



ECONOMIC FEASIBILITY & MARKET ANALYSIS

Petrifying Springs & Brighton Dale Golf Courses





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All field work was done on site at the courses, the county building, and Carthage College. The project has been carried out under the auspices of Carthage's A.W. Clausen Center.

EXECUTIVE SUMMARY





Executive Summary

- The economic future of Kenosha county is mirroring the nation and state. As long as working people from other communities continue to join Kenosha, that growth will help to mitigate the current economic downturn, which is expected to last at least 3 more years.
- The courses generate over \$100,000 for the county in taxes, annually, bringing over \$11,600,000 to the local economy.
- Financially at the courses, concessions and cart revenue per round are getting closer to where they need to be. Net greens fees realized per round and equipment sales per round are lower than where they need to be.
- A major source of losses at Brighton Dale is the Red Nine course. Brighton Dale is already underutilized and it is the least utilized of the three courses offered, even accounting for its reduced holes. There may be other benefits to keeping the course open, but given current operations, looking over the next ten years, it could save the county over \$1million in today's terms by donating it to the state (or selling it). Investments in the future of this course could help grow the overall number of golfers, but could also drive private small business under who would be less able to compete with a subsidized premier golfing experience, resulting in other course closures and a decreased tax base.
- Petrifying Springs (herein referred to as PETS) is already operating near breakeven. It can improve its operations by:
 - Raising season pass prices to free up course utilization
 - Targeting the higher income areas close by to replace its lowest paying customers
 - Lowering the quality of the course to lower maintenance fees
 - Creating partnerships with local schools and colleges
- Brighton Dale (herein referred to as BD) is losing money, but can turn the corner by:
 - Investing in paving its cart paths to improve quality and playability, while reducing long term maintenance costs
 - Targeting higher end customers through marketing and establishing a Grainger/BD League
 - Reducing its supply expenses by optimizing buying processes
- Overall there is great hope for these courses
 - They already justify their existence through economic value they add back to the community
 - With relatively small changes and a focus on the marketing plan it is likely PETS will be profitable in the upcoming year and BD within 3 years

INTRODUCTION





Introduction

Golf is an extremely important and impactful sport in the United States. If broken down even further golf is a very popular sport in Wisconsin, even more specifically in the city of Kenosha and its bordering counties. Kenosha County is home to some of the state's most treasured courses; PETS Course and BD Links Course. Recently the desire to conduct a feasibility study to better assess the benefit of the two golf courses in the community arose. During the study which was conducted from May through August of 2011, PETS and BD Golf Courses along with their 13 identified competitors were studied and examined in order to conduct the feasibility study. The following study was impactful to the local community in that, it provided data on the current status of the specific courses. The following study will primarily focus on the financial and marketing aspects of the two courses.

Central to the feasibility study are the:

- Status and statistics of the local golf market
- Demographic and geographical breakdown of the local community
- An in depth marketing research study of the customers at both courses
- Recent performance updates of the specific courses and their competitors
- Relevant changes and recommendations

The feasibility study was commissioned by Kenosha County and began at the end of May, 2011 and completed in September, 2011. The activities performed by the consultants included the following: numerous initial consultant-competitor calls in the pursuit of data collection, meetings with the executive board of Kenosha County, extensive analysis of the utilization of the specific courses at hand as well as geographical, financial, and market analysis.

Velocity Consulting was asked to conduct this study (a 100% student run full-service consulting organization) It was started in the fall of 2010 and has the infrastructure needed to provide substantial knowledge and assessment to complete this study. Many disciplines collaborated to share their talents and specialties to better aid the project.

We thank the county for the opportunity to conduct this work on its behalf and look forward to presenting this in person.

THE ECONOMY





Snapshot from the US Census Bureau

Kenosha County	
Population, 2010	166,426
Population, percent change, 2000 to 2010	11.30%
Population, 2000	149,579
Persons under 18 years old, percent, 2009	25.50%
Persons 65 years old and over, percent, 2009	11.10%
Living in same house 1 year ago, pct 1 yr old & over, 2005-2009	84.10%
Language other than English spoken at home, pct age 5+, 2005-2009	10.40%
High school graduates, percent of persons age 25+, 2005-2009	87.20%
Bachelor's degree or higher, pct of persons age 25+, 2005-2009	22.00%
Mean travel time to work (minutes), workers age 16+, 2005-2009	26.1
Median Household Income, 2010	\$28,794
Median Individual Nonfamily Income, 2010	\$51,187
Persons below poverty level, percent, 2009	12.90%
Accommodation and food services Sales, 2007	214,034,000
Land Area (square miles)	272.83
Persons per square mile, 2010	610



Snapshot from the US Census Bureau

Population Counts Overview For the last 3 Decades

	1990	2000	2010
Brighton	1,264	1,450	1,456
Bristol*	3,968	4,538	4,914
City of Kenosha	80,426	90,352	99,218
Paddock Lake	2,662	3,012	2,992
Paris	1,482	1,473	1,504
Pleasant Prarie	12,037	16,136	19,719
Randall	2,395	2,929	3,180
Salem	7,146	9,871	12,067
Silver lake	1,801	2,341	2,411
Somers	7,748	9,059	9,597
Twin Lakes	3,989	5,124	5,989
Wheatland	3,263	3,292	3,373
Kenosha County	128,181	149,577	166,426
	% Change 1990 - 2000	% Change 2000 - 2010	
Brighton	14.72%	0.41%	
Bristol*	14.36%	8.29%	
City of Kenosha	12.34%	9.81%	
Paddock Lake	13.15%	-0.66%	
Paris	-0.61%	2.10%	
Pleasant Prarie	34.05%	22.21%	
Randall	22.30%	8.57%	
Salem	38.13%	22.25%	
Silver lake	29.98%	2.99%	
Somers	16.92%	5.94%	
Twin Lakes	28.45%	16.88%	
Wheatland	0.89%	2.46%	
Kenosha County	16.69%	11.26%	

Key Observations:

- Population growth has sustained the local economy over the past two decades.
- Forecasts are good for continued spillover from Illinois and overall population influx.
- The local housing market has suffered more than nationally, but appears it may be outperforming now.
- With few transaction points, housing is difficult to gage locally.

**Jobs & Wages****Prominent Industries in Kenosha County**

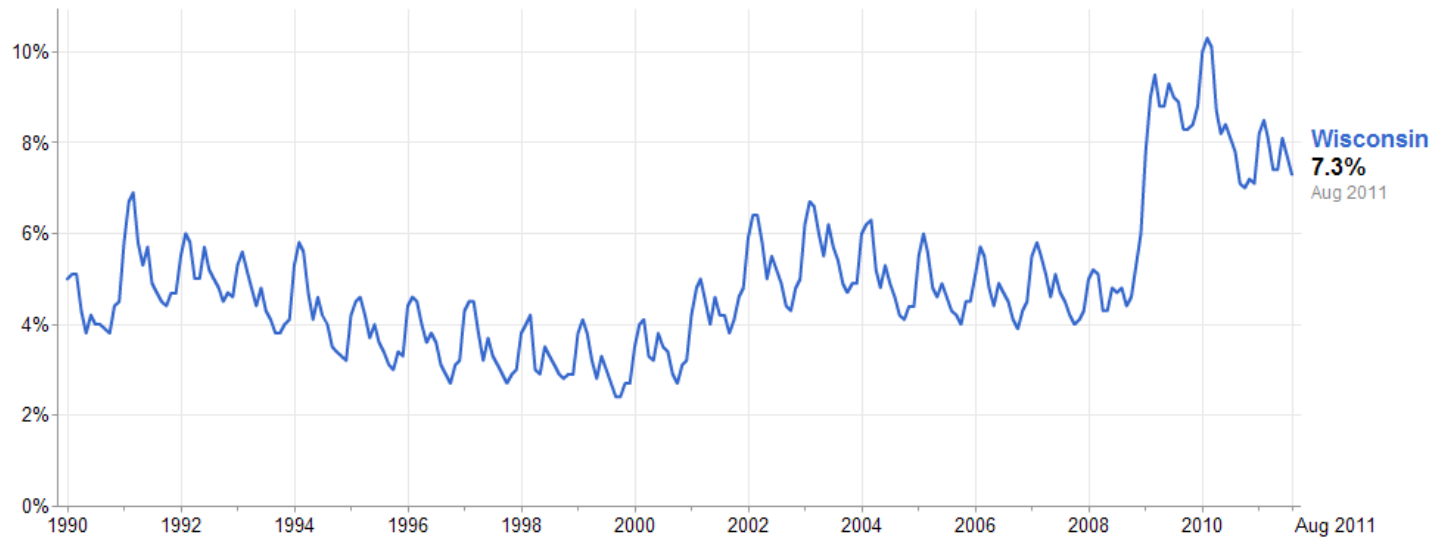
Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Kenosha County	Change 2007- 2008 Kenosha County	Change 2007- 2008 Wisconsin	2008 Wage Kenosha County	Change 2007- 2008 Kenosha County	Change 2007- 2008 Wisconsin
Education services	6,534	3.0%	1.8%	\$43,576	8.8%	4.0%
Administrative & support services	4,786	29.0%	- 8.4%	\$20,740	- 10.2%	2.1%
Food services & drinking places	4,672	- 3.7%	- 2.2%	\$11,205	3.0%	2.1%
Executive legislative & general government	2,922	0.9%	0.5%	\$39,454	1.7%	1.8%
Hospitals	2,743	5.2%	2.2%	\$40,283	4.4%	4.2%
Ambulatory health care services	2,038	5.7%	2.3%	\$50,378	- 0.1%	4.7%
Merchant wholesalers nondurable goods	1,623	0.2%	- 1.6%	\$55,277	3.1%	3.0%
Nursing & residential care facilities	1,615	2.0%	2.8%	\$24,633	4.4%	3.5%
Fabricated metal product manufacturing	1,592	- 9.1%	- 2.8%	\$54,477	- 3.3%	4.2%
Food & beverage stores	1,425	- 2.9%	- 4.0%	\$20,795	1.4%	2.1%

Key Observations:

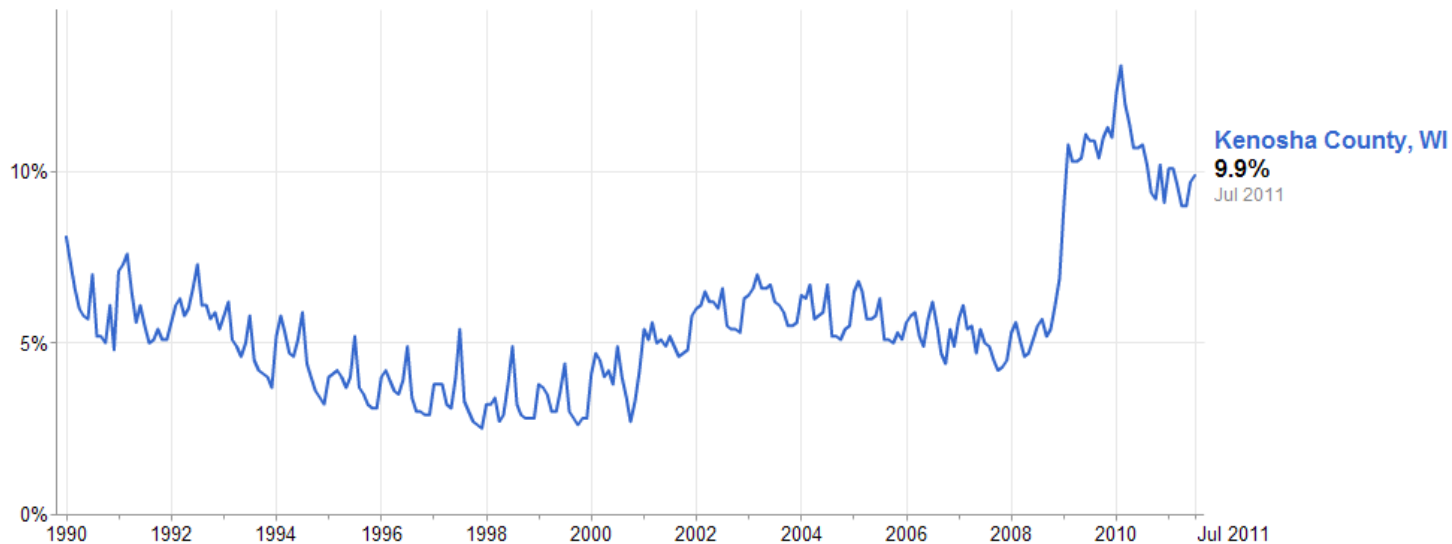
- Employment diversity continues to improve in the region.
- The shift towards lower paid support positions mirrors national trends.
- Executives and leading edge technology recruitment would help the local scene.
- Education professionals and government officials make a strong potential customer base for the courses.



Unemployment rate - Not Seasonally Adjusted ?



Unemployment rate - Not Seasonally Adjusted ?



Key Observations:

- Kenosha continues to lag the state in Unemployment.
- However, it is beginning to look more like the norm when put in a National perspective.
- Continued employed growth influx is required to sustain the local economy.

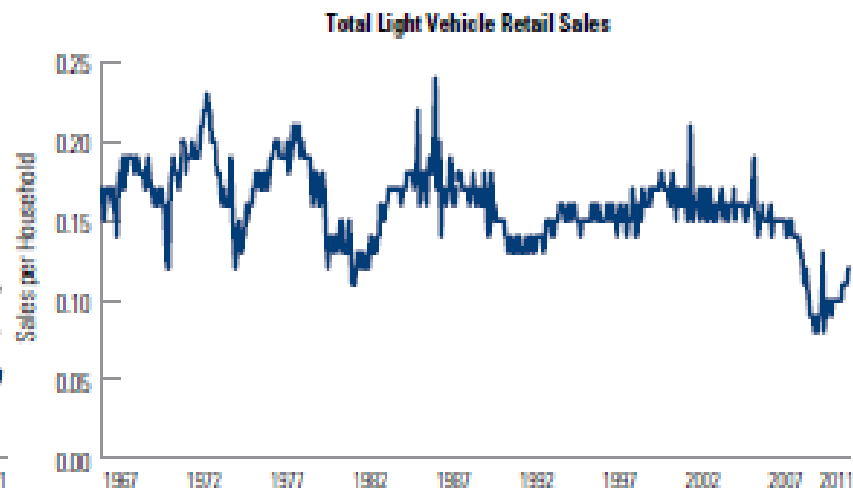
**Snapshot from the US Census Bureau**

Unemployment Rate to Golf Revenue Ratio (Kenosha)	<--This ratio is multiplied by 10000 for readability							
Year	March	April	May	June	July	August	September	October
2006	0.0073	0.0017	0.0012	0.0013	0.0013	0.0011	0.0015	0.0035
2007	0.0035	0.0029	0.0011	0.0011	0.0009	0.0012	0.0014	0.0020
2008	0.5131	0.0016	0.0012	0.0011	0.0010	0.0012	0.0014	0.0032
2009	0.0114	0.0049	0.0029	0.0023	0.0021	0.0025	0.0027	0.0123
2010	0.0092	0.0046	0.0033	0.0022	0.0026	0.0021	0.0028	0.0052

Key Observations:

- Ratio of Unemployment rate to Golf Revenue – BD and PETS
- Ratio nearly doubles and in some cases more than doubles in respective months from year to year.
- This is due to the multiplier effect combined with the speed of the onset of the recession.
- Trend has been the same for national and state unemployment.
- In general, there is a correlation in Kenosha with unemployment, but the effect of local unemployment is NOT impacting revenues by a significant margin.
- Thus far, the golfers at BD and PETS continue to play, implying their employment is not affected to the same degree as the surrounding region.

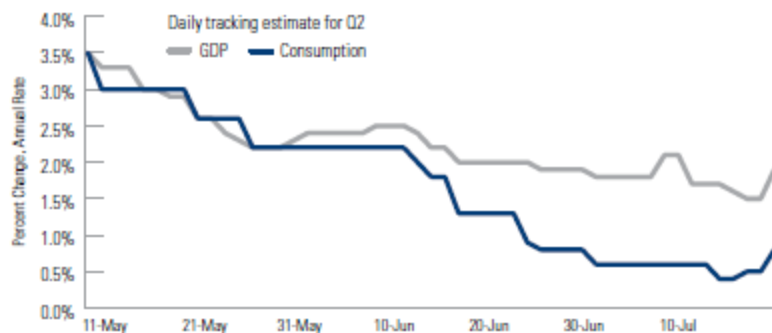
Activity in Cyclical Sectors Well Below Long-Term Norms



Key Observations:

- Cyclical activity low is seen as bullish for the economy by the consensus of analysts.
- Kenosha's loss of cyclical business in the vehicle segment will lessen the impact of upturns and further downturns.
- Consumer spending is dropping yet again making recovery difficult.
- Kenosha is mirroring the nation in most regards, having recovered partially from the plant closure blows of the past.
- No significant attraction of world changing technologies means Kenosha will need to continue to rely on spillover growth.

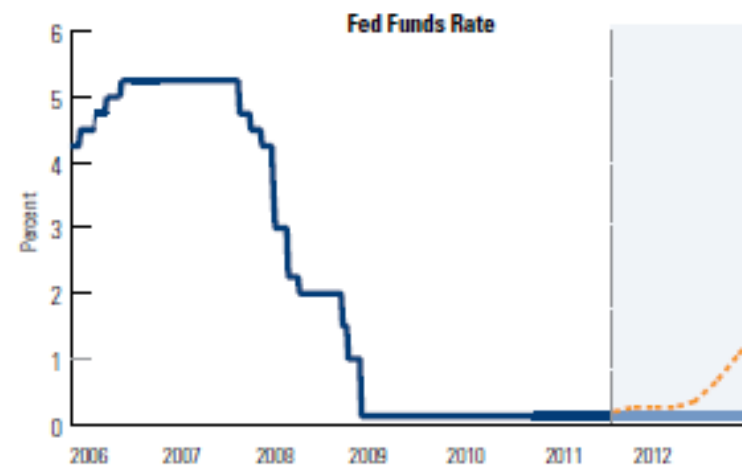
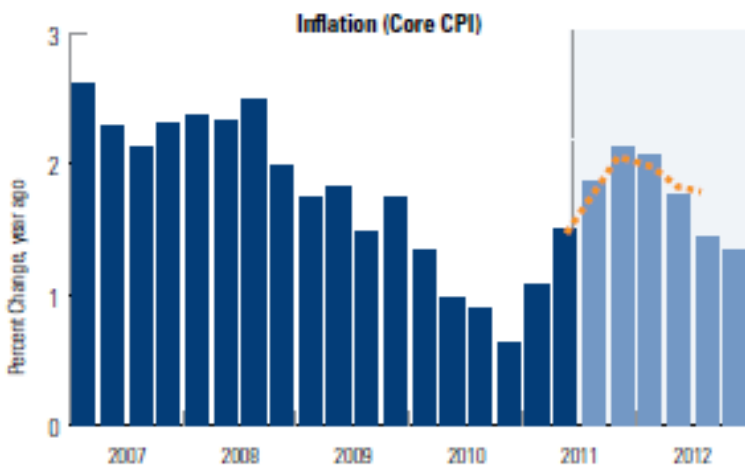
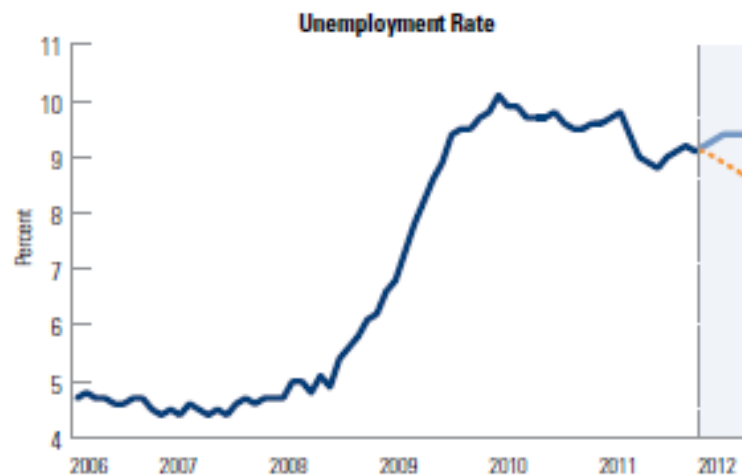
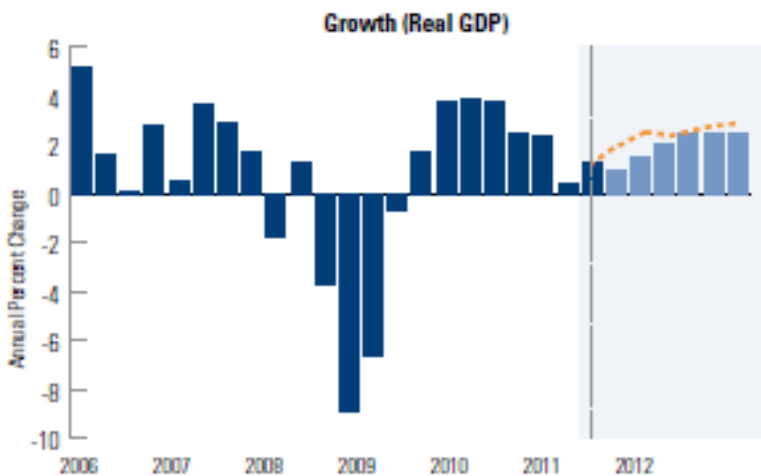
2nd Quarter: Sharp Data Downshift



Source: GS Global ECS Research.



Actual Data GS Forecasts Blue Chip Consensus Forecasts (August 2011)*



*Inflation Consensus from Philadelphia Fed (Survey of Professional Forecasters).

Key Observations:

- Overall US growth is currently forecast to increase, however recent revisions are more neutral.
- Unfortunately, September data suggests that the overall economy may be headed the wrong direction again.
- Overall unemployment nationwide and in Kenosha is expected to remain high (above 7%).

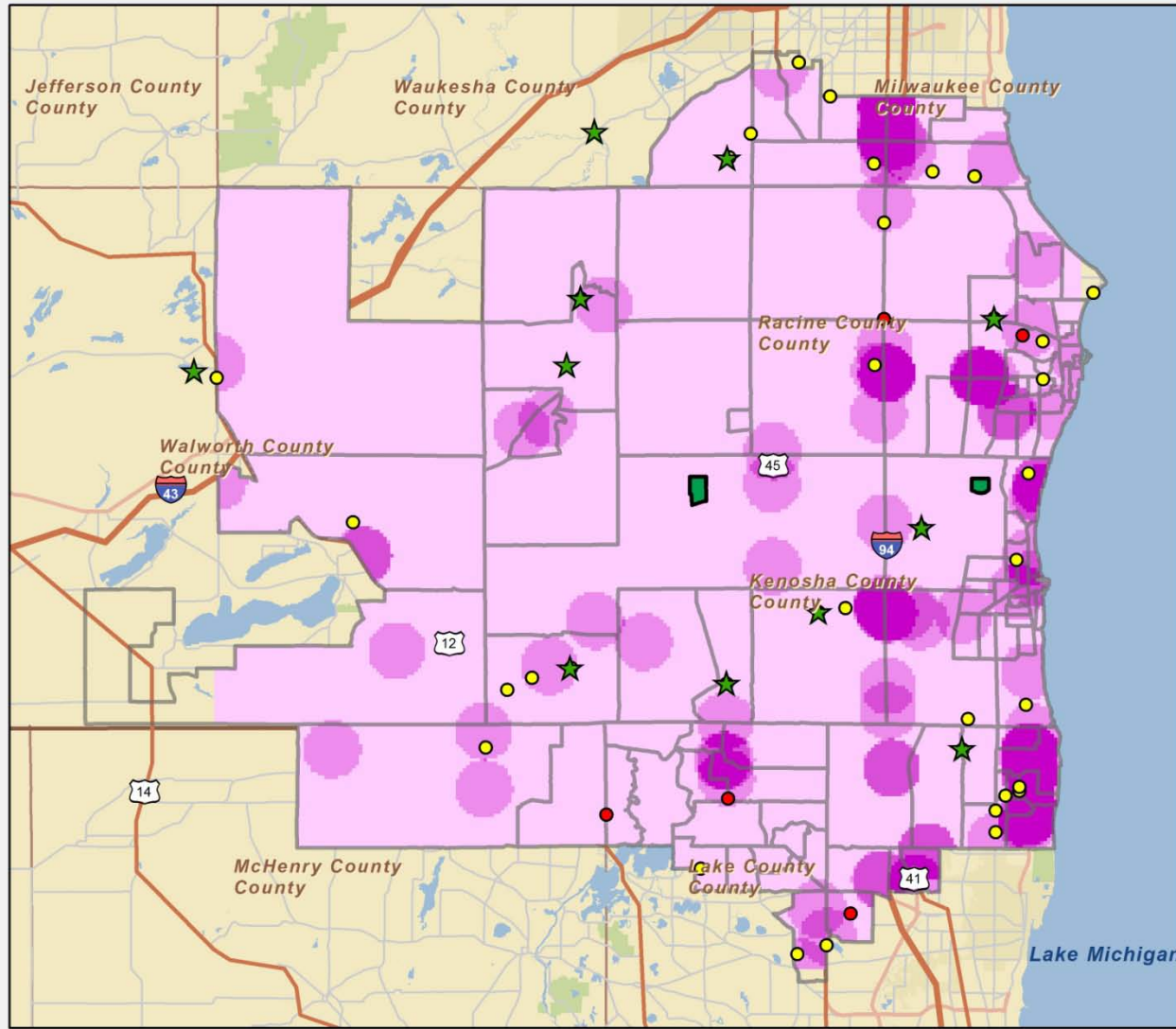
DEMOGRAPHICS





Hotel Distribution

Petrifying Springs and Brighton Dale Golf Courses



Competitor Golf Courses

- ★ Selected Competition
- Public
- Private

Petrifying Springs & Brighton Dale Golf Courses



Hotel Density

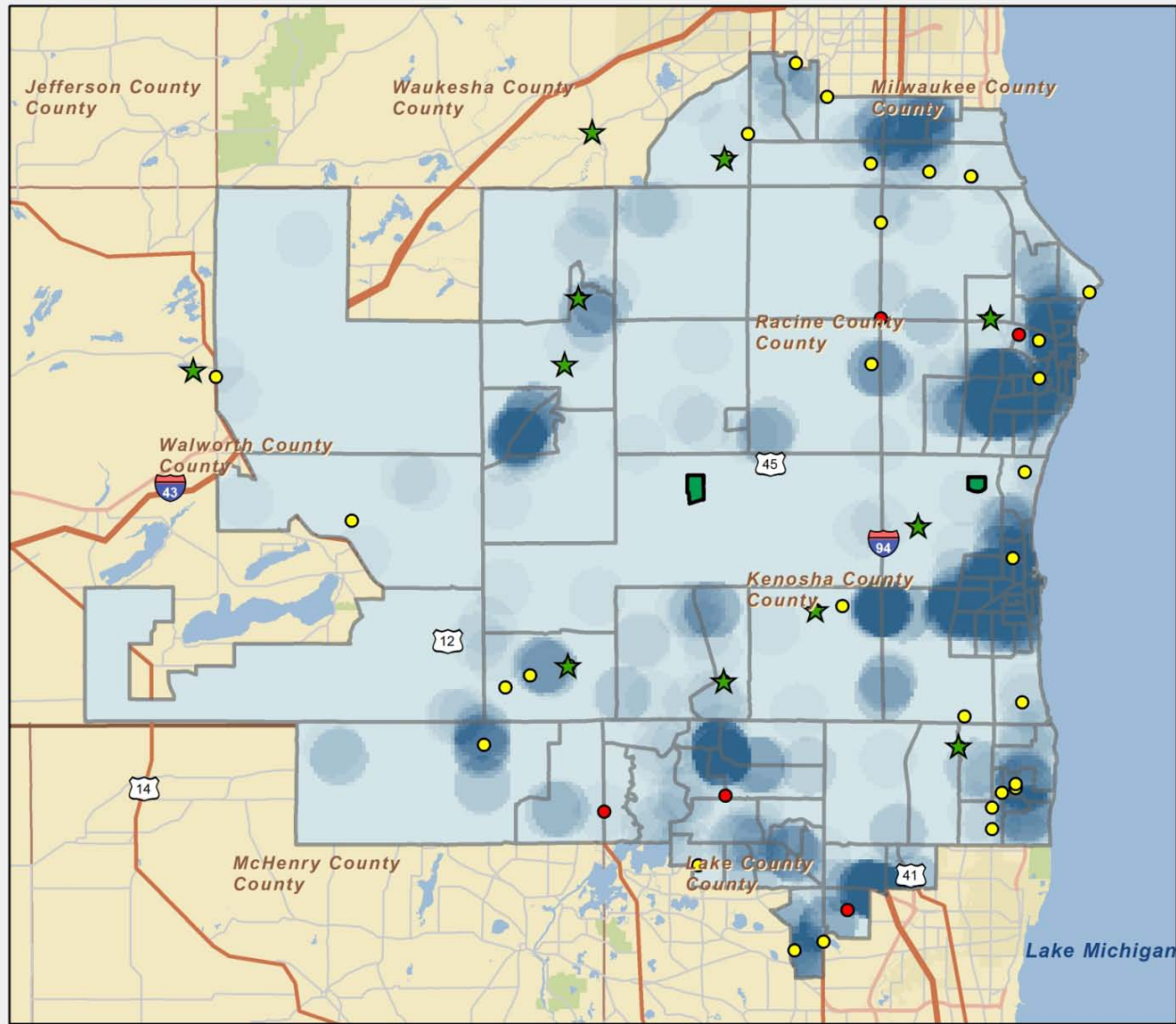
- High : 1.44087
- Low : 0

- There is Favorable Hotel Density nearby PETS, but still nothing next door.
- The BD location is suboptimal for those wishing for close by lodging.



