

# Golf Market Stuck in Bunker as Thousands Leave the Sport

By Lindsey Rupp and Lauren Coleman-Lochner May 22, 2014 9:01 PM PT  
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The golf industry is in the rough.

Once the go-to activity for corporate bonding, the sport is suffering from an exodus of players, a lack of interest among millennials and the mass closure of courses. The tangled personal life of [Tiger Woods](#), who for years was golf's biggest ambassador, also hasn't helped. All that has taken a toll on the companies that make and sell golf equipment, including [Dick's Sporting Goods Inc. \(DKS\)](#) and [Callaway Golf Co. \(ELY\)](#)

About 400,000 players left the sport last year, according to the National Golf Foundation. While almost 260,000 women took up golf, some 650,000 men quit. A severe winter on the East Coast worsened the situation this year by delaying the start of golfing season for many. Slow sales of clubs and other gear dragged down results for Dick's this week, sending its stock on the worst tumble since the retail chain went public in 2002.

"Golf is in a bit of a drought," said Allen Adamson, managing director at brand consulting firm Landor Associates in [New York](#). "It's a pretty high-price sport, and leisure time is getting crunched."

Slow golf sales over the past 15 months created a glut of golf inventory at wholesale and retail outlets, forcing them to slash prices. Dick's is selling some drivers for \$99 that were priced at \$299 just 20 months ago, Chief Executive Officer Ed Stack said this week on a conference call. Golf sales missed Dick's target about \$34 million in first quarter.



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Callaway warned that full-year profit could come in at the low end of its previous... [Read More](#)

"We don't feel we've found the bottom yet in the golf sales number," Stack said.

Deep Discounts?

The bleak outlook rippled through the golf industry. Shares of Callaway, a Carlsbad, California-based maker of [golf clubs](#), tumbled 9 percent to \$7.60 on May 20. Callaway, which sells the Big Bertha driver, had delivered its own dim forecast last month. The company warned that full-year

profit could come in at the low end of its previous guidance, especially if discounting is heavier than expected.

“We anticipate a heavy promotional environment while the industry works through excess inventory,” CEO Chip Brewer said on a conference call in April. The company hasn’t reported an annual profit since 2008.

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TaylorMade, the Adidas AG-owned brand that makes clubs and golf accessories, also is suffering. The business saw a 34 percent sales drop in the first quarter, Adidas said earlier this month. Still, not all golf equipment is in decline. Overall, manufacturers’ sales rose 1.2 percent last year, according to the Sports & Fitness Industry Association. While sales of golf balls fell 4.9 percent, clubs grew 4.2 percent.

## Younger Generation

Though cold weather and the sluggish economy are providing temporary headwinds, a generational shift may be a bigger cause for concern. The sport is suffering the biggest decline from younger players, according to the National Golf Foundation, with 200,000 players under 35 abandoning the game last year.

“Everybody’s hooked up to their handhelds, so it’s social networking instead of sports,” said Gerald Celente, publisher of the Trends Journal in Kingston, New York. The motivation for wannabe executives to spend hours chasing small balls no longer exists, he said.

“It’s something that’s associated with boom times,” he said. “Most of society’s not moving up, and golf is associated with moving up.”

Woods, 38, helped draw younger players to the game, though his personal challenges may have reduced his influence. He divorced his wife of four years in 2010 after admitting marital infidelity and has suffered a series of injuries.

## Fewer Courses

There also are fewer places to play golf these days. Only 14 new courses were built in the U.S. last year, while almost 160 shut down, the National Golf Foundation said. Last year marked the eighth straight year that more courses closed than opened.

The people sticking with the sport are playing fewer rounds than before, often opting for nine holes rather than 18. In total, U.S. golfers played 462 million rounds last year, according to Golf Datatech. That was the fewest number since 1995.

“Golf has been a crummy business for a long time,” said [Paul Swinand](#), an analyst at Morningstar Inc. in [Chicago](#).

Golf advocates are doing their best to attract younger players, though. Some courses have even added wider holes to make the sport less intimidating, with a Golf.com story last month [asking](#), “Could a 15-inch hole be the answer to golf’s growth problem?”

## Hack Golf

TaylorMade sponsored a 15-inch cup tournament last month, aiming to make the sport faster and easier. The brand also co-sponsors a website with the PGA of America with the goal of “crowdsourcing the future of golf.” The site endorses Hack Golf, a movement to figure out the parts of golf that aren’t fun and fix them.

Even with the decline in participation, the sport of golf may be healthier than people think, said Casey Alexander, a New York-based analyst at Gilford Securities Inc. With better weather, the number of rounds played is likely to rebound -- along with sales, he said. Growing interest in golf in [Asia](#) could also help offset a slump in the U.S.

“In Asia, golf is growing just fine,” Alexander said.

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