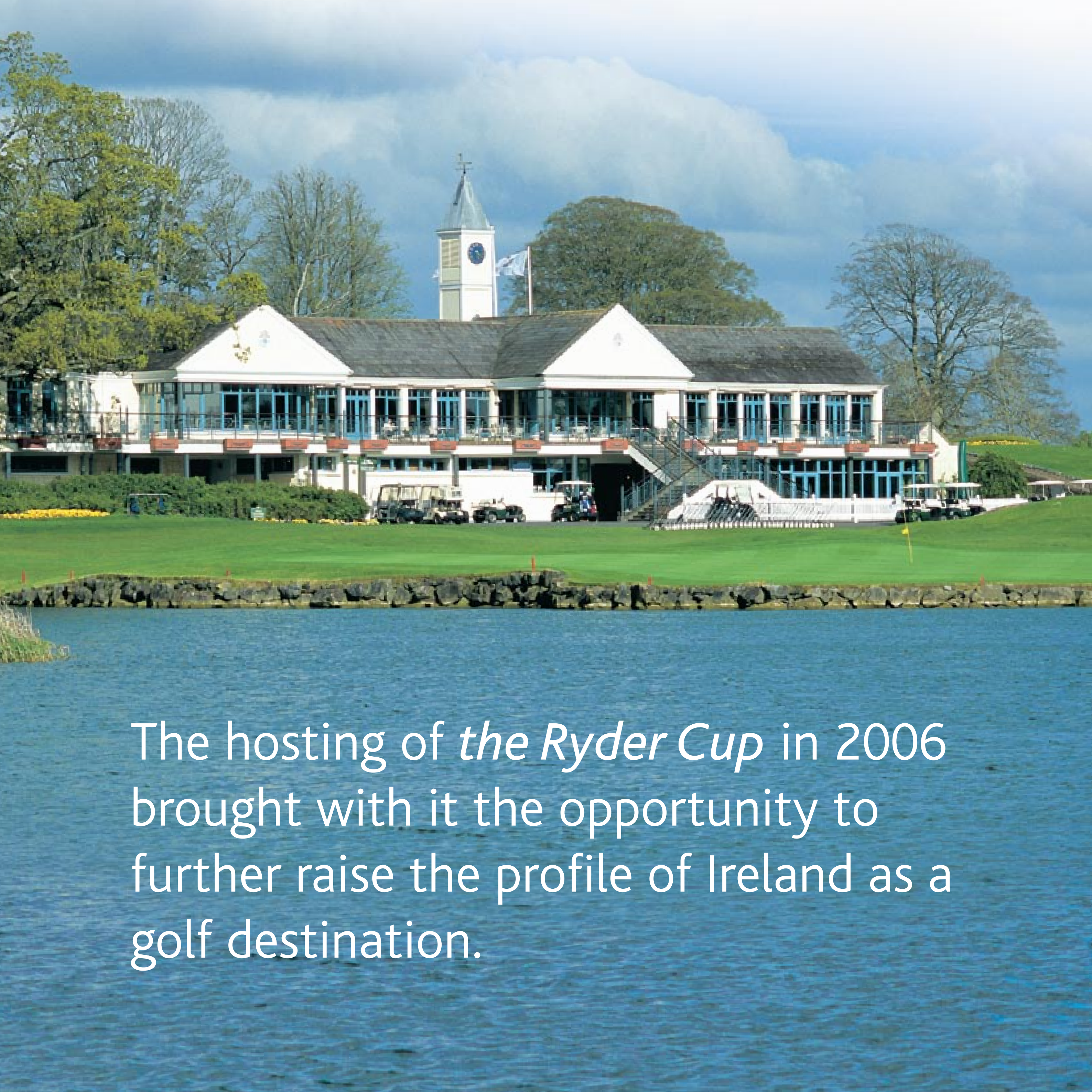
GOLF & TOURISM, CONVERTING AWARENESS INTO SUSTAINABLE GROWTH

Fáilte Ireland
National Tourism Development Authority



The hosting of *the Ryder Cup* in 2006 brought with it the opportunity to further raise the profile of Ireland as a golf destination.

1. Background

Ireland's reputation as a destination for high-quality and challenging golf has been growing substantially over the last decade, fuelled in part by the hosting of major international championships such as the American Express Championships, and the positive comments from some of the world's leading golfers and golf media.

