

YANOLJA RESEARCH INSIGHTS

Current State and Future Challenges of the Golf Industry

An abstract graphic consisting of several concentric circles in shades of purple and blue. Small dots of the same colors are placed at various points along the circles, creating a sense of motion or orbit. The circles are centered around the 'YR' logo.

YR

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Current State and Future Challenges of the Golf Industry

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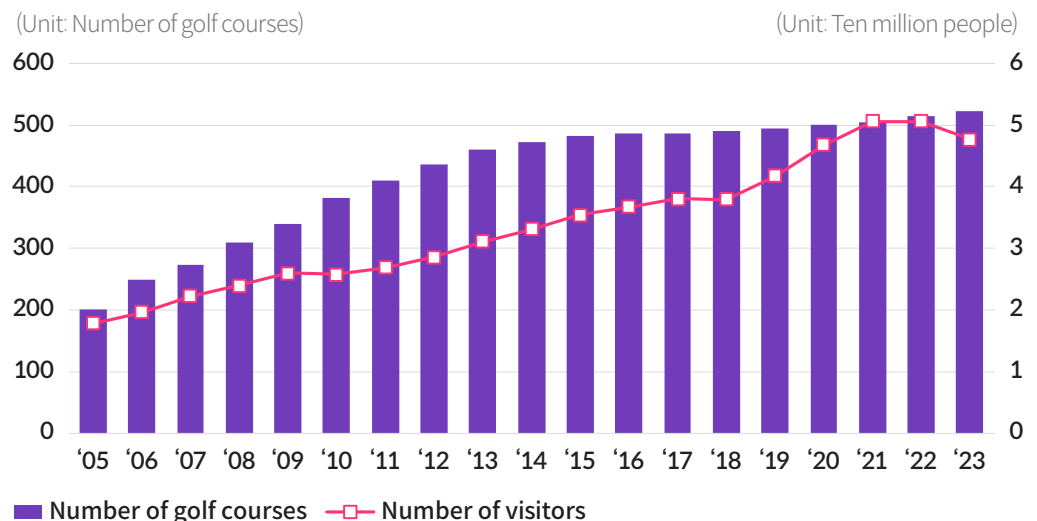
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In a report published last year by Yanolja Research titled “COVID-19, the Surge in the Golf Industry, and the Post-Endemic Outlook”, the golf industry was highlighted as one that thrived during the COVID-19 pandemic. According to the report, the number of golf course users increased by approximately 10% annually during the pandemic. In 2021, the number of annual users surpassed 50 million, setting a new record. This growth was driven by the influx of women and younger people into the sport. Additionally, golf emerged as a substitute for overseas travel, with the industry absorbing some of the demand for international trips. However, as the world transitions to an endemic phase, with international travel and overseas golf now possible, domestic golf demand is expected to gradually decrease. Indeed, in the first half of 2023, golf-related spending in South Korea decreased compared to the same period the previous year.

A Decline in Domestic Golf Demand

For the first time in 2023, domestic golf demand showed a decline. According to data from the Korea Golf Course Management Association, the number of golf course users in the country had either steadily increased or remained stable since 2005. However, in 2023, the total number of golf course users nationwide was 47.72 million, representing a 5.7% decrease compared to 2022. The number of users per hole also decreased by 7.9%, from 5,006 in 2022 to 4,610 in 2023. Meanwhile, the number of golf courses increased, with 522 courses in 2023, up by eight from the previous year. This indicates that while supply continues to rise, demand is actually declining.

Nationwide Golf Course Usage Status



Source: KGBA

The region with the most significant decrease in demand was Jeju. In 2023, the number of golf course users in Jeju was 2.39 million, a 15% decrease compared to the previous year. Other regions also saw declines. On a per-hole basis, the number of users decreased by 13.1% in Jeonnam, 10.9% in both Gangwon and Chungbuk, and slightly less in Gyeonggi (-5.7%), Gyeongbuk (-5.8%), and Gyeongnam (-3.1%), which are regions near Seoul, Daegu, and Busan.

