

GolfWorld

// THE IMPORTANCE OF EMOTIONAL TOUCH POINTS
IN AN ECONOMIC DOWNTURN

A Golf World White Paper
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ABOUT THIS PAPER

This white paper's primary purpose is to identify challenges facing marketers today and make a case for the most efficient means to maximize the effect of advertising dollars in a daunting economy: Golf World magazine.

1.0 INTRODUCTION

Layoffs. Cutbacks. Bailouts. Negative financial news has dominated the press recently, a trend that will likely continue well into 2009. Despite the current media environment, there is a fundamental economic truth that should not be ignored: in every catastrophe lies opportunity. For many companies, the problem that must now be addressed is, "How can I take advantage of the current situation while being fiscally responsible?"

2.0 MARKETING IN A RECESSION

To be successful in today's economy, it is imperative to market efficiently. It is well documented that a poor economy can be an excellent opportunity for companies to gain share with a properly implemented marketing plan. However, marketing in a recession doesn't require a comprehensive campaign. Efficient marketers will be able to gain market share without putting stress on their bottom line.

A literature review from London Business School indicates a general consensus among researchers about marketing in a recession:

Although this is a difficult research area, the evidence is that generally:

- The most successful companies maximize long-term shareholder value by maintaining their advertising investment when the economy slows down and weaker competitors cut back.
- This enables them to build market share at lower cost than when the total market is growing.
- Any reduction in these firms' short-term financial firm performance is typically soon outweighed by their increased revenue and profit growth when economic conditions improve.

The benefits of proactive marketing during a recession are not limited to market share. Recessions are a rare opportunity for companies to make great strides with their brand in terms of consumer awareness, brand perception and brand loyalty. "Businesses which provide better value for money in their customers' eyes are more profitable during recession and grow faster after recovery." (Hillier, 1999) While short-term performance may suffer from a sustained marketing effort during a recession, the benefits will far outweigh the cost when the economy begins to recover. As consumers regain confidence, they are significantly more likely to gravitate towards brands that have remained top of mind during the downturn. More importantly, consumers may perceive brands differently than they did prior to the recession.

While the benefits of advertising during a recession are evident, increasing spending is still a difficult decision to justify in the face of budget cuts and layoffs. Agencies and marketing executives are under

unprecedented pressure to provide more return for less money. However, marketing metrics like CPM can be somewhat misleading in terms of efficiency. **Mass reach is meaningless if the consumer does not absorb or retain the message.** Consequently, it is critical for efficient marketers to identify the right target audience before implementing a marketing plan.

3.0 THE RIGHT AUDIENCE

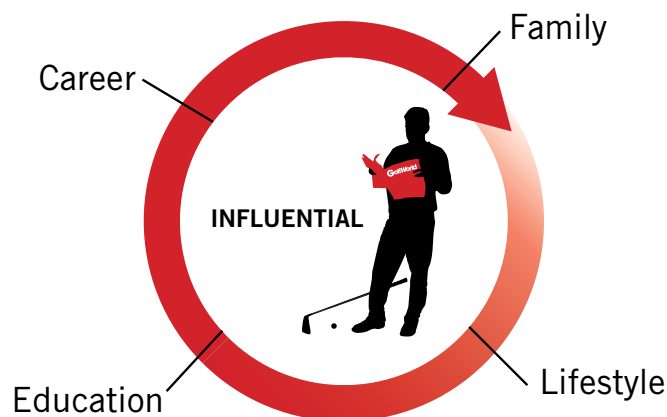
The key to efficient marketing is reaching an audience that can extend your message virally—an audience comprised of individuals who are well respected within their social circles and whose opinions matter to the people around them. When one of these individuals becomes a brand ambassador, they can spread an advertising message to dozens, even hundreds, of others simply by virtue of their character.

The Influentials, a 2003 book by Ed Keller and Jon Berry of GfK Custom Research takes a closer look at this elusive audience:

- **One American in ten tells the other nine how to vote, where to eat, and what to buy.** They are The Influentials.
- Influentials have been the “early majority” – leading indicators of what Americans will be buying – for more than five decades, from choosing energy-efficient cars in the 1970s to owning computers in the 1980s to adopting 401(k)s and IRAs in the 1990s to using the Internet and cell phones today.
- Influentials have led the way in social development as well, from the revival of self-reliance (in managing their own health care, investments, and consumption) to mass skepticism about the marketing claims of everything from breakfast food to politicians.

FIGURE 1.