Restaurant Distribution

Petrifying Springs and Brighton Dale Golf Courses



Competitor Golf Courses

- ★ Selected Competition
- Public
- Private

Petrifying Springs & Brighton Dale Golf Courses



Restaurant Density

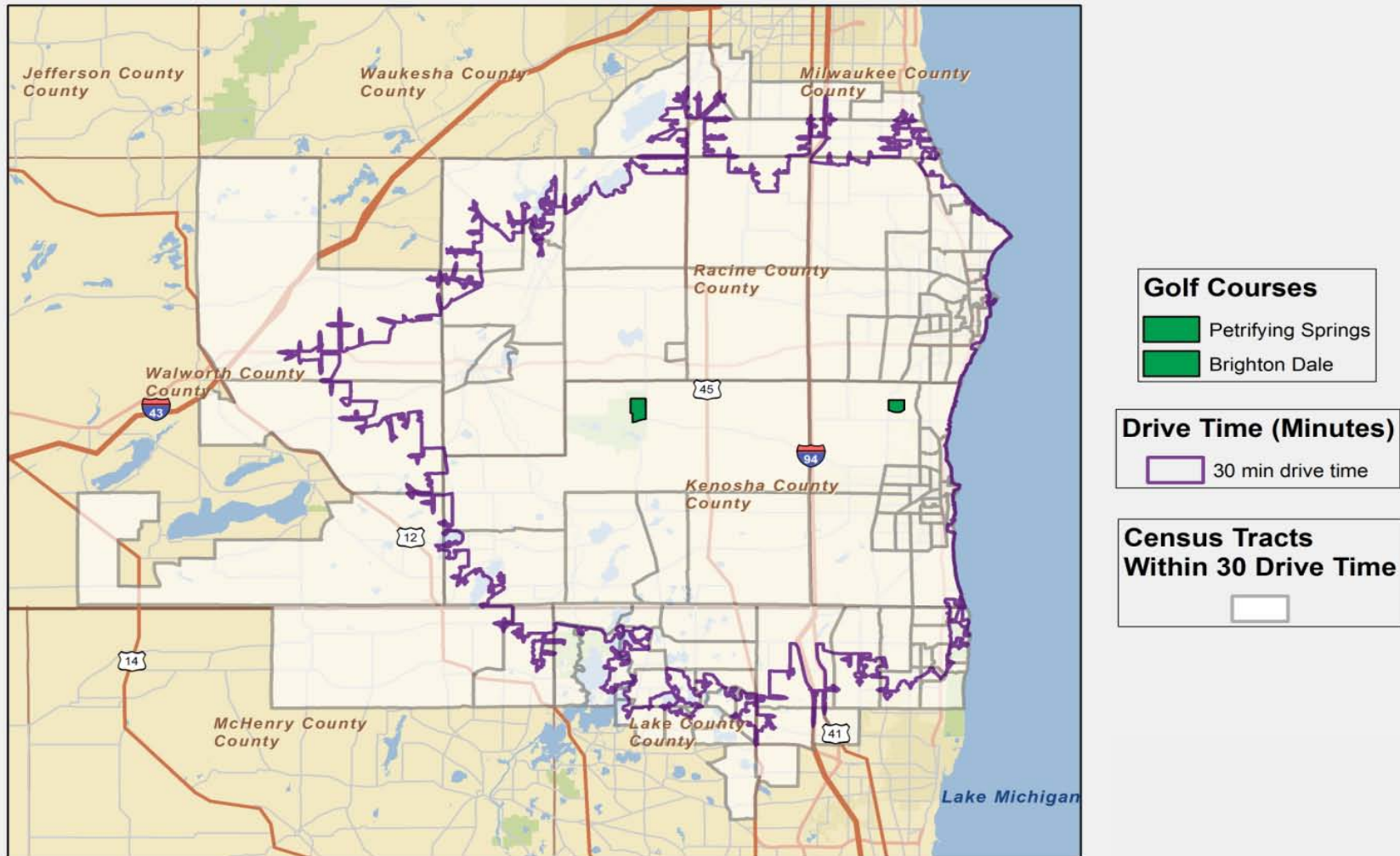


- There is a high restaurant density within a 5 minute drive of PETS.
- BD has a captive restaurant audience which it could leverage by increased pricing.

Petrifying Springs and Brighton Dale Golf Courses Drive Times



CUSTOMERS TO TARGET (NUMBERED)

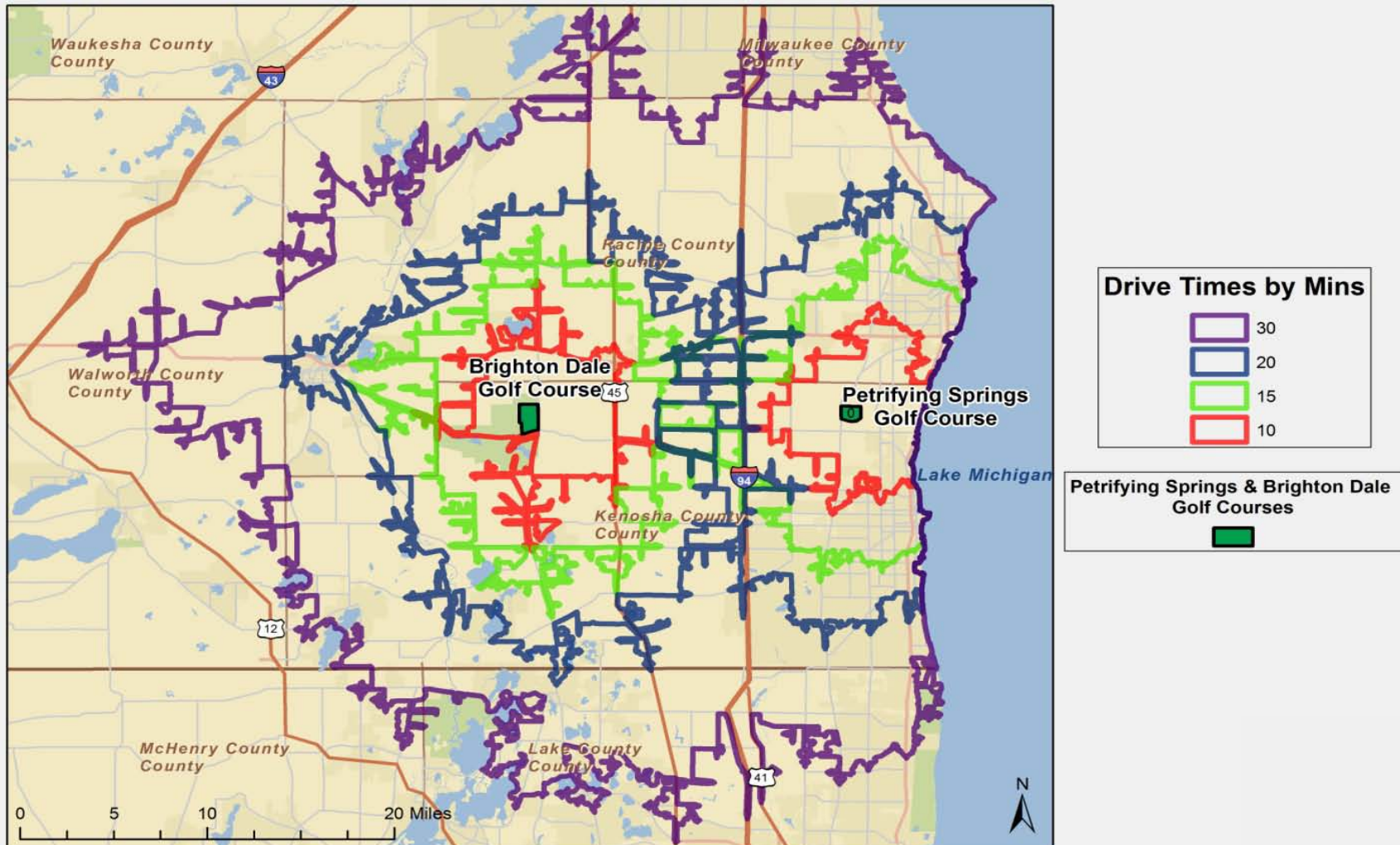


The map explains the Census Tracts that were selected for analysis. Census Tracts are areas that share similar traits as well as calculated by zip codes and population. The Census Tracts are displayed with a light white and grey outline. These are the Census Tracts that are included in the approximately 30 minute drive times. This selection of Tracts were used to concentrate analysis and help make the map and information more easily understandable.



Drive Times From Courses

Petrifying Springs and Brighton Dale Golf Courses

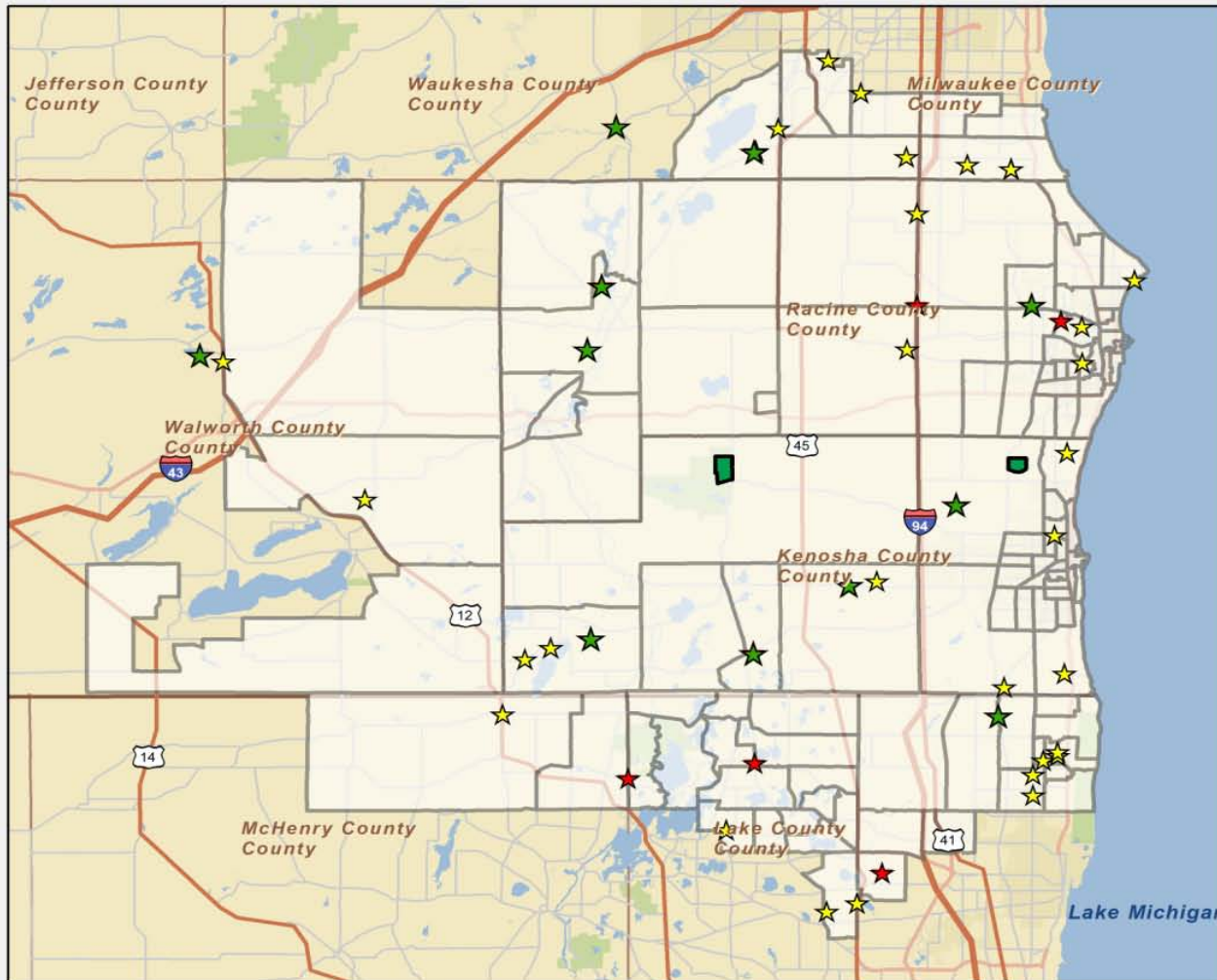


This map shows drive times from the two focal golf courses, BD and PETS. These drive times are broken down into four segments, 30, 20, 15, and 10 minutes. The red line represents 10 minute driving distance, green line represents 15 minutes, blue line represents 20 minutes and purple line represents 30 minutes. These areas were created with network analysis which model the street layer to calculate the drive times. This tool can also estimate areas by miles.



Competitor Golf Courses

Petrifying Springs and Brighton Dale Golf Courses



Competitor Golf Courses

- ★ Selected Competition
- ★ Public
- ★ Private

Petrifying Springs & Brighton Dale Golf Courses

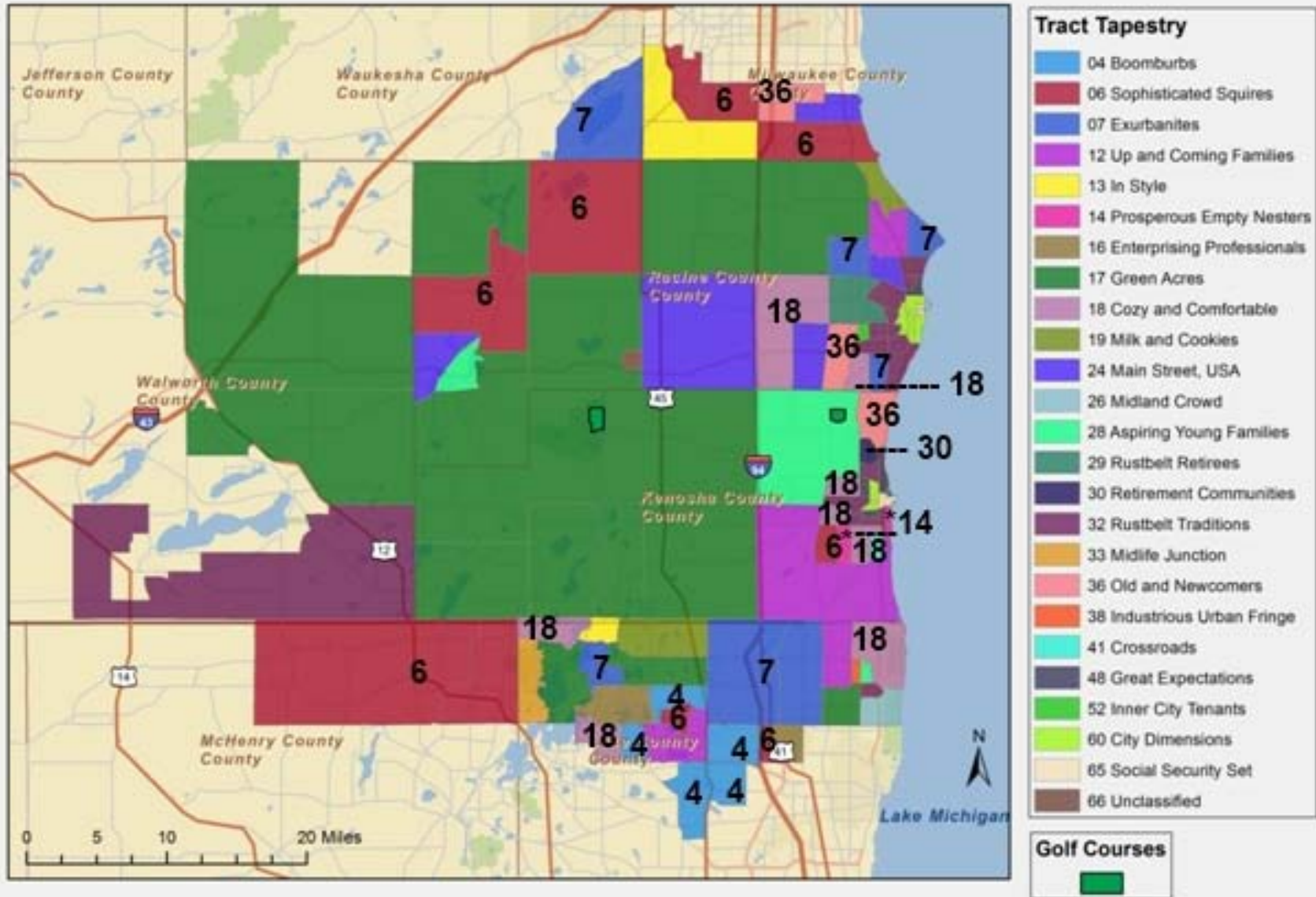


This map displays a spatial sprawl of the competing golf courses. The green stars represent the golf courses that were selected by hand and identified as level competitors. The yellow stars represent the other public golf courses within the associated study area. The red golf stars represent the private golf courses that are in the area as well.



Census Tract Tapestry

Petrifying Springs and Brighton Dale Golf Courses





Census Tapestries

- Census Tract tapestries are small descriptions which are interesting and important tools to understand the communities interests.
- Each Tapestry has a brief description about the population in the Census Tract.
- Tapestries classifications that can be focused on for this analysis are 4, 6, 7, 14, 18, 30 and 36. These numbers are used to identify the different categories and can be identified in the legend on the map. These Tapestries that were mentioned have an interest in golf and other golf related activities.
- 4, 6, 7, and 18 contain the highest prosperity groups.
- 30 and 36 contain those with the most time to play but will be more price sensitive.

Boomburbs

04 Boomburbs

Segment Code04
 Segment NameBoomburbs
 LifeMode Summary GroupL1 High Society
 Urbanization Summary GroupU5 Urban Outskirts I



Demographic

The newest additions to the suburbs, these communities are home to busy, affluent young families. Both the neighborhoods and the families are growing. Boomburbs is the fastest-growing market in the United States; the population has been growing at a rate of 4.51 percent annually since 2000. It is also home to one of the highest concentrations of young families with children. The median age is 33.8 years; one-fifth of Boomburbs residents are between 35 and 44 years of age. There is little ethnic diversity in the population; most of the residents are white.

Socioeconomic

The Boomburbs market includes one of the highest concentrations of two-income households, complemented by one of the highest rates of labor force participation, at 71 percent. Residents are well educated: more than 50 percent of the population aged 25 years and older hold a bachelor's or graduate degree. They work primarily in management, professional, and sales occupations. The median household income is \$110,681, more than double that of the US median. More than half of these households receive additional income from interest, dividends, and rental property. The median net worth is \$387,651.

Residential

The newest developments in growing areas, Boomburbs neighborhoods are concentrated in the South, West, and Midwest; the highest state concentrations are found in Texas and California. Approximately three-quarters of the housing units in Boomburbs neighborhoods were built after 1989; most are single-family houses. These are the newest developments in growing areas. The home ownership rate is 88 percent, compared to 66 percent for the United States. The median home value of \$282,689 is also high compared to the US median of \$157,913. Commuting links these dual-career households with their suburban lifestyle. Many work outside their resident county; 35 percent cross county lines to work (compared to 23 percent for the United States).

Preferences

Residents' product preferences reflect their suburban lifestyle. Boomburbs is the top segment for buying household furnishings, toys and games, men's business and casual clothes, big-screen TVs, cars, and trees. This is also the top market to own big-screen TVs, DVD players, digital camcorders, video game systems, and scanners as well as owning or leasing full-size SUVs. Residents own laptop computers, all kinds of software, and two or more cell phones. They are well-insured, holding life insurance policies worth \$500,000 or more. They go online frequently to buy flowers and tickets to sports events, trade and track their investments, do their banking, and make travel plans. Personal computer use by children younger than 18 years is the highest of all the Tapestry segments.

Boomburbs residents prefer homes with fireplaces and hot tubs. They tend to employ professional household cleaning services. They will do home improvement projects themselves or hire a contractor for more complicated work. For property maintenance, they hire lawn care and landscaping services, but will also do some lawn care themselves.

Family vacations are a top priority; trips to Disney World, Sea World, and other theme parks are popular destinations. For exercise, they play tennis and golf, ski, lift weights, and jog. They watch family videos on DVD, attend baseball and basketball games, and go to golf tournaments. They will readily spend more than \$250 a year on high-end sports equipment and buy family DVDs for their collections. Favorite types of radio programs include alternative, soft contemporary, sports, and all-talk. They read parenting, finance, and business magazines and watch newer sitcoms and dramas on TV.



Sophisticated Squires

06 Sophisticated Squires

Segment Code06
 Segment NameSophisticated Squires
 LifeMode Summary GroupL1 High Society
 Urbanization Summary GroupU7 Suburban Periphery I



Demographic

Residents of *Sophisticated Squires* neighborhoods enjoy cultured country life on the urban fringe. These city escapees accept longer commutes to live near fewer neighbors. Mostly married couple families; more than 40 percent of the households are married couples with children that range from toddlers to young adults. The median age is 38.4 years. Most are Baby Boomers and are aged between 35 and 54 years. This segment is not ethnically diverse; most residents are white.

Socioeconomic

These residents are educated; more than one-third of the population aged 25 years or older holds a bachelor's or graduate degree; another third has attended college. Labor force participation rates are high; occupations range from management to unskilled labor positions. Most work in white-collar jobs. The median household income is \$85,144. Nearly 90 percent of the households earn wage or salary income; nearly half supplement their wages and salaries with interest, dividends, or rental income. The median net worth is \$287,727.

Residential

Sophisticated Squires live in less densely populated areas concentrated along the Atlantic coast and around the Great Lakes. Approximately 90 percent of the housing is single-family homes; the median home value is \$230,333. Seventy-four percent of the housing was built before 1990; 55 percent was built between 1970 and 1989. More than 80 percent of the households own at least two vehicles. They prefer compact SUVs; however, many drive minivans or full-size SUVs.

Preferences

Do-it-yourselfers, *Sophisticated Squires* residents take care of their lawns and landscaping; home improvements; and remodeling projects such as bathroom remodeling, installing new light fixtures, painting home interiors, staining decks, and cleaning carpets with their steam cleaners. They like to barbecue on their gas grills and make bread with their bread-making machines. Many households own a motorcycle. A typical household will own three or more cell phones. Looking toward the future, many residents own stocks, bonds, and large life insurance policies. When dieting, they go on Weight Watchers; many own a treadmill or stationary bike to stay fit.

They go power boating, play board and word games, do woodworking projects, and attend football and baseball games. Adults also take photos, play golf, and ride their motorcycles. Children play games on the home personal computer and typically own a video game system. Residents listen to soft adult contemporary music; classic hits; news; all-talk; and sports radio, including broadcasts of professional games. Although many households have four or more TVs, residents watch as much television as typical US households. Favorite programs include news, comedies, dramas, and programs on Home & Garden Television.

