

An Exploration into the Marketing of Country Club Management: Members' Motivation

Summary

The case study explores the issues and challenges of creating a membership sales initiative for a club as a standalone business entity business in the southwestern region of the United States. The club has experienced turnover from a developer into a stand-alone business entity because the developer who has sold out the real estate in the community and is no longer operating the club and providing the sales office or sales team to sell memberships. A private country club organization is dependent upon members joining on a continuous basis for the club to be sustainable. Members join clubs for both internal factors driven through psychology, and external factors provided by the physical amenities of the club. The study aims at identifying the importance of membership in a private club. The study takes the students through the dilemma facing a private country club after turnover from a developer. The club must understand possible factors of motivation of members in joining a private country club to develop a sales strategy to be implemented.

Teaching Objectives

The purpose of the case study is to identify current issues and changes in membership in a country club, discuss important factors of members' motivation in joining a private club, develop the strategic framework responding to the changing membership sales, and evaluate the private country club market as a subset of the hospitality sector.

At the end of the case study, the students will be able to:

- Describe how turnover influences membership recruitment in the private country club business
- Discuss the importance of members in the private country club business
- Identify the motivation of joining a private country club
- Classify internal and external motivation factors
- Recognize the role of internal key players in the membership sales process
- Develop marketing strategies for the recruitment of members
- Design a survey to measure the motivation to join a private country club
- Evaluate a country club survey and make recommendations of recruiting strategies

Target Audience

The case study is appropriate for any hospitality student, hospitality employee, club employee, membership sales director or future general manager. The case study is designed for undergraduate students in a hospitality program studying business management or

club management. The case study requires strategic thinking for upper classman who have acquired basic business skills, and have some background in hospitality.

Learning Outcomes

The case study will provide the students with the opportunity to learn about the private club business and the factors that motivate members to join clubs through the push/pull theory and develop critical marketing strategy by applying other clubs and other aspects of the hospitality field. All students should be able to demonstrate the following learning outcomes: 1) Communication, 2) Self-assessment/self-reflection, 3) Critical Thinking, and 4) Ethics, Diversity and Social Responsibility.

Based upon these learning outcomes, this course will contribute to your ability to:

- **Communication:** Communicate effectively with others in small group or large group situations; Demonstrate affective and professional oral and written communication with individuals, groups, and the public.
- **Self-assessment/self-reflection:** Demonstrate critiquing techniques to facilitate necessary changes and/or modifications to your work or those of your peers in comparison to club industry practices.
- **Critical Thinking:** Identify, challenge, and evaluate changes to a country club business structure problems. Evaluate information based on creative processes and logical reasoning to make decisions and solve.
- **Ethics, Diversity and Social Responsibility:** Demonstrate leadership within small and large groups and encourage socially responsible decision-making for club business.

Teaching Approach and Strategy

The recommended teaching approach:

1. **Pretest** – Before introducing the case study, the pretest will be used to measure and benchmark the students current status in regards to private country clubs and additional reading for the students. (Appendix A; see additional reading at the end of case study)
2. **Lecture** – Classroom facilitation based on the case study discussion led by the instructor
3. **Video**- Review a country club video that talks about a country club community. <https://www.youtube.com/watch?v=TAqF1K269b8>
4. **Group assignment** – divide the class into groups with an as Quiz - Appendix D

5. **Written assignment** – allows for evaluation of the case study to measure if teaching objectives and learning objectives have been met

Class Instruction (100 minutes)

- A. Start the class by reviewing the importance of memberships in a private country club (15 minutes)
- B. Lead a class discussion of the changes potential factors of why members would belong to a private country club. Review the YouTube video and list the potential factors based on the video that a club may use to attract members. Lead a discussion on the factors the students identify in the video (30 minutes).
1. Club Turnover from a developer into a stand-alone business entity
 2. Types of memberships and membership recruitment in the private country club business
 3. Important motivation factors to joining a private country club
- C. Divide the students into groups of five and ask them to discuss the following terms (30 minutes):
1. The difference between internal and external motivation factors. (see Appendix B)
 2. The key players in the membership sales process: Internal vs External players
 3. The marketing strategies for the recruitment of members
 4. The importance of a survey in understanding members' motivation in joining a club.
 5. Appropriate marketing strategies as a result of the survey information.
- D. Ask each group to present to the class and discuss specific examples, assign one group per term from the above list to discuss – 10 minutes each for each group to present to the class (25 minutes).

Written Assignment

Given an example of a private country club survey of membership joining factors (Appendix C)

- 1) classify items into internal and external factors, and 2) evaluate the results.

Additional reading and references

- Club Manager Website – view www.cmaa.org to get an overview of the private club business.
- Club corporation website – view www.clubcorp.com to get an overview of the largest club corporation in the world.

