



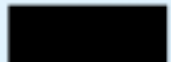
Payne Reduction Co. Ltd.

Proposal for



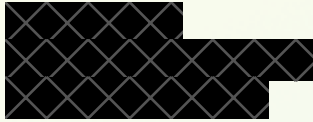
Prepared by Payne Voorman

Prepared for

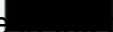





10.20.2023










Thank you for trusting my company to deliver solutions that will get people  door at your indoor golf facility in  .

Enclosed you will find a) a few brief comments on the indoor golf market, b) an analysis of the strenghts, weaknesses, opportunities, and threats of , c) my recommendations for improvements of the facility, and d) my recommendations for marketing the facility to the local area.

After reviewing these recommendations, if you'd like to proceed  with them, you are free to execute them within the company or to contract me out to do so. My hourly charge for this is \$30, and you can monitor all I am doing 24/7 at .

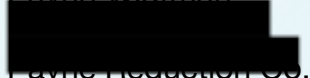
Finally, I realize you are very busy running a very successful business with  - I'd like to **thank you for your time spent communicating with me and reviewing these recommendations.**

Yours,

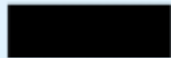




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Preface: Comments on the Indoor Golf Market

Golf is a unique sport in that it appeals to a very broad market of people. Recently, with COVID-19 driving everyone to search for socially-distant activities, tee times have been tougher to book, and many institutions have begun to invest in indoor golf simulators. Golf courses themselves have been using this technology for years to fit players with sets of golf clubs, but now large companies like TopGolf have turned golf into a bowling-esque experience, capitalizing on the social aspect of the game and the affordability a per-hour structure brings to a group of friends.

Indoor golf is a perfect market to enter right now, with growth that far exceeds the golf-in-general market and with a new demographic of young people who enjoy the lack of pressure, ease of access, and lower cost of indoor golf. The market itself is very young. TopGolf rose to prominence within the last decade as golf simulator tech escaped its golf-elitist niche and became more affordable. Now people are beginning to see indoor golf as another option for a leisure opportunity. You get to bring this experience to .

1. Analysis of [REDACTED]

[REDACTED] business model is very similar to that of the most successful indoor golf businesses nationwide. It's differences will become its most important strengths.

Strengths:

Industry Standard Simulator Technology
Affordable
Available in Winter
[REDACTED] Brand

Weaknesses:

Limited Bay Seating
No Large Tables
Fairly Remote Location

Opportunities:

Offer world-class Courses
Offer cheaper rounds of golf
Offer winter leagues
Offer golf stats to teams
Coaches and Lessons
Retail Stand
[REDACTED] Integration

Threats:

Many Local Golf Courses
Five Iron/X-Golf Expansion

The simulator's you've purchased and installed are excellent. [X-Golf's entire differentiating marketing ploy](#) is 'the best simulators in the industry' - and you have the same simulators. Also, your \$40/hr bay charge is on the low end of the industry range (\$35-\$55 hourly) - and when split among a group, as it usually will be, this charge is much lower than a green fee to play a traditional golf course. Obviously the winter availability is a strength, *especially* for the country-club crowd who would play golf year-round if the weather allowed it. Finally - I think the strength of the [REDACTED] cannot be ignored. New businesses suffer because of brand recognition. Customers will almost always buy from a brand they recognize instead of a different brand because they know what to expect. This is why [REDACTED] association with the brand is so important.

Most of the weaknesses I've identified in comparison with other similar businesses, and they have to do with the interior layout of the building. All the established, successful brands in this business have couch seating behind the bays, for those participating in the bay but not currently playing to sit at. [REDACTED] has bar seating, which works, but is less comfortable and less suited to a casual environment than what we see elsewhere and what has worked for other brands. Also, it is difficult to fit large groups into one bay with the limited seating both in the bays themselves and the broader restaurant. Finally, [REDACTED] is comparatively rural in an area with Gary, Chicago, Chesterton, Valparaiso, etc. so nearby. But I believe this may work to your advantage as an [REDACTED]

There are few threats to this business. It is the only indoor golf location within a half hour driving distance, and there are no locations for the largest competitors outside Chicago.

