance, prices of golf trips in the markets of South-East Asia (e.g. Thailand and Vietnam) have increased significantly (30-50%), and have also gone up in Turkey by 10-20%. On the other hand, a 10-20% price decrease was experienced in Spain and Portugal.

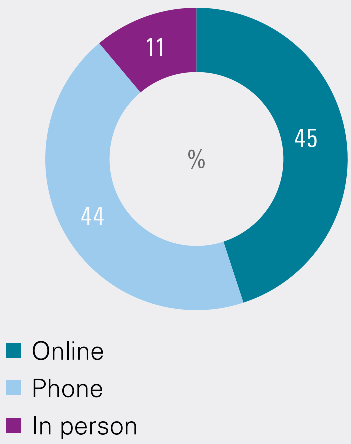
Average package price



Source: KPMG Golf Travel Insights survey

Booking methods

How are golf trips typically booked?

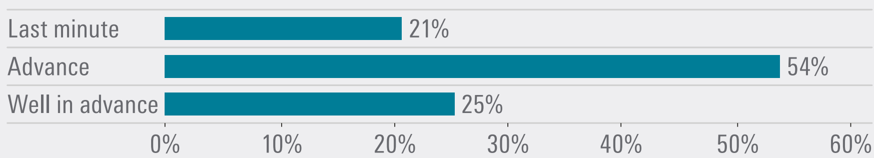


Source: KPMG Golf Travel Insights survey

According to travel agents who participated in our survey, most bookings are made over the phone or by email/Internet, with golfers seeking personal contact with the agents in order to get information and advice. As golf trips are typically tailored to the tourists' needs, many do not find standardized Internet platforms a viable way of booking golf trips.

Over half of the trips are booked 1-6 months prior to the travel date, while 25% are booked more than six months in advance (typically group bookings). About one-fifth of the bookings are made within one month of the travel date.

Distribution of bookings by time of booking



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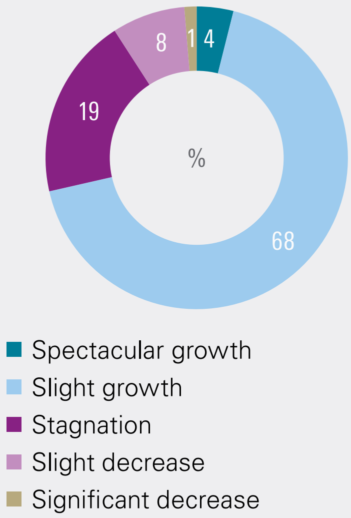
Future outlook

Future expectations of tour operators regarding golf tourism growth



Source: KPMG Golf Travel Insights survey

Similarly to last year, over two-thirds of the surveyed tour operators expect a slight growth in golf tourism in the short to medium term, and about a fifth expects stagnation. While 9% are pessimistic and predict a decrease, 4% foresee spectacular growth. Whether tour operators have positive expectations about the future of their business also depends on which destinations they focus on.

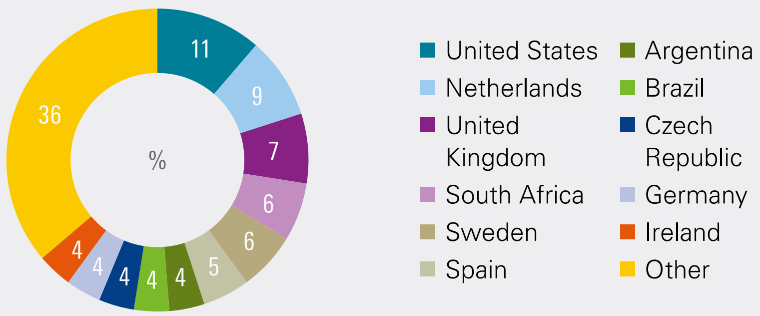
According to IAGTO, golf tourism continues to grow at pace, and is soon expected to reach the level of 2007 (before the economic downturn). Destinations with a strong product mix, competitive price and appropriate promotion strategy can especially prosper in the coming years.

Appendix – Survey profile

This report is based on a global survey of golf tour operators, performed by KPMG's Golf Advisory Practice in early 2012, reflecting the year 2011.

Ninety golf tour operators from 35 countries have participated in the survey. Nearly half of the responses were received from European golf tour operators, 24% from Asia and 23% from those located in the Americas, with the remainder being Africa-based or from Australia and New Zealand.

Participating tour operators by country



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