The hosting of the Ryder Cup in 2006 has raised Ireland's profile as a golf destination, as well as highlighting Ireland to a wider non-golfing audience. But it also presents us with the challenge of where to go next. How do all of us involved in offering golf in Ireland ensure further growth after hosting the biggest event in the golf world?

A new strategy for Irish golf has been completed with the assistance of IMG and the co-operation of the Irish industry. This Strategy forms the basis of the approach Fáilte Ireland plans to take with the industry in leading the development and marketing of golf in Ireland. The Strategy sets out to address some key issues, including:

- *How do we drive growth in golf tourism to Ireland?*
- *Where are our best opportunities for growth and how do we unlock them?*
- *How do we ensure a more balanced spread of golf tourism to all parts of the country and more demand for a wider range of Irish golf courses?*
- *How do we develop new business from the UK and Mainland Europe?*
- *How do we support the Irish industry in positioning itself for growth?*

The methodology used in developing the Strategy included desk research, analysis of existing Fáilte Ireland research, surveys, and consultation with industry (in Ireland and overseas) and other relevant contacts (media, tourism interests, etc.). What follows is a summary of the main findings and recommendations.

2. Summary of Key Findings

There is a perception that golf in Ireland is expensive – driven largely by high green fee charges in Trophy courses and unfavourable currency exchange rates in North America and the UK.

Cost of living increases in Ireland have also meant that the general costs associated with a holiday in Ireland are perceived as expensive (especially the cost of food and drink).

Greater segmentation/positioning is required to target distinct niches within the golf market.

A focussed strategy of supporting televised golf tournaments in Ireland should continue as a means of increasing awareness of Ireland as a leading golf destination.

There is poor awareness in markets about second tier non-trophy courses and good value 'hidden gems'. Significant opportunities for developing business for these exist in the UK and mainland Europe.

Irish courses lag behind in eMarketing, and in the use of Internet. In particular, the absence of a 'one-stop' online tee time reservations system is a significant disadvantage.

The MICE (meetings, incentive, convention and events) sector offers valuable business opportunities but significant barriers exist to exploiting these.

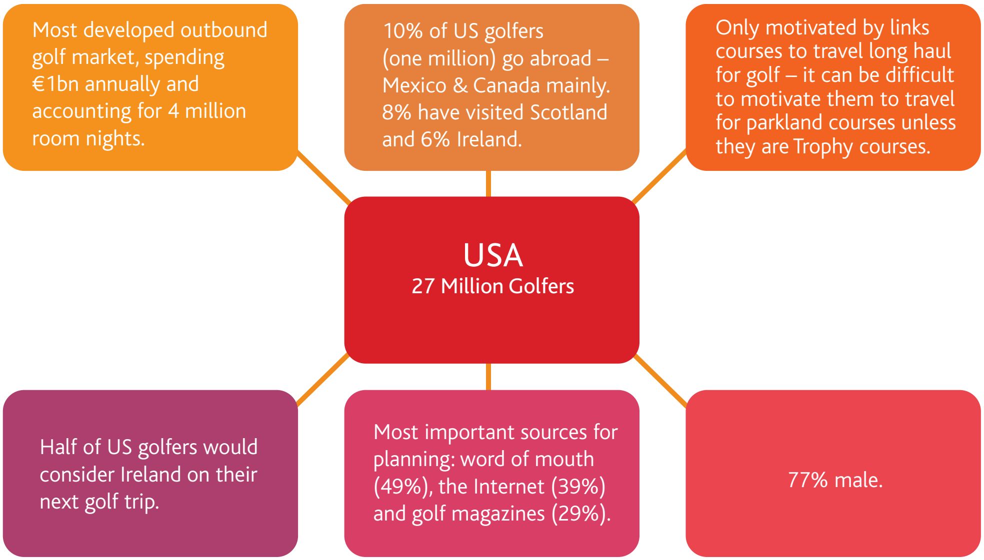
While the UK and North America offer the best opportunities for return on investment, there are opportunities for niche business in the ladies' golf, alumni and golf clinic segments from Europe.

