

Evolution of Business Model of Golf Course: Transition from Membership System to Experience Economy

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Abstract: With the progress of science and technology and the improvement of people's living standards, the golf industry has also ushered in new changes and development opportunities. Firstly, this paper analyzes the characteristics of the traditional membership mode of golf courses and the predicament of the development of membership mode under the current social and economic conditions, then gives a basic introduction to the experience economy mode, and analyzes the positive influence of experience economy on the development of golf course business model, mainly in changing consumer demand, promoting the diversified development of golf industry and reshaping brand image. Finally, it puts forward the basic path of the transformation of golf course business model from membership to experience economy, aiming at providing more ideas for the development of golf industry.

Keywords: Golf course; Business model; Membership system; Experience economy.

1. Introduction

With the continuous improvement of people's living standards, more and more people begin to pursue a high-quality leisure lifestyle. As a tourism form integrating sports, leisure and vacation, golf tourism has been favored by more and more consumers. With the development of social economy and the change of consumer demand, the experience economy has gradually emerged, which has had a far-reaching impact on the business model of golf courses. Nowadays, more and more golf courses have begun to transform from the traditional membership system to the experience economy model to adapt to the changes in the market and meet the increasingly diversified needs of consumers.

2. Characteristics and Development Dilemma of Golf Course Membership Mode

2.1. Strict Membership Screening and Narrow User Groups

The consumers of golf courses in China are mainly aimed at high-end consumers, and the screening of members is relatively strict. Membership is either recommended by the members in the venue, or an application needs to be made and reviewed, and the number of members is usually limited. This strict screening method not only makes the consumption level of the screened consumers in the venue relatively high, but also brings stable cash flow growth to the golf course. In addition, according to statistics, among the consumers of golf courses in China, the middle-aged group accounts for 40% (as shown in Figure 1). Generally speaking, these middle-aged groups are celebrities and elites who realize financial freedom, and the people recommended by such high-quality members will also be high-consumption groups, which can further enhance the influence of the products on the court. This strict screening method has created a high-end social and sports platform in which members can enjoy high-quality services. However, this strict membership screening method has also

brought some difficulties to the development of golf courses, and the most significant impact is the narrow user group. After all, there are only a few people with high consumption levels in China's population. For example, the admission fee of a top golf course in Beijing is as high as 2.8 million, which will undoubtedly shut out many ordinary consumers. This strict membership screening method and high price threshold have seriously restricted the popularity of golf in China, resulting in only high-net-worth people having the ability and opportunity to become members and enjoy the services and facilities of golf courses. Although the consumer groups are stable, the number of consumers is small.

Age distribution of golf consumers in China

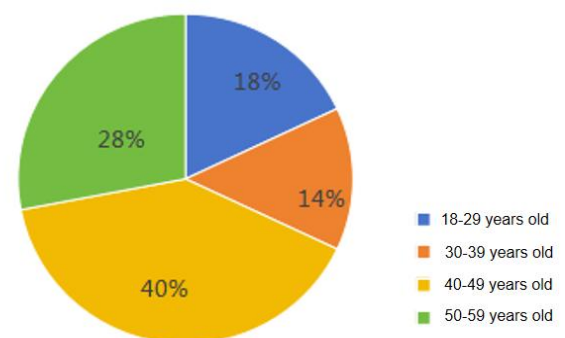


Figure 1. Age distribution of golf consumers in China

2.2. User Loyalty is High, But Experience is Single

User's high loyalty and strong sense of belonging is one of the main characteristics of golf course membership system. The strict screening mechanism and high threshold of membership system determine that it will devote more energy to improving product quality and service, create some scarce resources for users, and let users really enjoy the services that only members have. In the long run, members and golf courses have established a long-term trust relationship, which can bring stable cash flow to golf courses. Maintain the daily operation of golf courses, and at the same time, golf courses provide users with a strong sense of belonging by investing

huge sums of money in hardware equipment and various software services. For example, many membership courses regularly hold exclusive events, business dinners and other activities, so that members can gain sustained emotional connection outside sports. For a long time, members' dependence on golf courses is not only reflected in sports needs, but also integrated into social life, so their loyalty to brands is much higher than that of ordinary individual customers, although users have high loyalty.

