

Golf logix case analysis

Sport & Tourism



**ASSIGN
BUSTER**

Invented in Scotland in 15th Century Brought to the United States in late 19th Century Clubs used to hit small hard balls into a cup on each of the 18 different holes on the golf course The players use a club to drive the ball onto the fairway. Starting point on each hole is from tee box Players drive the ball with the use of a club onto the fairway, hit an approach shot onto the green, and putting the ball into the cup Holes: range in length from over 100 to 500 yards or more. Along with way hazards - ponds, sand traps, and high grass Swing: called “ stroke”, count towards the player's total score.

Lowest score wins TYPES OF CLUBS Woods Club Driver

- 200-300 yards Iron Club 3-iron 7-iron
- 120-150 yards Wedges Pitching wedge
- 120 yards or less Putter 5-wood 9-iron Sand wedge Typically 14 different types of clubs are used

CRITICAL ELEMENTS TO ACHIEVING LOW SCORE? Hit the ball straight so as to avoid the various hazards around the course? Advance the ball in the desired direction? Distance to target? How far the player could hit the ball with each golf club?

Ability to putt the ball well Golf market:

- 2000: 26.7 million Americans played 586 million rounds of golf (on 17,000 courses)
- 200,000-400,000 new golfers a year.

The prototypical golfer was still male over 40 years old with an income of over 70,000. The golfer: segmented in 3 different ways 1. frequency of play: 25% considered “ avid” played 25 rounds or more per year. 50% considered

“ core” played 8-24 rounds per year. The remainder were considered “ occasional” golfers. 2. expertise: typically measured by a golfer handicap (historical average of how many strokes a golfer took, relative to par, for an entire round). Type of courses “ public vs. private: 80% of golfers played on public courses Expenses: 1999, golfers spent over 22 billion, 50% of this were by avid golfers. Golf clubs was the single largest expense aside from the courses fees, 1, 000 for a high-quality set of clubs, 2, 000 or more for some top of the line sets (depending on how many times golfer played, the good set could last anywhere from 5-20 years) Golf courses: as of 2000, there were around 17, 000 golf courses in the U. Golf courses Number of courses 7, 000 4, 000 2, 000 4, 000 Charging fees Average of rounds per course/year Municipal and lower-end public high-end public courses resort courses private courses charging 20-50 per round 40, 000 50-100 per round 30, 000 100-200 a range 20, 00-100, 000 and annual 20, 000-25, 000 membership fee of 5, 000-10, 000? May afternoon, 2002 - all 6 employees of GolfLogix held a conference in Scottsdale, Arizona? \$2 million in investments? Purpose of meeting - to discuss the merits and demerits of the direct-to-consumer version of the Distance Only caddie.

GOLFLOGIX

Product Leasing: Difficult initially First 4 months of 2002, they had leased 15 systems Additional courses requested a 30-day trial Marketing TV infomercials Internet Mass merchandiser’s Consumer Electronic Firms Golf Outlet Stores Walmart Best Buy COMPANY STARTUP (CONTD). Future operating expenses - \$50, 000 to \$75, 000 per month for at least 3 years? Selling caddie to date - Pete Charleston and Saltz? Future selling to

Distributors? First - Steve Goodwin? 1500 per month for Distance Only? \$2000 per month for the entire system? Recent leases suggest 20-30% distributor markup GPSTECHNOLOGYObjective: GolfLogix use of GPS technology to aid golfers Use of customized handheld GPS receiver called “caddie” Manufactured by Garmin International.

- Provides the distance to the green to which the golfer was hitting
- Accuracy designed to be within two yards and being sold by Garmin to GolfLogix for about \$200 per unit Golfer will be able to determine which golf
- Records golfer’s progress around the course. Club to use to reach the distance provided Recording the beginning and end of every shot and club used to make that shot by the caddie Information can be downloaded Information forwarded to Website to retain the records so that golfer can track progress over time.
- Provide the golfer with statistics that will improve the accuracy of the shots GPS TECHNOLOGY GPS originally developed by the U. S. Department of Defense to help determine the position of military troops, ships, vehicles, and missiles Consisted of 24 satellites, the system could pinpoint a GPS receiver anywhere on the globe with an accuracy of several feet to several yards

Location determined by “triangulation” which involved simultaneously measuring the distance and direction of the GPS receiver from four or more of the satellites GPS gradually became available to civilians free of charge in 1980 By 2000 estimated 1 million GPS receivers per year were being manufactured for commercial use in devices ranging from onboard map

systems for cars (OnStar System) to marine navigation systems to handheld devices for hikers and campers.

GOLFLOGIX SYSTEMS GOLFLOGIX SYSTEMS COMPLETE SYSTEM

More time-consuming in terms of use. Involved in the use of three key items; Xcaddie device, GolfLogix touch screen kiosk connected to the internet, and a high-quality printer. The system needed to know the locations and dimensions of the tee boxes, fairways, greens, and any hazards on the course. Involved a detailed aerial photograph of the course and 3 people taking 20-30 GPS location reading for each of the 18 holes. A technician located at a GolfLogix office would then combine these data and produce a digital map with precise GPS coordinates for the entire course Lambrecht estimated time to map a complete system to be 20 man-hours. The kiosk and printer had a combined cost of about \$5000. As the distance type, Xcaddie determined distance to the green Golfer would select the appropriate club on the caddie device and press enter which would give a location reading for the golf ball. Golfer stows away the caddie device and proceeded to hit the ball as he normally would. Upon finishing his round, the golfer would connect his Xcaddie via a cable to the kiosk and received a three-page full-color printout of his round.