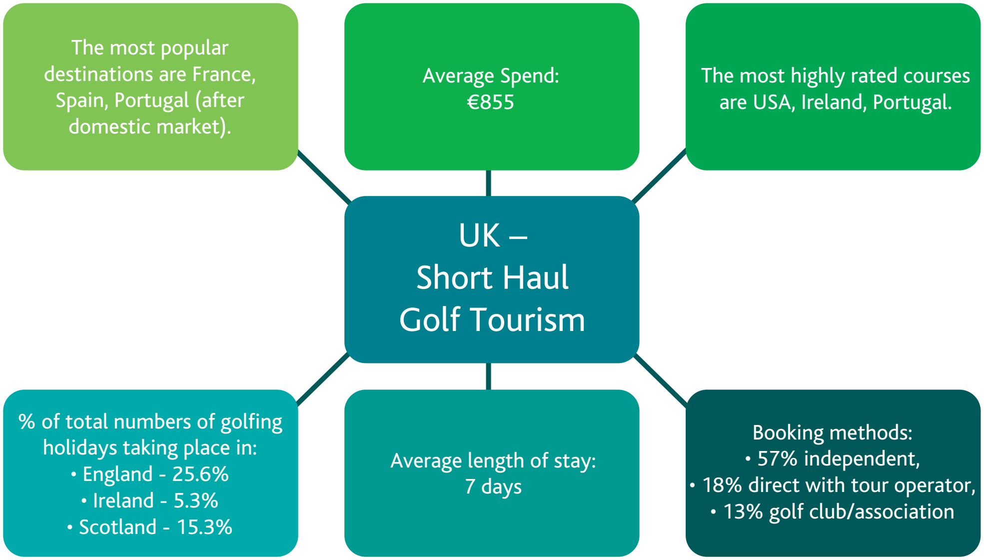
A quality assurance system is required to stimulate new business and counteract negative perceptions.

The opportunity offered by low-fare air services into Ireland to develop the 'value' golf product and improve the regional spread of golfers has not been exploited.

3. The International Context – Trends in Key Markets

Golf is one of the highest yield participation sports in the tourism industry, with an estimated sixty million golfers worldwide. Golf tourism tends to be relatively resistant to recession and is less price sensitive than other tourism sectors. The following diagrams provide a quick overview of golf tourism trends in Ireland's key markets, giving a context for the environment in which Irish golf is being promoted.



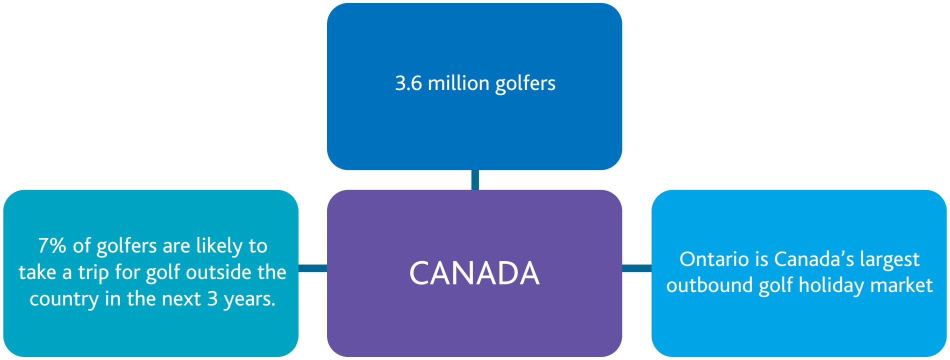


Europe: French, Swedish and German golf travellers overwhelmingly prefer sunshine destinations.

France: 27% take short haul golf holidays, of which 0.9% are to Ireland, 0.9% to Scotland and 0.4% to England. Tunisia and Morocco are the most popular destinations, with England, Germany and Morocco having the most highly rated courses.

Sweden: 41% take short haul golf holidays, of which 2% are to Ireland, and 1% each to Scotland and England. Spain and Portugal are the most popular destinations, although Ireland, England and France have the most highly rated courses.

Germany: 51% take at least one short haul golf holiday, with 2% to Ireland, 2.2% to Scotland and 0.5% to England. Spain and Portugal are the most popular destinations, although England, Scotland and Ireland have the most highly rated courses.



4. The Internet for Golfers

The Internet has become the most important planning and booking tool for golfers worldwide, especially for Americans.

