

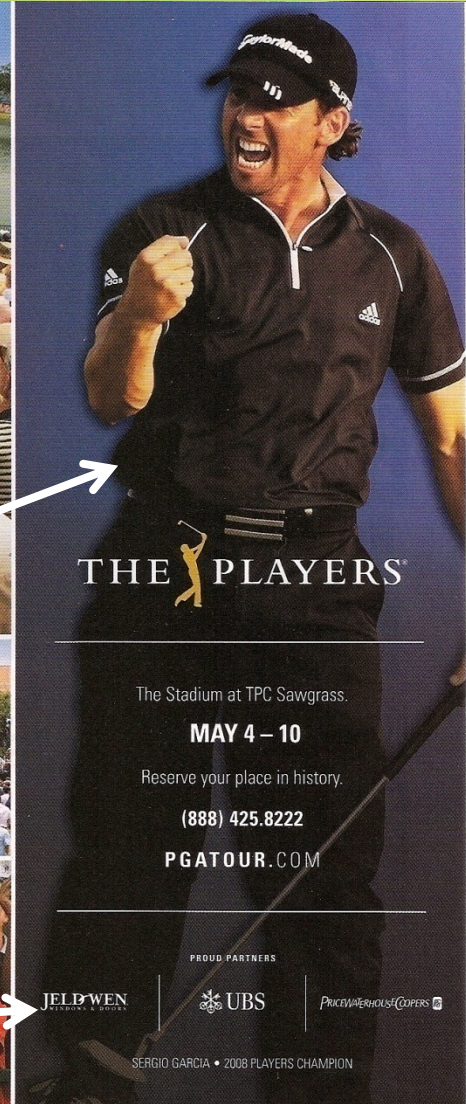
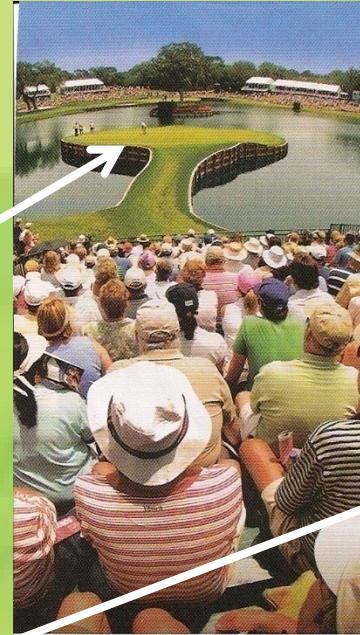
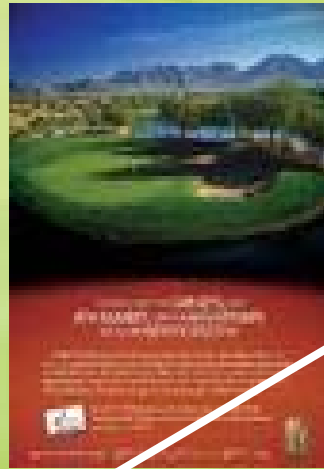
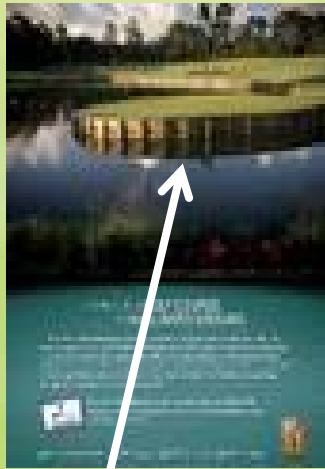


THE PLAYERS CHAMPIONSHIP SAWGRASS

Business Model for TPC Sawgrass

Megan Daniels

COMMUNICATIONS



17th
Island
Green

Winner

Partners



THE PLAYERS[®]

The Stadium at TPC Sawgrass.

MAY 4 – 10

Reserve your place in history.

(888) 425.8222

PGATOUR.COM

PROUD PARTNERS


JELB WEN
JEWELRY & GEMS



UBS


PRICEWATERHOUSECOOPERS




SERGIO GARCIA • 2008 PLAYERS CHAMPION

COMMUNICATIONS


 WIN THE ULTIMATE GOLF EXPERIENCE
AT TPC SAWGRASS




 **YOU** Could Win a Dream Golf Vacation to the
TPC at Sawgrass for Two OR... (see back)


Pick your prize! Detach one stamp and place on Sweepstakes Entry Form.

 #14 11000000
CHARTER MEMBER
#1




STAMP HERE
U.S. POST PAID
#448 TOL
#448 TOL

2008
FILM



THE PLAYERS



PLAYERS | CBS | Productions

COMMUNICATIONS



Whether it is the official tournament ad, DVD ad, sweepstakes, or live streaming; every advertisement for TPC Sawgrass has a picture of the infamous 17th Island Green. (with one exception of the newly renovated clubhouse)

Official tournament ads and DVDs consistently picture the winner from the previous year.

Also consistently found on TPC Sawgrass ads - three main partners for the tournament and



OVERVIEW OF EVENT



Hallmark Event

- Located in Ponte Vedra Beach, Florida
- The permanent home since 1980
- Hosts over 144 players each year
 - Must meet eligibility requirements
- Tournament Purse
 - \$9.5 Million
 - Winning share \$1.71 Million
- Golf's most famous hole - 17th Island Green



Recent Renovations

- Causing more difficult play and more competition
- Media surrounding renovations

STAKEHOLDERS



PARTNERSHIPS/SPONSORS

JELD-WEN
WINDOWS & DOORS



PRICEWATERHOUSECOOPERS

Official Partners



FedEx



Sponsors



ALEVE



Forbes



ROLEX



charles SCHWAB
INSTITUTIONAL




Corporate Sponsors (PGA Tour)

There are 48 Corporate Sponsors for PGA Tour, many of which overlap for TPC

ATHLETES

 Tournament accepts no less than 144 players each year, depending on the number of players that have met the eligibility requirements for that year.

 Each player also has a caddy that should also be looked at as an indirect shareholder since they too participate in the tournament, also joined by personal agents, trainers, etc.

 Tournament boast 35 previous champions including:

- Jack Nicklaus - 3 time winner
- Fred Couples - 2 time winner
- Davis Love III - 2 time winner
- Tiger Woods and Greg Norman also among the list
 - Players become more known by a good performance at this event, sharing an image with the tournament especially the year they hold the title.
 - The integrity of the event is held by the competition between players and its reputation to cause difficulty for these players, and in turn notoriety.

MEDIA



3 Main Medias for the tournament itself



Live coverage of the tournament through all four rounds



Television coverage of tournament during the first two rounds



Exclusive live television coverage of the final two rounds

- Podcasts and Mobile score updates also available during event
- Media guides, Newsletters, Internet for tournament information



2 Main Internet Medias for information and tournament tickets

- PGATour.com/Sawgrass
- TPC.com

SPECTATORS

- 40,000-46,000 tickets sold
 - Event is consistently sold out each year
- Strategically placed viewing areas for live audience
 - Gently sloping hills allows for stadium viewing like basketball and baseball offers
 - Views of the 17th Island Green, practice field, and driving range
- Kangaroo Media handheld sets for live feeds inside of the event
- VIP viewing areas for companies and sponsors
 - including food, drinks, and air-conditioned tents
- Clubhouse passes offered for a select few



SUPPLIERS

Numerous Suppliers!!

Tour Shop suppliers - 59 Retail Licenses owned by PGA
Food and Beverage - Many included in sponsorships
Kangaroo Media - handheld suppliers for live feed
Sawgrass Complex - hotel, spa, resort, etc.

As with most event, sponsors can also be suppliers.