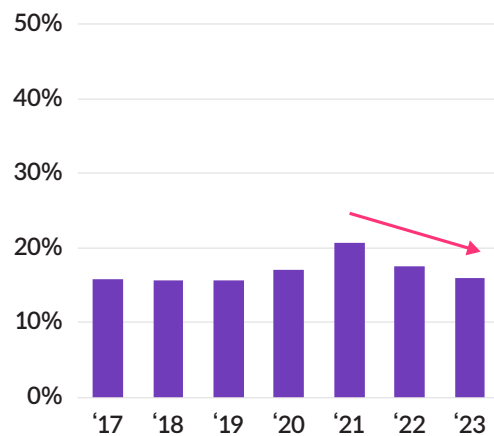
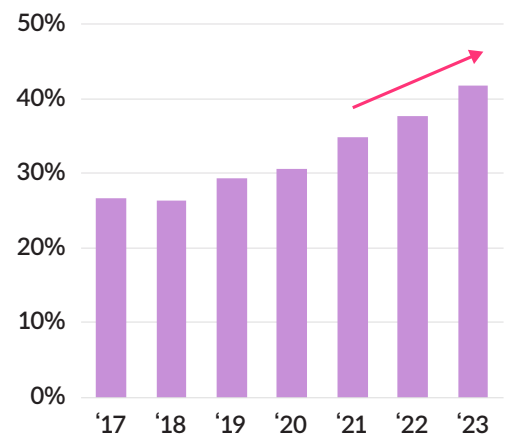
Status of Golf Course Users by Region

Region	Number of golf courses		Number of holes		Number of visitors		Number of users per hole	
Gangwon	58	1.8%	1,184	4.9%	4,401,815	-6.5%	3,718	-10.9%
Gyeonggi	168	0.0%	3,479	1.3%	16,351,450	-4.5%	4,700	-5.7%
Gyeongbuk	57	0.0%	1,050	0.0%	5,995,603	-5.8%	5,710	-5.8%
Gyeongnam	55	1.9%	1,125	1.6%	6,194,244	-1.6%	5,506	-3.1%
Chungbuk	41	5.1%	846	5.6%	3,925,863	-5.9%	4,641	-10.9%
Chungnam	30	3.4%	561	5.6%	2,636,103	-4.2%	4,699	-9.3%
Jeonbuk	25	0.0%	483	-0.2%	1,952,653	-10.0%	4,043	-9.8%
Jeonnam	47	6.8%	897	6.4%	3,869,163	-7.6%	4,313	-13.1%
Jeju	41	0.0%	726	0.0%	2,395,766	-15.0%	3,300	-15.0%
Nation	522	1.6%	10,351	2.4%	47,722,660	-5.7%	4,610	-7.9%

Source: KGBA

Domestic Golfers Heading Overseas

It seems that some golfers who were confined to domestic play during the pandemic have begun traveling abroad. According to the Consumer Insight “Weekly Travel Behavior and Plans Survey,” 20.7% of those who traveled domestically for leisure or sports in 2021 played golf. However, this figure decreased to 17.6% in 2022 and further to 16% in 2023, showing a downward trend from 2021. In contrast, a different pattern emerged among those who traveled overseas. In 2021, 34.9% of those who traveled abroad for leisure or sports played golf. This percentage increased by 2.7 percentage points to 37.6% in 2022, and by 4.1 percentage points to 41.7% in 2023. This indicates that while domestic golf travel demand is steadily declining post-pandemic, overseas golf travel demand is gradually increasing.

Domestic golf travel**Overseas golf travel**

Note: The proportion of people who played golf among those who traveled domestically or internationally for leisure and sports activities.

