



**STAFF REPORT  
ACTION REQUIRED**

**Golf Marketing Incentive**

<b>Date:</b>	April 22, 2014
<b>To:</b>	Parks and Environment Committee
<b>From:</b>	Acting General Manager, Parks, Forestry and Recreation Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2014\Cluster A\PFR\PE27-052014-AFS#19210

**SUMMARY**

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This report seeks authority for a golf marketing incentive in response to the 2012 Auditor General's report that recommended integrating standard industry practices into City golf operations, including increased marketing/promotion, responsiveness to golfer expectations, and a flexible fee structure.

Parks, Forestry and Recreation (PFR) is proposing a marketing incentive to improve golf course usage during underutilized periods and to encourage new/repeat participation. The incentive is for adult, 18-hole, weekday rounds, and includes: a 12-round package at the cost of 10-rounds at all five city-owned golf courses; a 2-round coupon at the cost of 1-round for courses with a higher percentage of available tee times; and a 4-round coupon for the cost of 3-rounds for off-peak times.

**RECOMMENDATIONS**

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**The General Manager of Parks, Forestry and Recreation recommends that:**

1. City Council approve the introduction of a golf marketing incentive as outlined in Appendix A of this report; and
2. City Council amend City of Toronto Municipal Code Chapter 441, Fees and Charges, to add the fee schedule as outlined in Appendix A of this report.

**Financial Impact**

There is no net financial impact for 2014 resulting from the adoption of this report. The proposed discounts are expected to generate additional revenues of approximately

\$50,000 which offsets the discount of \$50,000 in 2014, operating at break-even, with a positive revenue impact expected in 2015 and onward.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting of November 27, 28 and 29, 2012, City Council adopted item AU9.8, "Review of the Management of the City's Golf Courses" and, in so doing, requested the development of a long-term business and marketing plan for the City's golf courses. The background information includes the report from the Auditor General. The decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.AU9.8>

## **ISSUE BACKGROUND**

The City has five public golf courses which offer accessible golf recreation opportunities to residents and visitors, enhances the City's green space network, and generates revenue to offset the costs of other expenditures. All green fees charged are approved by City Council.

In recent years, net revenues at each of the City's five golf courses declined somewhat. This is primarily due to reduced golf participation, a trend observed across the North American golf industry. Competition in the industry has intensified and many private sector operators use marketing incentives to increase play at their courses during slower periods.

The 2012 Auditor General report includes recommendations for integrating standard industry practices into City golf operations, including increased marketing/promotion, responsiveness to golfer expectations, and a flexible fee structure.

## **COMMENTS**

The objective of the golf marketing incentive is to increase course usage in underutilized periods and to encourage new and repeat participation. The marketing strategies proposed are: a) Package offering and b) Coupon offering. The marketing incentive is integrated into and aims to promote the City goals of providing accessible golf to all, while trying to increase overall revenue through rounds played at all five City golf courses.

The Division will monitor the success of the golf marketing incentive and will report back if any changes are required.

## **Marketing Strategy A - Golf Package**

Many golf courses currently offer incentives to avid golfers which discount their rounds if they paid up front. This is a way to entice rounds and visitation while rewarding loyal golfers and keeping them coming back to the specified course.

To build the customer base, especially during slower periods of play, Parks, Forestry and Recreation proposes offering a golf package incentive, as per Appendix A, to be sold at the beginning of the season to purchase 12-rounds of golf for the price of 10-rounds. The package will be available at all courses for adult weekday rates. The current fees for adult 18-hole rounds are different by course and the new rates will also reflect this. This incentive will not be transferrable between courses and customers cannot carry forward to the next year.

A total of 120 numbered booklets will be printed per course and will stipulate that they are only to be used for adult weekday play. These booklets will be sold as a "limited time offer" only available while supplies last. The customers' information and the redemption dates will be tracked.

This package will be marketed in three ways: (1) an internal newsletter using approximately 1,400 email addresses collected at the Toronto Golf and Travel Show; (2) Toronto Golf website; and (3) on-site posters.

## **Marketing Strategy B – Coupon Offer**

Also popular amongst golf courses are coupon packages used to create awareness of less busy courses and to fill underutilized periods. City of Mississauga Golf has done so and Deer Creek Golf Course is using the concept in its 2014 marketing efforts.

Parks, Forestry and Recreation proposes offering coupons, as per Appendix A, to include 2-rounds for the price of 1-round and 4-rounds for the price of 3-rounds on adult 18-hole weekday rates. The objective of 2-rounds for the price of 1-round is to entice repeat visits. This offer is at a substantial discount of 50% and will be offered at courses with higher percentages of available tee times. One hundred (100) 2-for-1 coupons will be available. The objective of 4-rounds for the price of three-rounds is geared towards attracting new golfers or encouraging extra visits by current golfers. Four-for-three (4 for 3) coupons will be offered at our busier courses. Two hundred (200) coupons will be available.

The number of each type of coupon to be distributed to each course will be determined mid-season following a review of their attendance figures. The coupon offerings will be marketed with on-site signage and the Pro-Shop staff will provide a limited number of coupons to customers on pre-selected dates to be determined by the Manager. Each coupon will contain an identifier which references the course.

## **CONCLUSION**

Before the Committee meeting, public notice of the proposed fees will be given in the manner prescribed in Municipal Code Chapter 162, Notice, Public.

Subject to City Council approval, PFR will immediately implement the fees in the 2014 season. The results of these fees will be analyzed and, if successful, a similar incentive will be implemented in the 2015-season.

## **CONTACT**

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## **SIGNATURE**

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Richard Ubbens  
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## **ATTACHMENTS**

Appendix A – Golf Marketing Incentive Proposed User Fees

<b>Golf Marketing Incentive Proposed User Fees</b>		
<b>Marketing Strategy A – Golf Package</b>		
Adult 18-Hole: Weekday 12 Rounds of Golf for the price of 10 Rounds (Volume - 120 Booklets per Golf Course)		
<b>Golf Course</b>		<b>Proposed 2014 User Fee</b>
Don Valley		\$513.30
Humber Valley		\$407.10
Tam O'Shanter		\$407.10
Dentonia Park		\$221.20
Scarlett Woods		\$292.00
<b>Marketing Strategy B – Coupon Offer (based on Tee-time Usage)</b>		
Adult 18-Hole: <ul style="list-style-type: none"> <li>• Weekday 2 Rounds of Golf for the price of 1 Round (Volume – 100 coupons total) or</li> <li>• Weekday 4 Rounds of Golf for the price of 3 Rounds (Volume – 200 coupons total)</li> </ul>		
<b>Golf Course</b>		<b>Proposed 2014 User Fee</b>
<b>2 Rounds for the Price of 1 Round</b>		
Don Valley		\$51.33
Humber Valley		\$40.71
Tam O'Shanter		\$40.71
Dentonia Park		\$22.12
Scarlett Woods		\$29.20
<b>Golf Course</b>		<b>Proposed 2014 User Fee</b>
<b>4 Rounds for the Price of 3 Rounds</b>		
Don Valley		\$153.99
Humber Valley		\$122.13
Tam O'Shanter		\$122.13
Dentonia Park		\$66.36
Scarlett Woods		\$87.60