



Basics of Tee Time Distribution and Third Parties

Online bookings, both desktop and mobile, are the standard today in the hotel, airline, rental car and cruise line industries. More than 70% of all leisure hotel reservations today are made online through either the hotel's own website or through online travel agencies (OTAs) such as Expedia, Priceline or Orbitz. In excess of 50% of the online reservations in the hotel industry are made through the through these OTAs.

It is clear that the ancillary services associated with travel, spa reservations, golf reservations, dining and other such services will be one of the next categories to make the move to online booking. While only a small portion of golf tee times are currently booked online, if history repeats itself, over the next few years the percentage of golf tee times booked online will mirror the hotel industry. In addition to the travel component of tee time reservations, a growing number of local customers check availability and costs of local courses online. Combining these two elements make a strong case that the golf course community is poised to enter online booking in a substantial way in the years to come.

The National Golf Course Owners Association (NGCOA) has identified the need to educate its members, and the industry as a whole, not only about the trends and opportunities of online booking, but to also assist members in avoiding the pitfalls encountered by the hotel and airline industries as they entered the online booking arena in the late 1990s. In June 2015, the NGCOA issued guidelines, which have the full endorsement of the PGA of America, for online agent (aka, third-party tee time reseller) distribution of tee time reservations. The guidelines set forth best practices that online agents should adhere to when negotiating contracts with golf course owners and operators.

In order to understand the guidelines and their implications, the association is providing this primer detailing the distribution of tee time inventory online.

Key Elements in the Distribution Chain

Tee Sheet Software—Today, the majority of golf course owners and operators utilize some manner of electronic means to manage their tee times. There are more than 14 software vendors of this type of software. Typically, the software assists the golf course owner/operator in taking reservations, controlling their customer loyalty base, managing rates, and blocking group reservations.

Point-of-Sale (POS) System – Often combined with the tee sheet software, this is another software program allows the golf course owner/operator to manage his or her pro shop. It can also be used to manage the dining facility's inventory and post the sales of retail or food and beverage items to the customer's credit card. In addition, the system may provide data on inventory, cost of sales and other management data.

Online Booking Engine– The majority of tee sheet software programs provide the golf course owner/operator with an online booking engine he or she can incorporate into the course's proprietary website. The booking engine is an extension of the tee sheet reservation system, and as such provides an online shopper with real-time availability and pricing. The interface between the online booking engine and the tee sheet software allows an online booking to instantaneously update the inventory of the tee sheet software.

Two-Way Interface–This term is used to describe the electronic connection between a tee sheet software and a third-party website. It allows the website to read availability and pricing in real time and communicate to the tee sheet software any transactions that are completed on the website.

Extranet Site– This is a site created by a third party that enables the golf course owner/operator who does not have a two-way interface written for his or her course website to post inventory, pricing and availability to the third-party site. Without the two-way interface, the course owner/operator is required to manage the inventory and reservations manually through this extranet site. The primary pitfalls of this approach are the potential to miss a reservation made through the third-party site or not closing out inventory on the third-party site when the course owner/operator has fully subscribed his or her inventory on a certain day.

Online Agents– There are many companies today that offer online booking of multiple golf courses through their own websites. These companies, through arrangements with golf course owners/operators, offer tee times to the public. Online agents are compensated for bookings through commissions, booking fees or barter tee times. Some collect the course fees on their website. Others only communicate to the course owner/operator through a two-way interface or extranet site. In these cases, the online agent typically shares the reservation and credit card information and charges the customer or golf course a facilitation fee. Many of the online agents are also vendors of tee sheet software, which creates a closed loop of forward distribution of golf tee times.

Forward Distribution Partners– Many Online Agents have collaborated with other websites to offer the inventory of their golf course partners to those sites. Once an online agent has inventory and pricing from a golf course, it only requires a simple interface to “forward distribute” that inventory to other third-party sites. Typically, the online agent will share with the partner the commission paid by the golf course for a booking. By using forward

distribution partners, the online agents expand their reach and marketing by using the popularity of the partner website.

Barter Tee Times– Some golf course owners/operators use their tee time inventory as a currency to pay for tee sheet software, booking engine functionality and online agent compensation. These tee times are then offered on the third-party sites at a rate to the consumer. The consumer pays the third-party site for the tee time, and the third party keeps the monies as payment for the services they provide the golf course owner/operator. This practice is generally employed when the tee sheet software and the third-party online agent are one in the same company.

