

Driving forces for
change in the golf
industry and industry
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Dominant Economic Characteristics: Introduction: The paper throws light on the dominant economic characteristics in the Golf Equipment industry in the United States. Golf, according to the Independent " has become the richest game on earth" (Independent) employs all these media industries to reach its audience. The trajectory of sports affects the political and the economic climate not only because broadcast rights are worth millions of dollars but also because it affects the overall atmosphere in the company or area.

Sports culture is a familiar term for most but it originates from the fact that sports fans are so engrossed in sports that their loyalty lie in the sport and anything to do with it. As for golf, it has been hit by the recent credit crunch and therefore found its home in the powerful lands of Russia and China.

(Raymond Boyle) Industry Statistics: In United States, golf attracted primarily the wealthy people of the society initially. It was only the arrival of tournaments broadcasted on television that aroused people's interest in golf. By 1990s, Golf was enjoyed by 27 million Americans. Sales of golf equipment grew to \$ 2. 9 billion by 2007. However in 2009, the industry suffered its worse economic crisis. Golf equipment industry found its revenues dipping and sales being effected. Sales of golf equipment dipped by 5% in 2008 and dipped by further 15% in 2009. In 2008 around 25. 6 million golfers played Golf in America which was about 2 million less than the total number of golfers that played Golf in 1998. The golf industry witnessed a great decline in the total number of golfers available and number of rounds played by them. At the same time counterfeiting of products grew immensely in the golf equipment industry by 2009. In 2009, it was not rare to see sets of Callaway, TaylorMade, Ping, Titliest, Nike or Cobra retailing for 150 to 400 dollars on various auction websites such as e-bay. Other characteristics: <https://assignbuster.com/driving-forces-for-change-in-the-golf-industry-and-industry-dominant-economic-characteristics/>

There were also performance limitations by USGA and R&A which impacted the industry. The overall decline in the number of golfers and international counterfeiting was further amplified by the U. S recession that hit the country in December 2007. The recession brought about a rise in gasoline prices which hit a record 4. 0% of after-tax income in the year 2008. There was growing unemployment in the society and unemployment rose to 6% from 5% towards the end of summer 2008 and by 2. 9 % in June 2009. People had little money on them to spend on luxuries like golf equipment. Competitive rivalry in the golf equipment industry revolved around technological innovations as permitted by USGA and R&A product performance, brand image, tour exposure and price. These were the primary competitive factors that were ruling the golf ball segment of the industry

Supplier effect: Where suppliers were concerned, manufacturers were quiet selective regarding who they delegated their contracts to. They established off-shore casting house since the club house quality greatly impacts the overall golf club quality and performance. Poor casting can fail to perform to developer's expectations. Competition between the suppliers revolves around the shaft performance and the shaft quality.

QS 2: Assess the driving forces for change in the industry

Driving forces during the nineties: There are various factors that have played an important role in the way golf industry shaped itself over the course of these years. It owes its initial success to the activities employed by PGA as well. Televised media coverage of golf made it immensely popular amongst the American masses in the nineties. PGA (Professional Golf Association) employs a variety of mediums to ensure media activity. A prime example of this is the PGA tour network. The PGA has its own radio channel in partnership with Golf Channel and the XM channel

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146 which is broadcasted in the United States and Canada. It is now added to Sirius network as a result of a merger and presents live broadcasts of PGA events and also covers a few other golf events. The channel is solely dedicated to golf (Article: PGA TOUR Network on XM Satellite Radio Tees Off June 9 With Live, Coast-to-Coast Broadcast of Booz Allen Classic) and will provide an in depth coverage of PGA events, news, interviews and call in programs. TV rights of sports events play an important role in the development of both the TV market and sports. TV rights for popular sports have ensued in bidding wars among channels. As golf has its own channel, the golf channel, which focuses exclusively on golf, the viewership of PGA tournaments is ensured by subscribers. It is a two way street for both the sport and media. The channel with exclusive rights of a live PGA broadcast will get more subscribers thus greater revenue. The sport in return will get more viewers and thus better sponsorship which will drive the machinery of the game. CBS had rights to PGA tour coverage throughout the US. The contract had been extended to the year 2012 but now it is Turner who is handling all PGA tours and events. (PGA, Turner extend broadcasting rights contract). Golf enabled CBS to reach otherwise difficult to reach audiences whereas the money and the publicity generated allowed golf to become consistently profitable and culturally important. (Jr) Driving forces during recession time However since 2008 sales of Golf equipment suffered a setback and there are various factors that can be attributed for the setback that the Golf equipment industry suffered. Equipment industry revenues suffered declines. This was because the growth in the number of golfers stalled, strict rules were put in place by the golf's governing organization which impeded innovation in the industry compelling manufacturers to <https://assignbuster.com/driving-forces-for-change-in-the-golf-industry-and-industry-dominant-economic-characteristics/>

depend on price to increase volume. Other than this the US recession that began in 2007 and continued till 2009 had put many industries on the line. The Golf equipment industry was thus severely battered and was facing the brick bats. Rounds that were played between 2004 and 2007 started dipping as Americans tried to save their income from spending to savings. Overall sales of golf equipment thus got effected. At the same time there were also technological limitations that had been imposed by golf's governing organizations. They resulted in a steep decline in the number of golfers available and the worse economic conditions compelled senior managers to revise their strategy. Any new strategy had to revolve around the current economic conditions and had to counter them in the process. Works Cited: Article: PGA TOUR Network on XM Satellite Radio Tees Off June 9 With Live, Coast-to-Coast Broadcast of Booz Allen Classic. 6 June 2005. 3 November 2010 . Independent. " The Independent." 19 September 2008. Jr, R V Bellamy. " The evolving television sports market place." 1998. 73-89. Lloyd, S. " Sponsorship: taking a sporting chance." BRW 2001. PGA tour. 3 November 2010 . PGA, Turner extend broadcasting rights contract. 27 June 2009. 3 November 2010 . Raymond Boyle, Richard Haynes. Power play: sport, the media and popular culture . Edinburgh University Press, 2009.