High-end Market Positioning is Difficult to Transform

The membership mode of golf course determines that its market positioning is mainly aimed at high-end consumers, which is mainly reflected in high service standards, perfect supporting facilities and emphasis on building high-end brands. Membership card is a symbol of identity and status. In the minds of consumers, the products used should not only be high-end, but also the supporting services provided in the venue, such as restaurants and high-end clubs, should meet the social needs of consumers. This positioning accurately targets the needs of high-net-worth people, which can not

only maintain a stable high income (high admission fee and annual fee), but also consolidate its scarcity value through circle barriers. However, in today's competitive market of various sports, the high-end color market positioning of golf has also brought certain challenges to its development. In order to improve the brand service for consumers, golf courses need to invest a lot of money in the investment and maintenance of on-site facilities. However, in the era when the experience economy prevails, the development of golf courses needs to be transformed to other places. However, venues and facilities, as well as private customized services under the membership mode, require a lot of cost input, which may directly lead to the contradiction between cost and pricing—the price reduction may not cover the original cost, and the maintenance cost will lose the competitiveness of the mid-market. At the same time, the sudden transformation will also bring psychological impact to member consumers, and the original brand loyalty and dependence may be lost, and even bring some negative social impacts, which will bring greater challenges to the transformation of golf courses.

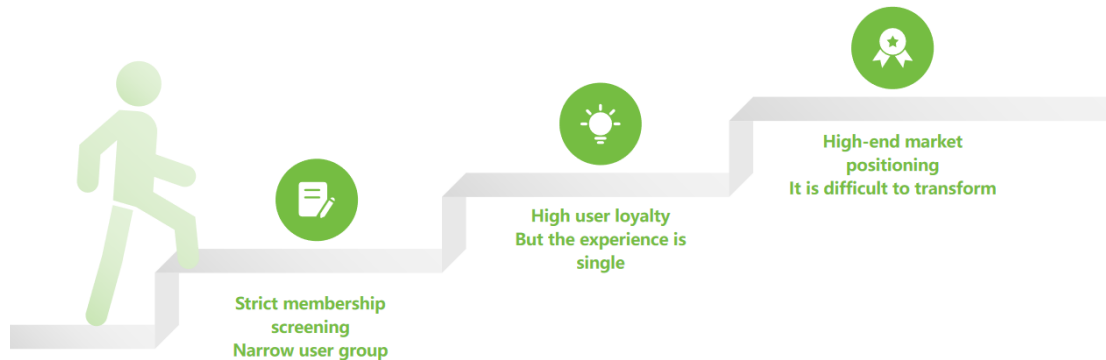


Figure 2. The development dilemma of golf course membership mode

3. Concept and Characteristics of Experience Economy

Experience economy is an independent economic form separated from service economy. Its core goal is to pursue customers' sensitivity satisfaction and attach great importance to the self-experience value in the process of consumption. This economic form takes service as the stage and commodities as the props, and makes customers deeply integrate into it by creating specific scenes, and finally creates personalized activities worth remembering for a long time. The characteristics of experience economy can be summarized from the following aspects.

First, the experience economy pays attention to providing personalized services for consumers. The most important thing in the experience economy is the consumer's sense of experience, which is different for every consumer, so it is very important to tailor a set of personalized services according to

the characteristics and needs of consumers. Second, the experience economy pays more attention to the interaction in the consumption process. The personal participation of consumers is the most essential feature of the experience economy, and the process of involving consumers is the process of interacting with consumers. Setting questions and answers, inviting consumers to participate in interaction, actively communicating with consumers, and enhancing interaction with consumers with AI and other high technologies are all important features of the experience economy. Third, the experience economy pays more attention to the emotional needs of consumers. What contemporary young people value most is "emotional value". Whether they buy things or participate in sports, they need more emotional value to realize consumer demand, while experience economy pays great attention to consumers' emotional needs. By creating a specific atmosphere and situation, it can arouse consumers' emotional resonance and enhance consumers' memory and identity.