Exurbanites

07 Exurbanites

Segment Code07
 Segment NameExurbanites
 LifeMode Summary GroupL1 High Society
 Urbanization Summary GroupU7 Suburban Periphery I



Demographic

Exurbanites residents prefer an affluent lifestyle in open spaces beyond the urban fringe. Although 40 percent are empty nesters, another 32 percent are married couples with children still living at home. Half of the householders are aged between 45 and 64 years. They may be part of the "sandwich generation," because their median age of 45.5 years places them directly between paying for children's college expenses and caring for elderly parents. To understand this segment, the lifestyle is as important as the lifestyle. There is little ethnic diversity; most residents are white.

Socioeconomic

The 65.2 percent labor force participation rate is slightly higher than the US rate of 62.4 percent. Approximately half work in substantive professional or management positions. These residents are educated; more than 40 percent of the population aged 25 years and older hold a bachelor's or graduate degree; approximately three in four have attended college. The median net worth is \$368,532, approximately four times the national figure. The median household income is \$84,522. More than 20 percent earn retirement income; another 57 percent receive additional income from investments.

Residential

Although *Exurbanites* neighborhoods are growing by 1.61 percent annually, they are not the newest areas. Recent construction comprises only 22 percent of the housing. Seventy percent of the housing units were built after 1969. Most are single-family homes. The median home value is \$248,490, more than one-and-one-half times the national median. Because *Exurbanites* cannot take advantage of public transportation, nearly 80 percent of the households own at least two vehicles. Their average commute time to work is comparable to the US average.

Preferences

Because of their lifestyle, *Exurbanites* residents focus on financial security. They consult with financial planners; have IRA accounts; own shares in money market funds, mutual funds, and tax-exempt funds; own common stock; and track their investments online. Between long-term care insurance and substantial life insurance policies, they are well insured. Many have home equity lines of credit.

To improve their properties, *Exurbanites* residents work on their homes, lawns, and gardens. They buy lawn and garden care products, shrubs, and plants. Although they will also work on home improvements such as interior and exterior painting, they hire contractors for more complicated projects. To help them complete their projects, they own all kinds of home improvement tools such as saws, sanders, and wallpaper strippers.

They are very physically active; they lift weights, practice yoga, and jog to stay fit. They also go boating, hiking, and kayaking; play Frisbee; take photos; and go bird watching. When vacationing in the United States, they hike, downhill ski, play golf, attend live theater, and see the sights. This is the top market for watching college basketball and professional football games. They listen to public and news/talk radio and contribute to PBS. They participate in civic activities, serve on committees of local organizations, address public meetings, and help with fundraising. Many are members of charitable organizations.



Empty Nesters

14 Prosperous Empty Nesters



Segment Code14
 Segment NameProsperous Empty Nesters
 LifeMode Summary GroupL5 Senior Styles
 Urbanization Summary GroupU7 Suburban Periphery I

Demographic

Approximately 6 in 10 householders in Prosperous Empty Nesters neighborhoods are aged 55 years or older. Forty percent of the households are composed of married couples with no children living at home. Residents are enjoying the move from child-rearing to retirement. The median age is 48.9 years. Population in this segment is increasing slowly, at 0.53 percent annually; however, the pace will probably accelerate as the Baby Boomers mature. Prosperous Empty Nesters residents are not ethnically diverse; approximately 90 percent are white.

Socioeconomic

With a median net worth of \$261,595, Prosperous Empty Nesters invest prudently for the future. The median household income is \$67,295. Although 71 percent of the households earn income from wages and salaries, 59 percent receive investment income, 30 percent collect Social Security benefits, and 28 percent receive retirement income. Forty-one percent of residents aged 25 years and older hold bachelor's or graduate degrees; nearly 70 percent have attended college. Many residents who are still working have solid professional and management careers, especially in the education and health care industry sectors.

Residential

These residents live in established neighborhoods located throughout the United States; approximately one-third of these households are found on the East Coast. These neighborhoods experience little turnover from year to year. Seventy-seven percent of the housing was built before 1980. Most of the housing is single-family, with a median home value of \$193,784.

Preferences

Prosperous Empty Nesters residents value their health and financial well-being. Their investments include annuities, certificates of deposit held longer than six months, mutual funds, money market funds, tax-exempt funds, and common stock. They hold universal life insurance policies. Residents exercise regularly and take a multitude of vitamins. They refinish furniture and play golf. They also attend golf tournaments and sports events, particularly baseball games and college football games. They order by phone from catalogs and use coupons. Households are likely to own or lease a luxury car.

Prosperous Empty Nesters residents take pride in their homes and communities, so home remodeling, improvements, and lawn care are priorities. Residents will join a civic club or charitable organization, help with fund-raising, write to a radio station or newspaper editor, and volunteer. They travel extensively in the United States and abroad. They read biographies, mysteries, and history books; two or more daily newspapers; and business or fitness magazines. They watch golf, news, and talk programs on TV.

Cozy Comfortable

18 Cozy and Comfortable



Segment Code18
 Segment NameCozy and Comfortable
 LifeMode Summary GroupL2 Upscale Avenues
 Urbanization Summary GroupU8 Suburban Periphery II

Demographic

Cozy and Comfortable residents are middle-aged married couples who are comfortably settled in their single-family homes in older neighborhoods. The median age of 42.3 years is five years older than the US median of 37 years. Most residents are married without children or married couples with school-aged or adult children. With 8.7 million people, this is a relatively large segment that is growing moderately by 0.48 percent annually since 2000. Most of these residents are white.

Socioeconomic

Although the labor force is older, they are in no hurry to retire. The labor force participation rate is 65.7 percent; the unemployment figure is 9.3 percent. Employed residents work in professional, managerial, and service occupations in a variety of industry sectors. Occupation distributions are similar to US values. The median household income is \$65,665. Income for 80 percent of the households is earned from wages and salaries. Forty-six percent of households receive investment income. Their median net worth is \$181,850.

Residential

Cozy and Comfortable neighborhoods are located in suburban areas, primarily in the Midwest, Northeast, and South. Many residents are still living in the homes in which they raised their children. Single-family structures make up 88 percent of the household inventory. The median home value is \$154,868. Sixty-two percent of the housing units were built before 1970. Home ownership is at 85 percent.

Preferences

Cozy and Comfortable residents prefer to own certificates of deposit and consult a financial planner. They typically hold a second mortgage, a new car loan, a home equity line of credit, and a universal life insurance policy. Home improvement and remodeling projects are important to them. Although they will contract for some work, they attempt many projects, especially painting and lawn care. Depending on the season, they play golf or ice skate for exercise. They attend ice hockey games, watch science fiction movies on DVD, and take domestic vacations. They eat at family restaurants such as Friendly's, Bob Evans Farms, and Big Boy.

Going online isn't a priority, so they own older home computers. Television is very important; many households own four or more sets so they won't miss any of their favorite shows. They watch sports, particularly football, and news programs. Reading the Sunday newspaper is part of the routine for many.



Retirees

30 Retirement Communities



Segment Code30

Segment NameRetirement Communities

LifeMode Summary GroupL5 Senior Styles

Urbanization Summary GroupU4 Metro Cities II

Demographic

Most of the households in Retirement Communities neighborhoods are single seniors who live alone; a fourth is married couples with no children living at home. This older market has a median age of 52.6 years. One-third of the residents and 44 percent of householders are aged 65 years or older. Twenty-three percent of the population and 31 percent of householders are aged 75 years or older. Most of the residents are white.

Socioeconomic

The median household income for Retirement Communities is \$49,174, slightly below the US median, but the median net worth of \$99,494 is much higher than the US value. Nearly half of the households earn income from interest, dividends, and rental properties; 45 percent receive Social Security benefits; and 26 percent receive retirement income. Most of those still working are employed in white-collar occupations. Retirement Communities residents are an educated group: 14 percent of the residents aged 25 years and older hold a graduate degree, 35 percent have a bachelor's degree, and more than 60 percent have attended college.

Residential

Retirement Communities neighborhoods are found mostly in cities scattered across the United States. Most housing was built after 1959. Congregate housing with meals and other services included in the rent is a feature of these neighborhoods. Fifty-seven percent of the households live in multiunit buildings; however, 34 percent of the housing is single-family structures, and 8 percent is townhouses. The home ownership rate is 54 percent; the median home value is \$183,328.

Preferences

With more time to spend on leisure activities and hobbies, residents play musical instruments, paint or draw, work crosswords, play bingo, or attend adult education classes. They also visit museums, attend the theater, go dancing, practice yoga, go canoeing, and play golf. They will travel to gamble in Atlantic City or to visit Disney World. They attend sports events such as golf tournaments, tennis matches, and baseball games. They spend time with their grandchildren and spoil them with toys. Politically active, these residents are "joiners" and belong to civic clubs and charitable organizations. They own stocks and bank online. They prefer to own or lease a domestic vehicle.

These residents describe themselves as moderate or frequent viewers of daytime and primetime TV. They watch news programs and baseball games, tennis matches, and golf tournaments. Cable channel favorites are Bravo, truTV, ESPN news, and Travel Channel. They listen to classical and public radio. Avid readers, they regularly read daily newspapers.

Old & New

36 Old and Newcomers



Segment Code36

Segment NameOld and Newcomers

LifeMode Summary GroupL4 Solo Acts

Urbanization Summary GroupU4 Metro Cities II

Demographic

Residents of these transitional neighborhoods are either beginning their careers or retiring. They range in age from their 20s to 75 and older. Their median age of 37.2 years splits this disparity. There are more singles and shared households than families in these neighborhoods. Most of the residents are white; however, the diversity closely resembles that of the United States.

Socioeconomic

Sixty-four percent are in the labor force; the unemployment rate is 10.6 percent. The median household income of \$44,601 and the median net worth of \$23,498 are below the US medians. Educational attainment, college, and graduate school enrollment are above average. The distribution of employees by occupation is similar to that of the United States.

Residential

Spread throughout metropolitan areas of the United States, Old and Newcomers neighborhoods sustain a lot of transition. More than half the population aged five years and older has moved in the last five years. More than 60 percent rent; approximately half in mid- or high-rise buildings, with nearly 14 percent in two- to four-unit buildings. Six in ten housing units were built between 1969 and 1989. The average gross rent in these neighborhoods is similar to the US average. The median home value is \$149,772.

Preferences

Their purchases reflect the unencumbered lifestyles of singles and renters. They spend less at the grocery store than larger households. A domestic subcompact or compact car serves them well. They arrange their vacations to keep in touch with out-of-town relatives and friends.

They read fiction and nonfiction, newspapers, and magazines. They watch TV, listen to contemporary hits radio, go to the movies, and rent DVDs to view at home.

Their leisure activities are as varied as their ages. They exercise by walking, swimming, and going bowling. They also cook at home.

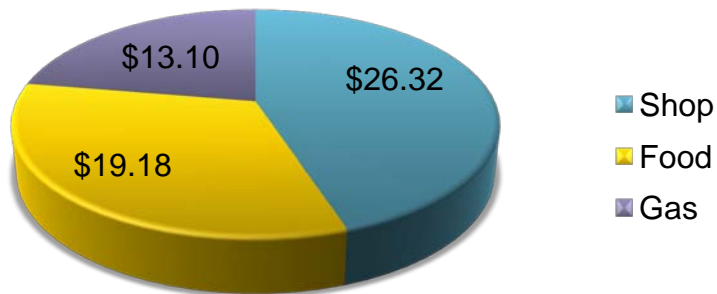
FINANCIAL OVERVIEW AND ANALYSIS





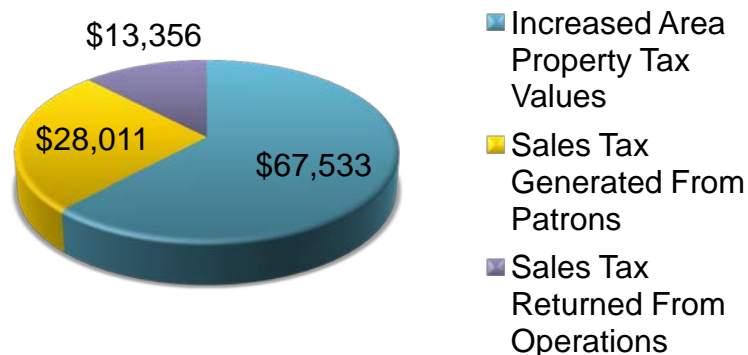
Spending patterns of PETS, BD

Average Customer Spends \$58.60 per Golf Outing outside the course, excluding lodging



Tax Impact

The Courses contribute approximately \$108,900 in tax revenue to the county



Overall Impact

- Due to proximity to the courses and the park, real estate values in the area are approximately \$3,500,000 higher than similar areas in Kenosha without such amenities.
- In an in person study (discussed later in this report), over 400 people were surveyed on site regarding their spending patterns. This data is both statistically significant and provides insight into their current customer base. In this survey it was discovered that the average user of the course spends over \$58 per outing outside of the course in the local community (\$66 if lodging is included).
- This generates over \$5,600,000 in revenue for local area businesses.
- The course itself provides over \$2,700,000 in revenue.
- Not counting the additional revenue this generates as the local businesses and governments spend these dollars, nor the money the courses employees spend locally, **the courses contribute over \$11,600,000 in economic impact annually to the community.**



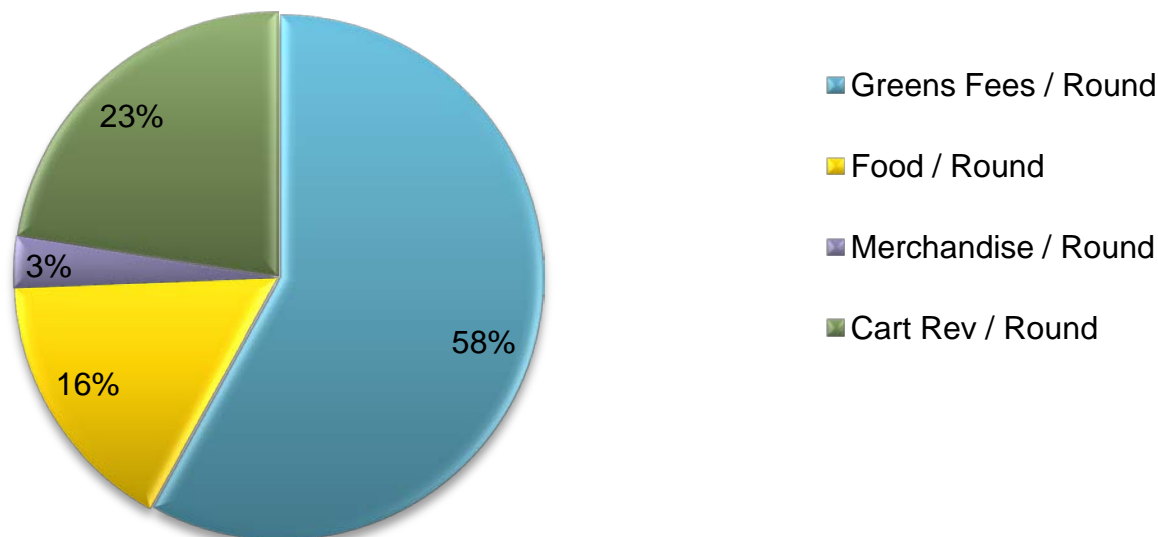
Revenue Data Per Round

Per Round Revenue	PETS 2010 Actual	BD 2010 Actual
Greens Fees	\$14.89	\$19.16
Food	\$4.33	\$4.25
Merchandise	\$0.79	\$0.91
Cart Rev	\$5.78	\$5.24
Total Revenue	\$25.80	\$29.57

Key Observations

- Most of the revenue created comes from Greens Fees.
- In addition to this, food and cart rental account for almost 35% of the revenue per round.
- Merchandise is very negligible part of revenue for the golf course.
- The numbers for the pie chart are taken from the total numbers PETS + BD.
- More profitable courses are comparable in greens fees but have much higher cart revenue. Some courses have cart revenue per round as high as \$9.00 or more.
- Although the greens fees are higher at BD, the food and cart revenue are lower than the less expensive PETS.

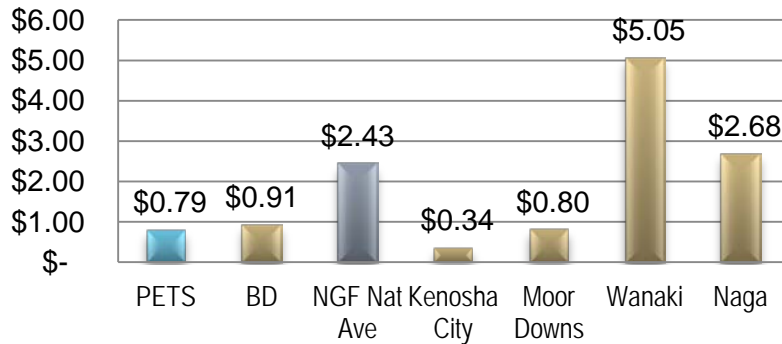
Sources of Revenue





Golf Shop Revenues per Round

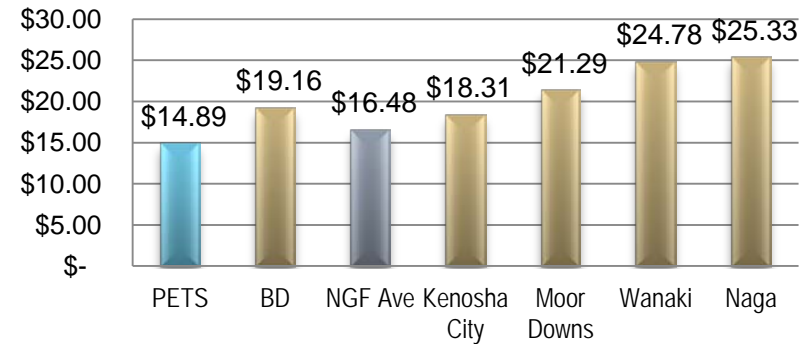
Merchandise Revenue / Round



- Both courses significantly underperform the area and national average (source National Golf Foundation, NGF, Municipal course national average data).
- Golf shop revenue makes up only 3% of total revenue per round currently but could become 6-7% if it mirrored the national average.

Greens Fees per Round

Greens Fees Revenue / Round



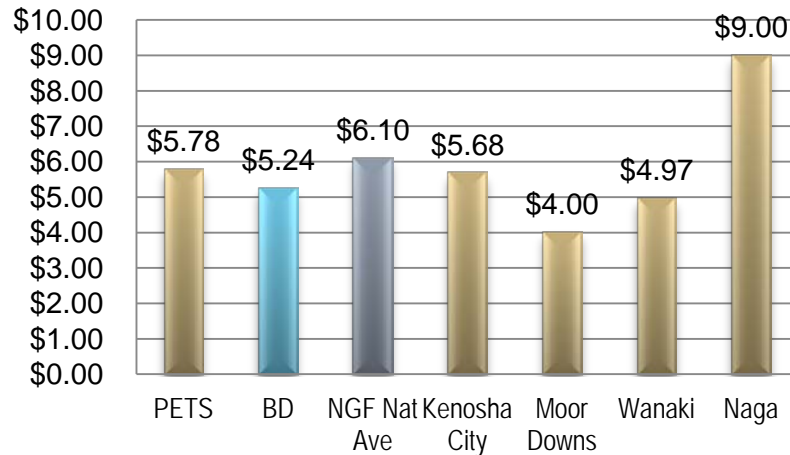
- Both courses appear to realize less than their competitors in revenue from greens fees, with PETS underperforming the NGF national average.
- Some of this variation can be described by the top end of course pricing found through calling as seen below.

	Minimum	Average	Maximum	BD	PETS
Weekday w/o cart	\$20.0	\$26.7	\$42.0	\$26.0	\$24.0
Weekday w/cart	\$30.0	\$42.0	\$68.0	\$42.0	\$40.0
Weekend w/o cart	\$23.0	\$30.0	\$42.0	\$33.0	\$32.0
Weekend w/ cart	\$37.0	\$47.0	\$68.0	\$49.0	\$48.0



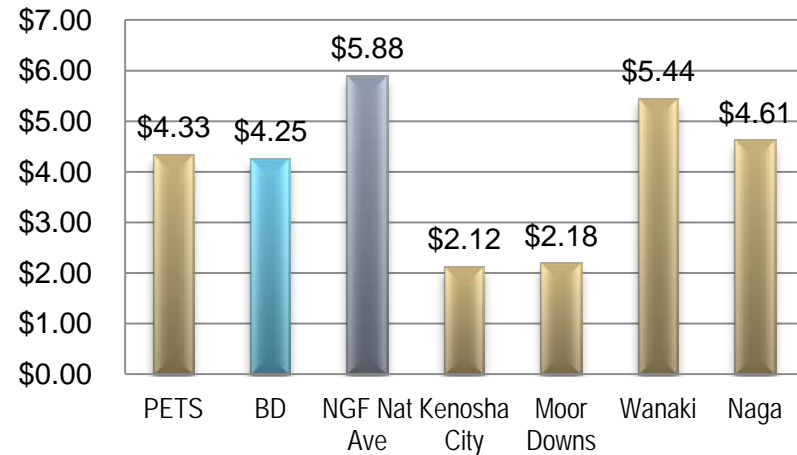
Cart Fees per Round

Cart Fees / Round



Food Sold per Round

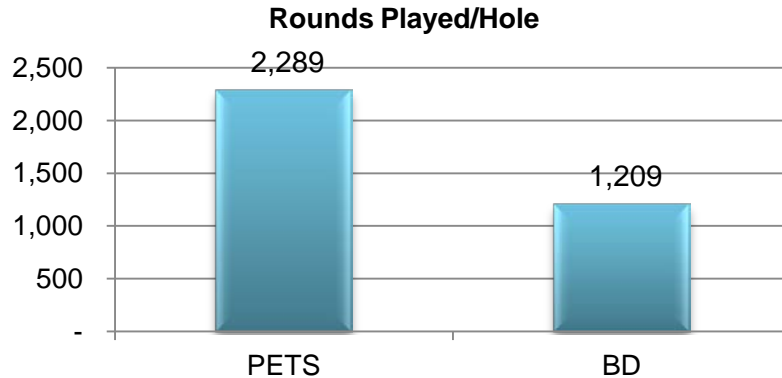
Food Sold / Round



- While both courses underperform compared to the national average, they are generally in line with other courses in the region.
- Greater detail is required to understand the profitability of either venture, although data acquired from other professionals suggests the carts should be profitable at this level, and the food services division might not be profitable at this level.

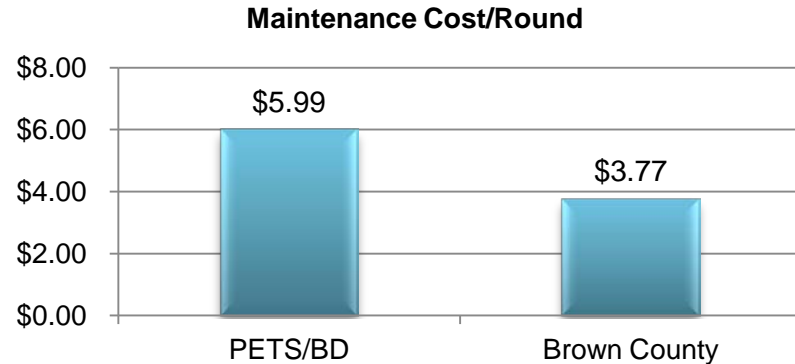


Course Utilization



- BD is underutilized compared to PETS.
- The Red Nine is the most underutilized of all, whether putting the data in per hole or per 18 hole terms.

Maintenance Expenses per Round



- Maintenance expenses are higher than other courses. Unfortunately, only Brown county presented its maintenance data in the local area. However conversations with Waukesha/Moors indicate similar levels.
- Overall maintenance costs at PETS/BD have skyrocketed over 80% since 2004, far outstripping any measure of inflation or other cost category on the books.
- Note: PETS and BD report maintenance combined.
- These numbers exclude personnel.



Operating Expenses/Round Excluding Depreciation

BD	\$32.00
PETS	\$22.67
Area Average	\$38.34

Key Observations

- PETS has the lowest operating expense per round of any of the courses analyzed.
- While PETS' operating expense levels are similar to other courses in the same sizing category, their usage rate is much higher driving down their operating expense per round.
- BD's average expense is still low considering the average.
- When looking at Green's Fees in relation to the operating expense, the ratios are steady with the area standard at about 1.6 dollars of expense for every dollar of greens fee; The BD ratio is slightly above the norm.

BD

Area Average





Cost Structure of combined courses

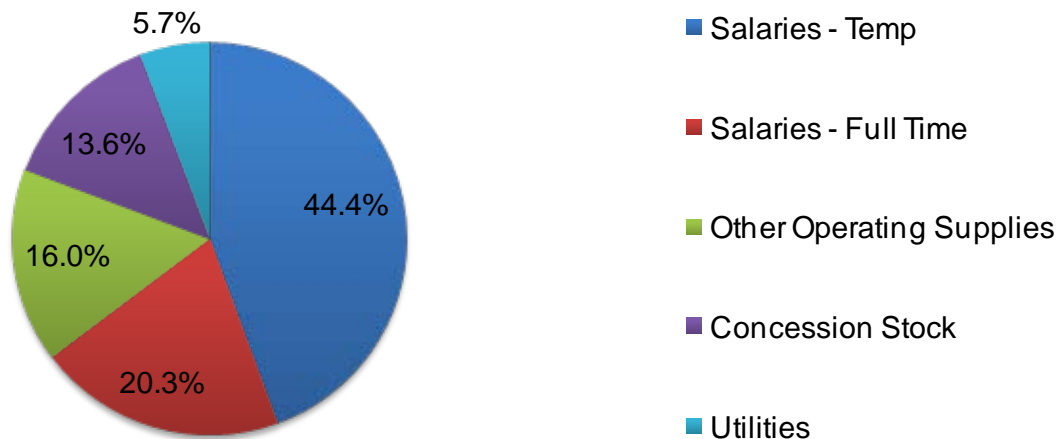
- Largest 2011 Budgeted Items
 - Temporary Salaries
 - Full Time Salaries
 - Other Operating Supplies
 - Concession Stock
 - Utilities

Key Observations

- By keeping an eye on percentages, you can create variance analysis. One could see variances in labor, supplies, and utilities. One can also see if the variances are caused by efficiency/inefficiency or for other reasons.