Source: ConsumerInsight

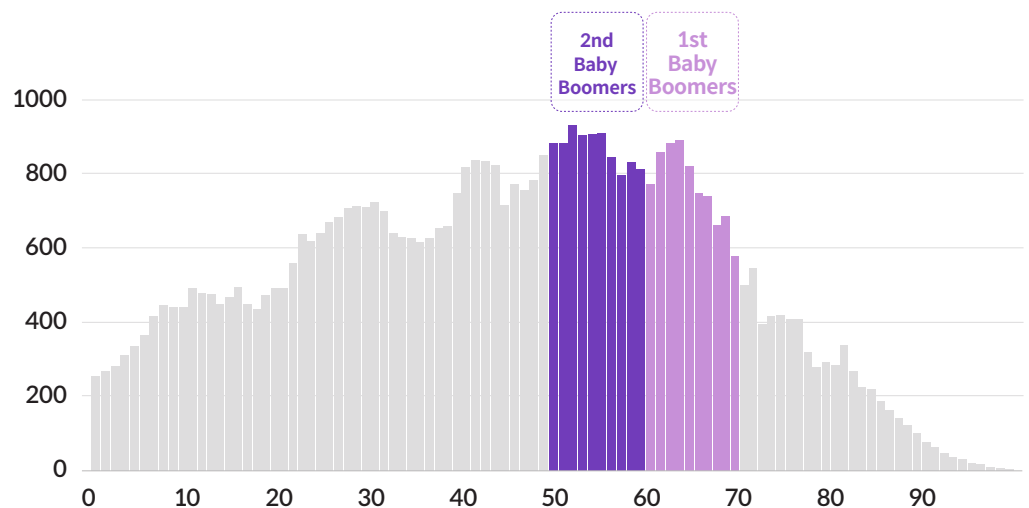
The primary reason for this shift is cost. Many domestic golfers have expressed dissatisfaction with the rising green fees during the pandemic. According to a “2024 Golf Industry Planning Survey” conducted by market research firm Embrain, 82.7% of the 3,000 adults aged 20-59 who played at least one round of golf in 2023 believed that domestic golf course fees had become more expensive in recent years. In contrast, the cost of playing golf in popular overseas destinations, such as Southeast Asia, is significantly cheaper than in South Korea. According to global golf tech company AGL, the average cost for an 18-hole round at an overseas golf course, including cart and caddie fees, is about 151,000 KRW. Considering that domestic golf rounding costs per person range from 250,000 to 300,000 KRW, playing overseas is perceived as a more reasonable option. Additionally, golfers are drawn to the idea of combining their golf trips with broader travel experiences abroad.

Furthermore, there has been a rise in the number of golfers looking to save on the recently increased golf costs. In the same survey by Embrain, 82.3% of respondents expressed their willingness to use no-caddie (self-rounding) options. This preference was particularly strong among middle-aged golfers, the main consumer group in the golf industry. While 72.9% of men in their 20s and 75.1% of men in their 30s showed an inclination for no-caddie rounds, the figure was higher among men in their 40s (83.5%) and 50s (86.6%). Women also exhibited a similar pattern, with 86.4% of those in their 40s, 85.0% of those in their 50s, 82.8% of those in their 30s, and 72.8% of those in their 20s expressing an interest. The 4050 generation likely finds no-caddie play attractive due to their extensive golf experience, allowing them to play smoothly without assistance, and the appeal of reduced costs. A similar trend was observed regarding the use of self-carts. The preference for no-caddie and self-cart options is likely to continue in the future.

Projected Decline in Demand Due to Baby Boomer Retirement

The decline in domestic golf demand is only just beginning when viewed from a demographic perspective. The retirement of the Baby Boomer generation is now in full swing. The first wave of Baby Boomers, born between 1955 and 1963, has already reached the official retirement age of 60. Following them, the second wave of Baby Boomers, born between 1964 and 1974, is also gradually entering retirement. The first wave comprises approximately 7.05 million people, and the second wave around 9.54 million people, representing 13.7% and 18.6% of the total population, respectively. According to a report by the Bank of Korea, the retirement of the first wave of Baby Boomers led to a 0.33 percentage point reduction in the annual economic growth rate between 2015 and 2023 due to the shrinking labor force. The retirement of the larger second wave of Baby Boomers could have an even more significant impact. Under a scenario where the current employment rate among those in their 60s is maintained, it is estimated that the retirement of the second wave will lead to a 0.38 percentage point reduction in the annual economic growth rate from 2024 to 2034.

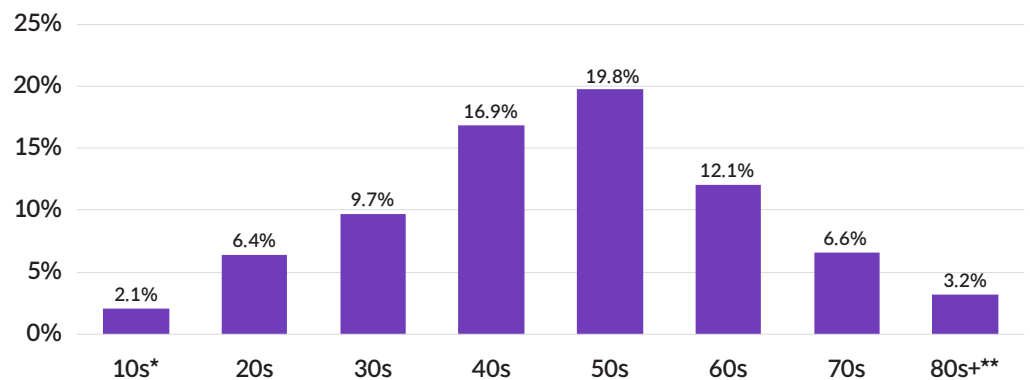
Population by Age Group (as of December 2023)