CONSISTENT TOUCH POINTS FOR INFLUENTIAL CONSUMERS



The most influential members of society share an important trait. They are not just leaders (although their jobs and social position often support that fact); they are trendsetters. They question the status quo and encourage others to do the same. This inherent need to challenge themselves differentiates “Influentials” from their peers and they become highly respected individuals because of it. Reaching this type of consumer can exponentially impact a brand through an extremely simple, yet reliable form of advertising: word of mouth.

Admittedly, these influential consumers are a notoriously difficult group to connect with. They often fall into the “catch me if you can” demographic—affluent, successful, advertising-wary people who have neither the patience nor the desire to receive most marketing messages. **Consequently it is critical to reach these consumers at a point of passion**—something they choose to spend their free time doing.

- Although America’s Influentials have always been powerful, they’ve never been more important than now. Today, a fragmented market has made it possible for Influentials to opt out of mass-message advertising, which means that a different route must be taken to capture their hearts and minds.

For marketers, capturing the “hearts and minds” of society’s most influential consumers should be the ultimate goal of a truly efficient plan. These individuals are more than just “eyeballs”; their opinions shape future social norms. These key consumers cannot be identified through traditional metrics; they require a more thoughtful approach. To capture the “Influential”, advertisers must identify where and when is the best place to engage them.

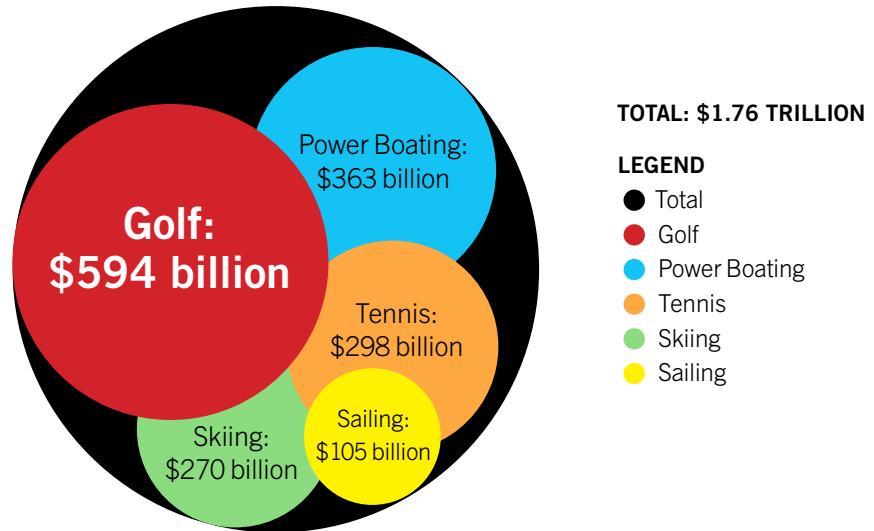
4.0 THE GOLF LANDSCAPE

More than just an affluent sport, golf is a unique window into the “hearts and minds” of America’s most influential consumers. **Now more than ever, golf offers “Influentials” an important refuge from an increasingly stressful world.** To many, the stereotypical golfer is a retired, older, white male—a characterization that does not accurately reflect the activities and responsibilities that dominate many golfers’ lives. In reality, the golf market itself is segmented. Identifying the right part of the market is crucial to reaching the thought leaders within the sport.

The demographic profile of the modern golfer is undeniably impressive. While it is useful to look at the golf market as a whole, all statistics in this section will focus on the upper segment of population—Heads of Households with HHI of \$100K+. These are the most influential members of the golf population and, consequently, the most relevant to efficient marketers.

FIGURE 2.

GROSS EXPENDITURES OF THE AFFLUENT POPULATION: AFFLUENT SPORTS COMPARISON



Source: MMR 2008 HOH \$100K+

According to the Monroe Mendelsohn Affluent Survey, in 2008 nearly one in three affluent adults was a golfer. Golfers spent over \$590 billion dollars in 2008, \$227 billion more than the second place affluent sport¹. Table 1 shows a basic comparison of the golfing and non-golfing affluent population.

TABLE 1.

A DEMOGRAPHIC COMPARISON OF GOLFERS AND NON GOLFERS AMONG THE AFFLUENT POPULATION

	GOLFERS	NON GOLFERS
AVG. PERSONAL INCOME	\$116,526	\$84,636
AVG. LIQUID ASSETS	\$1,663,426	\$1,267,824
HHI \$500,000+	141 Index	84 Index
HHI \$1,000,000+	148 Index	82 Index

Source: MMR 2008 HOH \$100K+

Golfers are more likely to be the influential consumers that marketers are looking for. They are generally successful, established individuals who use the sport for both business and pleasure. Their prominent roles in business also tend to make them leaders in the community. As a result, they are often looked up to by a wide variety of people and their opinions are well regarded on numerous topics beyond the sport.