Distribution of the 5 largest expenses

Distribution of Cost





BD	
Revenue	1,608,356
Depreciation	254,237
Difference	1,354,119
Operating Expense	1,740,813
Difference	(386,649)

- BD underperformed in 2010. Not accounting for depreciation, and depending on how fixed costs are allocated, BD lost somewhere between \$125,000 - \$225,000 in 2010.
- In the above data, costs were split proportionately based on factors such as usage rates, internal course budget allocations, and share of holes.
- Depreciation was estimated based on a 63/37 split.
- The new accounting system should allow the course to provide exact details of the split going forward and rationale as to how it is chosen.

PETS	
Revenue	1,062,807
Depreciation	149,314
Difference	913,493
Operating Expense	933,906
Difference	(20,413)

- PETS performed adequately in 2010. Not accounting for depreciation, and depending on how fixed costs are allocated, PETS generated somewhere between \$50,000 - \$150,000 in 2010.
- In the above data, costs were split proportionately based on factors such as usage rates, internal course budget allocations, and share of holes.
- Depreciation was estimated based on a 63/37 split.



Optimal Number of Holes

- 25.7 full time employees at BD (including proportionate administrative splitting).
- Total Compensation is approximately \$1,002,000
- Compensation/hole = $1,002,000/45 = \$22,666$ per hole
- Revenue less Depreciation Projected for 2011 at BD:
 $1,777,999 - 252,000 = 1,525,999$
- Labor percentage 2009 = Compensation/Op costs
 $1,002,000/1,995,000 = 50.2\%$
- If labor costs are kept proportionately consistent:
 $50.2\% * \$1,525,999$ (Budget)
 $= \$766,051$ Compensation Budget

 $\$766,051/\$22,666$ (compensation per hole)
 $= 33.8$ holes

33.8 holes can be staffed using the current labor rates per hole and current revenue.
- $45 - 33.8 = 11.2$
- If all items are proportionate, the course should eliminate 11.2 holes.

- However, the savings would not be proportionate in reality as some personnel would be maintained regardless of the shut down.
- This duplication would require approximately 15 holes to be closed to achieve optimal savings, depending on staffing choices.
- Given the cost to undo this decision, the partial savings 9 holes offers seems to be a more prudent decision.
- As the 9 hole course is already underutilized, the actual cost per play for players using the course is the highest of all the offerings the county has.
- By eliminating the 9 holes there could be a possibility of reducing the labor cost to the level that could be sustainable over time, increasing employee satisfaction, reducing turnover, and increasing scheduling stability.
- Maintenance expenses would also decrease immediately to more sustainable levels as approximately 15-20% of the course grounds which were previously high maintenance would require very little maintenance.



Net Present Value Analysis

- Using course accounting information under the most positive light (excluding any principle, interest, or depreciation costs), three 10 year net present value scenarios were run to determine its costs or savings in terms of actual money today. A ROI, using the current net assets of the course applied to the Red Nine is also included for your convenience.
- Assumptions: 3% after tax interest rate, 10 years of operation.
- Current course annual data:

Total Red Nine Revenue:	\$199,800
Maintenance costs on the Red Nine:	\$172,298
Contribution:	\$27,502
- This is simply the amount the course contributes towards other activities and does not charge for its share of costs (see the bottom right corner for that number). The course appears to have been a disproportionately large contributor to overall net losses.
- These numbers do not account for principle and interest as stated above, nor depreciation, nor fixed cost overhead, nor maintenance on concessions, sales, parking, etc.. This is not in conformance with GAAP, IFRS nor the principles of GASB nor FASB. This contribution is lower than the other 36 holes at BD, even accounting for its size.

- If the Red Nine course shut down, however, it would not lose all of the customers as BD has a great deal of extra capacity for play. Current internal estimates put the customer loss at 30% from shutting it down. Therefore, Revenue if it were shut down would be:

Total Red Nine Revenue:	\$199,800
Less Customers Lost:	(\$59,940)
Realizable Revenue:	\$139,860
- So the net savings If the course was sold off or donated to a conservancy outside of the park would be:

Realizable Revenue:	\$139,860
Less: Old Contribution:	(\$27,502)
New Contribution:	\$112,358 / year
- BD + PETS Net assets are approximately \$3.5 million
- Therefore Red Nine's share is approximately \$500,000.
- On the following page, three scenarios are analyzed with the above assumptions in place. It is also assumed that the business operates each year as it is currently without passing judgment on improvements nor declines in business.
- In the first scenario, expenses are allocated proportionately to the average of course utilization and number of holes (18.5%), yielding:

Total Red Nine Revenue:	\$199,800
Proportion of Expenses	
(not including notes nor depreciation)	\$322,050
Total Red Nine Loss 2010:	(\$122,250)



Net Present Value Analysis

- Scenario One:
 - Keep the Red Nine open
- Keeping the course open over 10 years, allocating 18.5% of the cost structure to the course and buying an irrigation system in 2012 for \$600,000 has a net present value is **(\$1,747,594)**.
- $\text{ROI} = (1,747,594) / 500,000 = (350\%)$
- Scenario Two:
 - Shut the Red Nine down and donate the assets to a conservancy outside of Kenosha county or sell the assets to a private party
- Shutting down the Red Nine and disposing of it still leaves a Net Present Value of the savings of \$1,070,794.
- $\text{ROI} = 1,070,794 / 500,000 = 214\%$
- All scenarios use methods not in keeping with FASB nor GASB to emulate current data collection techniques.

- Scenario Three:
 - Shut the Red Nine down now, pay minimum maintenance of \$18,000 a year as raw land, and pay \$1.885 million in today's money to resurface, irrigate, and reopen the course in 2021. This \$1.885 million number is provided by the course as their cost in today's terms, and is not in line with generalized estimates provided by the GCBA, ASGCA, nor DGA. Unusual conditions and/or higher quality standards may exist which may explain all or part of this deviation.
- The Net Present Value of the loss is **(\$985,749)**.
- $\text{ROI} = (985,749) / 500,000 = (197\%)$
- In all scenarios, no depreciation is accounted for, nor ongoing external maintenance costs after 2015, nor principle and interest on the notes. Including these would adversely impact all scenarios. If the notes were included the ROI in Scenarios 1, 2, and 3 would respectively be **(391%)**, 173%, **(238%)**.
- **Bottom Line:**
 - Keeping the Red Nine open ROI = **(350%)**
 - Shutting the course down ROI = 214%
 - Shutting down, and reopening ROI = **(197%)**



Breakeven Analysis

- Using course accounting information (non-FASB/GASB), Red Nine is the least profitable of all of the county's courses. It's contribution margin is the least of BD's three even when taking into account its size relative to the other two courses.
- Looking under the most positive light possible, where maintenance costs do not change, but players flock to the course, the level of play increase required to offset savings from shutting down looks to be around 60% as follows:
 - Net Savings from Shutdown each year \$112,358
 - Total Revenue/Round at BD currently \$29.57 (est)
 - Current rounds played: 9,250
 - Round increase required to offset savings (breakeven point) at the Red Nine: 3,800
- Business at the Red Nine must therefore increase approximately 41% to breakeven versus shutting down.
- This is a bad assumption however as maintenance expenses would certainly increase. Therefore business must increase approximately 50-65% for the Red Nine to justify its existence financially as it stands currently, assuming accurate data.
- This does not include any current anticipated spending, which would make the number higher .

- These assumptions are based on current course data and do NOT include depreciation nor principle nor interest payments. Inclusion of any of these items would increase the amount of play required.
- When including having to pay on current and/or future obligations and depreciation, the level of play is required to increase over 110% versus donating the course to a conservancy outside of Kenosha county (i.e. Bong), or selling off the land.
- **Bottom Line:** It is unlikely that the Red Nine will be profitable for quite some time. Business at the Red Nine must increase approximately 60% for the Red 9 to begin to justify its existence financially as it stands.



Red Nine Considerations

- The decision surrounding whether to keep Red Nine open or not has major consequences and therefore requires careful consideration. The following “T-chart” lists some of the major reasons to keep the course open and to close it.

Reasons to keep Red Nine open

- As noted above, it is a part of the facilities that generate tax revenues from gas, restaurants, shopping, and lodging.
- Red Nine provides salaries to their workers, which spend money in the community.
- It is a part of the facilities that generate tax revenues for the state.
- It is a part of the facilities that offer recreation and exercise opportunities for country residents.
- It is a part of the facilities that offer entertainment opportunities for business people.
- The Red Nine, in particular, could be a source of training for new players to enter the sport.
- The Red Nine is particularly beautiful course that offers an opportunity to connect with nature.

Reasons to close Red Nine

- Data indicates that the county will save more than \$1,000,000 with the closing of Red Nine.
- Business at the Red Nine would have to increase approximately 60% to breakeven.
- Data suggests that BD customers are seeking a “professional” experience, which does not include a 9-hole course.
- There are more than 15 other local area golf courses that offer opportunities to learn the sport of golf.
- Investments in the future of this course could help grow the overall number of golfers, but could also drive private small business under who would be less able to compete with a subsidized premier golfing experience, resulting in other course closures and a decreased tax base.
- White 18 and Blue 18 are under utilized and could offer the opportunity to play only 9 holes of golf.
- Unlike PETS, the data suggests that real estate property values are not impacted due to their proximity to BD.

LOCAL GOLF SCENE AND TRENDS

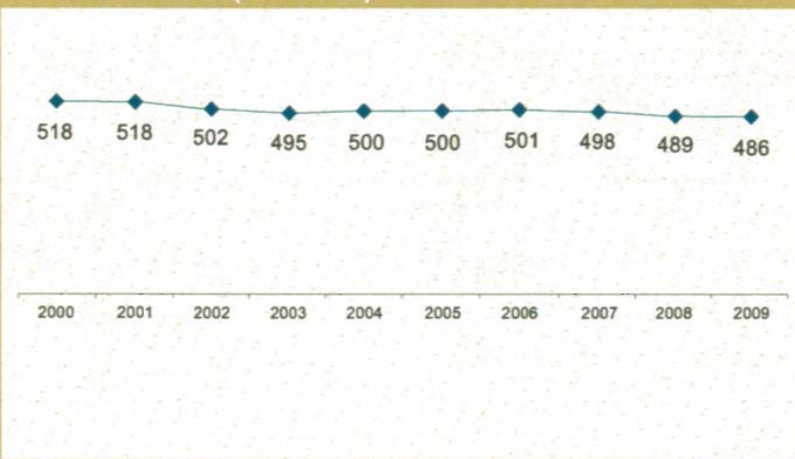




Rounds Played – National Trends

- Golf rounds in the last ten years have stayed considerably stable in the U.S.
- Rounds have dropped 2.9 million (around 0.6%) from 489 million in 2008 to 486 million in 2009.
- From total annual rounds five years ago, it has decreased about 3% .
- People are managing their cost by playing less expensive courses and playing at off-peak times.
- 2010 Finalized numbers were slightly down nationally and in the Midwest (excluding December, January, February).
- Wisconsin overall had rounds up slightly in 2010.
- 2011 Data has rounds played in Wisconsin down approximately 10% from 2010 data through the end of July.

Rounds Volume (in millions)

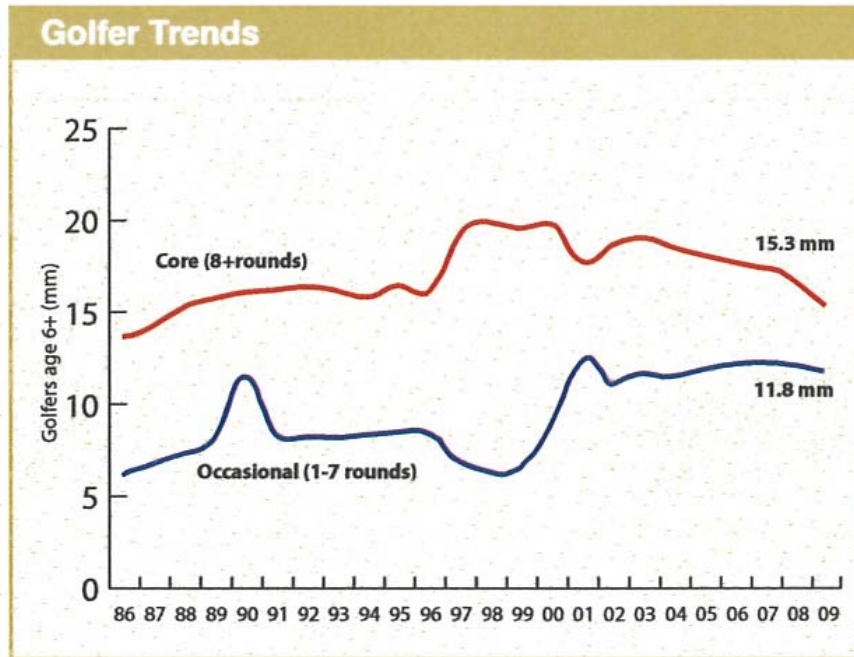


Rounds by Region

	Percent Change 2009 vs. 2008
U.S.	-0.6%
Pacific	0.0%
Mountain	-1.4%
West North Central	3.1%
East North Central	0.6%
South Central	-2.3%
South Atlantic	-3.0%
Mid-Atlantic	0.2%
New England	0.6%



Golf Participation – National Trends



- The number of golfers has declined 5.1% from 2008 to 2009. That trend appears to continue locally.
- Over the past five years, numbers have decreased about 9% (around 2.7 million).
- Golf is still the number one individual outdoor sport and has around 27.1 million participants.
- 15.3 million of the participants play at least 8 or more times in a year.
- Since the number of golfers has declined over the years and annual golf rounds have stayed around the same, this suggests that the people who did play, played more rounds of golf. That trend may be beginning to diverge in 2011 as current data suggests that both the number of golfers and number of rounds is declining.

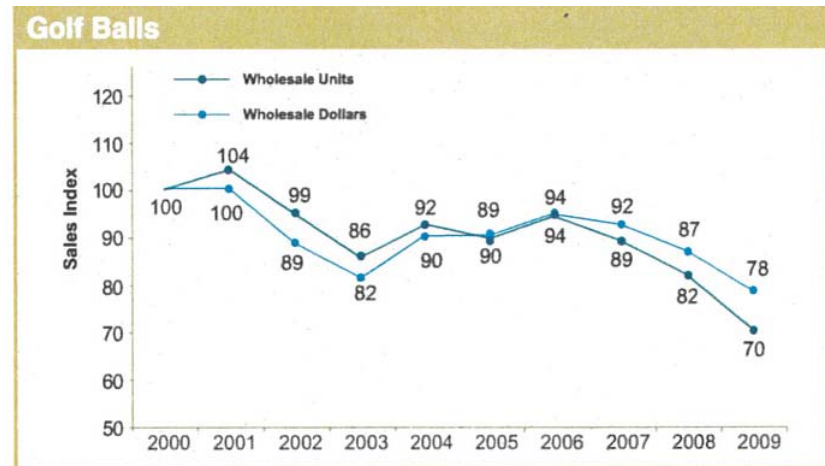
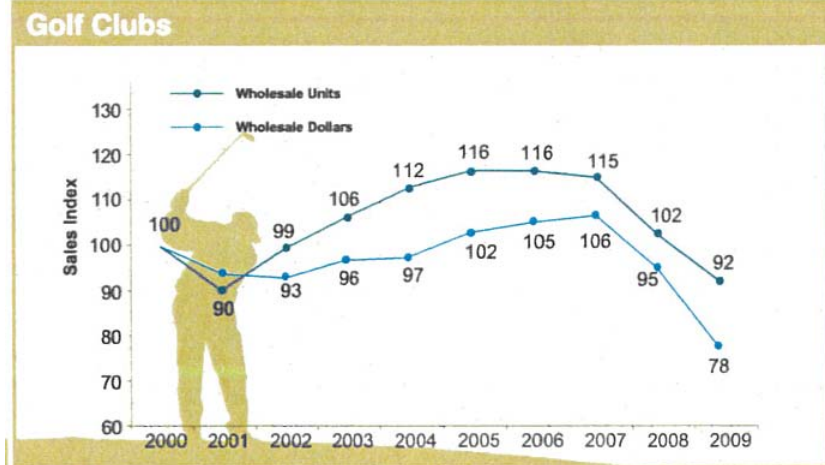
- *Source – National Golf Foundation (NGF) Data



Equipment Sales – National Trends

- Equipment sales peaked around 2005-2006, but have declined since that time.
- Club units have decreased by 21% and dollars 27%.
- Golf Ball units decreased by 25% while dollars by 17%.
- Since equipment sales have significantly decreased and the number of golfers has decreased over the past few years while the annual golf rounds have remotely stayed the same, this suggests that the people who are golfing have kept the same equipment and have not spent money on buying new clubs and golf balls.
- This is particularly distressing for the next few years of the sport as active participants have declined to invest in their own sport. This could lead to dramatic declines in the quantity of golfers should the trend continue.

- *Source – National Golf Foundation (NGF) Data





1. Johnson Park
2. Washington Park
3. Muskego Lakes
4. Bristol Oaks
5. Ives Grove
6. Browns Lake
7. Rivermoor
8. Shepherd's Crook
9. Evergreen
10. Twin Lakes
11. Edgewood
12. Maple Crest
13. Spring Valley

- The 13 competitors listed to the left are considered competition to both BD and PETS because they are located within range of one another and they are comparable on multiple levels such as pricing and level of play.
- A telephone survey, designed by Carthage students, was conducted over the course of the summer. Detailed information regarding concession pricing, alcohol pricing, hours of operation, and busy times were noted. The survey was conducted on a mix of week and weekend days.
- The survey offers highly detailed information which may be accessed by clicking Worksheet Options, Open in the box below:

[illegible]



Months of Operation

- Beginning of March through November was a standard for many of the courses that responded to our informational survey.
- Several of the courses remain open all year round weather permitting.
- Other courses judge their opening day by the temperature or the quality of the greens.
 - One of the competitors stated that when the temperature outdoors is 40 degrees they are open for business while another said that once the ground thaws out they open and they do not close until the first thick snow falls.

Key Observations

- PETS and BD fit right in with this range of working months.
 - BD operates from approximately the end of March through November.
 - PETS operates from April 1st to December 1st.



- Earliest competitor opening: 5:00 am
- Latest closing: 9:00 pm
- BD: 5:30 am – dusk
- PETS: 6:00am - 9:00pm

- It is evident that the courses at hand fit in perfectly with their competition. Both BD and PETS fall within the range of hours of operation. This shows that they are capturing all of the possible daylight hours making it easy for golfers to play a round of golf when they have time.
- Refer to the attached spreadsheet for hours of utilization for each of the courses.

[illegible]



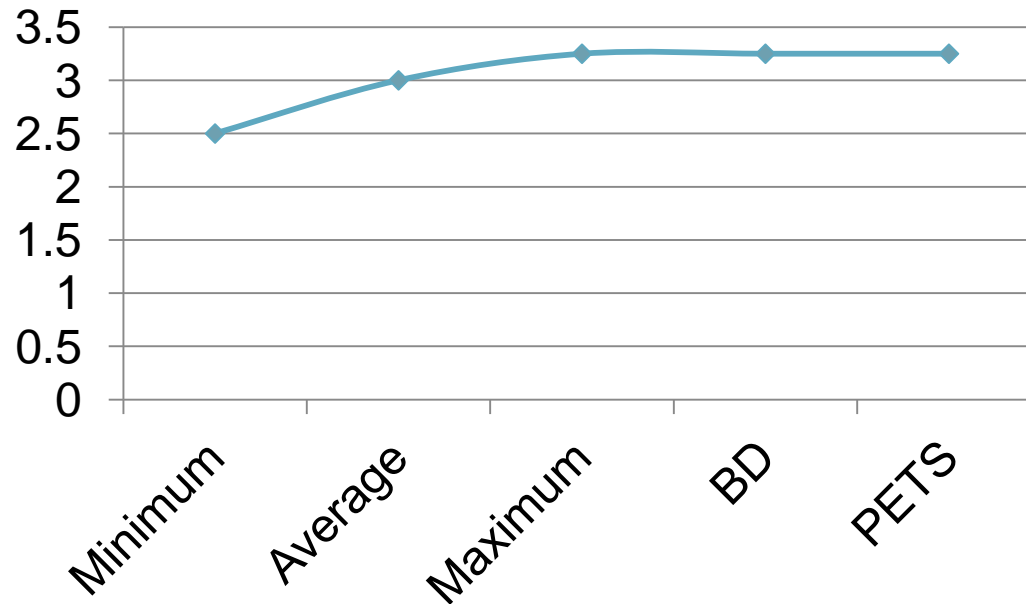
Fountain Drink Pricing

- Minimum Price: \$2.50
- Area Average: \$3.00
- Maximum: \$3.25

Key Observations

- Both courses match each other at a price of \$3.25.
- Although the customer base at PETS is price sensitive, there were few complaints regarding food prices, indicating that there is room to leave prices unchanged. However, to create a better spread against brat pricing, a \$0.25 decrease to the area average might improve results.
- **Bottom Line:** Decrease Hot Dog prices by \$0.25 at PETS. Leave BD Hot Dog pricing alone.

Hot Dogs





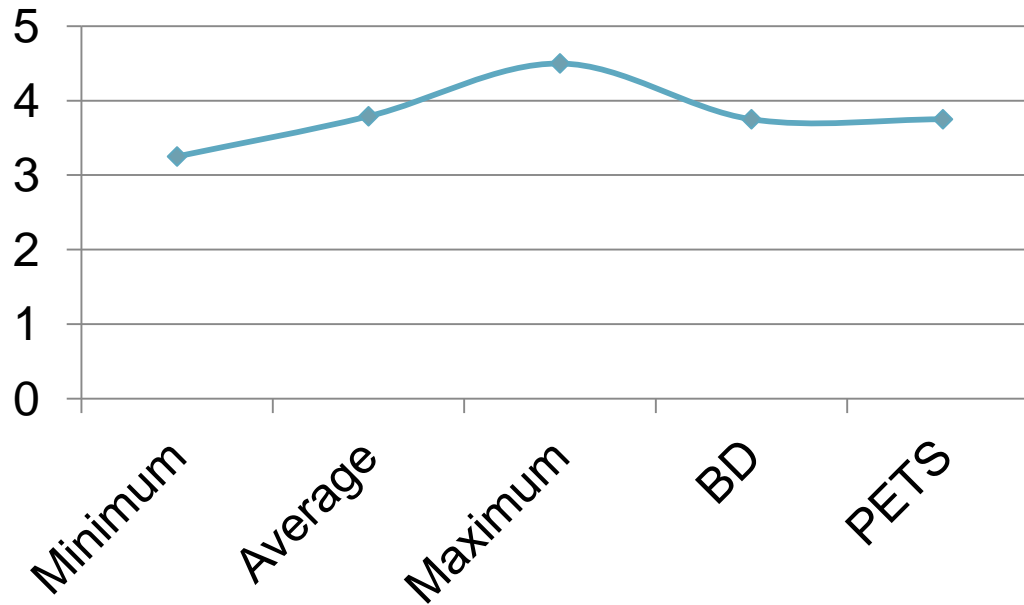
Brats Pricing

- Minimum Price: \$3.25
- Area Average: \$3.79
- Maximum: \$4.50

Key Observations

- Brats and sausages are among the most popular choices at the courses, a perfect summer food. However, the prices of these go to foods differ greatly.
- At \$3.75, both courses appear to be appropriately priced. A \$0.20 increase at BD is likely to go unnoticed.
- **Bottom Line:** Leave Brat pricing unchanged at PETS. Increase prices by \$0.20 at BD.

Brats & Sausages





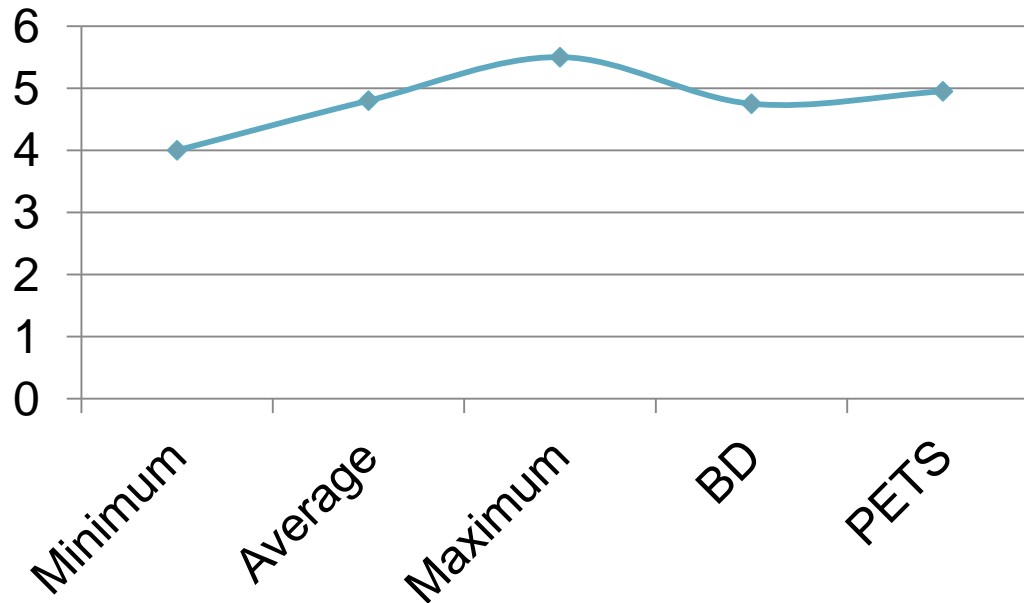
Hamburger Pricing

- Minimum Price: \$4.00
- Area Average: \$4.80
- Maximum: \$5.50

Key Observations

- Hamburgers are another great golfing food in the area.
- A quick phone call to the concession stand indicates PETS is able to receive \$0.20 more than BD currently (\$4.95).
- **Bottom Line:** Increase Hamburger prices to \$4.95 at BD. Leave pricing unchanged at PETS.