ORGANIZATION AFFILIATION

Corporate



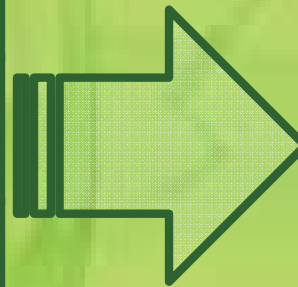
The PGA Tour is the owner of The Players Championship

Charity

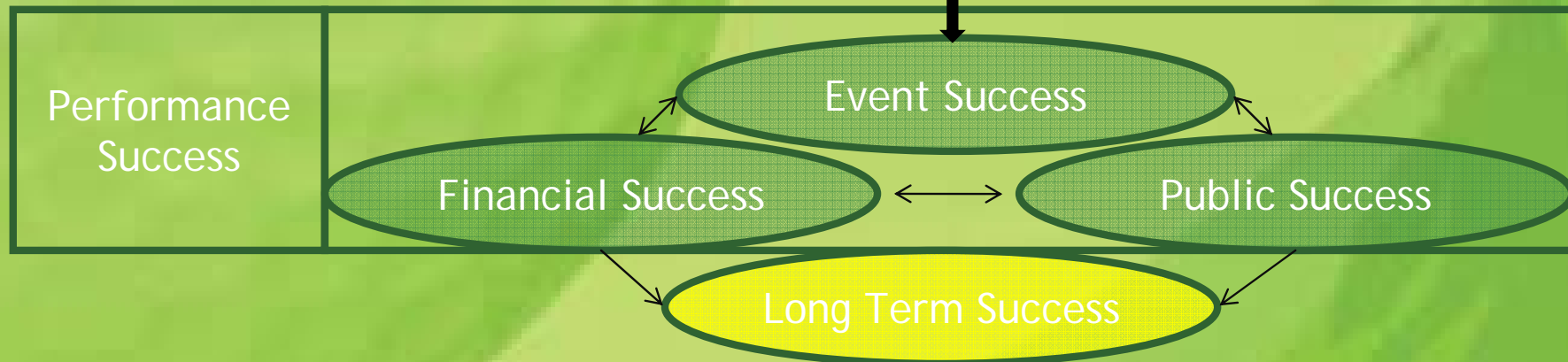
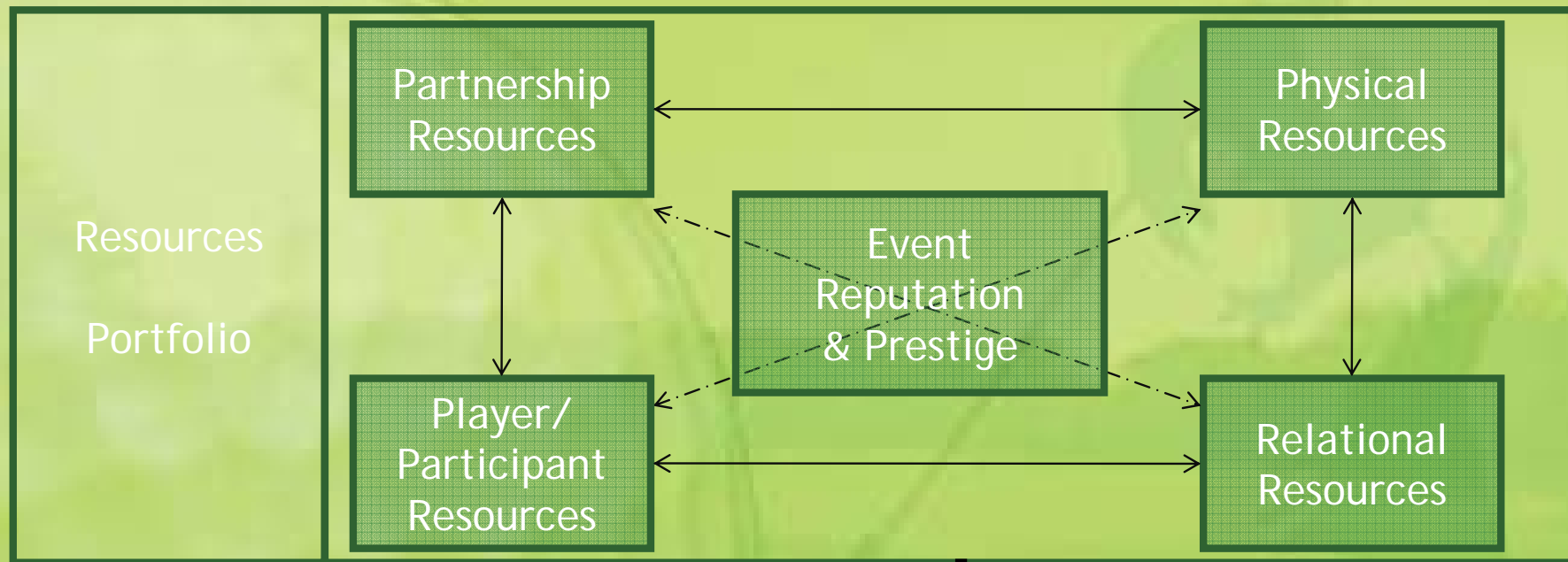


ASSET IDENTIFICATION

| TPC Sawgrass | |
|---------------------|---------------------|
| Financial Resources | Ticketing |
| | Contracts |
| | TV Rights |
| | Merchandising |
| Renown | History |
| | Sport Performance |
| | Affluence, Audience |



| Assets |
|--|
| <ul style="list-style-type: none"> •Players & Coaches <ul style="list-style-type: none"> •Golf events can function as a club because of relationships/benefits from players. •Partnership <ul style="list-style-type: none"> •Maintains 3 consistent partners that appear on all tournament advertising •Reputation <ul style="list-style-type: none"> •The unofficial 5th major, known as the "Crown Gem" of the PGA Tour •One of the most difficult courses of golf •Millions raised for charity •Relational <ul style="list-style-type: none"> •PGA Tour's tournament •Major media coverage by NBC, SIRIUS, and Golf channel •Physical <ul style="list-style-type: none"> •Known to be difficult and competitive •Most famous hole - 17th Island Green •State-of-the-art Renovations •Organizational Capabilities <ul style="list-style-type: none"> •3 strategic viewing areas with gently sloping hills for live audience •Appeals to all ages and audiences •One of the best Tour Shops for apparel •Live handheld feeds for audience through Kangaroo Media •VIP viewing areas for companies |



VRIO MODEL



VRIO PROPERTIES

PLAYERS/COACHES

Valuable?

Yes, only the top 144 players make it into the tournament for the year and must obtain eligibility by winning or placing in other tournaments.

Rare?

No, all tournaments feature who they consider the top players. Within this category, there are rare players (Tiger Woods) but they play many tournaments.

Difficult to Imitate?

No, players remain the same through out each tournament with few exceptions though they might perform better/worse.

Difficult to Substitute?

No, outside of golf, there are many other well known players & coaches for fans to cheer for.

Organizational?

Yes, all players are paired with partner to play with for competitive value, and after round 2, cuts are made so that only 50 remain.

VRIO PROPERTIES

PARTNERSHIPS

Valuable?

Yes, Maintaining three strong partners allows for continued collaborations and all parties involved benefit from each other.

Rare?

No, not within golf. PGA Tour maintains close to 50 sponsors with their tournaments benefiting. The Masters and other golf tournaments have long lasting relationships with a select few partners.

Difficult to Imitate?

Yes, the relationship is both complex and strong. It would be difficult for another tournament outside of PGA Tour to secure all three of these partners.

Difficult to Substitute?

No, there are many other companies to partner with, although it would be difficult to have the relationship of the four companies together in the beginning.

Organizational?

Yes, Partners enjoy many benefits including repeated advertising with the tournament on their website and the actual event, and a specific contact for each tournament or partnership event.

VRIO PROPERTIES

REPUTATION

Valuable?