Nearly 23 million or 86% of American golfers have access to the Internet and they are far more likely to go on-line than the average American.

Over 62% of the 65+year old American golfers are surfing the web, much higher than the average in that age group

Over 42% of all golfers and 61% of 'best customer' golfers in the US use the Internet for golf related information. (Best Customers are those who play 25 or more rounds and/or spend $1,000 or more on golf in a year).

28% of all golfers and 38% of 'best customers' use golf specific sites to look at places to play.

On golf-specific sites, weather searches are the most prevalent use, followed by courses to play & equipment information.

The majority of golf travellers research their golf holiday on the net before travelling and 41% of American golfers book some part of their golf vacation on the internet.

75% of US golfers either currently purchase general merchandise online or are open to doing so in the future.

75% currently make or are disposed to making general travel arrangements online.

Over 70% of golfers visit a destination's website looking for information on golf prior to travelling there.

In the UK over 90% of the business comes from 'independents' who book directly with the clubs or through hotels or Golf Destination Management Companies.

Currently, tee times are primarily booked by phone, fax and/or e-mail on a 24 hour return reply basis.

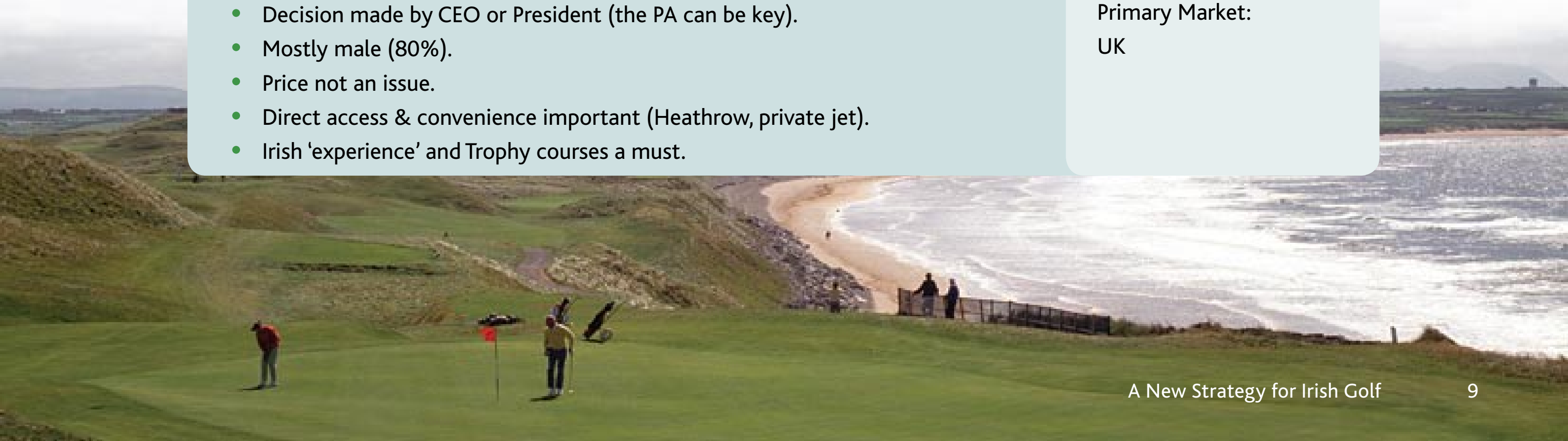
The trend with Americans, having been to Ireland one or more times with a tour operator is to book direct for future trips.

5. Key Consumer Segments

Consumer Segments	Where Are They
'Trophy Hunters' • 'Ticking the box' on the list of the world's most famous courses. • Not price sensitive. • Heavy shoppers. • Very impatient. • Plans long time in advance (from Nth. America). • Like having a caddy to enhance experience. • Short stay (UK).	Primary Markets: USA, Canada, UK
'Kamikazes' • How many courses can I play in the least amount of time? • Nearly all male, not price sensitive. • Will rarely play the same course twice on a trip. • Rarely returns to a course on next trip. • Bored easily, demanding and impatient (Wall Street profile). • More concerned with quantity than quality. • No interest in off course attractions (except drinking and food).	Primary Market: USA
'Trip of a Lifetimers' • Nearly always made with close friends or relatives. • Tend to be smaller groups. • Trophy courses, heritage & history very important, researches on the web. • Not as affluent, has saved for the trip or a gift. • Total experience the key success factor, every moment counts. • Leaves nothing to chance, does not want to experiment. • Sky high expectations. • Will use credible tour operator to reduce risk.	Primary Market: USA