Hamburgers





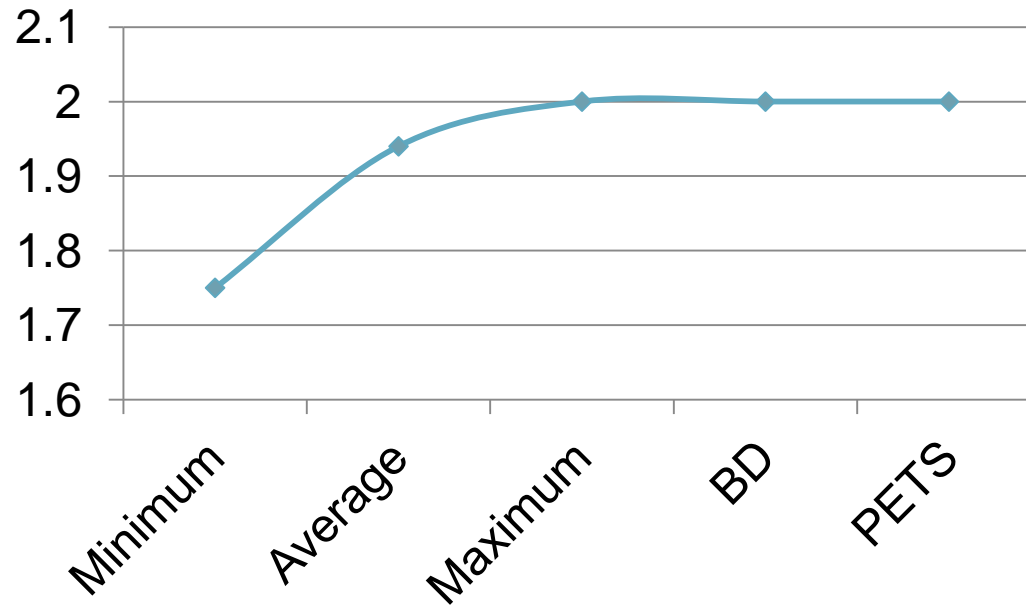
Bottled Water Pricing

- Minimum Price: \$1.75
- Area Average: \$1.94
- Maximum: \$2.00

Key Observations

- Bottled water pricing is very consistent in the area.
- Given the consistency in pricing and the need for water on the course, the current pricing structure appears correct.
- **Bottom Line:** Leave water prices unchanged.

Bottled Water





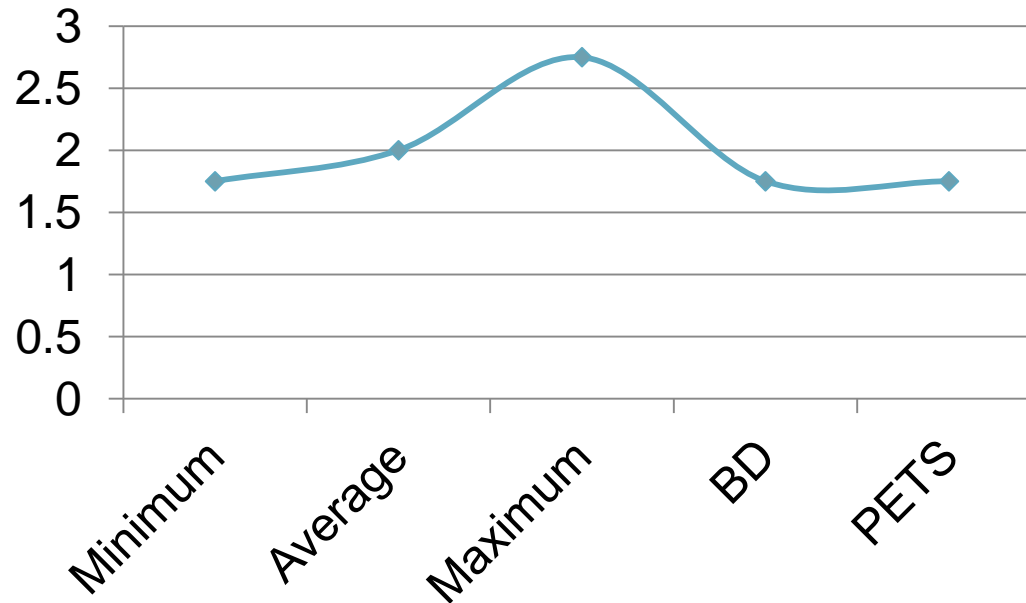
Fountain Drink Pricing

- Minimum Price: \$1.75
- Area Average: \$2.00
- Maximum: \$2.75

Key Observations

- BD and PETS both are at the low end of fountain drink pricing.
- The decision to increase pricing here should be driven by margins.
- Historically fountain drinks are one of the largest margin items at the concession stand.
- **Bottom Line:** Increase pricing at both courses above that of water if the margins are lower than bottled water. Otherwise keep prices below that of bottled water.

Fountain Drinks





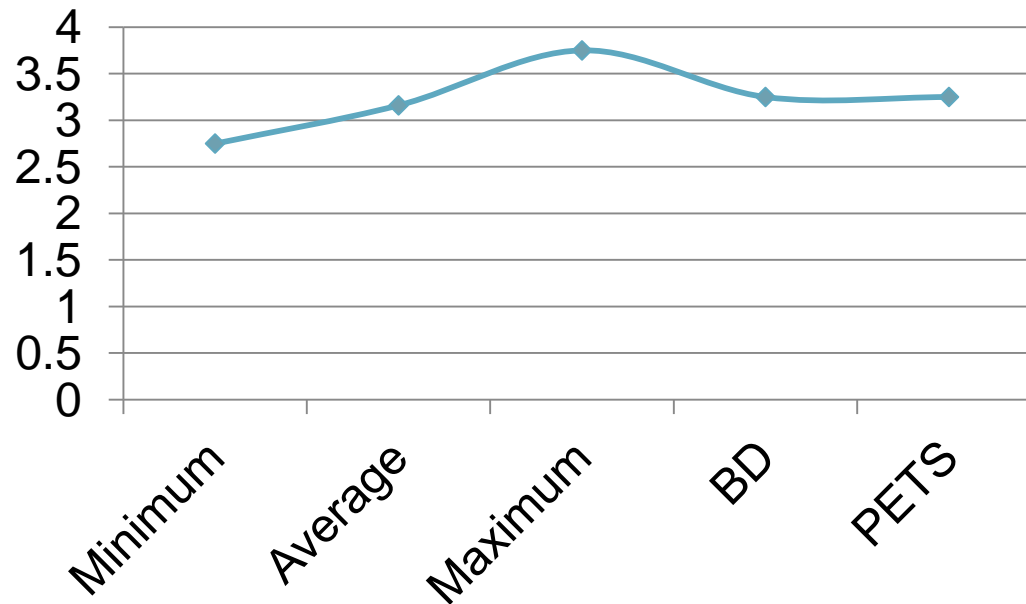
Beer Pricing

- Minimum Price: \$2.75
- Area Average: \$3.16
- Maximum: \$3.75

Key Observations

- Not all of the competitors sell alcohol beverages so it is certainly a competitive advantage for the courses that do sell alcohol because they are able to offer more products to their customers.
- Both courses appear appropriately priced here.
- There may be room for a \$0.25 increase at BD.
- **Bottom Line:** Leave Domestic Beer pricing unchanged.

Domestic Beer





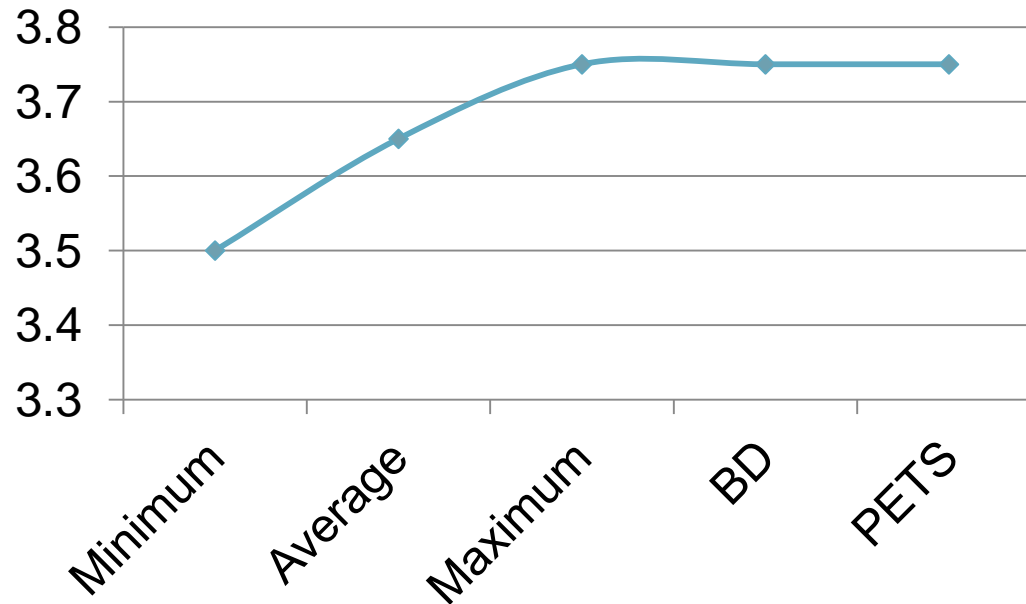
Import Beer Pricing

- Minimum Price: \$3.25
- Area Average: \$3.65
- Maximum: \$3.75

Key Observations

- For this category of concessions all of the prices were very closely aligned.
- For price differentiation, a \$0.50 spread between Domestic and Imports appears to be the correct strategy for the area.
- **Bottom Line:** Leave Import Beer pricing unchanged at \$0.50 over Domestic pricing.

Import Beer



MARKETING RESEARCH RESULTS





Notes

- 402 surveys completed :
 - July 29-Aug 1, 2011
 - 201 from Petrifying Springs
 - 201 from Brighton Dale
- Surveys Conducted:
 - July 29, Petrifying Springs 75 surveys
 - July 30, Brighton Dale 105 surveys
 - July 31, Petrifying Springs 126 surveys
 - Aug 1, Brighton Dale 96 surveys
- Each course had a week day & a weekend survey day.
- Weather conditions were similar for all survey days:
 - Sunny, very warm.
- All surveys were administrated by Velocity Consulting .
- Abbreviations:
 - “PETS” = Petrifying Springs Golf Course
 - “BD” = Brighton Dale Golf Course
- Verbatim comments from the survey are located in the last section of this report.

Survey Used

- 1) In what zip code do you reside?
- 2) Is this your first time coming here? If not how many times a year/season do you come?
- 3) Do you plan on making this an overnight trip? If so, how much do you plan on spending for lodging?
- 4) Do you plan on doing any shopping while in town? How much do you think you will spend?
- 5) Will you be going out to eat at a restaurant while in town? How much do you think you will spend?
- 6) Did you or will you buy gas on this trip? How much are you expecting to spend for gas?
- 7) What could we do to make you come back with friends that haven't been here?

- 8) Why did you choose to golf here as opposed to elsewhere today?

	Not important					Important	
Quality of course	1	2	3	4	5	6	7
Distance	1	2	3	4	5	6	7
Pricing	1	2	3	4	5	6	7
Promotional offer	1	2	3	4	5	6	7
Reputation	1	2	3	4	5	6	7
Staff	1	2	3	4	5	6	7
Friends/Family	1	2	3	4	5	6	7
Close to previous /next activity	1	2	3	4	5	6	7
Other _____							

- 9) What was your favorite thing about golfing here today?

Tee time availability	Treatment by the staff	Quality of the course
Price	Distance from Home	Closeness to next activity
Other _____		

- 10) If you could make one change to improve your experience at this course, what would it be?



Customer Profile

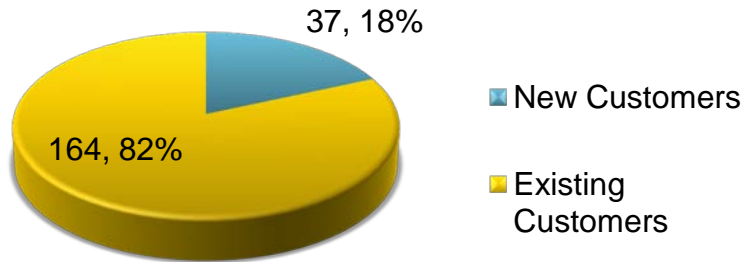
The Tale of Two Courses

- One would assume that two golf courses a mere 15 miles apart would serve the same customers. However, after a thorough analysis, the customer profiles at each course are quite different. The table below clearly illustrate this.
- All of these customer traits are supported by census data, GIS data and a comprehensive marketing survey of 402 customers (201 customers at each course) conducted by Velocity Consulting.
- These traits are in no particular order and some of the descriptors are slightly exaggerated merely to illustrate the differences.

Petrifying Springs Customer Profile	Brighton Dale Customer Profile
Lower Income	Higher Income
Lives close to the course	Lives far away
Loyal	Fickle
Frugal	Extravagant
Light User	Heavy User
Older	Younger
Amateur	Professional



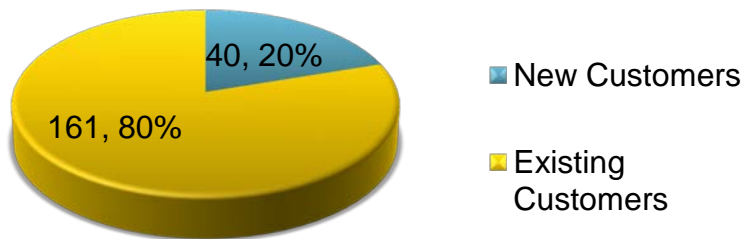
Petrifying Springs



Key Observations

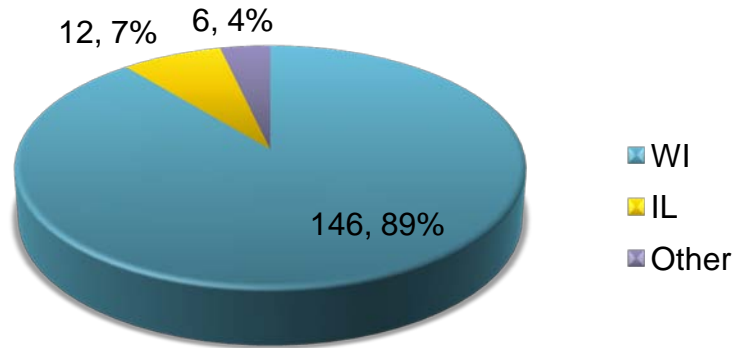
- Both courses performed in a similar manner in attracting new customers.
- Interesting to note that both the rural course (Brighton Dale) and the urban course (Petrifying Springs) drew approximately the same number of new customers.
- It is encouraging that both courses are attracting new customers.

Brighton Dale





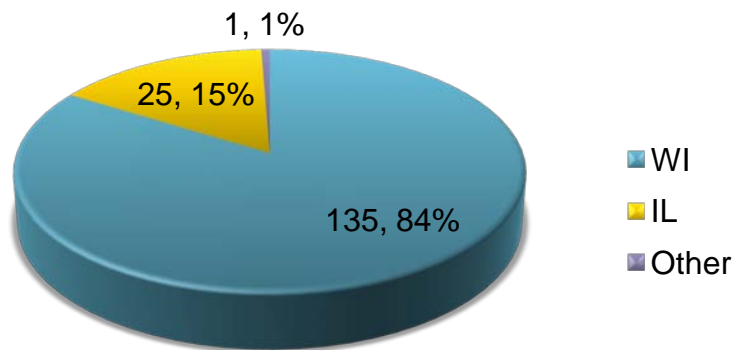
PETS – Location of Current Customers



Key Observations

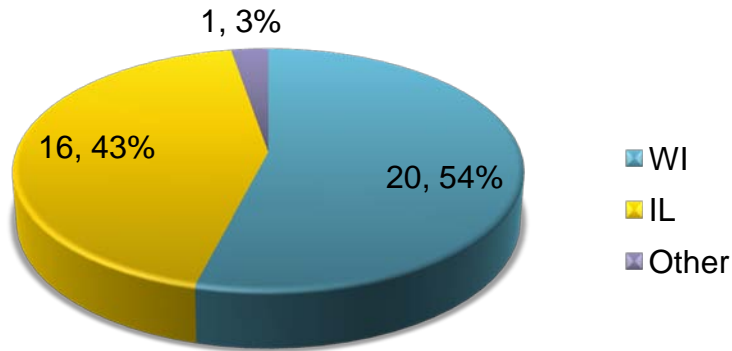
- BD has twice as many existing customers from IL verses PETS.

BD – Location of Current Customers





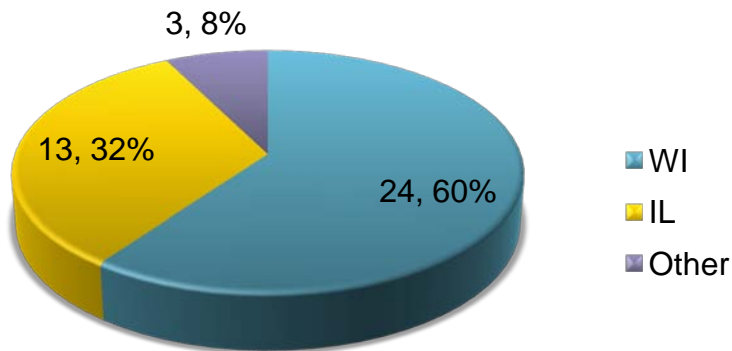
PETS – Location of NEW Customers



Key Observations

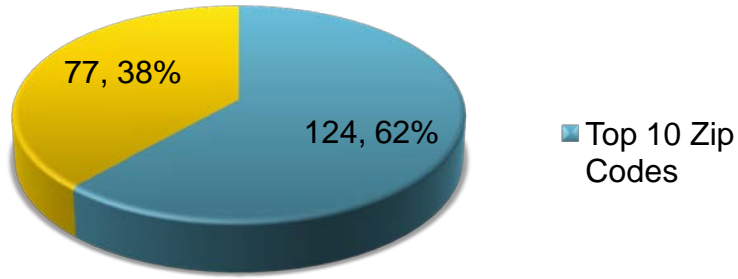
- Surprisingly, PETS has a higher percentage of new customers from IL.
- Possible explanation: could be people on a business trip from IL to meet with Racine/Kenosha customers. PETS would be more convenient for these people.

BD – Location of NEW Customers





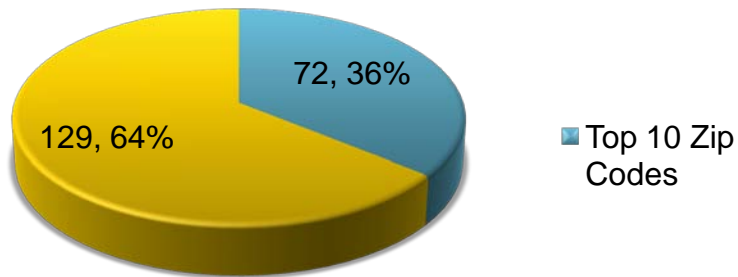
PETS – Top 10 Zip Codes vs All Others (All Customers)



Key Observations

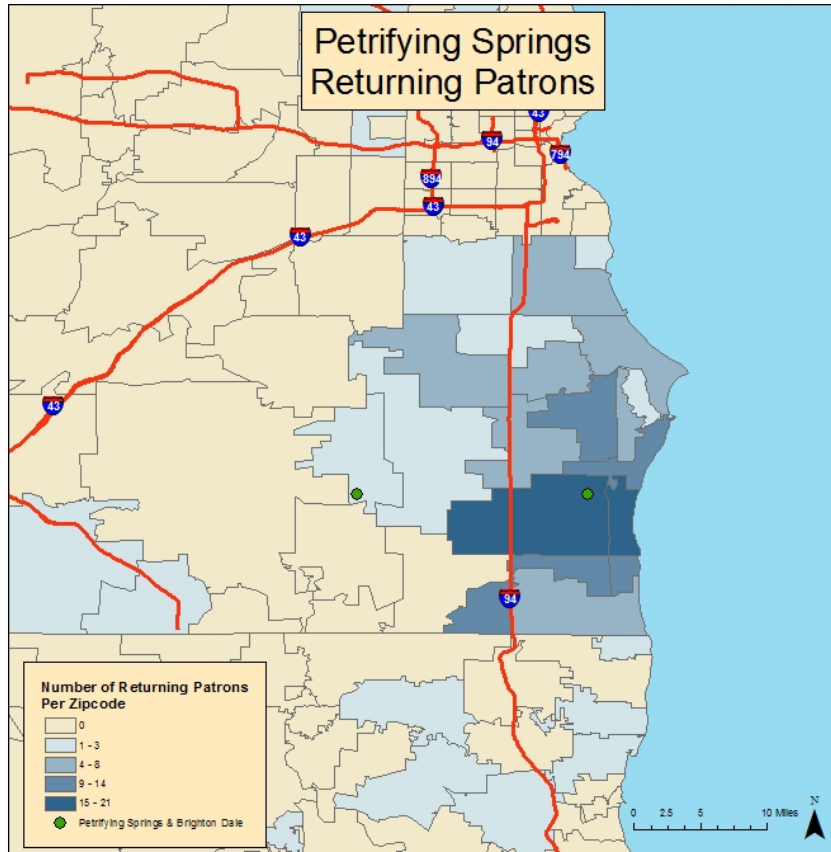
- Major difference in geographical distribution of the customers between the two courses.
- PETS is highly concentrated, with 62% of their customers coming from 10 zip codes.
- BD is far more diverse as their top 10 zip codes only represent 36% of their customers.
- The following 2 pages graphically represent this data in the form of a GIS map.

BD – Top 10 Zip Codes vs All Others (All Customers)





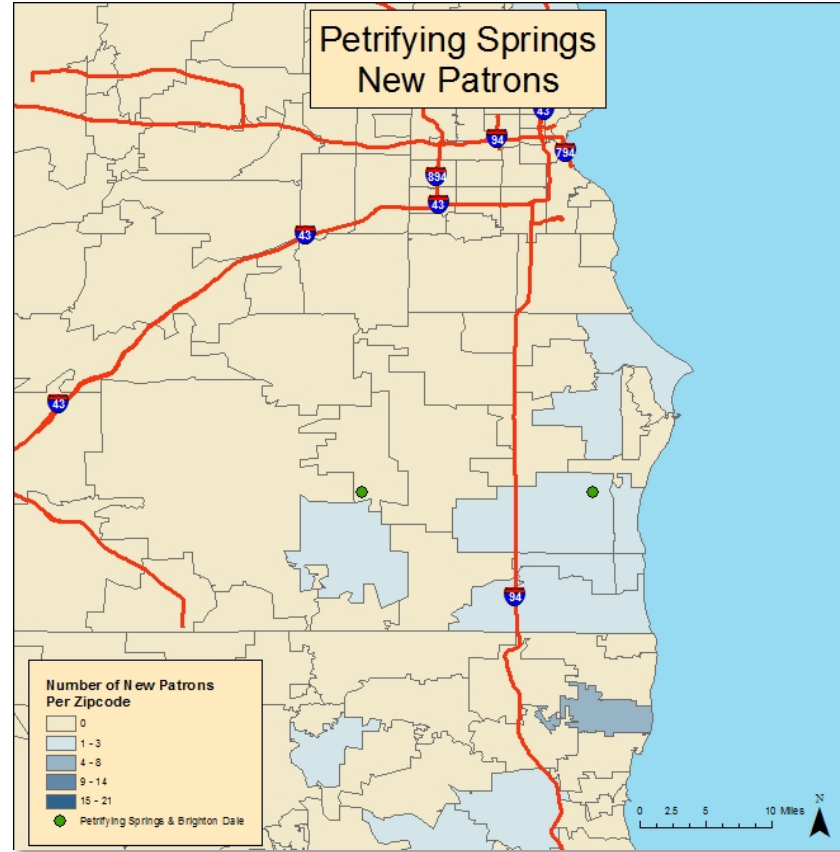
Geographical Distribution - PETS



Key Observations

- PETS current customers are highly concentrated.
- Very few PETS customers come from BD's home zip code.

Geographical Distribution - PETS

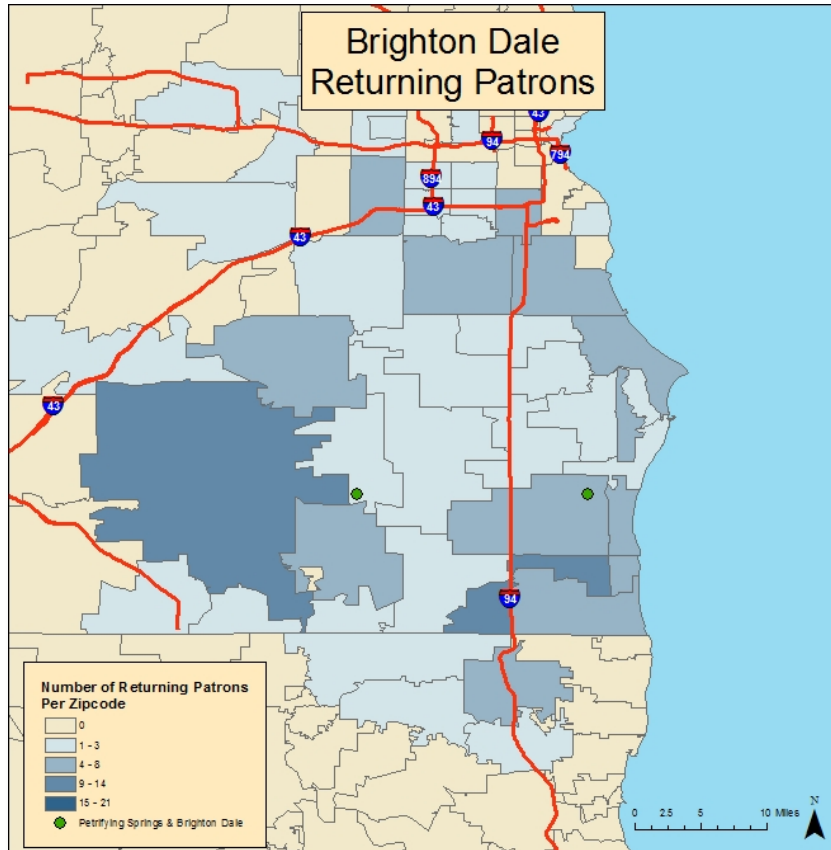


Key Observations

- New customers are still concentrated.
- PETS received no new customers from DB's home zip code.