Yes, The Players Championship reputation is the most important for their goals as a successful event. It is central to their being one of the main events during the golf year.

Rare?

Yes, though many tournaments enjoy a good reputation, TPC is world renowned because of its reputation as being the one of the most difficult courses to play in the world.

Difficult to Imitate?

Yes, the creativity employed by Pat Dye to design this course, is unlike any course in golf. Though many are difficult, none have the most photographed and dreaded hole...17th Island Green.

Difficult to Substitute?

Yes, players have consistently said there is nothing like TPC, and the recent renovations have made it even harder to substitute this tournament for any other.

Organizational?

Yes, TPC is consistent on its reputation of being prestigious and difficult. Organized events for spectators, the Sawgrass complex with spa and five star resort status, and the 77,000 sq. ft. Clubhouse all contribute.

VRIO PROPERTIES

RELATIONAL

Valuable?

Yes, Being part of the PGA Tour is very valuable and something only one other major tournament has accomplished, with the TPC being referred unofficially as the only other one.

Rare?

Yes, only four majors in golf, with the PGA Tour owning only one. Sawgrass also sustained the permanent location for TPC which was originally alternated between other locations.

Difficult to Imitate?

Yes, the status with the PGA Tour is difficult to imitate, which is why there is only one major under them and only four total.

Plus the millions earned for charity and prime time status on NBC is reserved for such events as the Super Bowl and the Olympics.

Difficult to Substitute?

No, other major golf organizations have managed this prestigious status and some other tournaments, though few, are aired on major networks.

Organizational?

Yes, the TPC makes sure all relations are well known, whether year round on the internet or during the event.

VRIO PROPERTIES

PHYSICAL

Valuable?

Yes, The reason TPC is renown is specifically due to its course and the difficulty involved in playing it. Even Tiger Woods as only won once and hasn't been as much of a factor as on other courses.

Travel & Leisure Golf Magazine also named Sawgrass on of the Top 10 Golf Resorts in the World.

Rare?

Yes, the only course of its kind. The Island Green is the most famous and photographed course in golf, surrounding all sides with water hazards. The stadium style spectator seating was the first ever and can only be found in few courses.

Difficult to Imitate?

Yes, many courses strive to be challenging, but with the recent renovations, TPC is staying ahead of the game. The course tees, fairways, and greens were all rebuilt to maintain "firm and fast conditions."

Difficult to Substitute?

Yes, this course is one of kind and is dedicated to maintaining that with new renovations including a 77,000 square foot Clubhouse and state-of-the-art resort complex.

Organizational?

Yes, the 17th hole is the constant center of attention with the main audience seating all around it, including directly behind the tee box.

There are caddy competitions for closest to the pin shots, the winner receiving money from the golfers' donations. (which equals hundreds-thousands).

There is even a player experience, where spectators can try their hand at a replication of the 17th hole. Every hole in one shot wins a prize. (2007 winners received iPhones)

VRIO PROPERTIES

ORGANIZATIONAL CAPABILITIES

Valuable?

Yes, tournament benefits from a large audience due to organized event for audience members, stadium style viewing spots, and company tents.

Rare?

No, many athletic events employ the same organizational strategy including the many other golf tournaments. Though the TPC boast one of the best Tour Shops, all other tournaments have retail opportunities as well.

Difficult to Imitate?

No, stadium style seating is only found in a few locations, but handheld feeds are available for all PGA Tour tournaments and all tournaments are kid friendly.

Difficult to Substitute?

No, many of the same attractions, with exception to the 17th hole experience and player experience, can be found at other tournament locations.

Organizational?

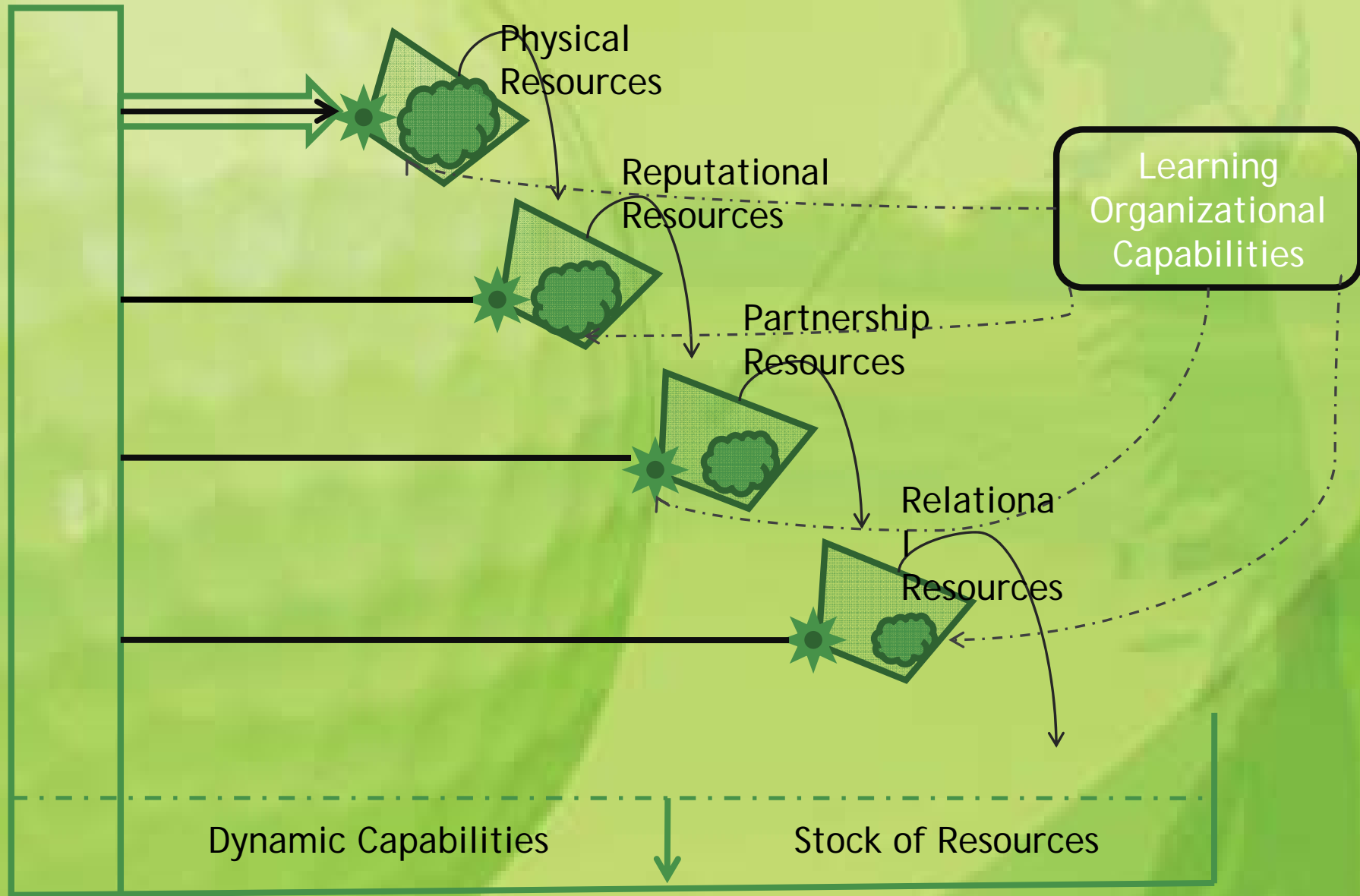
Yes, all event are very organized with thousands of volunteers employed to ensure safety, cleanliness, and order.
Food and beverage, handheld feeds, and tour merchandise are all easily accessible.

SUSTAINABLE COMPETITIVE ADVANTAGE?

