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Research Proposal Case Study-NCR County Club

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NCR Country Club started out as a benefit for thousands of National Cash Register employees. By the late 1990s, those employees were aging rapidly and the core membership needed to be increased. NCRCC offers two golf courses. One is an award winning, championship-hosting course on the PGA tour. But it wasn't attracting new members, especially younger families. This case is about a membership study done as part of a larger management initiative to evaluate several strategic directions the club might take to expand its membership.

www.ncrcountryclub.com

>Abstract

>The Scenario

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NCR Country Club (NCRCC) started in 1954 as an employee benefit of the National Cash Register Co. but is now an open-membership club. This country club located in Kettering, Ohio (near Dayton), hosts two 18-hole golf courses. The NCR South course, a par 71 championship course of 6,824 yards of heavily wooded rolling countryside, the site of the 1996 PGA Championship, the 1986 U.S. Open, and the 1998 U.S. Mid-Amateur, is consistently ranked by Golf Digest as one of the top 100 courses in the United States. The prairie-links style of the North course, a 6,358-yard par 70 course, is considered challenging. In southwestern Ohio, the active golf season usually lasts from May through October. Within a 30-minute radius of NCRCC, the avid golfer will find eight other private golf and country clubs as well as 29 public golf clubs and courses. In 1997, after the purchase of NCR Corporation by AT&T, AT&T provided a \$4.0 million interest-free loan to raze the original clapboard-sided clubhouse and replace it with an all-brick colonial-style facility. Boasting both formal and informal, inside and outside eating facilities as well as banquet and party rooms, the members voted that the new clubhouse would be totally smokefree. The rich cherrywood paneling and the hunter green and burgundy décor mellow the high-ceiling, interior spaces. Golf memberships are \$20,000 with social (nongolf) memberships at \$1,000 each. NCR employees did not and do not pay membership fees to join. Additionally, each member must spend \$150 per quarter in dining receipts and pay \$225 (golf) or \$160 (social) in annual dues. Needing to attract new members to support the renovated facility after AT&T divested itself of NCR and given the growing age of its members, NCRCC implemented an aggressive membership campaign in 1998. The goal was to bring golf memberships to 680 and attract as many social memberships as possible. After only moderate success, NCRCC commissioned McMahon Group to assist with strategic planning.

McMahon Group specializes in providing research and strategic consulting to golf clubs and full-service golfing facilities. "Golf club membership within the United States is perceived as a discretionary luxury of life. NCR faces a similar situation found elsewhere in clubs around the country-an older satisfied membership which sees no reason to change what they perceive to be a good thing," shared Frank Vain, president of McMahon Group. "With NCR, we faced another wrinkle. Because NCR was once corporately owned, NCR retirees and current employees saw membership as an entitlement, a right."

After McMahon's First Impressions visit (a free on-site assessment where a club specialist tours facilities, collects information on membership and operations, and discusses industry trends with strategic planning committees), NCRCC's board hired McMahon to provide direction and assistance to NCRCC's strategic planning committee. "Historically, NCRCC has a 7 percent penetration rate among NCR employees. NCR's employee pool was trending smaller, providing continuing downward pressure on NCRCC membership," explained Vain. "With membership segments of NCR retirees (1/3 of members) and current NCR employees (another 1/3 of members) getting less numerous each year, only the segment comprised of non-NCR affiliates provides an opportunity for growth. NCRCC needs to become a stand-alone club to survive."

McMahon Group conducted six focus groups at NCRCC on December 3-4, 1998, involving 43 members, seven nonmembers, and 12 employees. Especially among younger members (under 46) and nonmembers, a golf-only club was less attractive than the full service array that some other area country clubs offered. A consistent theme was that members did not feel they received the overall level of service at NCRCC that they expected from a fine private country club, whether it be in the dining operation or on the golf course. Staff members were frustrated that meeting the board's profit (/business/profitability-index) directive was often counterproductive

to a high level of service. The NCRCC board directed McMahon Group to conduct a membership study to explore the feasibility (/business/feasibility-studies) of adding additional facilities, including swimming and fitness facilities to attract younger adults and families with children.

McMahon Group distributed mail surveys to 1,650 members and their spouses in January 1999 (see Exhibit NCRCC-2). A return rate of 57 percent and 48 percent, respectively, netted 886 usable surveys. Data (/computer-science/data) were interpreted at $\pm 3\%$ (or ± 0.1) at the 95 percent confidence level. Due to McMahon's extensive consulting and research experience with golf facilities nationwide, it was able to compare NCRCC's membership survey results with those of members of 80 other country clubs.

NCRCC: Teeing Up a New Strategic Direction

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Overall, 72 percent of NCRCC members were either satisfied or very satisfied. This is slightly less than the 79 percent satisfaction level for other clubs. Only 12 percent are very satisfied, with other clubs averaging 21 percent. The group with the highest dissatisfaction rate (19 percent dissatisfied or very dissatisfied) was the key 55-64 age group, with the under 46 group generating 11 percent dissatisfaction. While members currently saw the club as an "Adult Golf and Dining Club" (63 percent), many believed its future would need to incorporate facilities for children, if the club were to remain competitive for new members. This was especially true for those members under age 46.