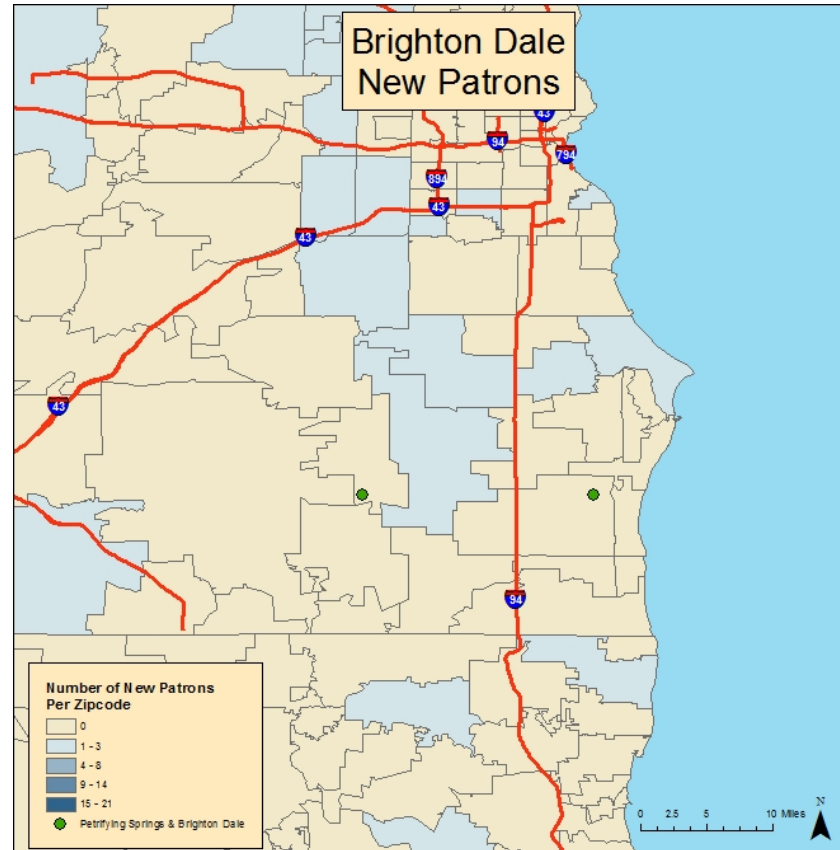
Geographical Distribution - BD



Key Observations

- BD current customers are geographically highly diverse.
- A fair number of customers come from PETS's home zip code.

Geographical Distribution - BD



Key Observations

- BD new customers are also geographically highly diverse.
- Interestingly, no new customers came from BD's home zip code.



Top 10 Zip Codes – ALL Customers

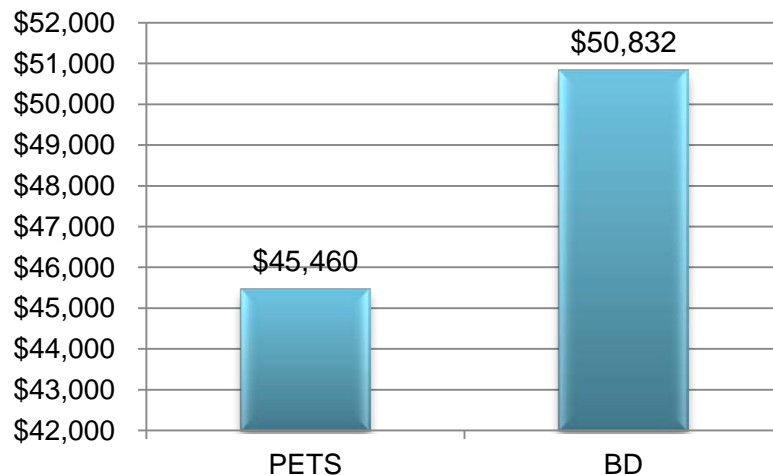
PETS		BD	
53140	22	53142	12
53144	22	53105	11
53142	15	53151	8
53406	14	53144	7
53143	12	53158	7
53403	11	53143	7
53402	8	53221	5
53405	8	53168	5
53158	7	53402	5
60087	5	53140	5

Key Observations

- Very dissimilar list of top 10 zip codes for each course.

Key Observations

Ave AGI 2004 (Individual) – Top Ten Zip Codes

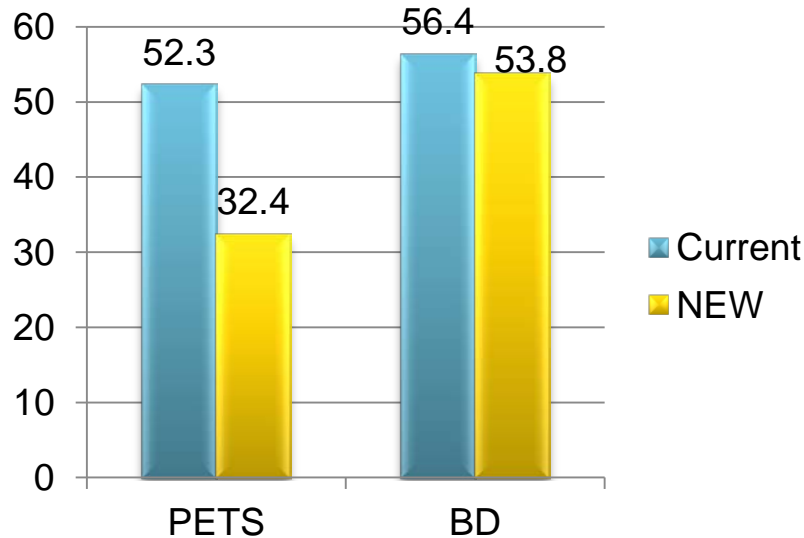


Key Observations

- Income was not recorded in the marketing survey.
- However, income can be estimated by analyzing the income from the top 10 zip codes for each course.
- The average AGI (Adjusted Gross Income-2004) is significantly higher for BD customers.



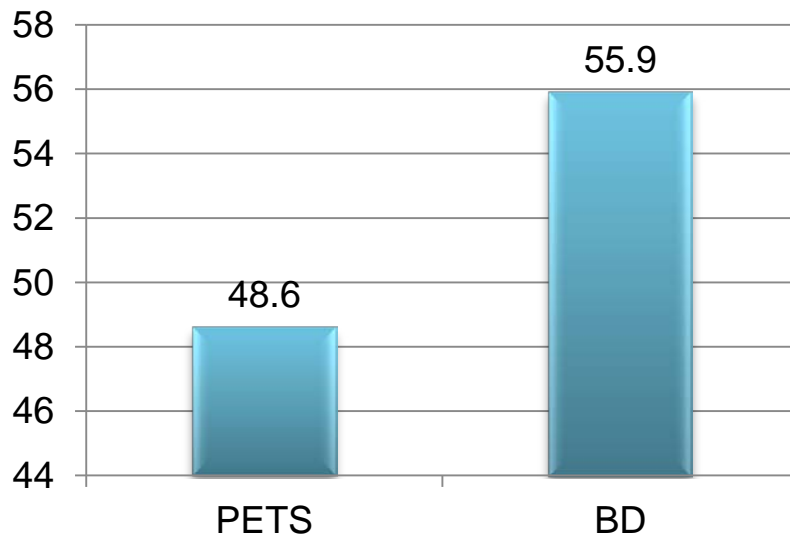
Yearly Rounds of Golf by Customer Type (Average)



Key Observations

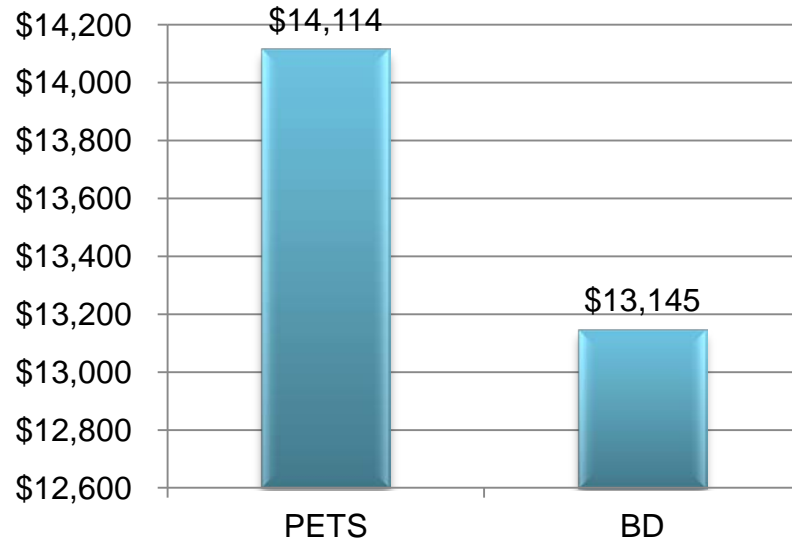
- BD appears to attract heavier users as their new customers golf 53.8 times per year versus 32.4 rounds for new PETS customers.
- PETS' new customers only golf 32.4 per year. This represents a 39.7% difference between the two courses.
- When considering ALL customers, the average BD customer golfs 15% more in season than the average PETS customer.
- Clearly the BD customer is a heavier user of golf than the PETS customer.

Yearly Rounds of Golf ALL Customers (Average)



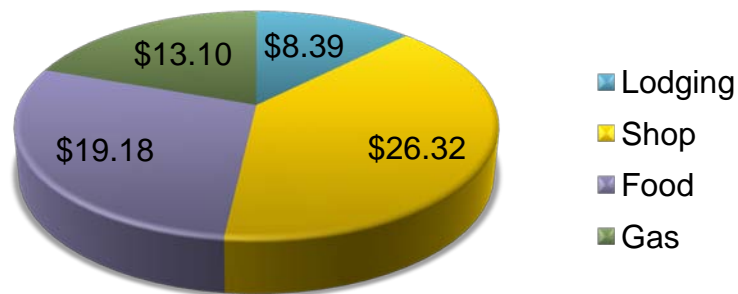


Total Dollars Spent ALL Customers



Average Customer Spending (both courses)

**Average Customer Spends \$66.99
per Golf Outing**



Key Observations

- The average golfer (at both PETS and BD) spends \$66.99 per golf outing.
- In 2010, PETS & BD combined for 95,600 rounds of golf.

Scenario #1 (Including Lodging)

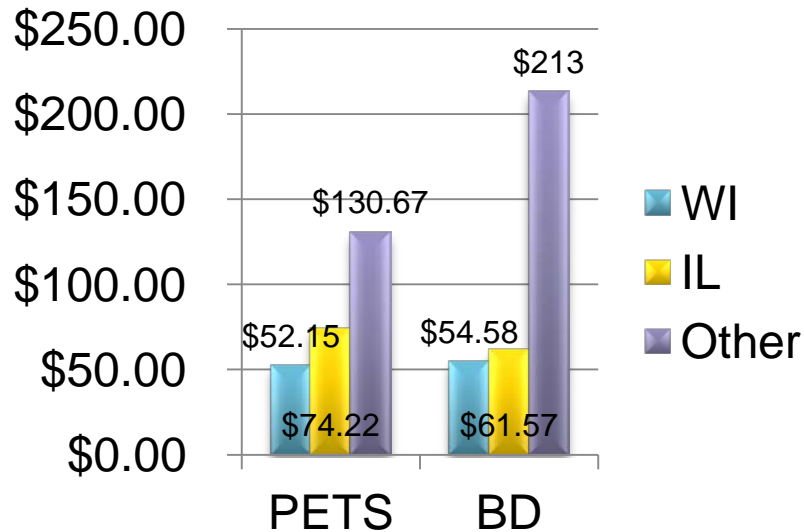
- Total revenue impact on the surrounding community was \$6,404,244.
- Assume 0.5% county sales tax.
- In 2010, PETS & BD generated \$32,021 in county sales tax.

Scenario #2 (Excluding Lodging)

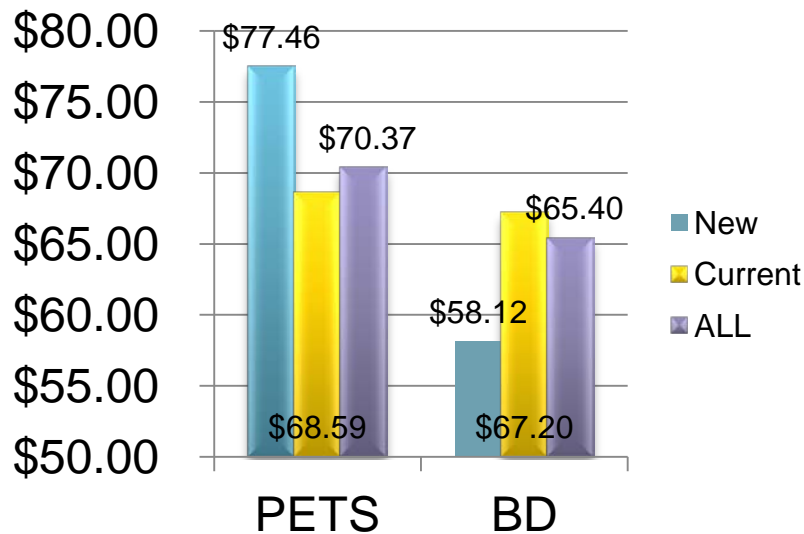
- Total revenue impact on the surrounding community was \$ 5,602,160
- Assume 0.5% county sales tax
- In 2010, PETS & BD generated \$28,010 in county sales tax.



Average Dollars Spent by State



Average Dollars Spent by Customer Type

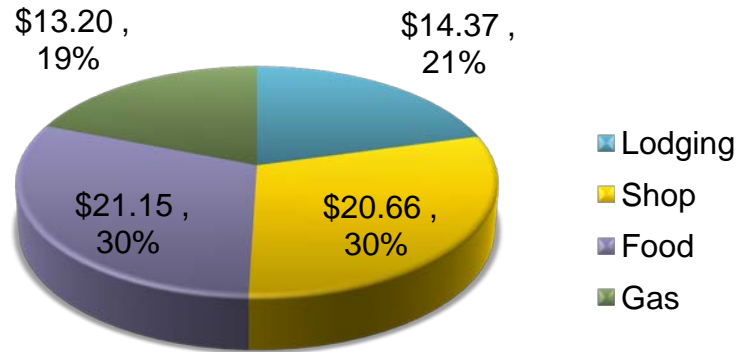


Key Observations

- PETS average customers spend about 7.6% more than the average BD customer. \$70.37 vs \$65.40.
- The PETS new customers spend about 12.9% more than their current customers (\$77.46 vs \$68.59).
- Surprising, the BD new customer spends about 11.1% less than their current customers (\$58.12 vs \$65.40).
- As expected, the customers from IL spend more than the customers from WI at both courses. This could be because they plan on stopping at the outlet mall on the way home.
- Note: the "Other" values are high due to the longer distance travelled and the low number of "Other" customers.



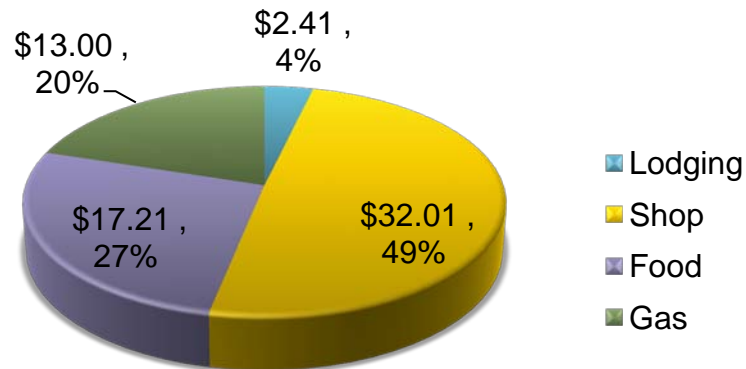
PETS – Average Dollars Spent by Type (ALL Customers)



Key Observations

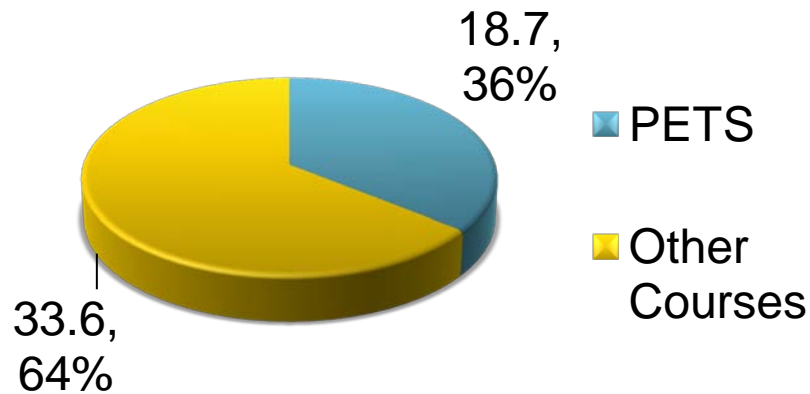
- There is a different buying pattern between the two courses.
- BD customers spend more on shopping. This could be because more customers from IL may stop at the outlet malls.

BD– Average Dollars Spent by Type (ALL Customers)





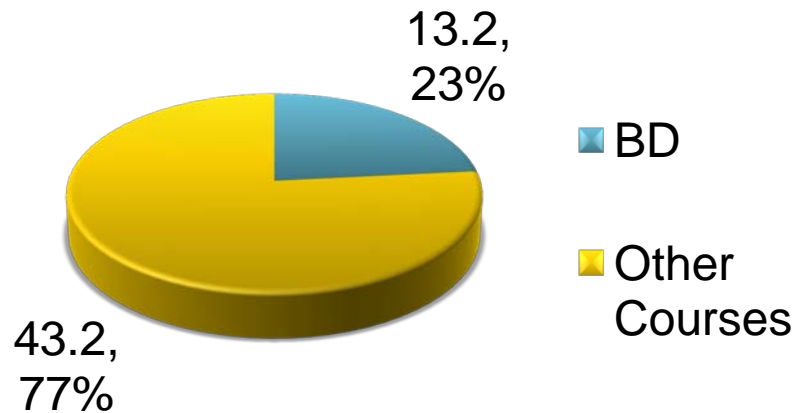
PETS – Share of Wallet (Current Cust) Rounds per Year



Key Observations

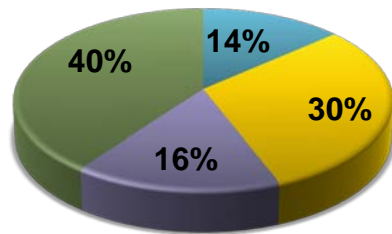
- PETS current customers are more loyal than BD customers.
- PETS customers spend 36% of their time golfing at PETS, while BD customers spend 23% of their time golfing at BD.

BD– Share of Wallet (Current Cust) Rounds per Year





PETS-Improve One Thing

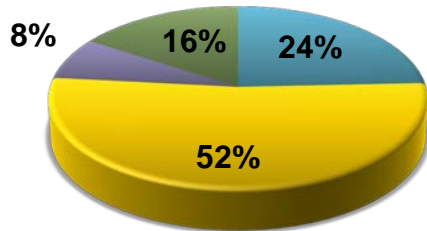


- Amenities
- Course Conditions
- Tee Times
- Price

Key Observations

- Price is the dominate theme (40%) with PETS customers.
- Clearly the PETS customer are price sensitive.
- The second concern was course conditions.
 - Most of the “course conditions” comments were more suggestions (i.e. “move hole”, “change par”...)

BD-Improve One Thing



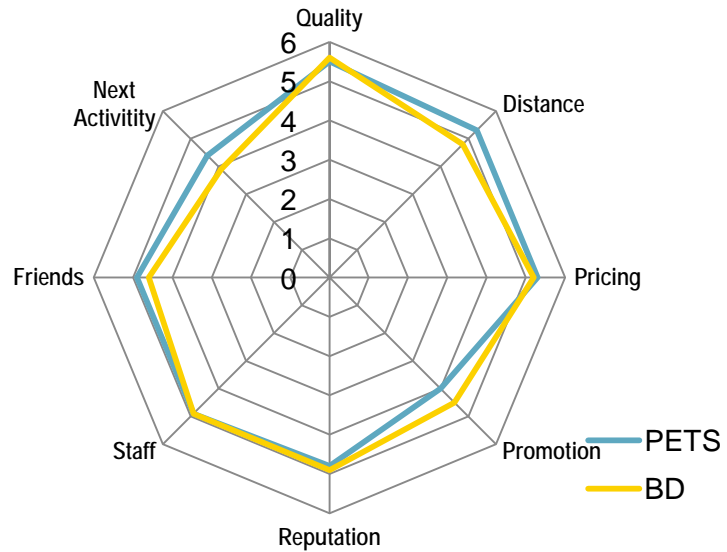
- Amenities
- Course Conditions
- Tee Times
- Price

Key Observations

- Course Conditions is the dominate theme (52%) with BD customers.
 - Most comments concerning course conditions were legitimate (i.e. “Fix cart paths, “Cut grass”...)
- Interesting to note that price is 3rd. BD customers appear to be far less sensitive to price.



“Why did you choose to golf here?” (1-7 Scale)

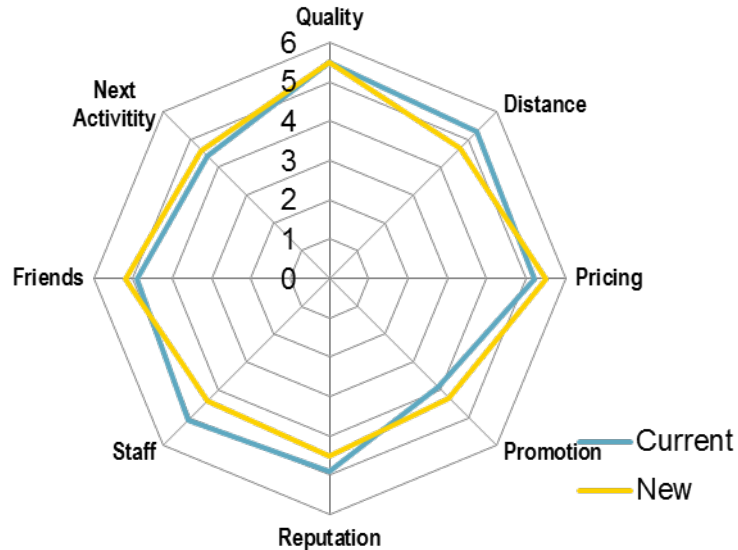


Key Observations

- Interestingly, BD customers value promotions higher than PETS customers. No real explanation for this.



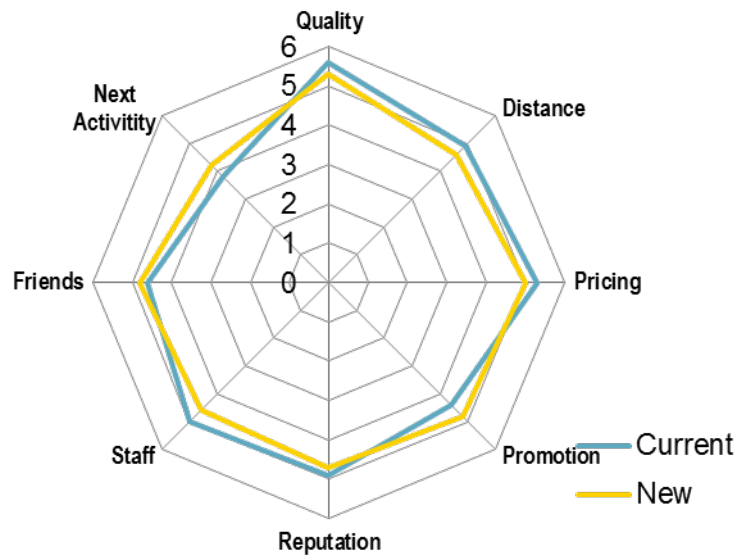
PETS – “Why Choose?” New vs Current Customers



Key Observations

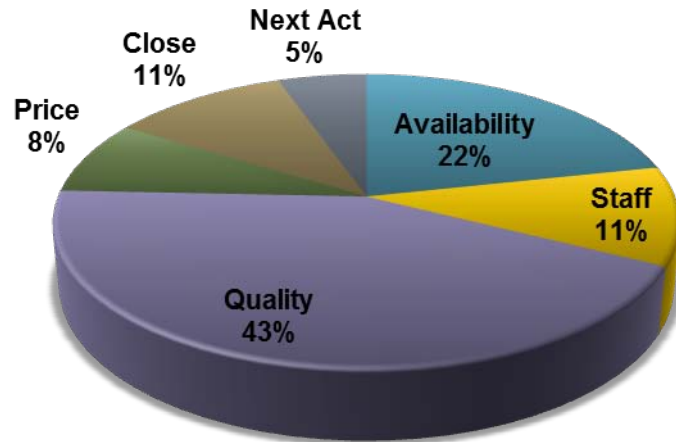
- New customers chose “Promotions” more than current customers. This would be expected from new customers.

BD– “Why Choose?” New vs Current Customers





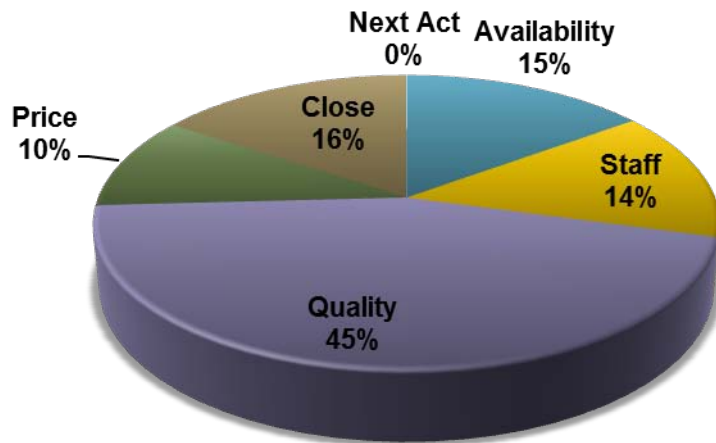
PETS – “Favorite Thing” Current Customers



Key Observations

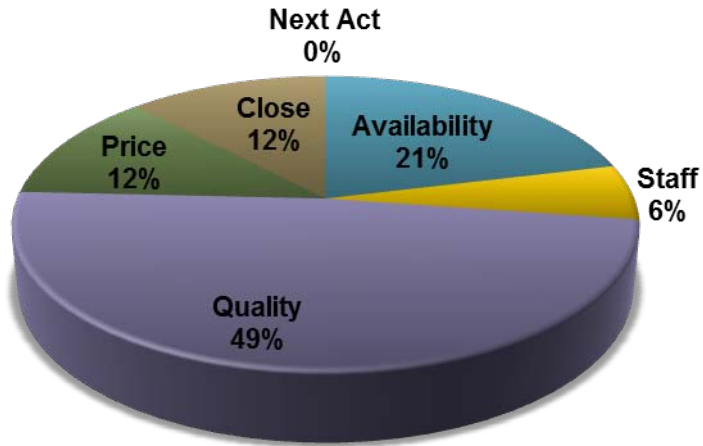
- Current customers seem satisfied with the quality of both courses.
- Very similar results from both courses.