- Country clubs: Read Chapter 1 of Joe Perdue's (2007) book.
- Renewing memberships and member loyalty: Read Clem, T. N., Ravichandran, S., & Karpinski, A. C. (2013).
- Push Pull theory: Read Dann, G. M. (1977).
- Club theory: Read Sandler, T., & Tschirhart, J. (1997).
- Appendix E: 2012 CMAA Economic Report.

Discussion Questions and Answers

1. How turnover influences membership recruitment in the private country club business?

The primary business of a developer is selling real estate, and the secondary business is selling memberships. The developer uses the country club as the centerpiece to create a desirable community in order to sell property and homes. In most cases, the developers subsidize the country club business with real estate sales. At turnover, clubs are faced with having to fund the operating deficits or cut services. Additionally, the clubs must create a membership sales process from scratch since sales were handled as part of real estate office. Turnover is the point in time when the country club must create a membership recruitment strategy and be immediately prepared to implement an action plan. The case study of RCC demonstrates the challenges of turnover on membership recruitment since clubs must create the plan, the process, and the staff to sell memberships.

1a. What challenges does losing the real estate office present in the club's membership sales process?

A developer utilizes the real estate office to sell real estate as traffic is driven to an on-site office. After a developer turns the club to the members, the club is faced with the problem of trying to get traffic to the club for membership sales. The real estate market becomes a re-sale market as opposed to a new sales market. The real estate agent has little to no incentive to sell memberships. The membership director must connect with the realtors and become part of the real estate sales process. The homes around the golf course are the prime market for membership sales (Nicholls & Crompton, 1979), and therefore, the re-sale agents are key players in membership sales for a residential community.

1b. What challenges does the re-sale market create for the membership sales process?

The second, third, and fourth buyer of real estate is not as likely to buy a membership in a community as the initial retail buyer (McGladrey, 2014). Golf courses are expensive to join, and younger buyers many times are busy with other activities than those offered by a country club. Membership sales are related to the location of the real estate to the course (Nicholls &

Crompton, 2007), so attracting members to join who live close to the club is important to the success of the club.

2. What are the roles of members in the private country club business before and after turnover?

The members before the club turnover are passive because the developer handles all membership sales in the community, and the members only use the club but don't make business decisions. Nothing is required of the members in the sales process before turnover. After turnover, the members are in charge of the club and all decisions are made through an elected Board of Directors. The business model after turnover is based on selling memberships and not real estate. The members have been described in literature as the lifeblood of the private clubs (Fornaro, 2003). They are the most valued resource for a private country club because they are the customer and the owner.

3. What factors are important to members joining a private country club?

Appendix B identifies factors in a private country club study. The factors include both personal reasons for joining the club (internal), and factors that the club provides including the amenities such as the golf operations (external). Members join clubs for a variety of reasons and it is important for any private country club to understand the member motivation in order to base your sales process around those motivations. This list provides a basis of motivations in a private residential community and may be used as a benchmark for discussions in class.

4. What is the difference between internal and external motivation?

Members join clubs for both internal and external reasons. Crompton (1979) described seven socio-psychological motives (internal) which served to direct pleasure vacation behavior. The motives were escape, exploration and evaluation of self, relaxation, prestige, regression, kinship relationships and facilitation of social interactions. Iso-Ahola (1982) identified seeking and escaping as the perceived reasons for traveling and for leading to potential satisfaction. Iso-Ahola focused on leisure activities which provided intrinsic rewards and provided an escape for everyday routines.

The Push/Pull Theory of Motivation (Dann, 1977) is one of theoretical frameworks, which has been used in the tourism context. Push and pull factors are motivational influences, which drive the behavior of the individual tourist (Dann, 1977; Dann, 1981). This approach argues when consumers travel, they are pushed by intangible forces and pulled by tangible forces. The push factors include socio-psychological motiva-

tions such as the desire for escape, relax, exploration, and social interaction, whereas the pull factors are those that emerge as a result of attracting travelers to a specific destination such as facilities, historic resources as well as traveler's perception and expectation.

Uysal and Jurowski (1994) indicate that push factors are internal and may include escape rest, relaxation, prestige, health fitness, and social interaction. Pull factors include tangible resources of the destinations such as beaches, facilities, cultural attractions, and benefit expectations. Based on the Push/Pull Theory, this study divides motivation in two dimensions: internal factors (i.e., members' desire, escape, exploration) and external factors (i.e., clubs' characteristics and features – culture, amenities, environment). Appendix C is from an actual survey with the factors grouped by internal and external factors (Butler & Lee, 2015). Use the survey as a basis for the class discussion around factors and whether they are internal or external factors.