Consumer Segments	Where Are They
'Adventurers & Explorers' • Like discovery and new experiences. • Want to discover the hidden gems before they become well known. • Not as discerning about accommodation and inconveniences. • 'Promise' is the key USP. • More likely to be independent bookers. • Short term planning horizon. • Over 70% of golf travellers like trying new destinations.	Primary Markets: USA, Canada
'Companionship' • Golf is the excuse to spend time together. • Travel regularly together. • More likely to be couples. • Lodging very important, like intimate boutique setting. • Travel in one vehicle together. • Include touring & restaurant bookings in package. • Often return to the same place if they like it. • Planning: short for couples, longer for men.	Primary Markets: USA, Canada Secondary Markets: Sweden, Germany, France (groups of men, and also couples with kids)
Short Golf Breaks • Most likely Irish destinations: Dublin, Cork and South West (low cost access driven). • 60% male groups (4-6); 25-30% couples; 10-15 % women. • Irish 'experience' and 'craic' factor vital. • 3/4-star to 4/5-star accommodation at value rates, especially in NI for off peak seasons (chain hotels are popular). • Advance tee times mandatory. • Like to play one Trophy Links/Trophy Parkland and second tier Parkland, with possibly Links in the South West.	Primary Markets: UK, Northern Ireland

Consumer Segments	Where Are They
Societies • Mostly male, but growing female market. • Totally price driven, value shoppers, internet searchers, price matching guarantee important. • Three star accommodation. • Like to stay in one place and play several courses. • Low cost airline traveller and drive market from hubs. • Second and third tier Parkland for value. • Three nights, four days.	Primary Market: UK
MICE (Meetings, Incentives, Conferentions and Exhibitions) • City of London & growth from the Midlands. • Small to medium size groups. • Primarily male, but with a growing female segment. • Book up to 18 months in advance. Shorter booking window for smaller groups. • Guaranteed tee times in advance, facilities and management fundamental requirements. • Mostly 4 to 5 star.	Primary Market: UK
Corporate Direct • London and Home Counties (stockbroker belt). • Decision made by CEO or President (the PA can be key). • Mostly male (80%). • Price not an issue. • Direct access & convenience important (Heathrow, private jet). • Irish 'experience' and Trophy courses a must.	Primary Market: UK



Consumer Segments	Where Are They
Complementary Targets in the US • Women Golfers • Testing the Waters - Newcomers with limited money and time • The Next Generation – Younger, affluent female golfers • Country Club Elite • Living to Play – Lower income segment but most regular golfer	Secondary Market: US
Other Niche Opportunities • Germany. 'Pro plus' / 'Learn to' Groups – organised by the Pro, tuition driven with teaching facilities important. • Sweden. 'Value Hunters' – Fixed budget, shoulder season travellers, with low spend, who will mix courses to achieve value.	Secondary Markets: Germany, Sweden.

Golf in Ireland – how does it measure up?

Strengths

- Equal to the best 'Links' product in the world.
- Visually the most dramatic Links product - Scottish links golf is primarily flat.
- Ireland has nearly 40% of the Links product in the world.
- Irish 'friendliness and hospitality' enhances visitor experience greatly and outmatches competitors. Research has identified this as Ireland's key USP. The social interaction after golf - the 19th hole, pubs and 'craic' factor makes Ireland more fun off the course than any competitor.
- Excellent complimentary heritage, cuisine and accommodation at top end. Ireland has an abundance of support product to satisfy the highest spending tourists.
- Increased air access and growth of low cost airlines from new destinations.
- High awareness and profile from Ryder Cup and other major internationally televised events in recent years.
- Courses are well spread geographically. There are several hubs across the country with the potential to cater for top end and mid range tourists.
- Personal fondness and testimonials of world famous golfers (Tiger Woods, Tom Watson, Mark O'Meara), with world-class professionals assisting with this exposure (Harrington, McGinley, Clarke).
- Good conditioning of golf courses.
- The hub of courses around Dublin are strengthened as a proposition by the proximity to the world-famous city.
- Irish Heritage in the US. Many US citizens identify themselves as Irish and are interested to experience the homeland of their ancestry.