BD- “Favorite Thing” Current Customers





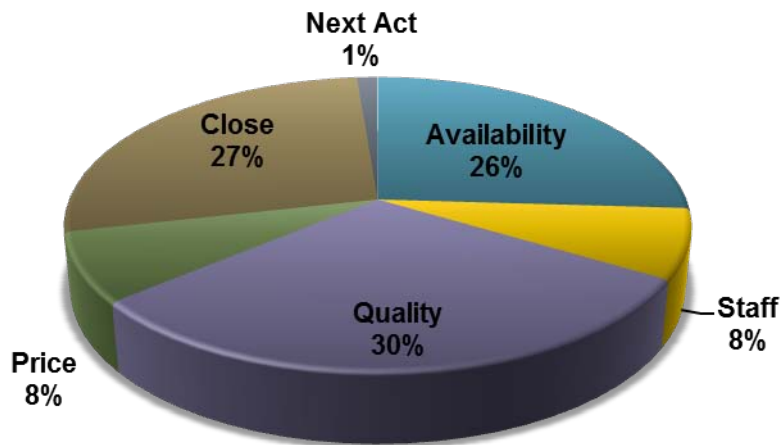
PETS- "Favorite Thing" NEW Customers



Key Observations

- New customers seem satisfied with the quality of both courses.
- "Staff" is lower since these are new customers.
- Note that PETS customers are more impressed with the quality of the experience.

BD - "Favorite Thing" NEW Customers



PETRIFYING SPRINGS MARKETING PLAN





Executive Summary – Petrifying Springs Course

- Key issues facing PETS include the low revenue from concessions and the golf store, the cost of maintaining such a high quality course, and the older, more price sensitive customer base.
- These issues will be addressed in a comprehensive marketing plan. The objective of this marketing plan is to raise revenue per round, lower the cost of maintaining the golf course, and attract younger, higher income customers.
- Suggested tactics to accomplish these objects include outsourcing the golf shop and concessions to popular, established stores and restaurants, adjusting the quality of the course to meet the needs of the customer base, and hosting tournaments and loyalty programs which encourage students and parents to frequent the course.

Big Ideas:

- Outsource the Golf Shop and concessions
- Raise seasonal pass prices
- Adjust the quality of the course to match customer expectations
- Target market to higher income zip codes
- Create a “Rewards” Program to encourage more play from non-seasonal pass holders
- Target younger golfers with special events (i.e “Good Grades” awards)

Strategy Articulation Map

- This marketing plan utilizes a Strategy Articulation Map methodology.
- The Strategy Articulation Map (following page) is designed to assure that there is strategic alignment within the plan. Most importantly, every Key Issues is addressed with at least one Objective and each Objective with at least one Tactic.
- The Key Issues were identified via a ½ day workshop held with representatives from PETS golf course.
- In addition, other Key Issues were identified via a marketing survey conducted at both courses (July 29-Aug1) and other data sources.



Strategy Articulation Map – Petrifying Springs Golf Course

Key Issues

Golf Shop revenues are low

Low greens fees per round

Revenue per round is low

Price-sensitive customers

Maintenance expenses are too high

Course quality is too high

Older customer base

Objectives

Increase Golf Shop revenue

Increase greens fees revenue

Increase revenue per round

Attract less price sensitive customers

Lower maintenance costs

Adjust quality to match customer threshold

Attract younger golfers

Tactics

Outsource the Golf Shop

Add draft beer

Outsource the concessions

Acquire a liquor license

Raise prices

Introduce golf passport

Target higher income zones

Raise prices of seasonal passes

Lower maintenance fees

Lower course conditions

Good grade rewards

Annual high school event

Partnership with local high schools

Jr. Jr. tournament

Partnership with colleges

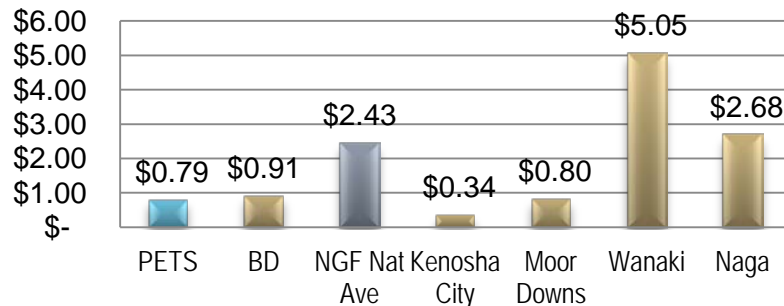


Key Issues – Petrifying Springs Golf Course

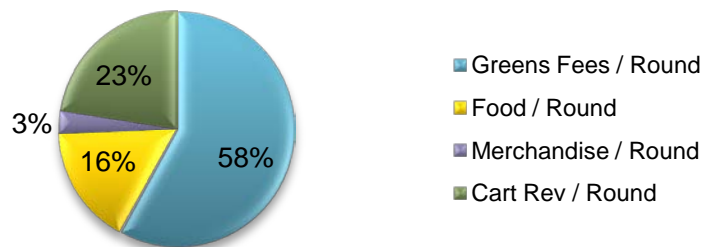
Golf Shop Revenues Are Low

- The data below clearly shows that PETS golf shop revenues are far below most other local golf courses.

Merch\$/Round



- PETS underperforms the NGF national average by -207%. BD merchandise per round is \$0.91
- Many attempts have been made to remedy this situation with very limited success.
- Golf shop revenue makes up only 3% of total revenue per round.



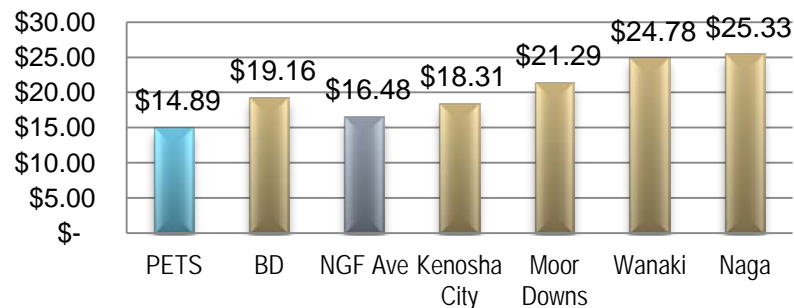
- Bottom-line:** Increasing golf shop revenues would help overall profitability for the course. Unfortunately, past efforts and performances have failed.

Key Issues – Petrifying Springs Golf Course

Low Greens Fee Revenue per Round

- The data below clearly shows that PETS is underperforming all other courses this competitive set:

Greens Fees\$/Round



- The following two factors could be driving the greens fees/round down:
 - It appears that PETS pricing model of aggressive season pass pricing is driving the greens fee revenue per round down to very low levels.
 - PETS is located in a high density urban area where the location encourages repeated/loyal play. The marketing survey found that PETS customers are more concentrated and more loyal than BD customers:

	PETS	BD
% of rounds spent at this course	36%	23%
% of rounds spent at other courses	64%	77%
Customers from top 10 zip codes	62%	36%

- Bottom-line:** PETS customers have the opportunity to play golf at a course that is close and offers very attractive pricing. This leads to very low greens fees per round. Increasing the number by just \$2 would have a significant impact on profitability.

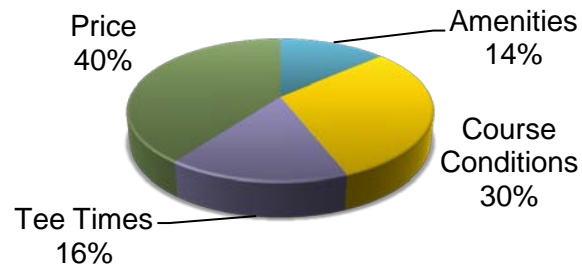


Key Issues – Petrifying Springs Golf Course

Current Customer base Is Very Price Sensitive

- PETS current customers are very sensitive to price as the data below indicates. Fully 40% of customers mentioned concern about pricing in the marketing survey.

Improve One Thing - PETS

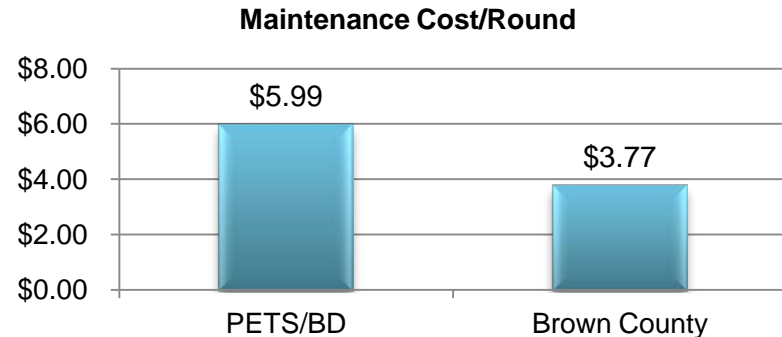


- 40% of PETS customers cited “Price” when answering the open-ended question “If you could make one change to improve your experience at this course, what would it be?” This was their number one concern.
 - Note: Only 16% of BD customers raised the issue of price and was their #3 concern.
- The level of price sensitivity is further clarified when factoring in the already low prices at PETS.
- Bottom line** – 40% of PETS customers complain about price even when the PETS course offers some of the lowest prices in the area. Clearly PETS is currently attracting highly price sensitive customers and these types of customers have a negative impact on profitability for the course. Attracting less price sensitive customers would have a positive impact on profitability.

Key Issues – Petrifying Springs Golf Course

Maintenance expenses are too high

- Maintenance expenses are higher than other courses. Unfortunately, only 1 other area course maintenance data could be found (Brown County). However, the maintenance costs for PETS/BD are extremely high compared to Brown County.



- Note: PETS and BD report maintenance combined.
- PETS/BD maintenance costs are 58.9% higher per round than Brown County.
- Overall maintenance costs at PETS/BD have skyrocketed over 80% since 2004, far outstripping any measure of inflation or other cost category on the books.
- Bottom line:** Based on limited data, PETS (and BD) must reduce their maintenance costs to stay competitive.

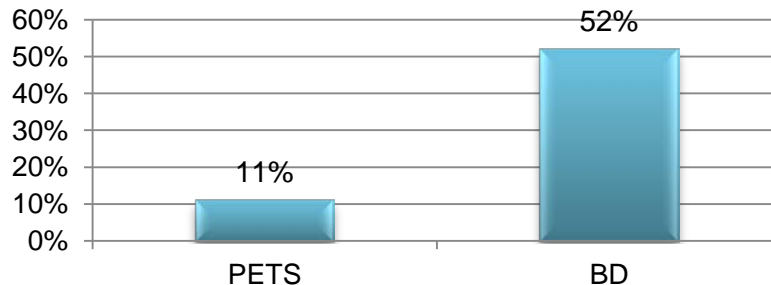


Key Issues – Petrifying Springs Golf Course

Course Quality is too High

- Quality of the course does not appear to be an issue with the PETS customers. Although 30% of the customers mentioned “course conditions” as a way to improve their experience, most (66%) of the comments were actually suggestions (i.e. “change par”, “move hole”...) and NOT related to actual course conditions.
- Only 11% of the comments were specific to course conditions (i.e. “fix greens”, “cut grass”...).
 - 52% of BD customers cited legitimate concerns about the course conditions (i.e. “poor cart path, “cut grass”...).
- The graph below illustrates this point:

% of Legitimate “Course Condition” Comments



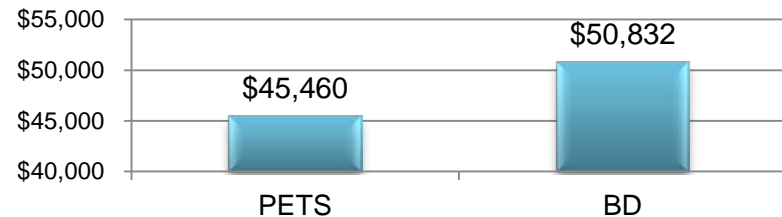
- **Bottom-line:** PETS customers are local. They care more about the convenience of the course and the price than the quality of the course.
 - Because the course is short and urban it won’t appeal to higher-end golfers, so why pursue them with the highest quality course conditions.
 - A great asset PETS has is it’s location. Customers will still come with lower quality.
 - Why continue to invest in something (high course quality) when customers are not willing to pay for it?

Key Issues – Petrifying Springs Golf Course

Older/Lower Income Customer Base

- Although the marketing survey did not record age data, it was very apparent that the average age of the PETS golfer was considerably older than BD. (Note: asking for too much personal data can suppress response rates) .
- Studies have shown that as consumers age they:
 - Live on fixed incomes.
 - Are more sharply focused on value.
 - Have increased sensitivity to affordability.
- All of these factors, in general, tend to drive older customers to be more price sensitive.
- The chart below shows the average AGI (Adjusted Gross Income-2004) for the residents of the top 10 zip codes for both PETS and BD:

Ave AGI 2004 (Individual) – Top Ten Zip Codes



- Clearly PETS customer base comes from lower income areas than BD. This supports the “high price sensitivity” issue at PETS.
- **Bottom-line:** PETS location is attractive to older urban golfers and older golfers tend to be more price sensitive.
 - However, older golfers (retirees) create a demand for early daytime play on weekdays.
 - Spending in this group has potential to be high, but they are frugal and don’t want to pay high prices.

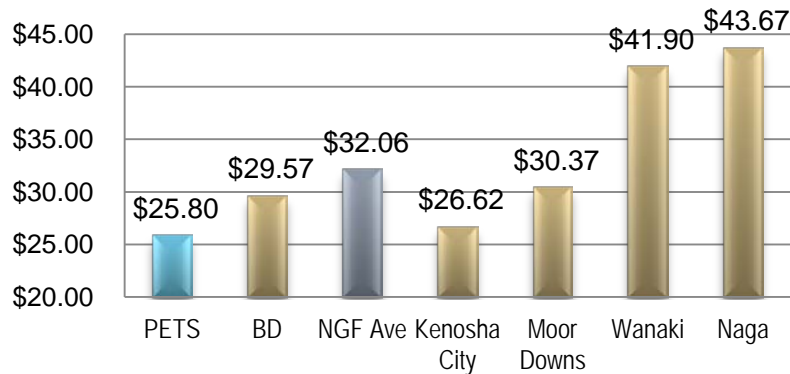


Key Issues – Petrifying Springs Golf Course

Revenue per round is low

- Revenue per round is considerably lower than other golf courses.
- PETS underperforms the NGF national average by 24.3%.

Total Revenues/Round



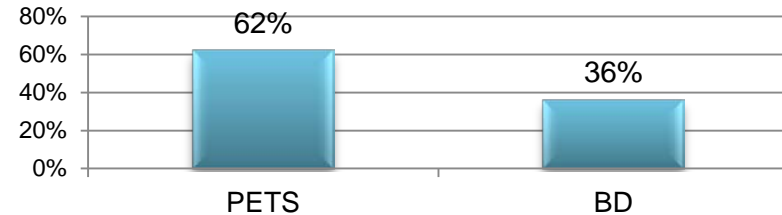
- Based on 2010 data, if PETS revenue per round were at the NGF national average, an additional \$257,912 would have been realized.
- Bottom-line:** PETS is clearly underperforming all other area golf courses on revenue per round. This must be addressed for the future success of the course.

Key Issues – Petrifying Springs Golf Course

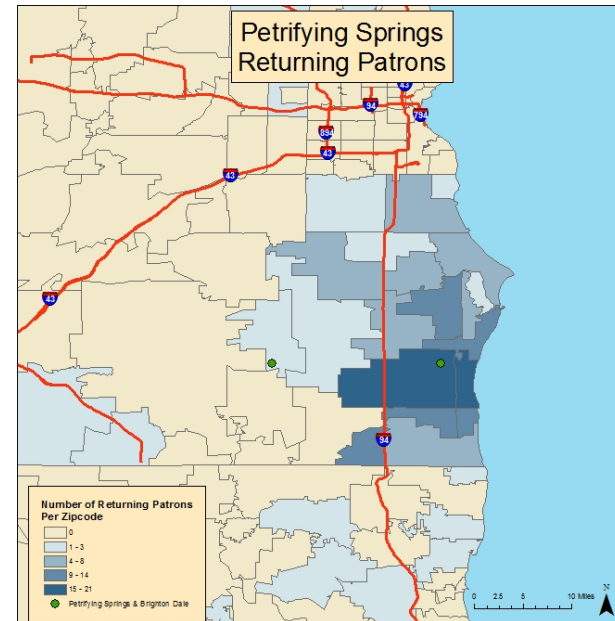
Geographically Concentrated Customer Base

- PETS customers are much more concentrated than BD. 62% of PETS customers come from 10 zip codes.

% of Customers from Top Ten Zip Codes



- The following map clearly shows the geographically concentrated customer base for PETS:



- Bottom line:** Marketing resources can be expanded into higher income zip codes, to capture less price sensitive customers.



PETS-Objectives and Tactics Overview

Objective:

- To increase the revenues of the on-site golf shop.

Rationale:

- According to industry data, PETS merchandise revenues for the golf shop is well below the average.
- Addressing this issue will help profitability for the golf course.

Tactics Overview:

- Outsource the golf shop to a local/retailer (i.e. Golf Galaxy...).
- If outsourcing is not possible, a complete store reset should be contracted by a retail expert.
- If outsourcing is not possible, develop the golf store as a separate profit/loss entity where the “store manager” compensation will be heavily weighted on the profits of the store.

Objective:

- Attract less price sensitive customers to PETS.

Rationale:

- The data indicates PETS' current customer are very price sensitive. These types of customers have a detrimental effect on profits since price is THE motivating factor with these customers.
- For long term profitability, PETS needs to develop strategies to attract less price sensitive customers.

Tactics Overview:

- Raise the price of the season pass holders.
- Market PETS in higher income zip codes.
- Market PETS to a younger customer base.

PETS-Objectives and Tactics Overview

Objective:

- To increase revenue per round.

Rationale:

- According to industry data, PETS makes up to \$17 less than other golf courses per round.

Tactics Overview:

- Raise prices.
- Create a “golf passport”.
- Market to higher income zones
- Outsource the concessions to a popular restaurant (i.e. Applebee's...).
- Acquire a liquor license and sell cocktails and mixed drinks.
- Sell high margin draft beer.



PETS-Objectives and Tactics Overview

Objective:

- To lower maintenance costs.

Rationale:

- Maintenance is a large expense for PETS and is considerably higher than other area golf courses.

Tactics Overview:

- Separate reporting of maintenance for both PETS and BD.
- Use group buying strategies to lower supply costs associated with maintenance.

Objective:

- To adjust the course's quality to the customer's threshold.

Rationale:

- PETS customers are local. They care as much about the convenience of the course as they do the quality,
- Because the course is short and urban it won't appeal to higher level golfers, so why pursue them.
- A great asset PETS has is it's location. Customers will still come with lower quality.

Tactics Overview:

- Lower course quality.

PETS-Objectives and Tactics Overview

Objective:

- Attract younger golfers.

Rationale:

- Creating partnerships with schools and colleges will ensure usage due to team practices and weekend tournaments.
- Younger golfers bring their parents and purchasing power with them.
- Younger golfers will focus on weekends, solving the lack of play on Saturday dilemma.
- Creating rewards for students who get good grades has the potential to generate great publicity and community goodwill for PETS.

Tactics Overview:

- Host a Jr. Jr. annual tournament.
- Host an annual high school tournament event.
- Create a good grades rewards program.
- Create a partnership with local colleges.
- Create a partnership with local high schools.



PETS – Tactics Details

Outsource the golf shop

- This tactic requires PETS to pursue local golf retailers to operate the golf shop.
- The financial arrangement could be structured as purely a rental arrangement or a combination of rent and commission.
- Possible retailers could include: Dick's Sporting Goods, Golf Galaxy, and Sports Authority.

Add Draft Beer

- Installation of draft beer would fulfill the suggestion of several PETS customers & increase margins over bottle beer.
- Draft beer could encourage customers to spend more time at the course. This results in community and makes the golf outing a place to relax after the rounds.

Outsource the Concessions

- This tactic requires PETS to pursue a popular restaurant chain to operate the concessions. This could be a "mini" version of the chain, similar to those found in shopping malls & airports.
- The financial arrangement could be structured as purely a rental arrangement or a combination of rent and commission.
- Possible restaurants could include: Applebee's, Chile's, or TGI Fridays.

Acquire a liquor License

- This tactic helps PETS become a social setting and increases both revenues and margins.

PETS – Tactics Details

Raise Prices

- Prices should be raised for the season passes.
- Other price increases should also be considered.
- People will still pay for the convenience of PETS.
- Marketing campaigns in higher zip codes will help to offset the loss of highly price sensitive customers.

Introduce Golf Passport

- The creation of a golf passport encourages golfers to visit the sister-course, Brighton Dale.
- Advertised with the pass could be special events, coupons, and a loyalty program for non-seasonal pass holders.

Target Higher Income Zip Codes

- This tactic focuses marketing endeavors on high income zip codes.
- This raises awareness of PETS to people who have the purchasing power the concessions and store need.
- Special events, golf lessons, and tournaments should be advertised to these zip codes.



PETS – Tactics Details

Lower Quality of the course

- This tactic requires PETS to gauge the level of their customers and lower the course quality to meet that need.
- Because the course is short and urban it won't appeal to higher level golfers, so why pursue them?
- The grounds crew should be consulted for input into the specific tactics.

Lower maintenance fees

- This tactic requires PETS to focus on how the course can work with suppliers to bundle deals and save where possible.
- Maintenance fees are too high for the desired quality of the course.
- The grounds crew and purchasing department should be consulted for input into the specific tactics.

Host a Jr. Jr. Tournament

- This tactic requires the creation of an event where children golf in a tournament.
- This event should be kids and family-friendly and will attract higher income golfers.

Host an Annual Regional High School Tournament

- This event will play host to all high school aged golfers in the area and will be different from the regular high school golf season.
- Possible sponsorship could come from S.C. Johnson or other local businesses.

PETS – Tactics Details

Create a Good Grades Rewards Program

- This program will be similar to a loyalty reward program.
- Student who bring in good report cards or transcripts will receive free golf with the purchase of an adult round. (Similar to Pizza Hut's Reading program).
- Stipulations could be created to fill PETS low times such as "free tee times from 11-3" or "free golf on Saturdays".

Create a partnership with local high schools

- This tactic requires PETS to get on the schedule for high school golf tournaments.
- PETS should get on at least one high school league schedule for tournaments.
- PETS should be the practice course for at least one high school in the area.

Create a Partnership with Local colleges

- This tactic requires PETS to get on the schedule for college golf tournaments.
- PETS should be on the tournament schedule for every college with a golf team in Kenosha or Racine.
- PETS should be the practice course for at least one college in the area.

Separate Maintenance Reporting

- Accounting procedures/policies must be put into place to track maintenance and supplies to better understand and control costs.

Group Buying for Maintenance Supplies

- Coordinate group buys of supplies/services with other city/county entities OR buy direct.

BRIGHTON DALE MARKETING PLAN





Executive Summary – Brighton Dale

- Key issues facing BD include the low revenue from concessions and the golf store, the cost of maintaining such a high quality course, low customer loyalty and low utilization of the golf course.
- These issues will be addressed in a comprehensive marketing plan. The objective of this marketing plan is to raise revenue per round, lower the cost of maintaining the golf course, and develop more loyal customers.
- Suggested tactics to accomplish these objectives include outsourcing the golf shop and concessions to popular, established stores and restaurants, create the BD/Grainger Golf League and hosting the annual BD All-Star golf tournament.

Big Ideas:

- Outsource the Golf Shop and concessions
- The Grainger/BD Golf League
- BD Wall of Fame
- BD All-Star Tournament

Strategy Articulation Map

- This marketing plan utilizes a Strategy Articulation Map methodology.
- The Strategy Articulation Map (following page) is designed to assure that there is strategic alignment within the plan. Most importantly, every Key Issue is addressed with at least one Objective and each Objective with at least one Tactic.
- The Key Issues were identified via a ½ day meeting held with representatives from both golf courses.
- In addition, other Key Issues were identified via a marketing survey conducted at both courses (July 29-Aug1) and other data sources.



Strategy Articulation Map – Brighton Dale Golf Course

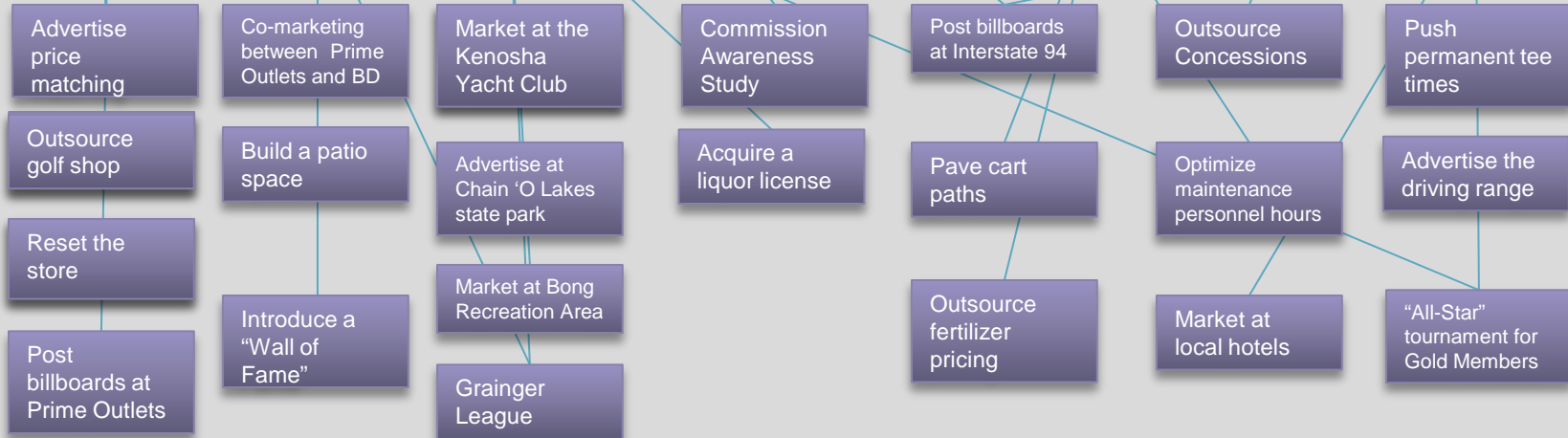
Key Issues

Golf shop is underperforming Customer loyalty low No sense of Belonging Low Awareness Geographical diverse customers Revenue per round is low Low Concessions Revenue Under utilization of courses

Objectives

Increase golf shop sales Increase customer loyalty Create a community Understand Awareness Better Focus the geographical locus of customers Lower maintenance costs Increase concessions revenue Increase course utilization

Tactics



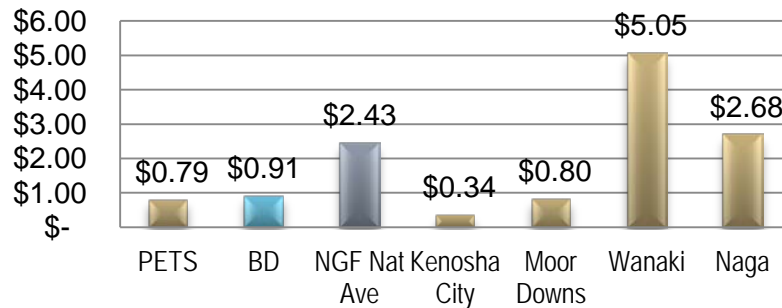


Key Issues – Brighton Dale Golf Course

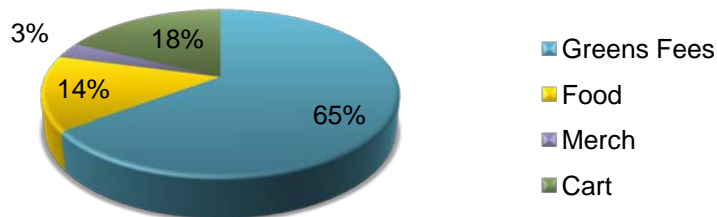
Golf Shop Revenues Are Low

- The data below clearly shows that BD golf shop revenues are far below most other local golf courses.