Rate Parity–This is a term used to describe the need to have consistent rates posted on the golf course’s website and those of any third parties selling that course’s tee time inventory. Having different rates for the same tee time slot on the same day on various sites confuses the consumer and leads to a lack of confidence in the site with the higher rate. In the early days of the hotel industry’s entrance into the online world, consumers found different rates on different sites (the hotel site, the OTAs and others). This created a scenario in which the average consumer had to visit at as many as seven different sites before making a booking to ensure they were getting the best possible rate. **The NGCOA wants its members to not encounter the same lack of confidence by consumers.**

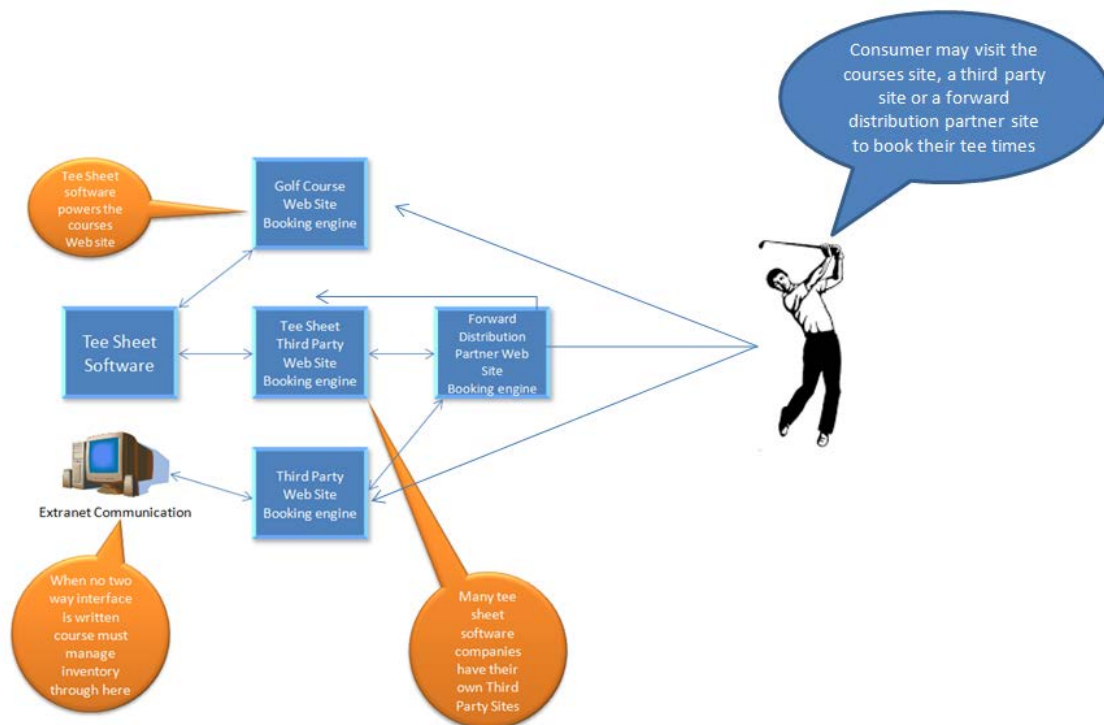
Channel Management– This term describes the ability of a golf course owner/operator to open and close his or her course’s inventory on any third-party website through the course’s tee sheet software. This is critical for a course owner/operator to minimize distribution costs and maximize yield in peak demand periods.

Search engine marketing (SEM)–This is a form of Internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages (SERPs) through optimization and advertising. SEM may use search engine optimization (SEO), which adjusts or rewrites website content to achieve a higher ranking in search engine results pages, or use pay per click (PPC) listings.

Distribution of Tee Time Inventory

The chart below outlines the flow of tee time inventory.

1. The golf course owner/operator's website houses his or her tee sheet software, which is powered either through a server or a cloud-based system.
2. The owner/operator offers inventory on the course's website using the booking engine provided by the tee sheet software company.
3. Many of the tee sheet companies have their own proprietary, third-party websites, making them not only software vendors but also Online Agents.
4. The course's inventory is connected to these types of sites via a two-way interface.
5. The software company's website(s) then partners with forward distribution partners and embed their booking engine into the partner's site(s).
6. In the cases where the course owner/operator has a distribution arrangement with a non-affiliated Online Agent that has no two-way interface, the golf course owner/operator uses an extranet site to upload inventory and receive reservations.





Opportunities and Pitfalls

The NGCOA, through the newly issued guidelines for the online agent distribution of tee time reservations, is striving to educate its members on the opportunities and pitfalls of online agent distribution. The opportunities for the course owner and operator are clear. They include:

- greater tee time utilization;
- the ability to locate and service new customers; and
- increased overall revenue and a better bottom line.

The pitfalls are not as apparent, but include:

- Inconsistent display of information by online agents. This may include incorrect information, display bias by the online agent for one course over another, unfortunate and fraudulent course ratings on a third-party site, and lack of transparency of fees and charges to a consumer using an online agent.
- Lack of pricing integrity on third-party sites. In some cases, a course's bartered tee times may be listed on a third-party site at a lower rate than the posted rate on the course's own site. This causes confusion with the consumer and creates a lack of confidence in the course's own web site.
- Pirate or ambush marketing. In some cases, a third-party site or a forward distribution partner of an Online Agent seeks to drive consumers to the third-party site by using the course's name in search engine marketing (SEM) without the course owner/operator's permission.
- Loss of control of the customer relationship. Every course owner/operator wants to have an ongoing relationship with his or her customers. However, when a new customer books a tee time through an online agent or their forward distribution partner, the Online Agent may not share the customer data with the course owner/operator. In some cases, the Online Agent may in fact create a loyalty or points program with that customer to ensure he or she returns to the third-party site rather than the course's own site for future bookings, thereby creating a barrier to the course owner/operator in establishing a deeper relationship with the customer.