Weaknesses

- Perception as an expensive golf destination. The perceived and actual costs are inhibiting the growth of the industry in Ireland. This is partly due to price inflation at the top courses and to the weakness of the dollar.
- Lack of service levels and facilities for large MICE and Corporate Direct segments, and inability to book tee times more than a year in advance. Clubs are inflexible in their approach to corporate bookings.
- Limited tee time availability at some Trophy Links courses in high season. The success of the strategy of developing golf tourism in Ireland has placed strain on available tee times at the top courses.
- Marketing spend inadequate to promote rapid growth.
- Poor internet facilities for golf. No dedicated 'one stop shop' website or dominant supplier of online tee-times for the growing number of independent golf travellers.
- Lack of awareness of good value, second tier market in the UK and Europe. The perceived expense of the top courses tarnishes the whole of Ireland and inhibits the development of the mid tier 'value' market
- Lack of specialist high end golf tour operators in UK. Many UK operators have dropped Ireland because of a lack of success. The majority of the UK market is now value and price driven, and direct bookings dominate. This reduces the scope for attracting high end "time poor" golf travellers from the UK.
- Mandatory golf bag 'charge' on airlines reduces the scope for attracting the price sensitive golfer
- Geographical distribution of Trophy courses.

Opportunities

- Given the high levels of repeat business, roll-out Customer Relationship Management (CRM) campaigns in key markets.
- Capitalise on impact of Ryder Cup & international awareness with ‘sweep up’ campaign.
- New world-class golf product coming on stream to increase capacity for high yield tourists and upper MICE segment.
- Targeting and facilitating the ‘independents’ from UK and continental Europe.
- Potential of MICE and Corporate direct segment in USA and UK.
- Growing number of second tier courses willing to promote their product can assist development of mid-tier tourism and simultaneously improve the regional distribution of golf travellers.
- Growth of low cost airlines and hybrid market from new destinations.
- Promotion of ‘value hidden gems’ product.
- First time visitors after the Ryder Cup.
- Greater access to open competitions in member clubs, with notification eighteen months in advance.
- Fixed exchange rate guarantees to counteract negative value for money perception.

Threats

- Aggressive new spend by main competitors. Wales, through its hosting of the Ryder Cup and the “Golf as it should be” campaign will be competing more strongly with Ireland and Scotland for the Links market.
- Funding constraints leading to discontinuation of major events strategy leading to decline of awareness. The previous events strategy has been a build up to the Ryder Cup. The Ryder Cup must not signal the end of the strategy if Ireland is to remain in the public consciousness as a leading golf destination
- Loss of ‘Irishness’ in service outlets due to international workforce.
- Continuing inflation of green fee prices at Trophy courses.
- Weakness of the dollar.

6. The Strategy, 2007-2010

One of the key elements of the new Strategy is to carefully segment both the market and the Irish product, to ensure that we offer the right products and experiences to the right golfers. This means that we need to look at what Ireland offers both from the perspective of demand as well as supply. We have already looked at trends and opportunities in the overseas markets. On the supply side, Ireland's wide range of courses can be broadly categorised into four groups.

- Trophy links courses
- Championship links courses
- Trophy parkland courses
- Parkland courses

This demand and supply side segmentation allows us to be much more focussed in matching customers with relevant experiences, as the next section outlines.

Marketing Priorities for Ireland

Which Markets	*What do we offer*
USA High Priority 2007 onwards	• The best Links golf in the world focused on Trophy courses and 'hidden gems' Links value offer • Highlight the 'good time' factor, social interaction, pubs, cuisine and heritage. • Couples plus group destination for Country Club members • A stones throw from the UK, 'short break to Ireland' • Offer Ireland as a high-end destination with castles and heli-golf option for Corporate Direct and small MICE segment. • "Trip of a Lifetime" opportunity for first timers. • There are cross-marketing opportunities for bundling heritage with golf.
UK High Priority 2007 onwards	• Direct marketing on the Internet focussed on value. • 'Short break' male and female groups segments. • Offer value breaks with low cost airline. • Focus on the 'craic' factor which makes Ireland unique. • Offer value breaks to Societies and Veterans with ferry and low cost airline for both male and female segments. • Offer Trophy courses for corporate direct and MICE at the high end. • Golf bundled with a city break makes an attractive proposition for this market.
Canada Medium Priority, 2007-2010	• Offer traditional Links using the 'Royals' in the North to encourage business to courses in the north-west. • Focus on the history and tradition of golf in Ireland. • Value Links golf in the North West. • There are cross-marketing opportunities for bundling heritage with golf.
Germany Medium Priority, 2008-2010	• Offer value breaks with Links and secondary Parkland courses. • Offer Ireland as a destination for couples playing golf. • Offer learning golf bundled with 'active' holiday to couples. • Offer outdoor activities as complimentary to golf.