Is a resource or capability....

| <u>Resource</u> | <u>Valuable</u> | <u>Rare</u> | <u>Difficult to Imitate</u> | <u>Difficult to Substitute</u> | <u>Organizational</u> | <u>Implications for Sustainable Competitive Advantage</u> |
|-----------------------------|-----------------|-------------|-----------------------------|--------------------------------|-----------------------|---|
| Player/Coaches | YES | NO | NO | NO | YES | Temporary Advantage |
| Partnerships | YES | NO | YES | NO | YES | Temporary Advantage |
| Reputation | YES | YES | YES | YES | YES | Sustainable Competitive Advantage |
| Relational | YES | YES | YES | NO | YES | Sustainable Competitive Advantage |
| Physical | YES | YES | YES | YES | YES | Sustainable Competitive Advantage |
| Organizational Capabilities | YES | NO | NO | NO | YES | Temporary Advantage |

CASCADE OF ASSETS



ECONOMICAL CONDITIONS

U.S. Economic Downturn causing:

- 🌐 Weakness in the real estate market
- 🌐 Rising energy and food prices
- 🌐 Large levels of personal debt
- 🌐 Less discretionary income
- 🌐 Reduction in the value of assets in equity markets
- 🌐 Weakness in the value of the domestic currency
- 🌐 Weakness in the labor market



EFFECTS OF ECONOMY

Core Golfers - Effects of Economic Slowdown

% of adult Core golfers
March '08
August '08

| <u>Golf-related spending/activity:</u> | | |
|---|-----|-----|
| Playing fewer rounds | 19% | 23% |
| Delaying equipment purchases | 25% | 24% |
| Going on fewer golf trips | 18% | 17% |
| None of these | 55% | 53% |
| | | |
| <u>General finances:</u> | | |
| Have cut back on spending | 51% | 48% |
| Inflation (gas/food) has put strain on budget | 49% | 48% |
| Soft housing market causing problems (1) | 16% | 13% |
| My job is very/somewhat secure (2) | 90% | 92% |

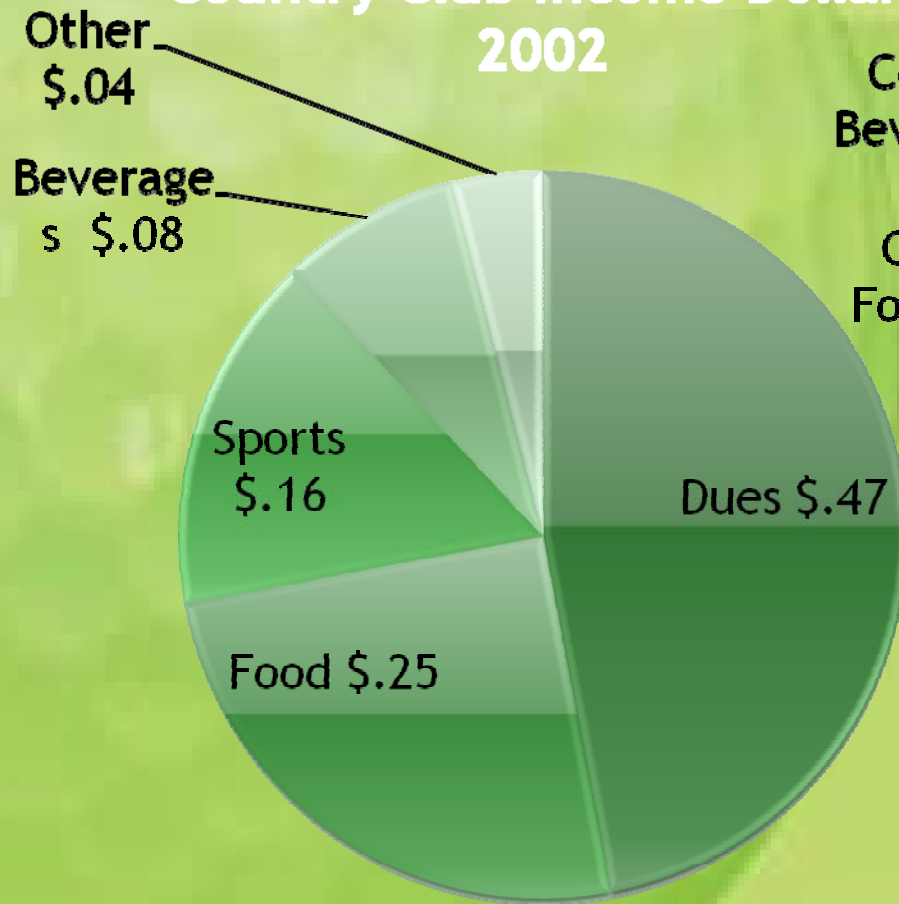
(1) Mortgage increase, can't sell home, behind on payments, difficulty obtaining loan or delayed buying home.

(2) Excludes those not applicable/not employed.

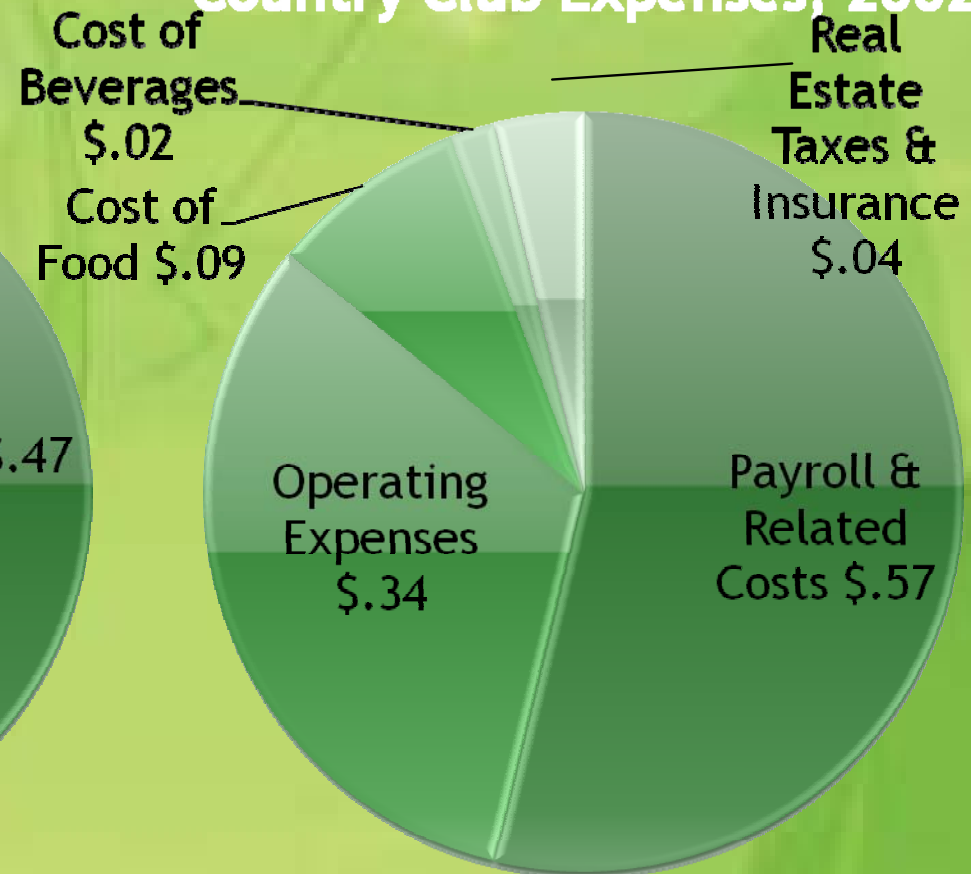
Note: Core golfers play eight or more rounds per year

PREVIOUS RECESSION FINANCIALS

**Country Club Income Dollar,
2002**



Country Club Expenses, 2002



POLITICAL CONDITIONS

New President in office leaves uncertainty for the future, though a positive outlook.



