Galaxy, a Minnesota-based specialty chain, says of EZ-Tech.

Zanatta believes that further enhances the brand's appeal to serious players, and in turn, it has allowed Ashworth to command higher prices.

"We've actually raised our prices," Herrel says. "We really think that's the way to go. The consumer today wants more technical, innovative, fashionable products."

Much of the company's growth, however, will come outside of the traditional golf shops where Ashworth built its business. Department stores now represent the fastest-growing segment of the company's distribution, growing 27 percent in 2004, according to Corydon's estimates, and he expects the company to expand its business in those accounts.

Herrel says about 500 department stores have Ashworth shops, and about half that many have Callaway apparel shops.

"Our real goal with resort shops (in department stores) is to do better consumer presentations and brand presentations, so that when a consumer walks by, he'll understand (the brands)," Herrel says.

But he's quick to note that department stores still account for less than 20 percent of revenues, cognizant that this is a sensitive subject among Ashworth's core golf accounts.

Ashworth's expansion into department stores is viewed favorably by some, less so by others. Some, like Veasey, believe it enhances the brand's stature. But Gina Anson, director of national accounts at Western Golf Properties, views the company's department store business as detrimental to her green-grass shops.

"That will hurt us," says Anson, who has been trying to expand her business with Ashworth.

Still, the expansion beyond golf shops has allowed Pearson and Ashworth's reconfigured design team to create more products that golfers can wear when they're not golfing. She says her design team's mandate is, "If a golfer isn't going to wear it, it doesn't fit in our world."

(Joey Rodolfo, vice president of design for the Callaway line, left Ashworth this month for rival Tommy Bahama, which is based in his hometown of Seattle. And Eddie Fadel, senior vice president of merchandising and design, left late last year and now works for Ahead. Asked about his departure from Ashworth, Fadel cited "philosophical differences," adding that "there were other things that I wanted to do with my career that I could no longer do there." Herrel says the departures were unrelated, adding, "I hated to see them go.")

Coming off back-to-back years of record earnings, Herrel is thinking big. He says he came close to several acquisitions earlier in his tenure at Ashworth, only to back off. But after buying Gekko, he says he's "pretty confident" about further expanding the company's portfolio.

"We're going to more aggressively look for additional acquisitions," Herrel says, adding that Ashworth "already has been onsite with a couple" of possible targets. ❍

NGF: Golf industry in 'uncomfortable equilibrium'

By Mike Mazur

With new course construction slowing and participation levels essentially flat, a once-reeling golf industry has tenuously settled into a state of "uncomfortable equilibrium," according to the National Golf Foundation.

That was the good news, if it could be categorized as such, that emerged from an NGF presentation at the inaugural Golf Industry Show held Feb. 10-12 at the Orange County Convention Center in Orlando, Fla.

Rounds played in 2004 increased marginally compared with the previous year, up 0.7 percent, ending three consecutive years of decline, according to the NGF's 2004 report of critical industry benchmarks. The Jupiter, Fla., based research organization also noted that the pace of course openings has slowed: 151 new courses (measured in 18-hole equivalents) opened a year ago. By comparison, nearly 400 courses opened in 2000.

"We have reached what I call an uncomfortable equilibrium," said Joe Beditz, president and CEO of the NGF. "We're no longer growing supply faster than demand. On the other hand, demand is not filling the golf courses that have already been built."

Golf's current condition, however, may be only temporary, some industry observers cautioned.

"You don't know if we're on a shelf waiting to go down further or whether this is some sort of foundation," said Jim Koppenhaver, president of research firm Pellucid Corp.

What's more troubling to Koppenhaver is the minimal progress golf has made to bolster its health, especially in light of a concerted industry effort in recent years to grow the game.

For example, during the past five years Golf 20/20, an industrywide coalition created to recruit golfers, has promoted the game and launched a variety of initiatives – yet has failed to produce a significant net gain in participants. Numerous industry studies have shown that golf attracts many newcomers but loses an equal number of participants, if not more, annually.

"The thing I don't see happening, which is the key in this whole mess, is what is the catalyst that gets rounds demand growth back?" asked Koppenhaver. "I don't see anything."

While many have been complimentary of the PGA of America's Play Golf America campaign, which steers newcomers to introductory golf programs, Koppenhaver contends that it lacks a "control structure."

"They are completely at the mercy of the facilities as to whether they choose to adopt this thing or not," he said.

Equally troubling is the high incidence of closings among "alternative" public golf facilities – often cited by industry leaders as an essential entry point for beginning golfers.

Of 63 course closings in 2004, 91 percent were at public facilities and were "disproportionately alternative golf courses, such as par-3s or executive tracks," Beditz said.

He underscored that such closings did not represent failed business ventures, but typically were sold for their high real estate value.

"It's disturbing that we couldn't find a way to better utilize those courses," Beditz said. "The needle on demand is going to be moved by more player development activity. We've got some good activity started, but we need more of it." ❍

Memopad

GolfTEC on fast track for growth: The Denver-based golf instruction company plans to add 30 stores this year, more than doubling its number of locations, primarily through franchising.

GolfTEC – the last three letters stand for technique, equipment and conditioning – is best known for its futuristic teaching system that combines digital swing analysis and biofeedback tones to reinforce proper technique.

The 10-year-old company began franchising a year ago, and now is making a full commitment to the strategy. **Joe Assell**, GolfTEC's president, said about 26 of the new stores will be franchises, and the remainder will be corporately owned. If all goes according to plan, GolfTEC will have about 55 stores by year's end.

About half of the new locations will be located inside **Golfsmith** stores under a partnership the two retailers struck a year ago, and the remainder will be stand-alone locations. In March, GolfTEC plans to open stores inside Golfsmiths in Houston and Minneapolis, along with a stand-alone location in downtown Denver. GolfTEC also is targeting two stores in Miami, a new market for the company. Additional stores are slated for Orlando, Fla.; Austin, Texas; Chicago; Phoenix; Pittsburgh; Columbus, Ohio; San Francisco; and Los Angeles.

Wilson teams with EWGA: The Chicago equipment manufacturer entered a two-year agreement as a supporting sponsor of the **Executive Women's Golf Association**. Under terms of the deal, **Wilson's** Hope line of women's clubs will serve as the official equipment partner for the EWGA Mentoring Program, a new initiative designed to encourage members to mentor players that are new to the game.

– Staff reports