



The Chairman's Page

By Edward F. Pazdur
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A revealing talk with the dynamite CEO of TaylorMade about the successful launch of the R11 and why industry leaders need to be paranoid about the state of the game.

From China to the future of the PGA Tour, Mark King discusses his predictions.

CARLSBAD, CALIFORNIA: You would never know the golf industry is in doldrums by looking directly into the sparkling eyes of Mark King as he sat smiling behind his desk, stacked high with documents. He appeared surprisingly happy.

And why not? TaylorMade, under his 11-year tenure, has grown from \$350 million in annual sales to more than \$1 billion in 2010.

Along the way, he also acquired adidas Golf and Ashworth to round out the company's product line.



Mark King
President & CEO
TaylorMade-adidas Golf

THE EVOLUTION OF GOLF CLUB DESIGN

Mark King was introduced to golf by his mom. "I can still 'feel' the grip on my first set," recalled King. "My mom gave me a set of Patty Berg clubs and I quickly gravitated to the sport."

I asked King, "What have been the major benchmarks in the evolution of club design?"

"Design has come a long way since my first set of clubs," said King. "In the 1960s, Karsten Solheim [founder of Ping] introduced cavity-backed weighted irons. This was a breakthrough for the industry. By distributing the weight of the clubhead to the outside edges, Karsten was able to create a more stable clubhead that resulted in longer shots and better results on mis-hits. Frankly, all club manufacturers are still chasing this

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formula today. We are constantly analyzing how to maximize weight distribution.

"I think 1979 was the next milestone for the industry. Gary Adams, founder of TaylorMade, debuted the first metal wood. Since metal is stronger than wood, Gary was able to manufacture larger clubheads [up to 175cc] with larger sweet spots and even more options to play around with the weight distribution of the clubhead," continued King.

"Ely Callaway's dramatic launch of the Great Big Bertha in 1994 was the next game changer for club design. The switch from stainless steel to titanium allowed drivers to grow in size from around 150-175cc to over 300cc. For club designers, this opened a whole new world of possibilities. Now you had twice the room to redistribute weight and create stability without having an increase in the weight of the club. In fact, today's larger titanium drivers weigh less than smaller steelhead drivers from a generation ago.



"Mark's high energy and positive personality is contagious. Every golfer should be confident that the TaylorMade equipment they use is the best on the market. The new R11 driver is explosive."

—NATALIE GULBIS

"In 2000, we introduced the highly successful 300 Series of metal woods," smiled King. "TaylorMade was the first to focus on the COR or 'springiness of the clubface.' With the use of sophisticated CAD [computer-aided design] computers, we were able to combine the benefits of titanium, not only in perimeter weighting and size of the clubhead, but now the thickness of the clubface. Through millions of simulations, we have been able to design the clubface to actually flex at impact to provide an added bit of energy transfer to the ball.

"Not to rest on our laurels, in 2004, TaylorMade brought to market the r7 Quad, the first driver with small moveable weights that you could adjust yourself. Few off-the-shelf drivers match a golfer's swing specs perfectly. Now, you could customize the driver to match your launch conditions. By matching the club to your swing, this allowed golfers to immediately gain an extra 5 to 10 percent off the tee. Many consumers

“Mark is down to earth and a terrific tone-setter for TaylorMade. Our R11 foul pole promotion has been a runaway success. More people have commented about it than any other promotion I’ve ever been part of.” — JEFF MOORAD, OWNER, SAN DIEGO PADRES

reported adding 25 yards to their drives . It was not PR fluff, it was measurable and undeniable that adjustable weighting was the future.”

TAKING A RISK

Over the last decade , TaylorMade’s overall metal woods market share has remained fairly stable in the low 30 percent range. The industry’s product cycle has shortened from a new introduction every 36 months to 18 months . The challenge to raise the bar has become risky with big money and brand reputation at stake.

“I’ve managed TaylorMade aggressively because I believe the most aggressive company wins,” said King.