Which Markets	*What do we offer*
France Medium Priority, 2008-2010	• Offer high-end Links and parkland courses for dedicated golf holidays. • Offer golf and other activities (e.g. learning English) for combined holidays. • City Break with golf • Drive golf
Sweden High Priority, 2008-2010	• Offer value breaks with one Trophy and second tier courses. • Offer amateur events with low cost airlines • Offer 'Stay and Play' with cottages and/or self catering option. • Offer value Links offer in the north-west.
Ireland and Northern Ireland	• These markets are crucial to the sustainability of the second and third tier 'value' golf experiences. • Independent bookers attracted by offers, online bookings and the availability of 3 course passes and open competitions.

How Should We Promote Ireland for Growth?

The Proposition (The answer to Why Ireland?)

- The three dominant USP's for Ireland's golf product are Trophy & Championship Links Golf and the 'good time' friendly factor (the 'craic') and the sheer number of good value 'hidden gem' courses available throughout the country.
- Communications should focus on Ireland's unique selling points and on a dedicated golf website with online tee-times and product assembled for planning and booking on the web.
- There is a need to segment the promotion of Irish golf. Promoting golfing holidays in Ireland with a focus on the Trophy Links products in the US and Canada works well, but in the UK and other price sensitive markets it creates a strong perception of a 'very expensive' product and golf destination. Here the emphasis must switch to promoting value for money parkland courses.
- In Germany and Sweden, which are more price sensitive markets, promoting Ireland as a destination for both dedicated golf holidays as well as for holidays combining golf with other elements, will be more effective in communicating a value offer to a larger segment of the market. The value offer must be highlighted as an option.
- In the UK there is strong potential in the volume value market and also in the high end corporate segment.
- The promotion of 'Low Cost Golf' in Ireland needs special attention and this can be achieved by partnering with low cost carriers and ferry companies, and promoting it on and through the internet. Golf publications for societies, women and seniors in selected low cost markets will also be a cost effective tool for 'low cost golf'.
- There is strong evidence to suggest that promoting bundled offerings (Golf linked to Wellness, Cuisine and Heritage) can strongly influence the selection of a golf destination when couples travel. This is due to the significant influence of the female traveller.
- Tour operators suggest that communicating these bundled offers (Spa, Shopping, Cuisine) may be the most effective method of influencing the choice of destination for golf travelling couples and families. Cross marketing should be explored between compatible 'products'. The Spa sector is the ideal starting point to launch this initiative.

Marketing & Promotion

- Implementing a new tiered approach to selling Irish golf – matching product and specific consumer markets, as outlined previously.
- Strong emphasis on the Destination message – why Ireland is the better 'buy' for the golf holidaymaker. This will be implemented through new advertising 'creative' (print, radio and TV), new segmented golfers' guides, continued cooperative activities with specialist tour operators, and participation at major golf shows and events.
- The Internet will play a central role, with the development of a new 'one stop' golf website featuring online booking. This will provide opportunities for data capture and targeted online marketing campaigns, including 'value golf' offers with airlines.
- The specialist tour operators are a key source of golf business, particularly high-end and first time business. Special development funds will be jointly created by Fáilte Ireland and tour operators to increase promotions to high-value 'niches' such as MICE and Corporate Direct.
- High profile golf and internationally televised golf events have played a key role in generating awareness of Ireland as a quality destination. Sourcing and supporting suitable events will continue to be an important element in the Strategy.
- Tactical pricing (e.g. by bundling with low cost airlines, ancillary services, golf passes, etc.) will spearhead increased promotion of second and third tier good value courses.
- Publicity activities and familiarisation visits will be reshaped to focus on the new segmentation, value golf, regional spread and 'bundling' of additional leisure activities.
- Quality assurance needs to feature in our communications if we're to build value back into our consumer offering.