SOCIOLOGICAL & CULTURAL

Golf is more popular than ever!

🏌️ Tiger Woods' celebrity status has helped golf to reach more target markets (younger & non-players)

🏌️ Business meetings are known to happen over a round of golf.

🏌️ Golf has a lot of history, with a long list of recognizable names (i.e. Gary Player, Arnold Palmer, and Phil Mickelson) allowing the game to appeal to many people of varying ages.

🏌️ Culture in general is geared towards sports and athletics, with them being taught in school and college benefits in athletics.



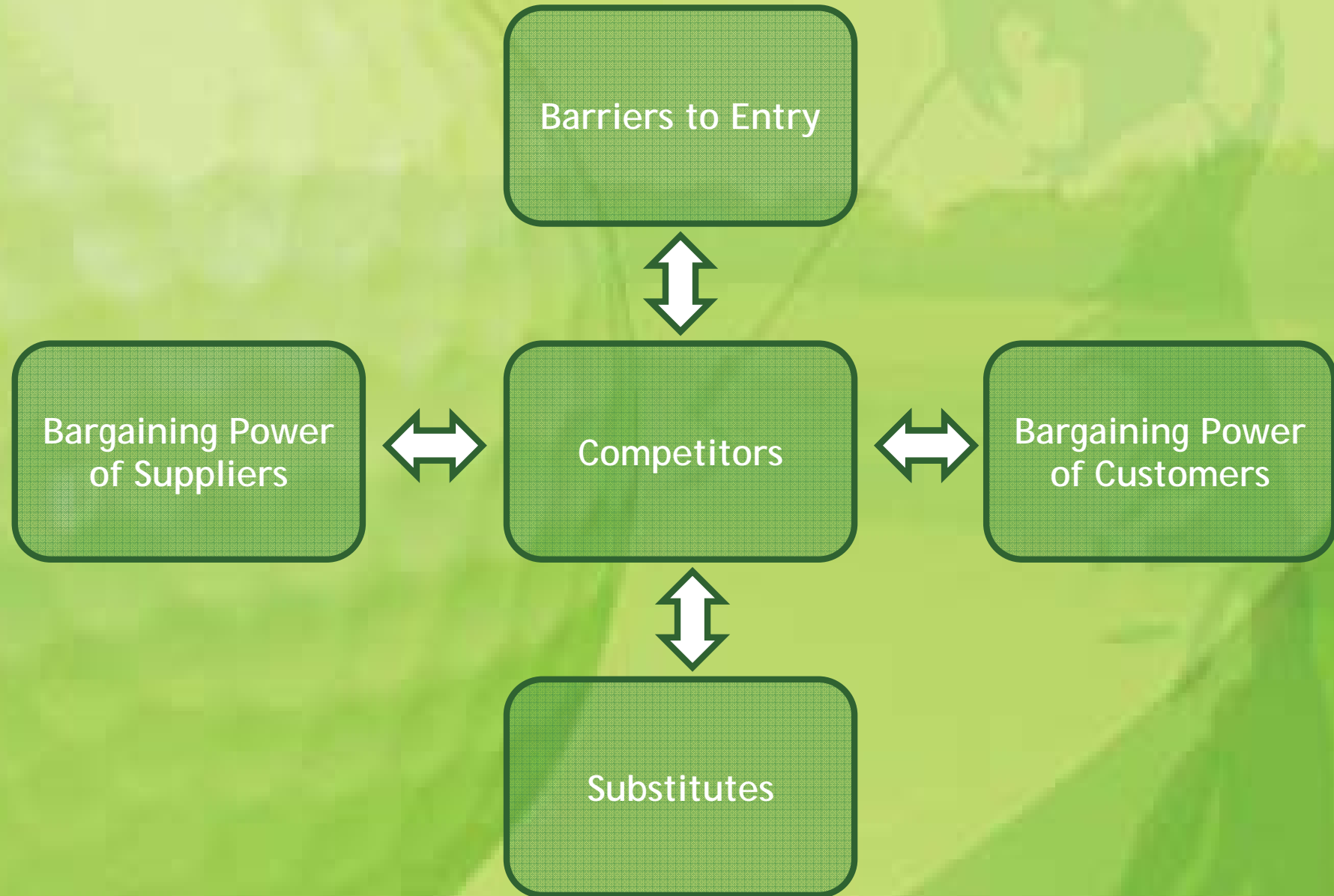
LEGAL ASPECTS

- 🏌️ PGA Tour signed \$154.2 transaction for a 99year deal with Marriot Sawgrass.
- 🏌️ International contract with investor Redquartz Boundary LTD.
- 🏌️ Economic issues can potentially cause other legal issues to arise:
(i.e. bonus requirements, sponsorships, investors, etc.)

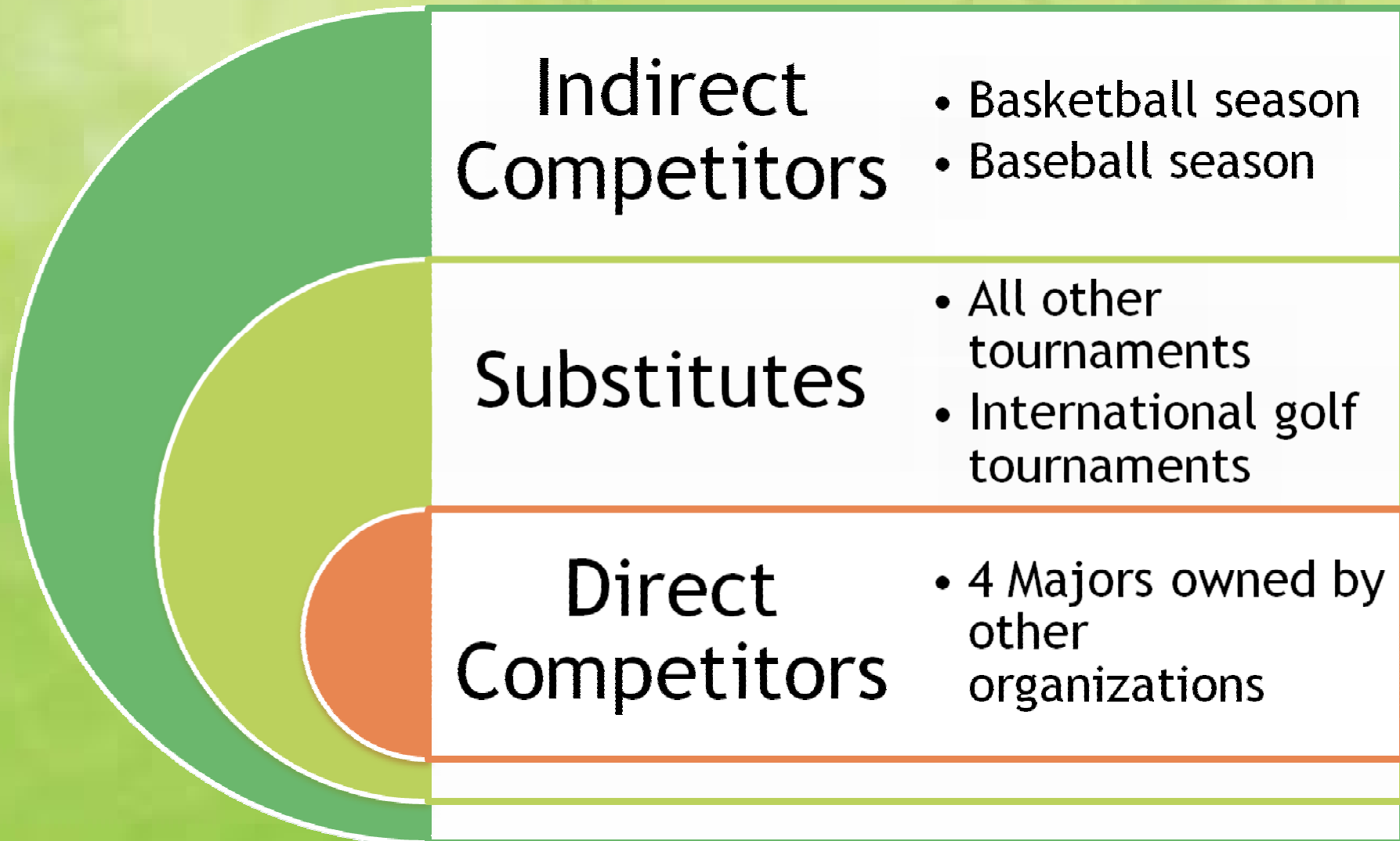


TPC Sawgrass Marriot

PORTER'S FIVE FORCES MODEL



COMPETITORS



BARRIERS TO ENTRY

Corporate Backer

- Necessity for tournament play at professional level
- PGA Tour, Masters, etc.