Figure 3. Characteristics of experience economy

4. Opportunities Brought by the Experience Economy to the Golf Industry

4.1. Transforming Consumer Demand

Under the traditional membership mode, the potential consumers of golf courses are mostly high-income people with strong spending power, and their needs are mainly focused on realizing some social needs through golf. With the transformation of the development mode of golf courses to experience economy, more ordinary consumers can participate in golf, and at the same time, watching golf events

has become an activity that all the people can participate in, and consumer needs have changed significantly. Due to the experience economy, consumers' emotional participation is more emphasized. Therefore, on the basis of providing personalized services for consumers in the past membership system, golf courses should set up more projects that can make consumers participate. For example, some golf clubs often set up some parent-child projects in the process of transformation, so that parents can lead their children to participate in sports, which not only realizes exercise, but also enhances parent-child relationship. In this process, the sport will return to its original state, which not only realizes the transformation of consumers' needs, but also brings more other development ideas to golf courses.

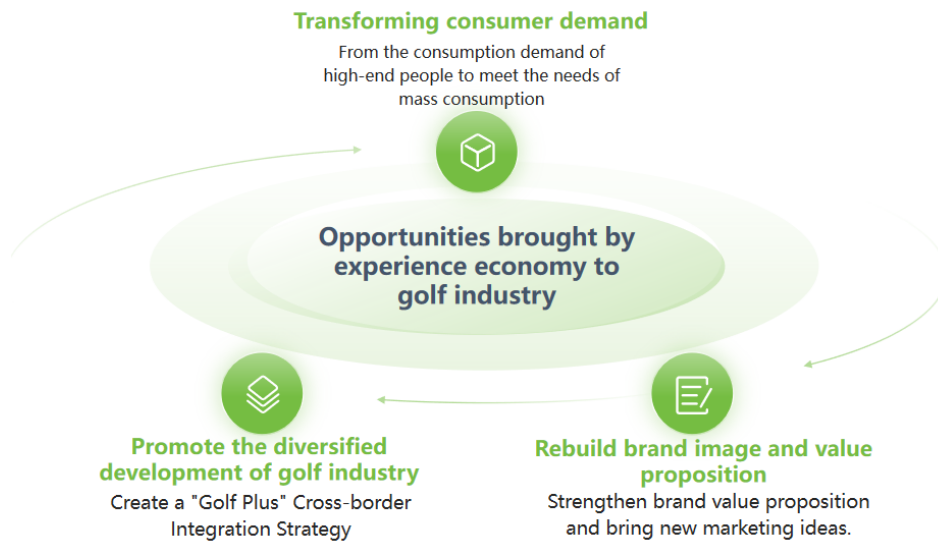


Figure 4. Opportunities brought by the experience economy to the golf industry

4.2. Promoting the Diversified Development of the Golf Industry

The transformation of golf course to experience economy can drive the diversified development of golf industry. Under the traditional membership mode, the development space of golf courses is small, on the one hand, because of the special membership, which requires high product quality and service, on the other hand, the number of consumers is small, which makes the space for diversified development insufficient.

Under the experience economy, many golf courses set up sports, leisure and entertainment services for young consumers. In order to meet the needs of young people who are under great work pressure and need to relax properly after exercise, cinemas, pubs and other supporting services are set up in the stadium, so that consumers can realize sports and leisure and entertainment in the same place, which is deeply loved by young people and has also promoted the development of other industries in the stadium. In addition, some golf courses also combine sports and tourism with the

hobbies that more people like to travel, creating a "golf + tourism" integration model. According to statistics, in 2024, the market size of China golf tourism industry reached 19.67 billion yuan, up 37.5% year-on-year. Among them, golf domestic tourism accounted for over 80%, forming a composite consumption scene of "playing + accommodation + cultural tourism". At the same time, indoor golf, through the cross-border integration strategy of "Golf+", has created an ecological complex suitable for all ages and all consumption scenes, which has solved the problem of single profit model of the industry and realized the diversified development of the industry.