Source: KOSTAT

As the retirement of the Baby Boomers is expected to shock the Korean economy, it is also likely to have a substantial impact on the golf industry. The Baby Boomer generation has been a key customer base for the domestic golf industry, with many owning golf club memberships or regularly enjoying golf rounds. However, retirement brings significant economic changes for this group. With the disappearance of regular salaries and increased reliance on pensions or savings, their consumption patterns are likely to change. In particular, spending on high-cost leisure activities such as golf is expected to decrease.

Golf Usage Rate by Age Group



Source: KOSTAT 'Social Survey'

Note 1: The term "10s" includes individuals aged 13 to 19.

Note 2: The golf usage rate for individuals aged 80 and above has a relative standard error between 25% and 50%, indicating a lower level of reliability.

According to the 2023 Social Survey, the highest golf course usage rates were found among middle-aged groups, with 19.8% for those in their 50s and 16.9% for those in their 40s. However, usage drops to 12.1% for those in their 60s, a decrease of 7.7 percentage points from those in their 50s. Among those in their 70s, the usage rate further decreases to 6.6%, indicating a significant decline.

As golf course usage rates decrease, related industries will also be affected, with anticipated drops in demand for golf equipment, apparel, and accessories. Fortunately, the second wave of Baby Boomers is in a relatively better financial position than the first wave, with higher income and asset levels, as well as greater demand for social and cultural activities. They also show a stronger intention to continue working after retirement. Therefore, it is relatively unlikely that their golf participation rate will drop as sharply as that of the current 60-something generation over the next decade. Nevertheless, it is clear that long-term demand reduction due to demographic changes is unavoidable, and proactive measures will be necessary.

2 According to the 2023 May Supplementary Survey on the Economically Active Population for the Elderly, the proportion of respondents aged 55 to 79 who expressed a desire to continue working increased from 59.2% in 2012 to 68.5% in 2023. Additionally, the average desired retirement age rose from 71.7 years to 73.0 years.

The Need for Sustainability-Focused Strategies in the Golf Industry

As previously mentioned, the long-term decline in golf demand due to demographic changes is approaching. Golf courses, particularly those located far from metropolitan areas and major cities, are likely to feel the impact of this demand decline more acutely. Without proper response, some golf courses may struggle to cover their high maintenance costs and may eventually close due to declining profitability. There are about ten years left until the second wave of Baby Boomers reaches retirement age. From now on, the golf industry must develop effective strategies to address the upcoming decline in demand.

1.

Establishing an
Aggressive Pricing
Strategy

2.

Collaborating with
Other Businesses

3.

Offering Various
Forms of Golf

Establishing an Aggressive Pricing Strategy

Golf is still perceived as an expensive sport by many. Costs include not only green fees, cart fees, and caddie fees but also the expenses of purchasing various golf equipment and gear. Existing golfers may already feel burdened by the high prices, and for new golfers, this can be even more daunting.

One of the most effective ways to increase demand is through pricing strategies. Rather than indiscriminately lowering prices, differentiated pricing policies should be introduced. For example, offering various pricing options based on weekdays and weekends, peak and off-peak seasons, and different times of the day could be effective. Significant discounts could be applied during off-peak times, such as weekday daytime or off-season, to maximize course utilization during low-demand periods. On the other hand, higher fees could be applied on weekends or during peak seasons, accompanied by special services or events to provide a valuable experience.

Collaborating with Other Businesses

Golf courses are often located far from city centers, requiring visitors to travel long distances by car. Therefore, it is essential to create incentives for visitors traveling from distant areas. For instance, partnerships with nearby accommodations could be considered. Providing lodging options for golfers traveling long distances would alleviate the burden of having to make a day trip.