Distributor Agreements

- Most golf associations also have a long list of distributors they are contracted with

Restrictive Practice

- Select few of Majors
- Not enough weeks to add extra tournaments to the season

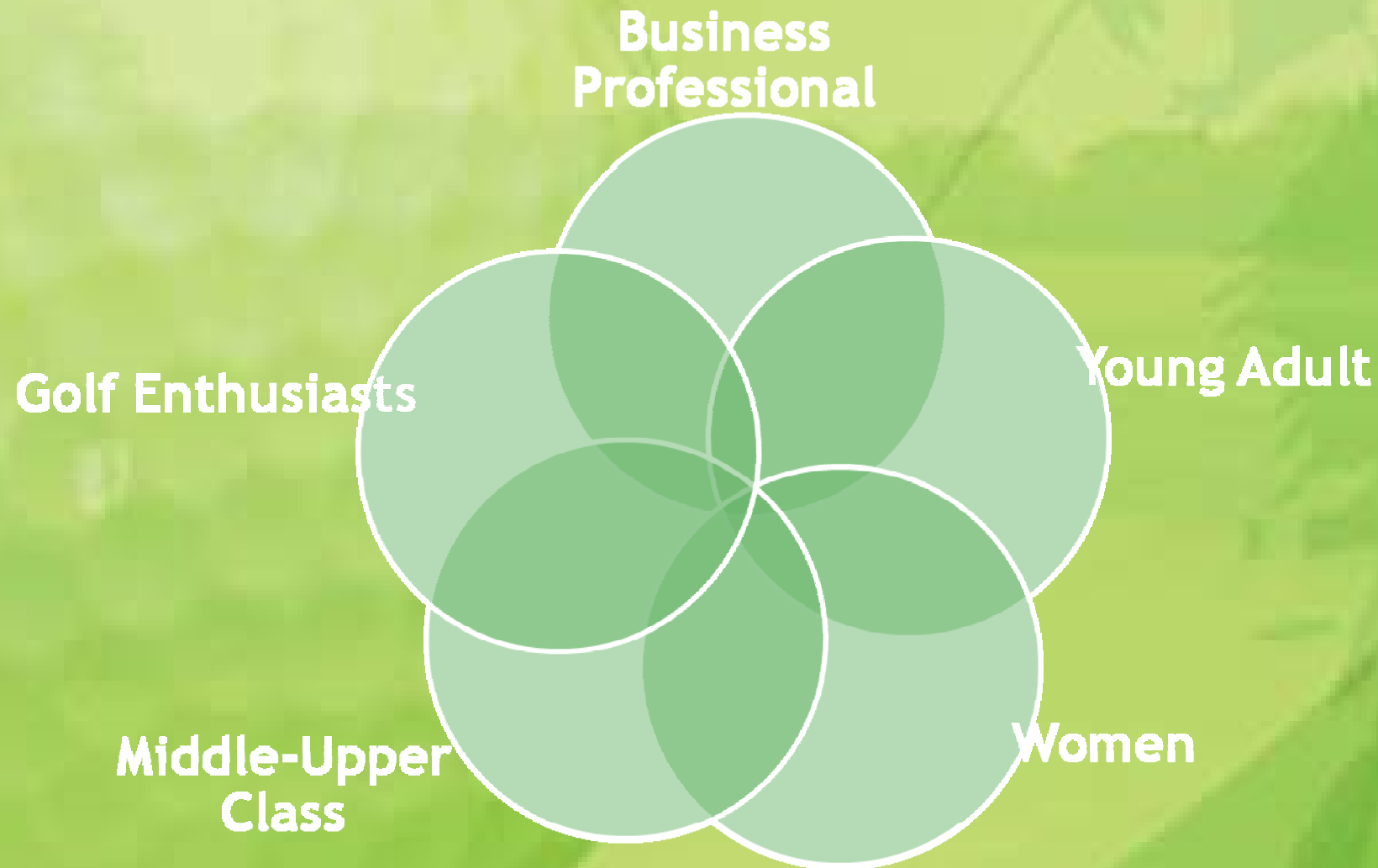
Cost Advantages

- Know-how and organizational skills for tournaments
- Favorable locations,

Vertical Integration

- Tournaments are more than just golf play
- Apparel shops
- Player luxuries
- Charity events
- Media coverage

MARKETING SEGMENTATION



BARGAINING POWER OF SUPPLIERS



Players

- Must play to win money
- Can choose not to play because of injury or conflict



Vendors

- Require sufficient advertising
- Can sell product for more at sporting event
- Not many golf events that are more profitable



Employees

- Compensation for work
- Pay representative of skills and companies success



Volunteers

- Charitable event
- Are not required to be there
- Pay is not dependent



FIRST SUMMARY

Budget needed for TPC Sawgrass Renovations:

| | |
|----------------------------|---------------------|
| Resort Renovations..... | \$16 million |
| Course Renovations..... | \$10 million |
| Clubhouse Renovations..... | <u>\$30million</u> |
| Total: | \$56 million |

Investors: Redquartz Boundary Ltd, Sawgrass Marriott, TPC Sawgrass.

Construction:

Clark Construction Group, LLC hired for Clubhouse Renovations.

JELD-WEN- official provider of windows, doors, and millwork.

Chapman Coyle Chapman Architects

Profitability:

| | |
|---|--------------------------|
| Currently generates..... | \$95 million |
| Expected increase from renovations..... | <u>\$30-40 million</u> |
| Total Profitability: | \$125-135 million |

*Expected increase based on the availability of 10,000 more spectators and tourists.

Prices:

Tournament Prices: Weekly= \$199-\$599, Daily:\$75, Packages=\$4800-\$15900

Club Memberships starting at \$2,400 per year

Green fees for one round ranging from \$89-\$375 per person

Golf Packages, Tour Experience, and Tour Academy also available

No price changes for merchandising, media, etc. Though much media increase with the newly renovated course unveiling.