“The R11 driver, for example, was a leap ahead in technology. It has 48 ways to adjust the clubhead and provides up to 100 yards of side-to-side trajectory adjustment. That’s unmatched by any of our competitors . We knew the R11 was the ultimate golf club, but, how do we let our customers know it? And, how do we make it stand out from the rest of the pack? The concept of having a white clubhead was broached. Our Ghost line of putters are white and have received glowing reviews,” said King.

“But, a *white* driver clubhead?” I inquired.

“There was a risk,” King said. “We had a lot to lose . What if the industry balked at the idea? So, we tested the white R11 with our staff and retailers . The feedback was strong. Our Tour staff felt the white clubhead helped with alignment and our retailers felt the combination of R11’s technology and untraditional white coloring would be a game changer for sales.”

WAS IT THE RIGHT DECISION?

The golf industry has not been immune from the recession. During the first quarter of 2007, total driver sales in the United States were \$255 million. In the first quarter of 2010, driver sales had fallen to \$184 million—a drop of 28 percent over four years.

During the first quarter of this year , total domestic driver sales are up 16 percent, or about \$30 million. “The economy really isn’t any better . That bump in industry driver sales is solely attributed to the R11!” boasted King. “In the history of TaylorMade, the most market share one of our drivers commanded was 11 percent. The R11, right now, has 22 percent of the market. It’s that good.”



TaylorMade promotes its R11 with the nine-story-tall driver at the right foul line pole in Petco Park, home of the San Diego Padres.

A COAST TO COAST MARKETING BLITZ

Tour validation is critical to TaylorMade.

“It means everything to us,” said King. “We are a performance brand and to claim to be the No 1 driver in golf we need the best players using our clubs . Our reputation is staked on it.”

King knew his team had to think big and outside the box to generate a buzz around the launch of the R11.

“We went on a nationwide blitz and started the launch in New York City,” explained King. “Our ‘White Out’ on Lexington Avenue was a huge hit. We closed off a section of Lex and erected a giant hitting bay. Martin Kaymer and Sergio Garcia [all dressed in white and hitting the R11] pounded away at a gigantic target on the back of the range.”

“TaylorMade has gone beyond being recognized as an American company to being a global brand. Mark is an engaged listener and works well with club professionals and players. He is the ultimate cheesehead—a Wisconsin guy at heart!” — NICK FALDO

To my surprise, Donald Trump made an impromptu visit and assisted me as master of ceremonies. And, to top off an amazing day, Sergio hit the target on his first shot and it ended up as one of the ‘Top 10 Plays of the Day’ on *Sports Center*. You can’t buy that type of exposure.”

THE NINE-STORY-TALL R11 DRIVER

This spring, out of the blue, King received a call from Jeff Moorad, owner of the San Diego Padres. He expressed an interest in working with TaylorMade and King has always had an interest in supporting the local community.



TaylorMade’s “White Out” in New York with Sergio Garcia, Mark King, and Martin Kaymer. Right, King, holding the R11, with Donald Trump.

“I went to the Padres corporate office and met with Jeff,” said King. “I really admired him as a businessman and left the meeting knowing we would work together in some fashion, but I just didn’t know how our blossoming partnership would evolve.

“Both marketing departments crafted a highly visible idea to turn the right foul line pole into a nine-story R11 driver. After receiving MLB’s permission, a nine-story R11 driver was constructed in right field and, on opening day, Natalie Gulbis threw out the opening pitch.”

MARK’S PREDICTIONS—FROM TIGER TO CHINA

Today, by every metric, the game of golf is shrinking. Rounds played, number of golf courses, and dollars spent

on the game have declined.

I asked King if we should just accept the fact that the game of golf can only attract so many players. His answer was quick and direct.