Offering integrated package deals that include golf, lodging, and meals could provide greater value to visitors. Additionally, transportation convenience could be improved by offering shuttle bus services for golfers coming from distant areas or partnering with rental car services to offer discounted rates. Linking golf courses with local tourism resources is also worth considering. Traveling to a different region for a golf outing can itself be a form of tourism. By developing packages that connect golf courses with nearby tourist attractions, cultural heritage sites, and natural scenery, the golf industry can contribute to regional economic revitalization. While golfers stay in the area, they are likely to use various local businesses such as accommodations and restaurants, positively impacting the local economy.

Offering Various Forms of Golf

Traditional 18-hole golf requires significant time and cost. To address this, offering various types of golf programs could be a viable solution. For example, the recently popularized sport of park golf could serve as a benchmark. Park golf is played with just a ball and a club. The courses are relatively short, and the physical strain is minimal. The cost of playing is also very low, around 10,000 won, and the rules are simple. Unlike traditional golf, park golf can be played in parks, making it highly accessible. For these reasons, park golf is particularly attractive to the elderly, as it allows for aerobic exercise while walking, and the risk of injury is low.

Drawing inspiration from this, offering shorter rounds of golf could be another approach. Allowing shorter rounds of 6 or 9 holes instead of the traditional 18 holes could reduce the burden on players. Especially for courses targeting seniors, it would be beneficial to create courses where players can walk rather than use carts, similar to park golf. The shortened courses would reduce both the time and financial burden. Younger golfers, who face greater financial constraints, might also favor these options.

Now is the time for the golf industry to make strategic moves to ensure its sustainability. It is necessary to establish proactive pricing strategies, pursue simultaneous marketing and collaboration with related businesses, and offer diverse golf experiences to consumers. By doing so, the appeal of golf courses can be maximized, and participation from various segments of society can be encouraged. Moreover, there is a need to position golf not just as a sport but as a comprehensive leisure activity with cultural and economic value, linked to tourism. By implementing these multifaceted efforts, the golf industry can pursue sustainability for the future.

* To reference this article please use the below citation.
 “Yukyeong Choi (2024), Current State and Future Challenges of the Golf Industry,
 Yanolja Research Insights, Vol.17.”

3 Park golf is a combination of the words “park” and “golf,” referring to a type of golf that can be easily enjoyed in a park setting. This sport originated in 1983 in the Hokkaido region of Japan, but it has gained even greater popularity in South Korea than in its country of origin. According to the Korea Park Golf Association, as of the first half of 2024, there are 398 park golf courses nationwide. The association’s membership was only 45,478 in 2020. However, during the COVID-19 pandemic, the number of members increased significantly, reaching 142,664 by 2023.