¹ Source: 2008 MMR HoH \$100K+; "Affluent Sports" include Power Boating, Tennis, Golf, Skiing and Sailing

However, within the golf market, there is an even more important distinction to make: the difference between casual and avid golfers. Avid golfers are defined as people playing 24 or more times a year². Economically, there is a clear difference between avid golfers and the golf market as a whole.

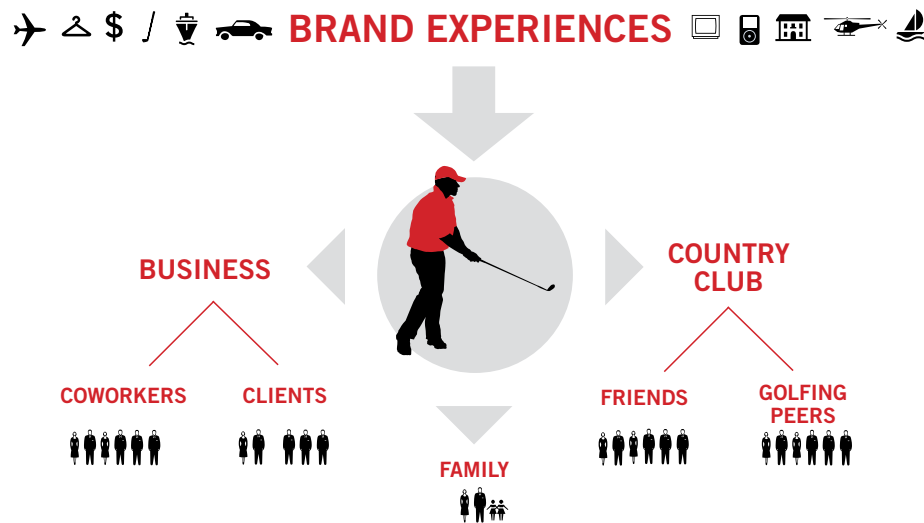
TABLE 2.
A DEMOGRAPHIC COMPARISON OF GOLFERS AND AVID GOLFERS AMONG THE AFFLUENT POPULATION

	GOLFERS	AVID GOLFERS
AVG. PERSONAL INCOME	\$116,526	\$129,413
AVG. LIQUID ASSETS	\$1,663,426	\$2,111,040
HHI \$500,000+	141 Index	222 Index
HHI \$1,000,000+	148 Index	232 Index

Source: MMR 2008 HOH \$100K+

Avid golfers tend to be the most influential members of a highly lucrative audience. In terms of marketing efficiency, they are the ideal focus for advertisers with an affluent target. Avid golfers are the top of the pyramid; they are core consumers who influence other “Influentials”. The trickle down effect of an avid golf recommendation can yield considerable dividends in both the short and long-term. Not only can avid golfers afford to spend on products immediately, they can also impact the spending of other consumers far into the future.

FIGURE 3.
BRAND IMPACT OF THE AVID GOLF CONSUMER



² Avid golfers defined as playing 24+ times a year on MMR and Playing 2-3 times a month on MRI

Why are avid golfers more likely to be even more successful and influential than casual players? Golf World has conducted numerous qualitative and quantitative studies over the years and results consistently indicate that golf is often more than a pastime for avid players; in many cases, **it is a direct reflection of their personalities.** This sentiment is well represented in a quote from Tiger Woods:

“Even when it’s good, you’re never there. People ask me, “Are you there yet?” all the time. No. You never get there and that’s the great thing about it. You can always be better the next day. That’s how I look at golf and how I look at life. You can always be better.”

