



January Weather Hostile to Golf

Repeating December's trend, the golf playing climates in the US took another hit as the January's Golf Playable Hours (GPH) were down 18% for the Total US vs. January 2009. Since this is the first month of the year, it sets the initial Year-to-Date (YtD) GPH figure at the same deficit as we begin a new calendar year.

Looking at the YtD weather impact breadth ratio results (measured as # of regions up compared against # of regions down), January registered a bruising negative breadth ratio of 1:2.8. This is comprised of 5 regions up vs. 14 down with the remaining 26 weather-based regions recording no results yet because they're out of season. There were no "weather favorable" key rounds-contribution regions in January although the Pacific NW appears to have had some good favorability compared to 2009. Key warm weather climates seeing double-digit GPH declines in January were SoCal, all 3 Florida regions and the Gulf Coast (but hey, they won the Super Bowl so they've got that going for them).

Looking back at the previously-reported December weather results vs. the Industry Alliance Association rounds played, the Utilization Rate (UR) was off as rounds fell more than the poor weather. The month UR was 51% or a drop of 3 points vs. the 2008 year end benchmark (comprised of a 15% decline in rounds demand against a 10% GPH decline for the month). Pellucid's Market-Level Weather Impact tracking identifies the biggest gainers and losers in UR for 61 markets/states/state groups. The market-level breadth for the December YtD period finished at 3 markets/states up compared to 18 down and 40 in the neutral zone producing a tough negative market-level breadth ratio of 1:6. Leading the "utilization winners" was Houston (+3 pts or >) while Hawaii, Cincinnati and Hartford finish the year atop the "utilization losers" list (-4 pts or >).

Pellucid President Jim Koppenhaver comments on the current results saying, "While I don't want to make too much out of the initial month of the year with only half the country playing golf, it's an auspicious and unfortunate start on the weather front to what I believe will be a challenging year for many operators and markets. I had said last month that posting a December rounds played decline of less than 5% would have been a show of strength but

unfortunately we didn't get anything close to that as we underperformed poor weather and lost utilization. We've still got a lot of golf left to play this season so I'll just leave the commentary at that and we'll see how things play out the remainder of the first quarter and then, more importantly, during the key six summer months of Q2 and Q3. If it's any encouragement to the industry, our forecast for the 2010 year on GPH is up slightly at the national level as outlined in our State of the Industry report so we're not forecasting a weather "train wreck". That said, if forecasting were a science, we'd all have perfect inventory and staffing levels and we wouldn't worry about the weather outcome."

"Consistent with trends we've tracked in our facility clients' data, PGA PerformanceTrak's December YtD Executive Summary showed the year finishing with a 5% decline in Median Golf Fee Revenue driven by a 3% decrease in Median Golf Fee Revenue per Round (rate) and a 1% drop in rounds demand (volume). On rounds, the negative results are being driven by the Resort segment. On revenue, the Resort and Private sectors are leading the decline. On rate, the mix changes slightly with Resorts and Daily Fee/Semi-Private driving declines. Among revenue classes at facilities, all categories are showing down but Merchandise is the largest percent loser, down more than 10%."

With the addition of monthly market-level weather and utilization tracking, Pellucid now offers three levels of geography-based reports (US, 45 Regions, 61 Market/States) and three levels of facility-based reports (the 10-yr Trend Summary, the Annual Review report and the Monthly Tracking service). Pellucid also continues to integrate weather impact into their Facility Performance Scorecard (FPS) application for clients using the FORE! Reservations Point-of-Sale system as well as incorporating it into custom research projects and Golf Local Market Analyzer reports as an additional dimension. Combined with the client revenue data, the facility-level reports quantify the key measure of RevpAR (Revenue per Available (capacity) Round) which is the single best measure of the financial efficiency of your "factory."

Parties interested in understanding and quantifying what part of rounds and revenue performance is due to "controllable" vs. "uncontrollable" factors (i.e. course owners, lenders, buyers, sellers, equipment manufacturers, retailers and service providers) can find more information on Pellucid's weather capabilities at www.pellucidcorp.com.

For more specific information on how Pellucid's Weather Impact capabilities answer key business performance questions, including a sample report and pricing, contact Jim Koppenhaver at jimk@pellucidcorp.com.