5. Who are the key players in the membership sales process?

A club after turnover must create a sales process and the first key player is the membership director. A membership director's job is to sell memberships and usually reports to the general manager. The general manager, with the help of the BOD, would develop strategies to be implemented by the membership director. Other key internal players would be the staff, the members, and the re-sale real estate agents. Each provides interaction during the sales process that will influence the membership sale.

5a. How do the other members and staff fit into the membership process?

The current members are important to the sales process as many leads are created through the current members. Newer members are more likely to refer members in a seasonal situation than longtime members. Newer seasonal members still have relationships up north and want to bring their friends to the club. The membership director should solicit membership leads from the newer members as part of the sales process. Staff members must connect to the new members and to potential members. The culture that is created by a private club staff member may be felt by a perspective member, so that staff culture is important in the sales process.

6. What are the marketing strategies for the recruitment of members?

The marketing strategy for a private country club that just turned over is to understand why the current members join. Members join country clubs for a variety of reasons, both

personal and in order to enjoy the amenities of the club, so creating a marketing strategy to match the strength of the club is critical to a private club's success. The marketing strategy should begin with understanding the current member's motivation for joining. Once the survey is completed, the information may be used to tailor brochures, web sites, television advertising, and newspaper advertising to market to members.

Evaluate Wall Street Journal article

<http://www.wsj.com/articles/in-real-estate-golf-ups-its-game-1432820897> for specific marketing ideas.

Notice the changing of the external motivations for today's country club member.

Evaluate and discuss Desert Mountain Website.

<http://desertmountain.com/become-a-member/membership-information/>

This is an example of a residential golf community using the club as an amenity.

Evaluate and discuss PGA West website.

http://www.pgawest.com/club/scripts/library/view_document.asp?NS=PM&APP=80&DN=PMember

Member benefits are only about external motivations. Evaluate internal motivations. This is an example of a property that has not identified internal motivation factors for joining.

Compare the examples above to the Boca West website.

<http://www.bocawestcc.org/default.aspx?p=dynamicmodule&pageid=397523&ssid=320348&vnf=1>

Boca West has golf, but shows social activities, spa services, and sense of community utilizing internal motivations.

6a. What approach can a club employ in order to understand members' motivation in joining a club?

The club has successfully sold memberships to the existing members. The first item should be a survey of the current members. A survey would identify factors of the existing members so the club could understand why the current members joined the club. The survey should be followed by focus groups to add richness and context to the data. The survey should be divided into intrinsic and extrinsic factors. See Appendix C for potential survey questions.

6b. What recruiting strategies may be used as a result of the survey information?

The survey will provide information of internal and external motivation of members joining the club. The highest rated items in the survey should be featured in the advertising of the

club and evaluated through the current programming. The survey results will indicate the gaps in the club's amenities and social programming, in addition to highlighting the competitive strengths of the club. For example, if the survey reveals that the fitness amenity is a significant factor, then the club should highlight in its advertising the strength of the program, the strength of the staff, and the benefit of joining the club. The survey results must be evaluated and recommendations made through a business plan with actionable items.

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Appendix A

Pretest

1. Describe a private country club – what is it?
2. What is the primary business of a private country club?
3. What are the motivational factors of members joining a country club?
4. What is the push/pull theory of motivation?
5. Describe fundamental business differences between developer clubs and member controlled clubs?

Appendix B

Joining Factors in a private country club

External Factors

- Quality of club
- Weather in the city, state, and region (Northern California is different than Southern California)
- Financial condition
- Friendly staff
- Location of club (Downtown, out of town, near residential neighborhoods, etc.)
- Beauty of landscaping
- Reputation
- Golf amenities
- Security of the property
- Food and beverage offerings
- Proximity to course of the home sites
- Warm welcome by the other members
- Equity payback at time of resignation
- Exclusivity of the club's brand
- Fitness amenities
- Social events offered by the club
- Female friendly culture of the club
- Joining fee of the club (high, middle, or low)
- Activities of club for members
- Tennis amenities

Internal factors

- Staff relationships with the members
- In order to improve my physical activity
- The ability to socialize with other members
- To be entertained
- To meet Interesting members
- To live a Healthier lifestyle
- To be made to feel important
- Provide a place for Retirement
- A place for my Family to visit
- To improve my sport of choice (tennis, golf)
- The Security provided in the community
- In order to Escape from the north
- In order to rest
- To be exposed to a different culture

Appendix C

Sample Survey

Please indicate the level of importance for each of the following factors in the decision to join.