Appendix

Key Economic Indicators

Indicator	Statistics	Measure	2018	2019	2020	2021	2022	23.05	23.06	23.07	23.08	23.09	23.10	23.11	23.12	24.01	24.02	24.03	24.04	24.05	24.06
General Economics	GDP Growth Rate ¹	Real GDP Growth(%)	3.2	2.3	-0.7	4.6	2.7	-	-	0.8(Q3)	-	-	0.5(Q4)	-	-	1.3(Q1)	-	-	-0.2(Q2)	-	-
		Private Consumption Growth(%)	3.3	2.4	-4.6	3.7	4.2	-	-	0.1(Q3)	-	-	0.4(Q4)	-	-	0.7(Q1)	-	-	-0.2(Q2)	-	-
	Composite Indexes of Business Indicators ²	Leading Indicator	94.3*	96.0*	100.0*	106.3*	108.7*	109.8	110.5	111.1	111.4	111.8	112.4	113.0	113.4	113.7	114.2	114.3	114.9	115.1	-
		Coincident Indicator	98.3*	99.7*	100.0*	103.7*	108.2*	110.4	110.5	110.3	110.4	110.5	110.9	111.0	111.1	111.5	112.0	111.9	112.0	111.5	-
		Lagging Indicator	95.1*	97.9*	100.0*	103.6*	109.3*	113.2	113.4	113.4	113.4	113.6	114.0	114.2	114.4	114.4	114.6	114.8	115.1	115.2	-
Business Trends	Business Survey Index ³	Total	94.1*	90.8*	81.5*	101.4*	94.0*	93.8	90.9	95.5	93.5	96.9	90.6	90.1	94.0	91.1	92.3	97.0	98.6	94.9	95.5
		Non-manufacturing	96.9*	93.6*	84.2*	100.6*	96.1*	93.3	90.9	101.6	95.2	95.1	93.3	91.1	100.5	95.2	92.9	93.5	98.9	94.1	95.2
		Leisure/Hospitality	-	-	-	99.5*	89.7*	107.1	100.0	128.6	123.1	100.0	76.9	100.0	128.6	107.1	114.3	100.0	121.4	128.6	85.7
	Business Survey Index by Industry ⁴	Total	78*	73*	65*	84*	82*	74	76	75	73	73	73	69	69	68	69	72	71	73	74
		Accommodation	78*	70*	30*	48*	85*	94	85	88	96	76	78	81	78	75	53	60	72	86	75
	SME Business Outlook Survey ⁵	Total	87.8*	83.6*	70.7*	77.8*	82.7*	83.8	81.1	79.1	79.7	83.7	82.7	80.7	78.8	77.5	75.4	81.8	81.0	79.2	79.4
		Food/Accommodation	87.7*	82.0*	60.7*	57.8*	80.9*	95.5	96.6	88.6	89.3	87.0	92.2	90.5	86.9	86.1	86.3	85.4	85.9	93.7	88.2
	Consumer Survey Index ⁶	Consumer Confidence Index	104*	99*	88*	103*	96*	98	101	103	103	100	98	97	100	102	102	101	101	98	101
		Consumer Expenditure Outlook	108*	108*	97*	108*	111*	111	113	113	113	112	113	111	111	111	111	111	110	109	109
		Travel Expenditure Outlook	94*	90*	71*	86*	93*	99	101	101	99	97	95	93	95	96	95	97	97	96	99
		Entertainment Expenditure Outlook	91*	91*	80*	89*	92*	94	96	95	95	94	93	91	92	94	93	93	94	92	93
		F&B Expenditure Outlook	93*	91*	83*	92*	94*	96	97	97	99	96	94	92	95	96	95	95	96	94	95
	Production Index of Service Sector ⁷	Total	100.6	102.0	100.0	105.0	112.3	114.7	118.5	114.7	114.6	116.1	115.2	116.9	130.9	113.8	109.6	118.6	116.0	117.3	-
		Accommodation	150.2	149.7	100.0	111.3	139.0	151.4	149.6	151.4	151.1	146.2	156.8	144.4	147.8	126.7	125.1	129.9	138.2	147.0	-
		Food & Beverage	120.7	119.4	100.0	100.7	116.6	120.9	116.2	119.5	119.5	114.7	116.6	112.3	124.4	112.7	105.9	117.5	115.0	120.3	-
Prices	Consumer Price Index ⁸	Total	99.09	99.47	100.00	102.50	107.72	111.13	111.16	111.29	112.28	112.85	113.27	112.68	112.73	113.17	113.78	113.95	114.01	114.10	113.84
		Hotel	108.91	106.51	100.00	99.82	108.71	116.16	114.71	122.48	131.17	116.12	120.47	115.22	125.47	111.90	112.71	114.12	118.11	120.02	120.29
		Motel	101.28	101.43	100.00	98.39	101.64	105.64	105.88	106.87	107.65	106.58	107.54	107.22	107.17	107.24	107.16	106.81	107.72	107.13	107.34
		Resort	101.21	102.29	100.00	99.86	102.43	104	104.52	120.55	144.08	109.24	106.72	99.16	123.53	119.09	109.93	105.43	105.37	111.34	108.28
		Recreational Facilities	81.99	84.36	100.00	102.65	108.58	109.95	110.02	128.36	134.76	111.77	109.55	106.00	111.36	106.12	110.85	108.41	106.77	110.56	112.83
	Producer Price Index ⁹	Total	100.43	100.46	100.00	106.38	115.29	116.53	116.27	116.53	117.5	118.03	117.86	117.41	117.56	118.19	118.55	118.82	119.16	119.25	119.19