Merch\$/Round



- BD underperforms the NGF national average by -167%.
- Many attempts have been made to remedy this situation with very limited success.
- Golf shop revenue makes up only 3% of total revenue per round.

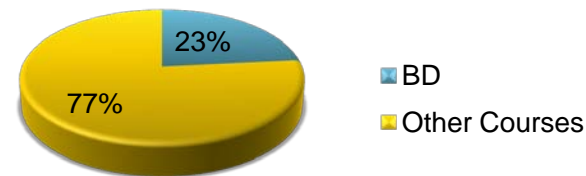


- Bottom-line:** Increasing golf shop revenues would help overall profitability for the course. Unfortunately, past efforts and performances have failed.

Key Issues – Brighton Dale Golf Course

Customer Loyalty is Low

- Brighton Dale customers are not typically returners. Brighton Dale only captures 23% of the share of wallet of current customers.
- Brighton Dale- Share of wallet among current customers:



- By comparison, PETS customers spend 36% of their time golfing at PETS.
- Bottom line:** Increasing customer loyalty, capturing a larger share of wallet, would result in a significant economic impact, as the golfers that frequent BD are typically heavy users.

No sense of belonging

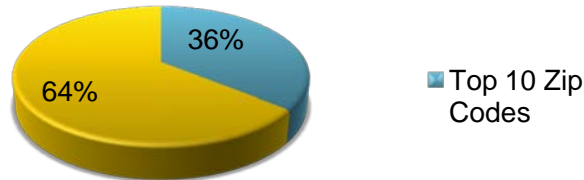
- Brighton Dale golfers do not have a sense of connection with the course. The lack of liquor license encourages golfers to seek out other locations for after-round drinking, rather than building a connection with the golfers at the course and the course itself.
- Although this is hard to quantify, this was mentioned by the staff (during the SAM Workshops) and is related to the low customer loyalty numbers.
- Bottom line:** Creating a sense of community will increase loyalty and should increase revenues per round as customers relax in the clubhouse after golf.



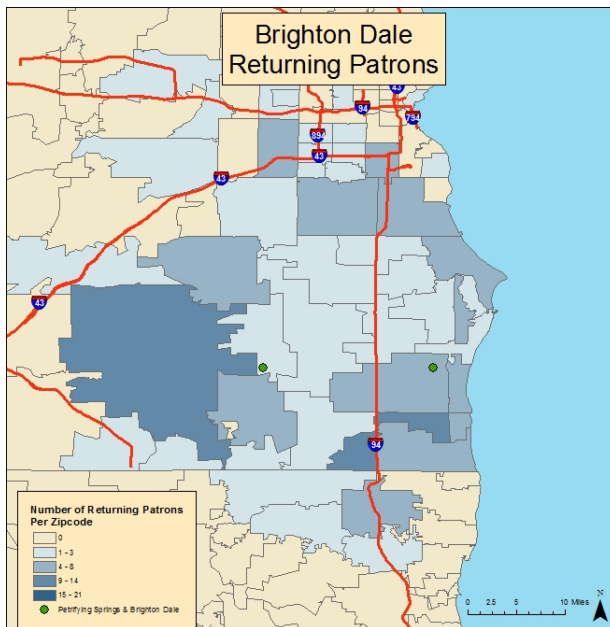
Key Issues – Brighton Dale Golf Course

Geographically diverse customer base

- The data below clearly shows that the vast majority of Brighton Dale golfers do not come from the top ten represented zip codes.
 - By comparison, 62% of PETS customers come from 10 zip codes.
- Brighton Dale- Top 10 ZIP Codes vs. All Others



- The following map clearly shows the geographically diverse customer base for BD:

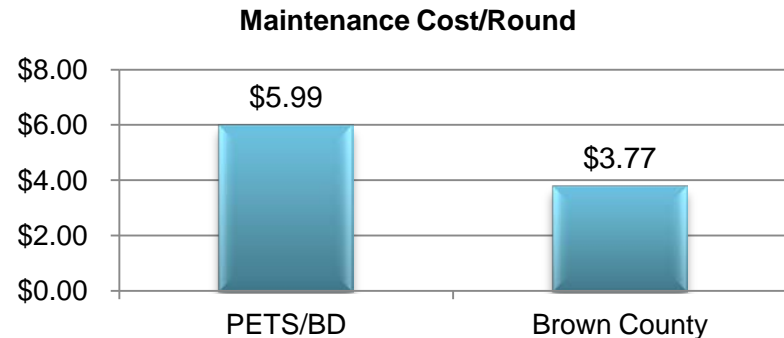


- **Bottom line:** BD customers are geographically diverse which will have an impact on marketing the course.

Key Issues – Brighton Dale Golf Course

Maintenance expenses are too high

- Maintenance expenses are higher than other courses. Unfortunately, only 1 other area course maintenance data could be found (Brown County). However, the maintenance costs for PETS/BD are extremely high compared to Brown County.



- Note: PETS and BD report maintenance combined.
- PETS/BD maintenance costs are 58.9% higher per round than Brown County.
- **Bottom line:** Based on limited data, BD (and PETS) must reduce their maintenance costs to stay competitive.

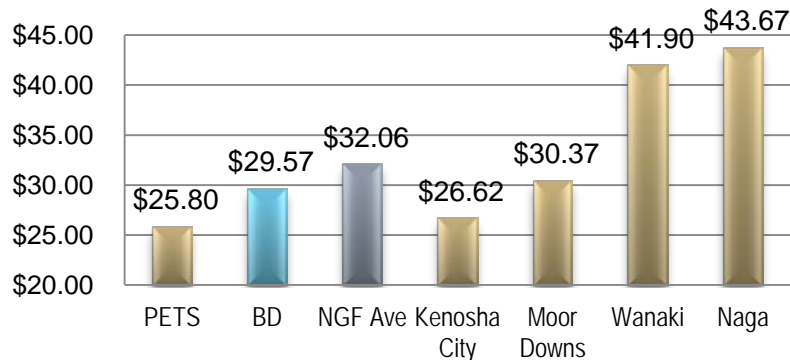


Key Issues – Brighton Dale Golf Course

Revenue per round is low

- Revenue per round is considerably lower than other golf courses.
- BD underperforms the NGF national average by 8.5%.

Total Revenues/Round



- Based on 2010 data, if PETS revenue per round were at the NGF national average, an additional \$135,456 would have been realized.
- **Bottom-line:** BD is underperforming many other area golf courses on revenue per round. This must be addressed for the future success of the course.

Low awareness of the course

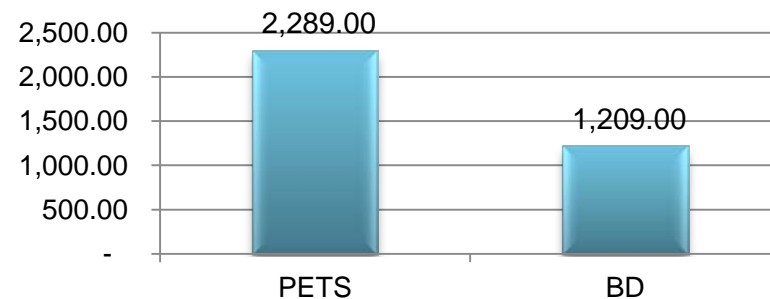
- The course is not salient in potential customers' minds. This leads to a significantly reduced threshold for revenue and compounds the issue of low customer loyalty by combining it with a lack of new customers coming in.
- This Key Issue was mentioned by the staff during the SAM Workshop. Antidotal evidence seems to support this.
- **Bottom line:** Before committing to a plan of action to address this, a further brand awareness survey/study should be undertaken.

Key Issues – Brighton Dale Golf Course

Under-utilization of courses

- Brighton Dale's 45 holes are typically not operating at capacity. This results in lower revenues across the board.
- The chart below normalizes the different numbers of holes for each course. The values below are derived by dividing the total rounds played for each course by the total number of holes at each course.

Rounds Played/Hole



- BD's utilization rate is -89% less than PETS.
- If BD's utilization rate was the same as PETS, BD rounds would increase from 54,400 to 102,816. Clearly this would have a tremendous impact on profitability.
- **Bottom line:** BD, with its current configuration of 45 holes, is vastly under utilized compared to PETS.



Brighton Dale -Objectives and Tactics Overview

Objective:

- To increase the revenues of the on-site golf shop.

Rationale:

- According to industry data, BD revenues for the golf shop is -167% below the average.
- Addressing this issue will help profitability for the golf course.

Tactics Overview:

- Outsource the golf shop to a local/retailer (i.e. Golf Galaxy...)
- If outsourcing is not possible, a complete store reset should be contracted by a retail expert.
- If outsourcing is not possible, advertise the price matching guarantee more heavily, in order to make customers aware of the value of the on-site store over “big box” stores.

Objective:

- Attract more loyal customers and make current customers more loyal.

Rationale:

- Data shows that the current Brighton Dale customers are not loyal, and 23% of their share of wallet goes to Brighton Dale.
- If Brighton Dale wants to remain a viable business, the course must attract a consistent and reliable customer base.

Tactics Overview:

- Introduce an “All-Star” tournament for gold club members to encourage heavy use of the facilities.
- Offer a spot on the “Wall of Fame” for regular golfers.

Brighton Dale -Objectives and Tactics Overview

Objective:

- Commission a brand awareness study.

Rationale:

- The issue of low awareness of BD was mentioned during the SAM Workshop.

Tactics Overview:

- Before committing to a plan of action to address this, a further brand awareness survey/study should be undertaken.

Objective:

- Create a sense of community for current and prospective customers.

Rationale:

- Data shows that customer loyalty is low for current BD golfers.
- Creating a sense of community will encourage golfers to stay after rounds and build a connection to the course and the other golfers there.

Tactics Overview:

- BD should acquire a liquor license to keep customers around following rounds.
- The “All-Star” Tournament will allow gold members to meet and mingle with other gold member customers (those who golf at BD X number of times).
- Building a patio space will give golfers somewhere to drink and mingle after rounds.
- Grainger League will keep customers returning and build a relationship through regular visits.
- “Wall of fame” will help build a community among more regular golfers.



Brighton Dale -Objectives and Tactics Overview

Objective:

- Focus the geographical locus of customers.

Rationale:

- 64% of customers at BD are not from the top 10 ZIP codes.
- Geographically diverse customers make it difficult for BD to target marketing at any specific location.
- Specifically target high income golfers.

Tactics Overview:

- Increase advertising in Chain 'O Lakes State Park and along Interstate 94 to capture a larger portion of the Northern Illinois market.
- Increase advertising in local hotels and at the Prime Outlets in Pleasant Prairie to attract more customers from the southern Wisconsin and Kenosha County markets.

Objective:

- Reduce maintenance costs/address cart paths.

Rationale:

- Data indicates maintenance costs are too high and negatively impacts the financial performance of BD.

Tactics Overview:

- Repave cart paths.
- Reduce the number of bunkers to lower the costs of maintenance on the bunkers.
- Outsource fertilizer costs to either reduce cost by purchasing at volume discounts or using cheaper alternatives.

Brighton Dale -Objectives and Tactics Overview

Objective:

- Raise revenues from concessions.

Rationale:

- Concessions are not producing enough.

Tactics Overview:

- A liquor license will increase not only the likelihood of customers staying late, but also increase concession revenues by encouraging golfers to also eat while they stay around.
- Building a patio will make up for the lack of an adequate restaurant space.

Objective:

- Increase frequency of course usage.

Rationale:

- BD is currently underutilized which means costs are not being offset by revenues.

Tactics Overview:

- The creation of the Grainger league will get more customers on the course consistently and make sure the field is full.
- Pushing permanent tee times will also ensure that the field is full or paid for even if players do not show.
- The driving range needs to be advertised heavily to let people know that BD is one of the local courses that has an available driving range on-site.
- Developing a customer loyalty program could increase usage of BD.



Brighton Dale – Tactics Details

Outsource the golf shop

- This tactic requires BD to pursue local golf retailers to operate the golf shop.
- The financial arrangement could be structured as purely a rental arrangement or a combination of rent and commission.
- Possible retailers could include: Golf Galaxy, Golfsmith, etc.

Reset the Golf Shop

- Hire a professional retail expert to reset the store.
- The shop must be reset in such a way as to attract customers and keep them in the store.
- Though costly, the increased revenue from the update should more than cover the cost.

Grainger League

- This tactic calls for Brighton Dale to cooperate with Grainger, Inc.
- The league will be sponsored by Grainger for free.
- In return, Grainger salespersons will be asked to promote the league while making sales calls to local area businesses.
- This has the potential of reaching a huge number of businesses since Grainger has an extensive sales network focused solely on businesses.

Brighton Dale – Tactics Details

“Wall of Fame” for Regulars

- Loyal golfers can have their names/photos listed on the wall of fame under several levels (e.g. semi-pro, pro, superstar, legend) based on the number of rounds played in a year, or career.
- The “Wall of Fame” will be a place and subject for golfers to bond over, as well as a point to differentiate BD from a highly saturated market.
- Each level would include awards that could include such things as:
 - Newest (or special) golf carts
 - BD Golf Shirt embroidered with customers name
 - Unique BD Golf Hat
 - Invited to the “invitation only” All-Star tournament
 - Preferred tee times
 - Valet parking
 - Special Pre-Season Party
 - A Cruise

All-Star Tournament for Wall of Fame Members

- “All-Stars” will include local celebrities and other movers and shakers of the community.
- The tournament would only be open to Wall of Fame members and create an air of uniqueness for regular BD golfers.



Brighton Dale – Tactics Details

Advertise the driving range

- Not all courses in the surrounding area have adequate or, in some cases, any practice facilities.
- The driving range is a very important feature that is currently not being sold as well as it should be.

Acquire a liquor License

- This tactic helps BD become a social setting and increases both revenues and margins.

Raise Prices

- Prices should be raised for the season passes.
- Other prices increases should also be considered.
- Customers are less price sensitive than PETS.
- Marketing campaigns in higher zip codes will help to offset the loss of highly price sensitive customers (which should be low).

Build or setup a patio space

- Creating an inviting patio would encourage customers to stay and spend more.
- This patio, in conjunction with the addition of a liquor license, should generate revenues (with high margins) and build a sense of community.

Brighton Dale– Tactics Details

Advertise Price Matching

- The golf shop currently offers hidden value to the customers.
- Customers must be made aware of the price matching guarantee and offer before they can take advantage of it.
- This should be accomplished through a combination of in-store signage and promotion by employees in the store.

Promote permanent tee times

- Brighton Dale needs to fill the courses, and the best way to do this is to ensure that the tee times are filled as early as possible.
- By offering discounted rates per round for booking permanent tee times far in advance (i.e. February-March), the course can plan more accurately for future budgets during the season.
- It should also be a priority to inform current golfers about the opportunity to invest in a permanent tee time.
- Eventually, Wall of Fame members will have priority over all other customers.

VERBATIMS FROM MARKETING RESEARCH SURVEY





Verbatims Overview

- The following 7 pages capture the “word-for-word” comments from the customers who answered the open-ended question *“If you could make one change to improve your experience at this course, what would it be?”*
- Because this is an open-ended question, grouping is required to analyze the data. To that end, the following 4 groups were created, :
 - Price
 - Course Conditions
 - Tee Times/Timing
 - Amenities
- These 4 groups represents 76.9% of all the comments.
- 35% of the “All Other” group is focused around comments concerning the golfer play. For example “Played better” “Better putting”...



PETS - Amenities

- Air conditioning
- Hot beer chicks
- Restrooms on course need to be open until dark
- Coolers
- Two beverage carts
- Put GPS on golf carts
- Drinks on course
- Set up grill outside to make those awesome burgers that you use to!
- Add an extra beverage cart-especially when it's this hot outside
- No beverage cart until we were on #5 or #6- on a hot day like today- did NOT like that. (We honored the policy of not bringing our own)
- Reopen outdoor grill
- Driving range
- More beer
- More toilets
- More beer cart people
- Chipping green

Key Observations

- Major theme: more options for beer/beverages on the course
- Beer is mentioned more than water. Opposite of BD.

PETS-Tee Times

- No five somes
- Need more rangers
- Pace of play
- Spread out tee times to allow less backups
- Space tee times so there is less waiting per hole
- Better rangering/tee times
- Putting groups together better
- Watching number of people in each set such as four people limits
- Less crowded
- Quicker play
- Quicker play
- Less people on the course
- Tee time availability
- Quicker tee time
- Keep people moving on the course
- change pace
- Less waiting
- Don't take out any more trees.
- Less crowded

Key Observations

- Consistent theme of slow play. This should be addressed.
- Opposite of BD.



PETS-Course Conditions

- Change hole #17 from par 4 to a par 5
- Keep greens fast!!
- Move tee boxes for women on 8th and 18th hole
- Shorten hole 8 and 18 for girls!
- Cut grass on hole 16
- Cut the rough
- Shorter ruff!!!!
- Hole #18 is a par 5???
- Put a bell on hole 8
- Shorten hole 18
- hours of maintenance
- Greens were a little beat up on a few holes
- nothing, put bell on 8th hole
- Less sand traps
- Put statues of wolves on the course to get rid of the ducks
- Better care for greens
- Cut the rough down
- Make #16 & #17 par 5!
- Put a bell on 11th and 17th hole
- Faster play
- Bigger greens
- Bigger greens

PETS-Course Conditions

- Cut grass on hole 16
- Don't water the greens when it has been raining
- Quicker play
- Level the course
- Play 18
- Cut the rough and cut tree on the 14th on fairway on right
- Grass is too long on 16th hole
- Greens were ruff and could be improved (this is usually not the case)
- Cut the rough
- Overall course maintenance
- Greens repair
- Cut rough shorter, too much delay of play trying to find balls
- Better sand traps
- Shorten holes 8 and 17

Key Issues

- Many of the comments concerning course conditions are suggestions (i.e. “move hole”, change par”...).



PETS-Price

- Lower beer prices
- Cheaper rates
- Cheaper prices
- Bigger cup sizes
- Lower the price
- Able to bring own beer
- Lower the price
- Free balls
- Better grounds crew, pricing, maintenance
- Lower greens fees and go back to lower rate for residents
- Cheaper greens fee
- Less price
- Rates
- Make more promotional offers at better prices
- Free food
- Lower rates for seniors
- Lower senior rates
- Lower beer prices
- Lower rates for seniors
- Rates lower for seniors
- Price
- Have a little off on price for seniors 65+ everyday of the week
- Rates
- Price
- Lower the price
- Pricing
- Pricing lower
- Lower prices
- Better promotions

PETS-Price

- Lower Greens fee
- Price
- Cheaper food
- Price
- Make it cheaper
- The price
- More senior promotions
- Better senior pricing
- Price
- Lower prices and don't fill water jugs in the morning
- Lower the price
- Price
- Cheaper replay rate
- Free golf
- Lower prices
- County resident pricing
- Free golf
- Lower prices

Key Observations

- The biggest issue with PETS customers is price.
- Clearly indicates PETS customers are much more price sensitive than BD.



Amenities – BD

- More drinking water on the course
- More drinking water
- A sports bar (I would stay longer)
- Expand practice area/range
- Clubhouse/Sports bar
- Easier check in at counter
- More water on the course and didn't see the refreshment cart until the #17 hole
- More water!!
- Have cups with ice!
- Have tap beer
- On a hot day like today increase the frequency of the beverage cart making rounds!
- More frequent visits from beverage girls
- Have better food (buns were stale)
- GPS in carts
- More beer cart girls
- Make a better driving range
- Beer shack open
- More shade

Amenities – BD

- Food service was confusing
- Steam heating the buns- too dry and tough
- Beer cart availability
- More water coolers on course
- More cart girls
- A few more out houses would be nice
- More water on course
- More water

Key Observation

- Consistent theme: More beverage options on the course.
- Water on the course is mentioned more than beer. Opposite of PETS.



BD - Course Conditions

- Improve the grass on greens and fairways
- **Fix cart paths**
- Don't water so much
- The course is usually in nice shape, not today- the rough was too long.
- Remove poison ivy and **fix cart paths**
- **Cut and roll the greens**
- **Cut the Greens**
- **Shorter rough**
- **Cart paths**
- Loosen up the sand in traps
- Faster greens
- No geese
- **Cut down tree on #14** and have more beverage carts
- **Cart paths are rough**
- Wider fairways
- Fairways are a little long
- **Golf cart path**
- **Repair the cart paths**
- **Less trees**
- **Smooth out cart paths**
- Pretty course (but greens are always slow)
- Improve sand traps
- **Cut greens**-fall should roll
- Redo the tee boxes
- Redo the tee boxes (level)
- Faster play, quicker greens
- Change tee boxes
- Move the blue tee boxes out of the grass area so I have room to stand when I tee off.
- Improve the speed and firmness of the greens
- **Get rid of trees on #5** (inside corners)
- **Cut fairways**
- **Fix the carts!**
- **Cut the rough to reasonable length**
- Improve sand in traps

BD - Course Conditions

- **Improve cart paths**
- Better yardage markers
- Better greens would be nice
- **Cart paths were horrible**
- **Fix cart paths- way too many pot holes!**
- Faster greens
- Need rangers
- Better markings on distance in fairways
- Better (no holes) cart paths
- Improve the sand traps and level tee boxes on #10 & #4
- Faster greens
- Level women's tees
- **Cut greens and fairways**
- **Fix cart paths**
- **Fill in the holes on the cart paths**
- **My kidney's still hurt from the gravel cart paths. Please pave or add stone! My wife and I won't be back!**
- Widen fairways and drain ponds
- **Cart paths need major repair and fix the carts**
- **Cut the fairways and greens.** Stop watering!
- **Mow the fairways tighter**
- **Improve cart paths**

Key Observations

- When asked the question "If you could make one change to improve your experience at this course, what would it be?" There were 56 comments about course conditions.
- Major theme: **Poor cart paths** (29% of all responses)
 - This must be addressed.
- Major theme: **Landscaping** (cut grass/trees) 21%.



BD – Price

- Lower the price
- Lower the price
- Lower rates
- Lower food prices and the availability of driving range passes
- Food prices are too high and some sort of stand-alone range ball package
- Cost
- Money for 2nd 9
- Lower rates
- Discounts for Milwaukee golfers that make the trip
- Cheaper golf
- Make greens fees competitive with surrounding courses
- Lower rates
- Lower the price
- More coupons
- The price of golf
- Lower prices for seniors
- Lower price of gas carts

Key Observations

- Relatively few comments concerning price.
- Opposite of BD.
- BD customers appear to be far less sensitive to price than PETS customers.



BD – Tee Times/Timing

- Better pass
- Speed up course and cut grass
- Speed of play
- Faster time of play
- More specials and better time management on course
- Spreading out groups more
- Pace of play
- Speed up game

Key Observations

- Very few issues. Opposite of PETS.

VELOCITY CONSULTING RECOMMENDATIONS





Velocity Recommendations

Velocity has listed several courses of action and alternatives throughout this document and truly believes each would be valuable to the courses in increasing the chance of success for their desired goals. Below are some of high impact items as we see them that would greatly enhance operations (listed in no particular order). However, Velocity realizes that there are several factors working against success such as the economy, the continual decline in rounds at the two courses as well as decent declines nationally, etc. Velocity believes in slow and steady growth that comes from the testing and maturing of ideas, rather than implementing massive changes. With this in mind, we believe the following big ideas could help improve operations:

PETS

- Outsource the Golf Shop and concessions
- Raise seasonal pass prices
- Adjust the quality of the course to match customer expectations
- Target market to higher income zip codes
- Create a “Rewards” Program to encourage more play from non-seasonal pass holders
- Target younger golfers with special events

BD

- Outsource the Golf Shop and concessions
- The Grainger/BD Golf League
- BD Wall of Fame
- BD All-Star Tournament
- Improve the cart paths
- Shut Down the Red Nine



Transparency and Accuracy

- Transparency and accuracy
 - The course adopted a new accounting and tracking system in the past year which should allow for improved data reliability and transparency.
 - As this is a governmental enterprise, the principles of GASB and FASB suggest transparency.
 - This will allow community members to make informed decisions for which they have paid.
 - It would best serve the community to emulate the Waukesha model at a minimum. Slightly better would:
 - Give yearly information by course and then combined
 - Detail the information on:
 - Greens Fees
 - Cart Revenue
 - Food Revenue
 - Merchandise Revenue
 - Donations/Other
 - Salaries – Administrative
 - Salaries – Maintenance
 - Salaries - Other
 - Benefits
 - Maintenance Expenses
 - Operating Expenses (all other)
 - Other Expenses
 - Rounds played
- For purposes of comparability, financial information should be kept internally in terms of per round data.