How Do We Tackle Growth Inhibitors?

'Unlocking' the second and third tier, good value courses.

There is an urgent need for a golf quality system to be established for golf clubs and for suitable 'golf' accommodation in Ireland. This will be fundamentally important to facilitate the fast growing 'independent' and a la carte direct booker on the internet. It will also reassure golfers attracted by value golf but unwilling to risk the purchase without some guarantee of quality. The system will include:

- Management
- Food and beverage
- Advance 'live online' reservation systems
- Hospitality
- Maintenance
- Golf academy and practice facilities
- Locker room, shower and other facilities
- Creating a quality label and communicating it in order to build awareness among potential customers.

Lack of tee time availability at courses trying to appeal to golf visitors.

- Incentivise commercial golf courses to make at least 25% of tee times available to tourists.
- Hold workshops with existing resorts and new product coming on stream to promote the importance of developing the overseas business segment from the UK and Continental Europe.
- Improve utilisation of less known courses, through promotion of 'value' golf, reassurance with regard to quality, maximising low cost air routes into regional airports, bundling top courses with value courses, etc.

Perceived 'high price' of Irish golf and general cost of holiday in Ireland.

- Increased emphasis on 'value' courses in price sensitive markets.
- More focussed targeting of the various categories of product to relevant customer segments – getting the right product to the right customer.
- Enhancing the product by 'bundling' it with other attractive activities (e.g. food, heritage, etc.) and building 'added value' through facilities, food, etc. (particularly for Trophy courses).
- More imaginative pricing structures, including seasonal pricing and golf passes that enable golfers to play several courses.
- Provision of golfing calendar up to 18 months in advance of the dates confirmed for Open Competitions.

Next steps

A detailed action plan is underway based on the priorities above and the recommendations of the Strategy. While Fáilte Ireland is leading the implementation of the Strategy, the ability to deliver the various elements of it is a shared accountability with the golf industry and Fáilte Ireland will support the industry in delivering key elements of the Strategy – working particularly with co-operative marketing networks, the IGTOA and the IGCOA. Tournaments will continue to be an important part of highlighting Ireland's golf product for the future. At the 'value' end, the role of the new golf website (www.golf.ireland.ie), multi-course golf passes and opportunities to participate in open competitions will receive an increased emphasis, and the regional Fáilte Ireland offices will play a key role in co-ordinating local golf development and promotional activities.

Relevant contacts

Fáilte Ireland

Information regarding Fáilte Ireland's activities is provided on the website: www.failteireland.ie.

This includes information on:

- the marketing of golf as a niche product area;
- support for regional marketing;
- product development;
- education and training (e.g. Management Development Programme, Learning Networks, Marketing Skills, etc.)
- copies of useful publications (e.g. Golf Fact Card)

Useful contacts within the agency include:

National Contacts

Golf Development Officer – Emma Sweeny, Tel: 01-884 7700, email: emma.sweeny@failteireland.ie
Manager – Leisure Tourism – Mark Rowlette, Tel: 01-884 7700, email: mark.rowlette@failteireland.ie
Product Assistant – Leisure Tourism – Deirdre Byrne, Tel: 01-884 7700, email: deirdre.byrne@failteireland.ie

Regional Contacts

Fáilte Ireland South East:	Tel: 051-875823	Fáilte Ireland South West:	Tel: 021-4255100
Fáilte Ireland Midlands East:	Tel: 044-9348761	Shannon Development:	Tel: 061-361555
Fáilte Ireland North West:	Tel: 071-9161201	Dublin Tourism:	Tel: 01-6057700
Fáilte Ireland West:	Tel: 091-537700		

Ireland's reputation as a destination for high-quality golf has been growing substantially over the last decade.

Amiens Street
Dublin 1
Ireland
Phone +353 1 884 7700
Email info@failteireland.ie
Corporate Website:
www.failteireland.ie
Consumer Website:
www.discoverireland.ie/golf

Fāilte Ireland
National Tourism Development Authority

FI/10277-08