		Accommodation service	105.06	104.15	100.00	99.55	105.65	111.73	110.89	117.19	124.78	112.57	115.14	111.28	119.66	111.77	111.01	111.07	113.52	115.12	114.95
		Hotel	108.79	106.52	100.00	100.00	108.89	117.03	115.3	123.25	132.26	117.15	121.71	116.37	126.71	113.00	113.82	115.24	119.27	121.21	121.48
		Motel	101.27	101.43	100.00	98.49	101.82	105.75	106.02	106.96	107.61	106.64	107.57	107.27	107.22	107.30	107.21	106.86	107.77	107.18	107.39
		Resort	101.34	102.30	100.00	100.34	103.24	106.40	106.61	121.36	143.5	110.75	108.62	100.99	125.81	121.29	111.96	107.38	107.32	113.39	110.27
Labor	Economically Active Population Survey ¹⁰	Unemployment Rate(%)	3.8	3.8	4.0	3.7	2.9	2.7	2.7	2.7	2.0	2.3	2.1	2.3	3.3	3.7	3.2	3.0	3.0	3.0	2.9
Tourism	Tourism Balance ¹¹	Employment Rate(%)	60.7	60.9	60.1	60.5	62.1	63.5	63.5	63.2	63.1	63.2	63.3	63.1	61.7	61.0	61.6	62.4	63.0	63.5	63.5
		Total Tourism Balance(\$M)	-13,066	-8,516	-3,175	-4,329	-5,715	-597	-1,098	-1,179	-772	-750	-434	-1,077	-1,067	-1,169	-1,206	-906	-660	-684	-
		Total Tourism Income(\$M)	18,462	20,745	10,181	10,623	12,241	1,438	1,183	1,125	1,362	1,309	1,663	1,302	1,224	1,226	999	1,235	1,462	1,469	-
	Immigration ¹²	Total Tourism Expenditure(\$M)	31,528	29,261	13,356	14,951	17,956	2,035	2,281	2,304	2,134	2,059	2,097	2,380	2,291	2,395	2,206	2,141	2,122	2,153	-
		Number of Outbound Travelers(K)	28,696	28,714	4,276	1,223	6,554	1,683	1,772	2,154	2,093	2,017	2,043	2,062	2,416	2,771	2,512	2,142	2,111	2,268	-
Currency	Exchange Rate ¹³	Number of Inbound Travelers(K)	15,347	17,503	2,519	967	3,198	867	961	1,032	1,089	1,098	1,230	1,115	1,037	881	1,030	1,492	1,463	1,418	-
		USD	1,100.30	1,165.65	1,180.05	1,144.42	1,291.95	1,328.21	1,296.71	1,286.30	1,318.47	1,329.47	1,350.69	1,310.39	1,303.98	1,323.57	1,331.74	1,330.70	1,367.83	1,365.39	1,380.13
		EUR	1,298.63	1,304.81	1,345.99	1,352.79	1,357.38	1,444.20	1,405.98	1,421.87	1,439.04	1,422.61	1,427.31	1,415.59	1,422.28	1,444.12	1,437.52	1,447.27	1,466.77	1,476.24	1,485.57
		JPY	996.27	1,069.75	1,105.07	1,041.45	983.44	969.37	918.39	911.74	911.4	901.65	903.72	874.28	904.83	906.71	891.08	889.12	889.97	875.88	874.32
		CNY	166.40	168.58	170.88	177.43	191.57	190.02	180.99	178.60	181.78	182.11	184.62	180.86	182.29	184.41	184.82	184.48	188.52	188.54	189.80

*This index should be interpreted with caution because the value is calculated by averaging monthly or quarterly indices in Yanolja Research.

1) The bank of Korea, QoQ(%)

2) KOSTAT, 2020 = 100

3) The Federation of Korean Industries; If the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those that do not; "Leisure/ Accommodation and Food Services" sector was not surveyed before 2021.

4) The Bank of Korea; Index range = 0~200, If the index is above 100, the number of companies with a positive outlook is greater than that with a negative outlook.

5) Ministry of SMEs and Startups; If the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those that do not.

6) The bank of Korea; Index range = 0~200, If the index is above(below) 100, consumers sense that overall economic situation is better(worse) than average.

7) KOSTAT, 2020 = 100, Constant

8) KOSTAT, 2020 = 100

9) KOSTAT, 2020= 100

10) KOSTAT; Surveys the unemployment rate(%) and employment rate(%) among the economically active population aged 15 and over.

11) The Bank of Korea

12) Korea Tourism Organization DataLab

13) Hana Bank; Based on the sales base rate



Date of Publication : July 29, 2024 | Publisher : Yanolja Research

Address : 4th Floor, MDM Tower, 42, Teheran-ro 108-gil, Gangnam-gu, Seoul, South Korea

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