4.3. Rebuilding Brand Image and Value Proposition

Golf has developed rapidly in China since it was reintroduced in 1984. The population base is huge and the sports tend to be popular and young, which drives the golf-related industries to flourish. In 2016-2019, the total scale of China's golf industry increased from 8.64 billion yuan to 9.83 billion yuan, and the CAGR in 2016-2019 was 4.4%. In 2020,

due to the global epidemic, the size of the golf market declined. With the global epidemic gradually fading, the scale of China's golf market rebounded to 10 billion yuan in 2022, and it is estimated that the scale of China's golf market will exceed 12 billion yuan in 2025 (Figure 5). The transformation of golf course from membership mode to experience economy is of profound significance for reshaping its brand image. Experience economy emphasizes the interaction and participation of consumers, so consumers' needs will become more diverse. With the change of membership system to experience mode, the public's cognition of golf is gradually changing, which means that more and more ordinary people will appear in golf courses, and the popularity of golf brands will be higher and higher. Moreover, the holding of sports events under the experience economy can strengthen the brand value proposition and bring new marketing ideas. At the same time, under the experience mode, the golf course is no longer a homogeneous high-end club and Michelin restaurant, but a product with low brand awareness but easy to be accepted by the public according to the needs of consumers, such as an exhibition hall reflecting local customs.

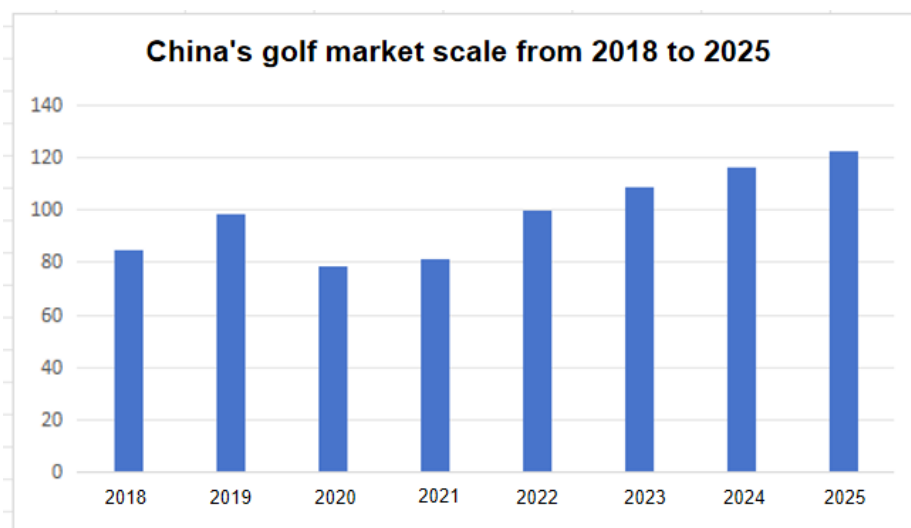


Figure 5. China's golf market scale from 2018 to 2025

5. Basic Path of Golf Course Business Model Transformation from Membership System to Experience Economy

5.1. Strengthening Digital Construction and Introducing Artificial Intelligence

In the digital age, strengthening digital and intelligent construction is an important means for golf courses to transform into experience economy. For example, the golf simulator is a kind of equipment that enables players to hit the ball in a virtual digital golf course. This equipment can dynamically present the digital golf course and detect the player's hitting action, the movement track of the club and the ball. It has become an important facility for many golfers to train and compete all over the world. Strengthening the use of this product can accelerate the transformation of golf course to experience economy. Consumers can have an intuitive feeling of their own skills and actions by using this simulator. Through this product experience, they can further break the inherent prejudice of the market on golf and let more people enjoy golf anytime and anywhere. Finally, through artificial

intelligence technology, VR, AR technology and virtual golf experience zone, some people who have never been exposed to golf can experience the feeling of golf first through artificial intelligence, which can not only help consumers find self-confidence, but also truly realize that anyone can enjoy golf anytime and anywhere.