(1 = Not Important, 4 = Neither important or unimportant, 7 = Very Important)

- | | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. To have a place for family togetherness | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. To have an opportunity to socialize with other members | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. To learn or improve my sport (golf, tennis, fitness) ability | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. To live a healthier lifestyle | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. To choose a place for life after retirement | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. To escape from my daily routine life (i.e. escape the north) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. To have fun and be entertained | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. To have a feeling of personal security | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. To have the chance to meet interesting people | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. To enjoy high service levels provided by the staff | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. To have an opportunity for physical rest | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. To have an opportunity for physical activity | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13. To be made to feel like I am an important customer/member | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14. To experience a different culture than what I am used to | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Please indicate the level of importance for each of the following factors in the decision to join Grey Oaks.

(1 = Not Important, 4 = Neither important or unimportant, 7 = Very Important)

- | | | | | | | | |
|--|---|---|---|---|---|---|---|
| The friendly culture of the current members
<i>(i.e. current members were warm and welcoming as I was introduced to them and developed relationships)</i> | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The friendly attitude of the staff at the club (relationship with staff) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The female-friendly culture of the club (i.e. activities and events for females) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The golf amenities of the club (i.e. courses, practice facilities, tournaments) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The fitness amenities of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The tennis amenities of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The food & beverage amenities of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The social events of the club (i.e. Welcome Back, New Years, End of Season) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The activities of the club (i.e. book club, painting, computer classes, bridge) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The geographic location of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The weather in Naples | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The beauty of the landscaping | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The security of a private, gated community | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The reputation of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The exclusivity of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The quality of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The joining fee of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The equity payback of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| The financial condition of the club | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Appendix D

Quiz

1. Define the following terms in the club business: (1 point a piece)
 - a. attrition rate
 - b. build-out
 - c. equity membership
 - d. Initial membership
 - e. resale membership
 - f. golf membership
 - g. sport/social membership
 - h. club turnover
2. Describe the two types of motivation discussed in the case study? (2 points)
3. Within each type of motivation, name and describe 5 factors of reasons member joined RCC. (10 points)
4. What changes in the membership recruitment process at turnover in the private club business? (10 points)
5. Why are members important in the private country club business? (5 points)
6. Name three key players in the organization with regards to membership recruitment process and describe their importance. (5 points)
7. Describe one marketing strategy for recruiting new members that was discussed in the case. (5 points)
8. What is the purpose of a survey in the private club business with regard to membership motivation? (5 points)
9. How would a survey influence a club's marketing strategy? (5 points)
10. Describe the Push/Pull theory and its association with motivation of country club memberships? (10 points)

Extra Credit Question:

If you were the GM of RCC, name 5 specific strategies you would employ to sell memberships and why? (5 points)

CMAA Economic Report

<http://www.cmaa.org/uploadedfiles/surveys/econimpactreport2012.pdf>

CMAA 2012 Economic Impact Report



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overnight rooms to members and their guests. Yacht clubs produce operating revenue by mooring, docking and storing boats of members and guests.

Capital income is the money associated with making ongoing capital investments required over time such as improving or building new clubhouses, purchasing equipment like ovens and fixtures for the kitchen facilities, exercise equipment or golf maintenance equipment. Nearly every club makes investments in capital equipment and clubhouse maintenance or improvement every year. The activity and purchases associated with capital investment and income is also mostly local, including investments such as: HVAC, new roofs, new furniture and fixtures. The purchase of such equipment is made through local brokers or suppliers and the installation of such equipment is undertaken by local contractors and technicians.

Introduction to Industry Analysis

There are two types of income in clubs: operating revenue and capital income. Operating revenue encompasses the services and goods produced and consumed during the given year. Operating revenue includes membership dues revenue flowing from members, the food and beverage revenue of the club, the various user fees members and guests pay; greens fees, racquet fees, pool entrance fees, fitness training and various lessons fees for golf, tennis and fitness. Some clubs produce operating revenue by offering

In 2011, CMAA member clubs were responsible for generating nearly \$17 billion dollars of operating revenue.

In 2011, the estimated total capital income across CMAA member-managed clubs was \$845,000,000, averaging \$354,000 per club in capital income.

Thus, the total income in 2011 for CMAA member-managed clubs was nearly \$18 billion.

Table 1 – Operating Revenue Segmentation in Industry

Segment	Revenue Range	Average Club Revenue Within Segment	Estimated Number of Clubs	Total Operating Revenue
Small Clubs	\$3,500,00 or Less	\$2,447,410	523	\$1,279,236,733
Lower Mid-Market Clubs	\$3,500,001 - \$6,000,000	\$4,693,611	821	\$3,855,191,267
Upper Mid-Market Clubs	\$6,000,001 - \$9,000,000	\$7,352,127	597	\$4,391,866,585
Large Clubs	\$9,000,000 - \$15,000,000	\$11,432,635	448	\$5,121,820,480
Very Large Clubs	> \$15,000,000	\$21,240,965*	100	\$2,124,096,500
Total			2,489	\$16,772,211,565

* Average does not include the few extremely large clubs exceeding \$30,000,000 in operating revenue.