RESOURCE EXPLOITATION

Physical Resources

- Increase activity around 17th green with better spectator views
- Provide showcase of new Clubhouses amenities

Reputation Resources

- Increase media circulation about charity events and money earned.
- Player's reactions to the new course and difficulty level

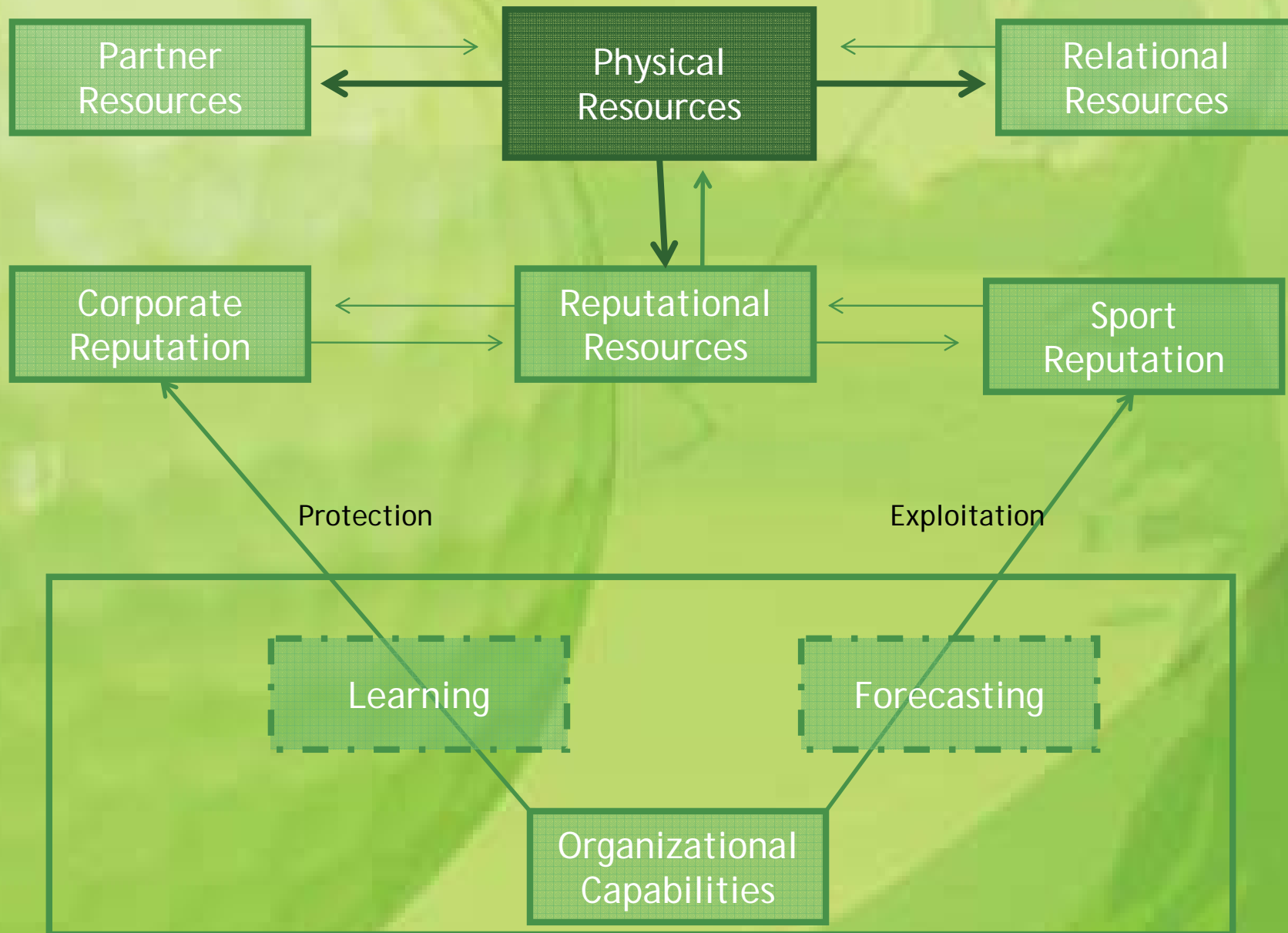
Partnership Resources

- Increase publicity and recognition for involvement with the renovations
- All official media and articles concerning the tournament, with partners listed on them

Relational Resources

- Acknowledge and position brand image to coincide with that of the PGA Tour
- Provide Tour experiences
- Advertising other tournaments of the PGA Tour

RESOURCE INTERACTIONS



ASSET REVIEW

Physical Resources

- Renovation to renew
- Bring new media coverage and renew tournament excitement

Reputational Resources

- Renew with renovations to strengthen the course's reputation for being challenging
- Design of clubhouse to renew reputation of being prestigious.

Partnership Resources

- Maintain same three partners strengthening relationship with continued improvement and success
- Partnership (investor) with International company for renovation for global identity

Relational Resources

- Continued improvement of course and tournament will strengthen the relationship with the PGA Tour
- Increased media relations with the excitement of new renovations

STAKEHOLDERS' IMPLICATIONS

Golfers

- Without them, no event
- Good players provide better competition
- Tournament date moved, causing changes to their schedule
- Pro Golfers living at the country club will be effected by the construction, but with more revenue, the winner will earn more

Sawgrass Marriot

- Resort provides 5-star amenities and clientele
- Investor for project
- Signed 99 year contract with PGA Tour
- Construction could potentially decrease clientele, or affect tee times.
- Renovation to the hotel could cause decrease in bookings and unhappy customers.

Partners (Redquartz Boundary LTM)

- Provide global identity with international companies
- Investors in the renovations
- Benefit from increased Brand Awareness due to the 10,000 increase in spectators
- Brand Image improved with the image of the tournament

Employees

- Responsible for the execution of the tournament.
- Inconvenienced by the construction
- A major product for them to manage.

Volunteers

- A major part of running the tournament
- Raises up to \$3million for charities each year
- Save on overhead costs
- More volunteers will be needed with the increase in attendance

Country Club Members

- Club Members dues provide a lot of income for the TPC Sawgrass
- Allow the resort and golf course to run all year long
- Could potentially be inconvenienced by the construction with limited tee times and with the clubhouse closed
- Will benefit from having updated and state-of-the-art facilities for their enjoyment all year long

PGA Tour

- Owner of the tournament and investor for renovations
- Well known Brand Image
- Many sponsors, licensee agreements, and connections throughout golf
- Tournament will move to May causing the schedule to be changed
- Major profit potential with increased attendance, brand awareness and image

Media

- Provide the publicity, graphics, and fan base for the tournament
- Televising the tournament
- Will let fans know of the renovation plans, helping to create excitement for the tournament
- Portrays the tournament in a positive image, reporting on charity causes and events.

CUSTOMER LOYALTY



🏌️ Jim Furyk and Vijay Singh have lived on the golf course and used the facilities for practice for years.

🏌️ Hundreds of Sawgrass members and long time residents

🏌️ Consistently sells out of tournament tickets

🏌️ Positive reviews on customer service, tour experiences, course structure, and challenge.

🏌️ Thousands of repeat spectators since the opening

🏌️ Renovations will increase repeat customers and allow for new ones.

TRIBAL BRANDING

By Market Segments

Business Professional

- ***Benefactor Package***
- Tailored to entertaining clients during the event
- ***Island Club Package***
- Cost effective way to entertain clients & friends

Young Adult

- New Retail Licenses
 - Total Kids Wear Inc.
- 17th Hole Experience for all ages
- Fun events during the tournament geared towards kids and adults

Golf Enthusiasts

- Tour Academy
 - Private lessons and tutorials
- Tour Experiences
 - Golf Packages
 - Hotel accommodations
 - Tee times
 - Private lessons

Women

- New Retail Licenses
 - Polo Ralph Lauren for women
- Columbus Gourmet
 - Edible souvenirs and gift packages

ORGANIZATION STRUCTURE



UNDERSTANDING THE BUSINESS MODEL

Customer Benefits

Configuration

Company Boundary

Customer Interface

Fulfillment & Support
•Golf Lessons and Training
Information & Insight
Relationship Dynamics
•Stadium seating places emphasis on importance of fans
Pricing Structure
•Low to high end prices appeal to all consumers and cater to families and businesses.