5.0 WHY GOLF WORLD

A closer look at Golf World readers reveals why avid golfers should be considered an ideal target for the efficient marketer. Golf World readers are not drawn to the game simply for business or pleasure alone; they love golf because it challenges them. This inherent passion for self-improvement defines all aspects of their lives and is why they come to be so highly revered by their peers. **If the goal of marketing in a recession is to reach the most influential consumers in the right place at the right time, then Golf World must be considered a highly efficient vehicle.**

TABLE 3.
GOLF WORLD DEMOGRAPHIC PROFILE

AVERAGE AGE	51
AVERAGE HHI	\$241,860
AVERAGE NET WORTH	\$2,235,000
PRIVATE CLUB MEMBERS	86%
GRADUATED COLLEGE +	75%
MARRIED	95%
CHILDREN	41%
TOP MANAGEMENT	52%
C-TITLE	32%

Source: 2008 Golf World Subscriber Study; MMR 2008 HOH \$100K+ ; 2006 Profiles in Golf

Golf World’s reader demographic profile clearly indicates an audience that fulfills the criteria for an influential audience. 76% of Golf World readers feel highly respected by their peers³, 52% are top management, 32% hold C-Title positions, and 86% are private club members (of which 61% have won a club championship). Moreover, they fit the profile of truly avid players. Golf World readers average 100

³ 2006 Impact of Influence Study

rounds played per year⁴. Of the 200 million respondents who indicated they play golf in MRI's Spring 2008 survey, only 13% were avid players. Conversely, avid players make up 95% of Golf World subscribers⁵.

While these readers are passionate about the sport, their real value to advertisers is the scope of their spending power. Their occupations allow them to enjoy the finer things in life including watches, cars, liquor, jewelry and travel. As independent thinkers yet diverse consumers, Golf World readers can be extremely effective ambassadors for the right brands. **Winning over a Golf World reader means impacting every player who looks up to them at the club, every junior executive they manage, every competitor who they engage socially and every family member who comes to them for advice.**

In early November, Golf World took the opportunity to interview a number of subscribers at an invitational event held in Orlando, Florida. Interviewees hailed from all parts of the country and fit a variety of demographic profiles, but reader comments supported many of the marketing goals this paper has identified:

Q: Do you recommend products to your friends or colleagues?

A: "If I stay somewhere nice or get a new golf club I really like...for instance, I got a new Nike driver recently that I really like and told two of my friends to try it...same thing with a hotel or my Lexus. I try to influence people to buy Lexus because I think it's the best car made."

Q: What do you love about golf?

A: "I play once or twice a week and it seems that's where my pleasure is. It is what I look forward to... I mean I work hard so I can go enjoy golf."

Q: Where do you think golf will fit into your life in the next five years?

A: "It will be just what it is now to me; it will be an enjoyable recreation that I'll continue to do. It's a big part of my life...I think it brings me really good friends and luckily I've been able to afford to do this kind of traveling."

Q: What makes Golf World stand out in your mind?

A: "I'd be the first one to say that it [Golf World] is my weekly bible. In Golf World I get a lot of stuff that doesn't come in the regular magazines until a week or ten days later, so they're always the first ones out with news and information that you should be up to date on."

A: "My secretary comes in, puts it on my desk and, when I walk in I can be in the middle of the busiest day that I'm having that week and I'll stop, sit down and read the magazine."

Golf World enjoys a special place in today's media landscape. Golf World is clearly differentiated from other golf publications. Rather than focusing on instruction and other elements geared towards the casual

⁴ 2008 Golf World Subscriber Study

⁵ 2008 Golf World Subscriber Study; Base: Men

golfer, Golf World delivers the most in-depth and timely news by way of comprehensive tournament coverage and incisive commentary. At 42 times a year, the frequency of the magazine makes it relevant in an increasingly digital world, but, more importantly, it provides the escape that time-challenged consumers are looking for.

As previously mentioned, reaching the right consumers at the right time means touching people at a point of passion. Golf World is a sanctuary for today's thought leaders. **While other media is dominated by shrinking portfolios and fear about the future, Golf World provides a weekly glimpse into the more enjoyable aspects of life.**

The pleasure of setting an hour aside each week to spend time with a printed publication is a welcome relief in a digitally saturated world. For many influential people, golf and Golf World are much more than hobbies; they are ways of being.

6.0 CONCLUSION

This paper has provided a framework for marketers to consider in these troubled economic times. For marketers to take full advantage of the opportunities in a down economy, they must identify an audience that can be valuable brand ambassadors. Secondly, they must determine the best vehicle to reach these consumers because "Influentials" are naturally skeptical about mass advertising. For the efficient marketer, Golf World is an excellent opportunity to reach an influential, unduplicated audience in an environment where they are receptive to brand messaging. Moreover, its frequency and low out-of-pocket allows advertisers to reinforce their brands without an overwhelming financial commitment. As leaders at home, at work, on the course and in the community, Golf World readers rely on the magazine to be an indispensable escape from a time-challenged world. For advertisers, Golf World is the perfect opportunity to own 200,000 of the most critical consumers in the nation.

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