It's unlikely that TopGolf will expand into the area, but it is possible that X-Golf or Five Iron Golf could enter the local market. Both have a number of Chicago locations. The many golf courses in the area will dry up business during the summer months, but the population that plays these courses is just as much an opportunity for conversion during winter.

Finally, there are many opportunities for [REDACTED] in this market, most of which are inherent to golf-simulator businesses and some that are unique to your business. First, you offer avid golfers the opportunity to play any golf course worldwide from [REDACTED]. Second, these rounds of golf are *far* cheaper than both the travel to these courses and than the green fees at the local courses. You can offer winter leagues to the customer base already involved in leagues at these local courses, and bring their golf coaches to [REDACTED] to give lessons on the most accurate simulators available. Local golf teams (high school and college) can benefit from the stats available and from the food/bar space for team-building. You can earn extra revenue by placing a retail stand of golf balls, gloves, and other equipment by the door - a great alternative to the markups most golf courses charge, and a convenient option for golfers who forgot their equipment. Finally - and probably most importantly - you can incorporate the [REDACTED] brand more completely, bringing the familiarity of [REDACTED] in the area to the new business, and showing [REDACTED] maneuverability and modern touch.

Facility Improvements

For the most part, you're doing things right. The facility has a relaxed feel, with good food and cheap drinks, and it uses the space well. In comparison to competitors, some changes can be made that may enhance the experience and open you up to a larger customer base.

Emphasize

This is without a doubt the most important factor I can recommend for improving the facility itself. Brand recognition is what keeps you going to the same restaurants, buying the same phones, and frequenting the same grocery stores. Even if a better alternative would appear, you would be unlikely to try it unless you had a very good understanding of the experience or product. [REDACTED] is well known in the [REDACTED] area, and that is your biggest differentiating factor and your comparative advantage. The marketing plan to follow is focused on getting *new* customers (mostly golf focused) in the door - emphasizing [REDACTED] is the correct way to get *existing* [REDACTED] customers to try the golf/bar aspect of the business.

[REDACTED] concept is a comparatively new idea, and is the first residents in the [REDACTED] area have seen of this type of business (since no competitors are in the area). They will be much more likely to approach an 'indoor golf' - plus golf' than they will an indoor golf facility. You've recently added [REDACTED] to the sign outside, which is good - but I think it's just a start. If you can offer the full [REDACTED] dining experience to guests at [REDACTED], potential customers have more reasons to walk in the door, to stick around for a few more hours, and to invite friends.

Add [REDACTED] to the menu, and offer as many [REDACTED] dishes as you can support a kitchen staff for.

- Right now [REDACTED] feels like that of a budget food - which is ok for the business if there's a bustling community of golfers already frequenting the location. But at present I do not believe customers will feel compelled to order food because they don't know what they'll get. Adding [REDACTED] to the menu gives you instant credibility, *even if the customer isn't familiar with [REDACTED]* because of the restaurant chain feel. If they are already familiar with the [REDACTED] brand, they can order their favorites, or if you can't support the full menu at [REDACTED], they can trust that the food will be up to the standard they're used to at [REDACTED] locations.
- **Add the [REDACTED] restaurant and marketing presence as [REDACTED] plus golf**
 - A substantial proportion of your 4,000+ instagram followers either live closer to this [REDACTED] location than any other or would enjoy the golf aspect of [REDACTED]. The more [REDACTED] feels like an [REDACTED] restaurant with extras, the better.
- **Try to make [REDACTED] Experience the [REDACTED] experience**
 - Your social media are full of excellent videos of people enjoying dishes and drinks. If you can make [REDACTED] the same - plates and drinks that happen to be next to

golf simulator units - your existing following are far more likely to try it out. For this you'll need to be able to support larger groups, and some marketing content in [REDACTED] location, especially during a company/group event, is a great way to get started.

Add Lounge Seating

All leisure/general population focused indoor golf facilities have lounge seating. [REDACTED] history at TopGolf will have shown him why this is so important - indoor golf is almost always a group activity. Whether it's a group of friends, members of a golf league, or a family, people see indoor golf as a group outing, and they need seating to enjoy it as such. Below I've included pictures from online and that I took on visits to locations showing this seating.