“I am as much of a traditionalist as anybody, but, as an industry, we need to attract the next generation to the game,” stated King. “The USGA, the Tours, the PGA of America, and the major equipment companies should be paranoid about the numbers. We need to find more effective ways to draw nontraditional golfers to the game and nothing should be off the table. Making the game less expensive, more inclusive, and easier to play are all in our best interest. I wouldn’t be surprised if, in the next couple of years, several equipment companies, including TaylorMade, bring out nonconforming equipment to attract the new, occasional golfer to take up the game. Don’t be surprised to see this happen sooner rather than later.”

“Mark King is one of the greatest innovators and salesmen in the history of golf.” — DONALD J. TRUMP



Another weak spot for the game has been television ratings for the PGA Tour. The “Tiger effect” is evident. When Tiger is in contention, ratings soar; when Tiger isn’t on the leader board, ratings are lackluster.

“I am a big fan of Tiger as a golfer. It is unfortunate his personal life has been so tragic. I feel for his mom, wife, and kids,” said King. “If he can

recover from his series of injuries, I think he will win for another 10 years. He is only 35 and life is long. One of the greatest aspects of golf is you can compete until you are 60. Tiger has competed as long as Brett Favre [King



“I admire Mark’s achievements. There is a reason why TaylorMade is the number one driver on all tours worldwide. Tour players will choose the best technology that is going to help them perform better and win.” — GREG NORMAN

is a big Green Bay Packers fan] and, if he can stay healthy, he has another 25 years to go in his career.

“The PGA Tour will ride through this tough economic climate and flourish. I think its commitment to charity will expand and purses will increase. I also think the Tour will take on a more global schedule. Greg Norman will be proven to be a visionary and a true World Tour will become a reality,” continued King.

“What about the LPGA?” I asked.

“The LPGA will be fine. Over the last 12 months, I have looked over what Mike Whan, the LPGA Commissioner, has been doing. I think his push into international markets will pay big dividends down the line—I know it has for TaylorMade! The women are more talented than ever and they understand the importance of supporting their fan base and sponsors. The challenge for the LPGA is the competition for the viewer’s eyeballs. Mike is a genius and, at the end of the day, he will figure it out.”

“Speaking of your international business, how are the golf markets around the world?” I inquired.

“Japan was a tough blow, on both an emotional and business front. How could you not have compassion for all those who were affected by the tragedy,” replied King. “Japan is our second largest market with about \$250 million in annual sales. Our business is down 15 percent, but our booming business in North America and Europe is more than compensating the decline in Japan.”

When I inquired about the Chinese market, King’s answer was not what I expected.

“China is 20 years away from being a real impact to sales for TaylorMade,” said King. “The country has very little golf infrastructure, teachers, or practice facilities. There are more golf courses between San Diego and Los Angeles than in China. It will be long after I leave the company—and I am not going anywhere for a long time—before China is one of our top five markets.”

ADVICE FROM A FOUR-TIME CLUB CHAMPION

Mark King, a former scratch handicap, and four-time club champion has a helpful tip to shave two strokes off your handicap.

“The math is simple whether you are a 20 handicap-

per or Sergio—50 percent of the game is putting,” explained King. “Putt better and your score improves. Although beating balls on the range might be more fun, spending 30 minutes on the practice green will result in better scoring results. Putting has nothing to do with strength, it is all about consistency.”

ADVICE FROM ONE PARENT TO ANOTHER

“My two girls had every opportunity to learn golf,” recalled King. “I encouraged them and tried to steer them toward the game. Golf didn’t click and today, softball is their passion.”



TaylorMade’s “All White” Tour Truck

“My experience taught me that today’s kids are very social, more so than any previous generation. They don’t want to play golf with mom and dad; they want to interact with their friends.”

“I think the best way to introduce the game to your children is to let them invite a buddy or two to join them on the driving range. Make it fun and just about watching the ball fly in the air. Don’t make it a competition or create pressure. If they take to the game, as they mature, they will be drawn to tournament play and enjoy spending four hours on the course with you.” ■

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