Core Strategy

Business Mission
•Represent PGA Tour
•Put on a good show
•Uphold Reputation
Product/Market Scope
•Golf's top names all competing against each other
Basis for Differentiation
•Event Venue
•Reputation

Strategic Resources

Core Competencies
•Players/Coaches
•Brand Management/Image
Strategic Assets
•Physical resources
•Reputational resources
Core Processes
•Event Management
•Relational Resources

Value Network

Suppliers
•Hundreds of suppliers

Partners
•3 Main partners

Coalitions
•PGA Tour

INTERNAL GOALS

Maintain reputation of excellence and prestige

Continue to provide a challenging, well manicured course year round

Develop a Global presence

Increase profitability each year

Strengthen Partnership relations through profit maximization

POSITION OF DEVELOPMENT AXIS

Public Relations - social capital

- Media releases provided often through the official websites of the PGA Tour and TPC Sawgrass
- Increased media attention with renovations

Partnership - sponsorship activation

- Sponsorships gained and in place through the PGA Tour

Communication

- Golf magazine advertising
- Community awareness
- Television commercials and tournament coverage
- Local and national radio coverage of tournament

Brand Management

- Course renovated to increase competition and challenging play
- Millions raised every year for local charities

Merchandising

- Renovation to tour shop included in up grade
- Increase in licenses for apparel and tour shop items

Stadium Management

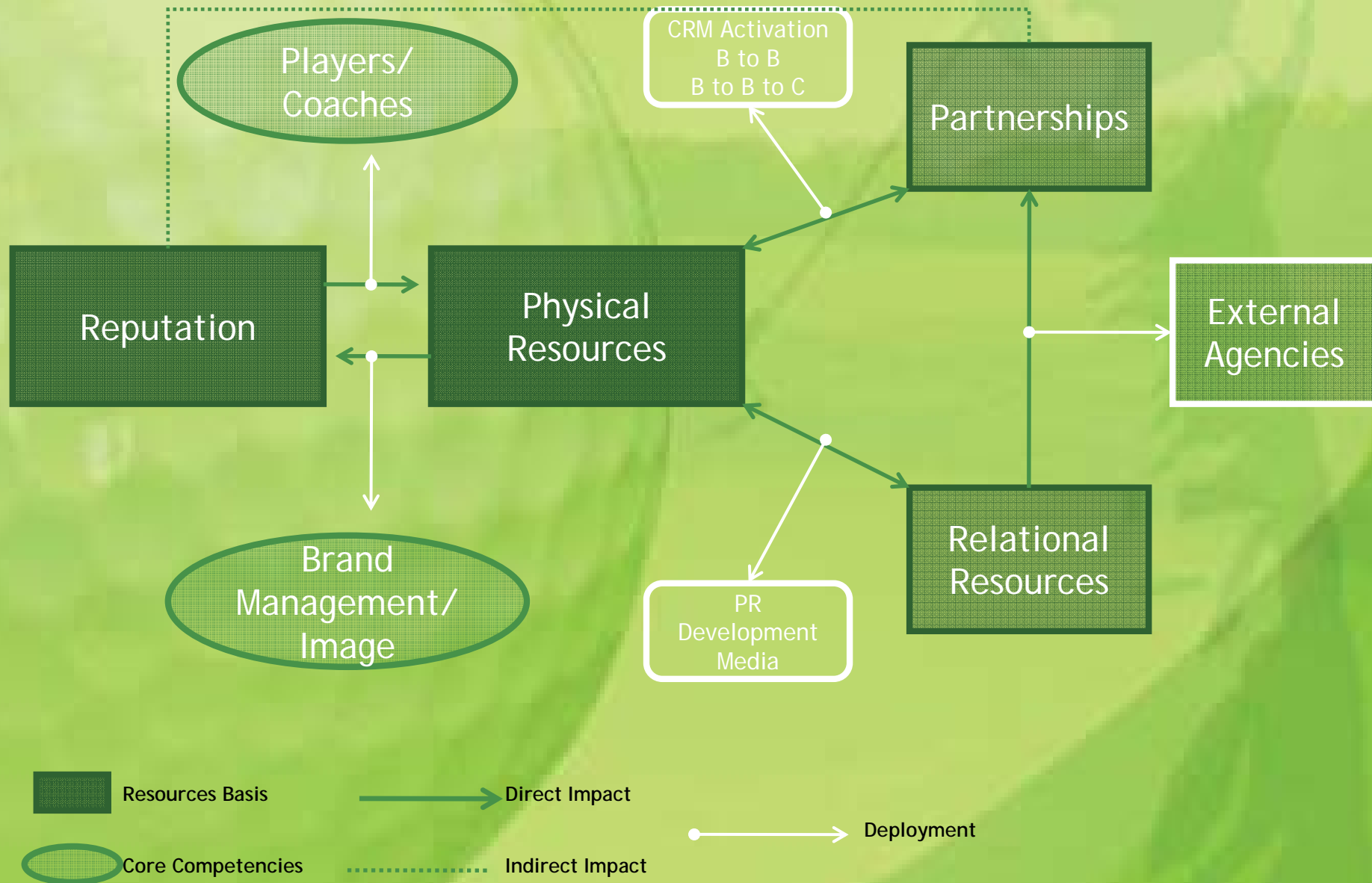
- B to B- Benefactor tickets offered to businesses with food and drinks provided at special group rates
- B to C- Tournament activities organized, renovations included expanded viewing areas,

Ticketing - CRM

- Available online
- Business and group rates



BUSINESS MODEL



REFERENCES

- *About Us: PGA Tour Official Retail Licensees*. (2009). Retrieved March 10, 2009, from PGA Tour: <http://www.pgatour.com/company/retail.licensees/index.html>
- *About Us: Kangaroo Media, TOUR Partner for Enhanced onsite fan experience*. (2009). Retrieved February 25, 2009, from PGA Tour: <http://www.pgatour.com/2009/company/03/09/kangaroo/index.html?eref=sitesearch>
- Barks, J. (2007, August). *Taking TPC SAWGRASS to the cutting edge*. Retrieved March 7, 2009, from Club and Resort Business: <http://www.clubandresortbusiness.com/article/826/taking-tpc-sawgrass-to-the-cutting-edge.html>
- Buck Lawrimore. (2008, March 7). *Second Turf Evolutions TruLine UltraTee Project Underway At TPC Sawgrass In Ponte Vedra Beach, FL*. Retrieved March 7, 2009, from Press Release Point: <http://www.pressreleasepoint.com/second-turf-evolutions-truline-ultrateee-project-underway-tpc-sawgrass-ponte-vedra-beach-fl>
- *PGA Tour.com*. (2009). Retrieved February 20, 2009, from PGA Tour.com: <http://www.pgatour.com/tournaments/r011/>
- *Resource Library*. (2009). Retrieved March 14, 2009, from Resource Library-CMAA: <http://www.cmaa.org/template.aspx?id=23588>
- Smith, R. (2008, November 19). *Top Assoc Legal Issues Tough Econ Times*. Retrieved March 10, 2009
- Street & Smith's Sports Business Daily. (2007, May 10). *New \$32M Clubhouse Highlights Changes to TPC Sawgrass*. Retrieved February 20, 2009, from Sports Business Daily: <http://www.sportsbusinessdaily.com/article/111854>
- *Tournament Players Club*. (2009). Retrieved February 20, 2009, from TPC/Sawgrass: <http://www.tpc.com/sawgrass/>
- *TPC Sawgrass evens field for all skill levels*. (2009). Retrieved February 20, 2009, from CBS Sports: <http://www.cbssports.com/golf/story/10815586/2>
- *Wikipedia*. (2009). Retrieved February 20, 2009, from Wikipedia.com: wikipedia.org
- Witkowski, R. (2006, November 10). *Irish developer sinks \$16M into resort at TPC Sawgrass*. Retrieved March 10, 2009, from Biz Journals: <http://jacksonville.bizjournals.com/jacksonville/stories/2006/11/13/story8.html>