If it is feasible to add couches *in front* of the bar seating, I think this would be a wise investment. The most successful companies in this industry have done this, and many of their locations also have tables *in front* of the couches themselves, to hold food. At present the bar seating is good, but groups will feel more comfortable, will stay longer, and will be more likely to come back to [REDACTED] if lounge seating is available.



Lounge Seating at TopGolf



Lounge Seating at Five Iron Golf



Couches behind bays in X-Golf's Wrigleyville Location

Consider TVs above the bays

In the pictures above, there are televisions everywhere, including in view of customers who are sitting watching/playing golf in the bays. Though it might seem excessive, adding television [REDACTED] a great way to get people in the door for a basketball or football game (friends might say let's go watch the Bears *and play some golf* instead of watching it at [REDACTED])

home) and to keep them at the location, buying food, and entertained between shots at the simulator.

Add at least one large table

This improvement targets golf teams in the area, but extends to the general population as well. High school and college golf teams are just as much *groups of friends* than they are athletic teams, and they will do far more together than play golf. When I played high school golf, the team, coaches, and parents would often go to a restaurant after a tournament, especially a tournament far from home. At present, it would be difficult to seat and serve a large group, especially one that might be inclined to choose [REDACTED] for either it's golf associations or its connection to [REDACTED]. Exclusive of coaching and tournaments, these teams will still hang out as friends, and their love of golf is a perfect emotion to target to bring them to [REDACTED] for a Friday night of casual golf, food, and drinks. This extends beyond the golf teams to all high school/college sports, especially as indoor golf becomes a more mainstream leisure activity. At the moment, large groups of people may avoid [REDACTED] because they will necessarily be separated in order to all be seated - and because they can't all sit in/watch one bay. I'd recommend adding this table right behind the three large golf bays, in place of the existing smaller table. This way, you can seat a large group here, and that group can also use one of the bays if they are so inclined.

Add a retail stand by the door

At present there is some open space immediately to the right when you walk in the door at [REDACTED]. This space is the perfect area to add a mini 'pro shop' with golf balls, gloves, tees, towels, branded apparel, hats and more. See pictured for an example.

This stand will obviously bring revenue through the golf-focused customers who may have forgotten some equipment, or just need to pick up supplies for their next round. It is also an opportunity to get a sponsored stand, like the FootJoy stand pictured, in the location. This will bring wholesale discounts and *accountability* to [REDACTED] - golfers who see official equipment will see the facility as a 'golf place,' not a 'bar with golf.' This would be a huge asset to have if we can get a regular golf league of country club folks in the door regularly. I've spoken with my connections at the [REDACTED], and I'm confident we can get this added to [REDACTED] without difficulty.



Seasonal Hours Differences

In winter, country club folks may want to play comparatively early in the morning, similar to what would have been their morning tee time. The second group, more interested in drinks and a good time than purely golf, will likely want to stay in later at night, more similar to a bar. You can also expect these groups to be somewhat seasonal - you will see fewer country club folks in the summer, especially during the morning and afternoon, as they will be outside playing golf.

For these reasons, you can save on employee expenses by opening later - and staying open later - during the summer months. Most of your winter customer base will be country club folks, especially if we can get some leagues in the facility, so you will need plenty of staff in winter. But in summer, if you have [REDACTED] or a manager in in the late morning, until you see majorly increased foot traffic, you will not need to have many staff on hand until later in the day.

4. Marketing Plan

[REDACTED] is a good facility. The equipment, feel, and operations are strong. The key is to get people in the door to see this - because they will come back. In marketing, we need to analyze the demographics we'll be targeting, and the appropriate messages to these groups. I've categorized them below by the value proposition you can offer them.

"GOLF INDOORS WHEN YOU CAN'T OUTDOORS"

These are your avid golfers, country club members, high school/college teams, and PGA professional teachers and their students. [REDACTED] offers these people golf during winter, rain, and darkness. This group would come to [REDACTED] even if there wasn't food and drinks available (but will probably buy some since they're there).

"A ROUND OF GOLF AND A FEW BEERS FOR [REDACTED]"

These are your casual golfers - people with a set of clubs in the garage that they use occasionally, who enjoy a cheap drink and a good time with friends. They rarely head out to the course because the green fees are too expensive and they don't like the pressure of being on the course. This can be families, groups of friends young and old, and local blue collar workers.