5.2. Improve Service Level and Create Personalized Service

Personalized experience is the core of experience economy, and golf courses provide customized experience services for consumers by deeply understanding their needs and preferences. Golf, as a sports product, needs not only huge investment in venue construction and hardware facilities construction, but also diversified projects such as tournament organization and caddy service to enhance the user experience. However, in the traditional mode, more attention is paid to providing users with one-on-one quality service, and users do not experience much fun in sports while enjoying the service. At the same time, in terms of experience details, some courses ignore service upgrades because of the stable number of members, such as cumbersome processes and insufficient personalized services. In the process of transformation, golf courses need to pay more attention to the diversified needs of

users. For example, according to the skill level of the ball, provide beginners with an introductory package including basic courses, driving range use and equipment rental; Customize personalized training plan, exclusive coach guidance and promotion package for advanced players to participate in high-end events; Provide high-level players with global course tour experience, top-level equipment customization and elite packages to communicate with professional players. In addition, the Golf Club, as the national fitness public welfare arena of Hunan High Association, launched 9.9 yuan golf public welfare experience activities, and provided free clubs and professional teaching guidance, so that beginners could easily get started. Every weekend, the arena was full, and teenagers, office workers and retired people actively participated.

5.3. Enrich Experience Projects and Provide Diversified Products

In order to realize the transition to experience economy, golf courses began to actively enrich experience projects and services. Under the traditional membership mode, compared with other mass sports such as basketball, badminton and tennis, the strict membership screening method of golf course makes this sport appear less frequently in the public's field of vision, and many people think that it is an elusive sport mode. At the same time, the projects provided on the court are also projects that meet the consumption needs of high-end people. In the process of transforming into an experience economy, in addition to the traditional golf service, Many golf courses have also launched a series of diversified experience projects. For example, the golf club is an important place for golf enthusiasts to exchange and activities, and its operation involves consumer management, venue leasing, teaching and training, etc. The golf club meets customers' needs and promotes the popularization and development of golf by providing quality services and facilities. The downstream of the industrial chain mainly includes golf event support and

services, golf sports, golf training, golf tourism and so on. Therefore, in the process of transforming into an experience-based economy, the project setting should fully consider the upstream and downstream of the industrial chain and provide diversified products. For example, golf tourism is a special tourism form which takes golf as the core attraction and combines golf with tourism activities. It's not just playing golf in a different place, but also a series of leisure, vacation, business and other activities around the golf course and its surrounding areas, which integrates many functions such as sports, fitness, leisure and entertainment, social interaction, cultural experience and sightseeing. Visitors can enjoy the fun of golf and experience the local natural scenery, customs, food culture and so on, and get a comprehensive tourism experience.

6. Case Analysis

Take Mission Hills Golf Club as an example, which has 12 18-hole courses in Guinness World Records and is a representative of the traditional championship-level clubs. In the process of transformation, the "Golf+" complex was first built, far exceeding golf itself, and facilities such as resort hotels, water parks, spas, commercial blocks, museums and NBA basketball training centers were built. At the same time, it pays attention to the diversified construction of customer groups, which not only serves members and golfers, but also attracts family tourists, conference teams, shoppers and sports enthusiasts. In a family, dad plays ball, mom shops for a SPA, and children play with water, all in their proper places. Hold large-scale IP activities, and hold world-class golf events (such as the World Cup), all-star competitions, New Year's Eve parties, etc. all the year round to enhance brand exposure and non-golf income [5]. The key to the success of the golf course is to take the huge golf assets as the core attraction, successfully transform it into a large-scale leisure tourism destination with sports as the theme, and realize the fundamental change of income structure.



Figure 6. Mission Hills Golf Club

7. Conclusion

In short, the transformation of golf course from membership system to experience economy is an inevitable

trend of the times. By constantly innovating and optimizing the experience economy model, golf courses will win more development space in the future market competition, bring more wonderful golf experience to consumers and promote

the further popularization and development of golf in the global scope. In the future, the development of golf course business model needs to integrate artificial intelligence, tourism and other projects on the basis of experience economy to realize diversified and coordinated development of various industries.

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