These are the two primary groups you will reach. [REDACTED] has mentioned a direct mail marketing campaign - this is a great way to put the right marketing message in the hands of the right people.

Direct Mail Marketing

Direct mail may seem antiquated, but it has many advantages that most people ignore. First of all, far more people read through their mail than open every email they receive. Direct mail has a far higher response rate than other marketing forms, social media included, and I believe it's the best way to get a new business like [REDACTED] off the ground. Social media marketing is very general - the same message goes out to all followers, regardless of their traits. With [REDACTED] differentiated audience, you need separate messages for separate people. 'Come and see the newest indoor golf facility in [REDACTED]' will get far fewer people in the door to everyone than 'You can play golf and drink a few beers for \$20' sent to the right audience.

How do direct mail marketing plans work? First, we obtain a mailing list for each of the above groups. Many data sourcing organizations (like BrokersData) provide lists for subscribers to certain magazines, trade show attendees, business contacts by industry, and

more. I would find lists for subscribers to golf magazines and lists for businesses with frequent golfers. We can also use *Modern Postcard's* list including consumer purchase information to locate consumers who have bought golf equipment recently. Further building of the list involves contacting golf courses in the area for members' information, high school/college athletic association members, and employee information for local companies. Once we've gathered names and addresses, we can design postcards, essentially, to send to each group. These cards should include the value proposition referenced above and an offer - 10% off your first order, or free sides with purchased bay time, etc. This way a valuable postcard ends up in the mailbox of your potential customer - they can bring it in and enjoy the benefits straight away.

Further Personalized Marketing [REDACTED]

Anyone we can't reach by direct mail we can target with a more personal marketing effort. Broad-scale marketing like social media or email may work for a company in a metro area, but a new business in a community like [REDACTED] needs personal connection. Here are some of my recommendations:

- **Promotions for local companies**

- With the proper contact at local companies (likely HR, which we can find online), we can send promotional material like free bay time, free food, or discount cards directly to company employees. Many companies will give out tickets like this to other local businesses trying to grow. I know [REDACTED] has a corporate event planned - after watching how this goes you could explore company events as well. [REDACTED] is quite small for a bigger company's event, but it could work perfectly for an outing for a small business. The free tickets/bay time will get people in the door without asking credibility questions.

- **PGA Professional Lessons**

- PGA pros and other golf teachers are always looking for indoor facilities to give lessons during winter or in case of [REDACTED] weather. I spoke to my old golf instructor, and the structure for these arrangements involves the facility taking some of the pro's hourly rate in return for use of the facility. I recommend giving pros at local courses 6 months of free bay time. This will not only get them in the door to give lessons, but will introduce them (and their students) to the food, bar, and ambiance while painting [REDACTED] as a generous local business that cares about the golfing community.

- **Winter Golf Leagues**

- X-Golf has had success running indoor golf leagues with its own customer base. [REDACTED] can certainly execute a similar concept, but I don't believe the customer base exists yet to run a successful, outwardly impressive league. I think a better option would be to work with a local golf course's existing leagues and have them pitch the idea of an indoor league to their members. Essentially you are using the golf course's existing reputation and trust to get people in the door. With four in each bay, your winter league could support 16 participants, but this scales with groups who are willing to play together. From conversations with league members

at [REDACTED], I've found that there are usually a few members that organize the league. I'd contact them through the course staff and pitch the idea to them after getting an idea of the dues/cost that each member pays. This would be an excellent way both to earn direct income and to get people in the door - people who are likely to bring their friends and family back for other outings [REDACTED]

Thank you for your trust and attention. I hope you will find my recommendations helpful. There are instructions for completing the steps I've indicated in the proposal, and you are more than welcome to execute them yourselves if you'd like. If you'd like me to handle them, give me a call at [REDACTED] and we can get clarity on which projects you'd like taken care of, and I'll get to work. If you do decide to contract me out, you'll be able to track my progress 24/7 in real time at the website I've built for you, [REDACTED]. I expect the process to be highly collaborative with [REDACTED], and I think he's the man for the job! He'd be my contact at the company.

[REDACTED]