

Strategic Analysis: Topgolf Callaway Brands Corp. (NYSE: MODG)

Alan Johnson, Pablo Herrera, Tim Townsend, João Santos

School of Business, Lincoln Memorial University, Harrogate, TN 37752

Executive Summary

The purpose of this application-oriented, research-based case analysis was to examine the impact of strategic management on a firm's competitive advantage and performance. To this end, the analysis of Topgolf Callaway Brands' economic, social, and environmental performance is presented. This public company is the market leader in tech-enabled golf, active lifestyle, and entertainment industry with a portfolio of global brands including Topgolf, Callaway Golf, Travis Matthew, Toptracer, Odyssey, OGIO, Jack Wolfskin, and World Golf Tour ("WGT"). It operates through three reportable operating segments: Topgolf; Golf Equipment; and Active Lifestyle, selling golf equipment, and apparel, as well as providing golf-related entertainment in the US and Internationally in over 120 countries. Oliver G. Brewer III has served as a Director and the President and CEO of Topgolf Callaway Brands Corp. since joining Topgolf International, Inc. in March 2012 (Topgolf merged with Callaway Golf Company in 2021). The company is guided by the belief that "Good Ethics is Good Business" and continues to take steps forward in its approach to sustainability, transparency, and accountability. Despite a current forecast of a challenging macroeconomic climate, the company expects to continue its trend of growth in 2023.

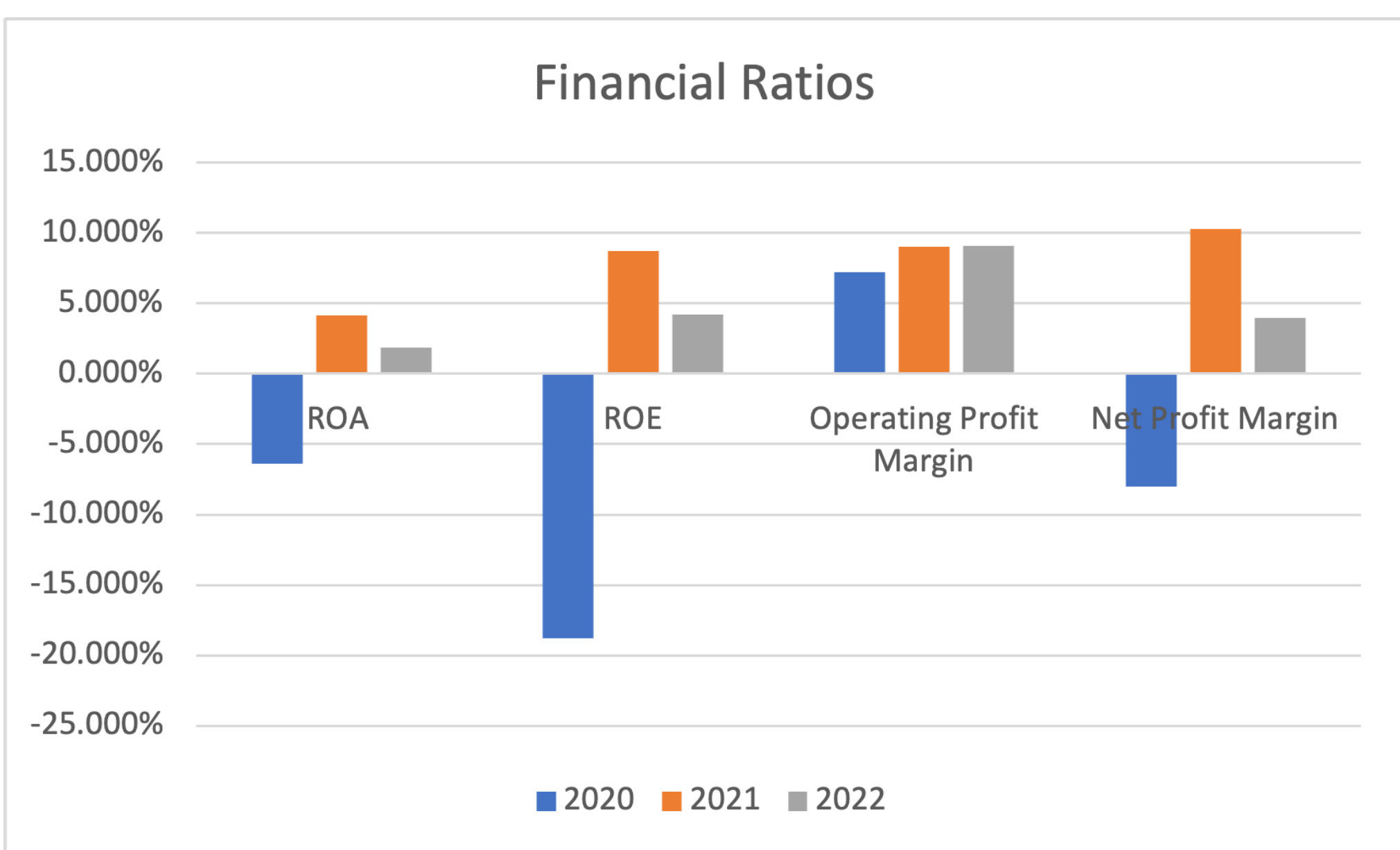
Company Background

COMPANY: TOPGOLF CALLAWAY BRANDS
CEO: OLIVER G. BREWER III
YEAR FOUNDED: CALLAWAY 1982, TOPGOLF 2000, TOPGOLF CALLAWAY 2021
HQ: CARLSBAD, CALIFORNIA, USA
NUMBER OF EMPLOYEES (2023): 32,000
PUBLIC OR PRIVATE: PUBLIC
TICKER SYMBOL: MODG
MARKET CAP: 3.972 M
ANNUAL REVENUE (2022): \$3,995,700
PROFIT/NET INCOME: \$157.9 M
PRODUCTS & SERVICES: TOPGOLF DRIVING RANGE, GOLF EQUIPMENT/APPAREL
COMPETITORS: DRIVE SHACK, DAVE & BUSTERS, NIKE GOLF

TOPGOLF
CALLAWAY
BRANDS



Results



Key Financials

	\$ Millions	% Change
Revenue (\$M)	3995.7	28%
Profits (\$M)	2411.1	29%
Assets (\$M)	8590.4	
Total Stockholder Equity (\$M)	3774.3	



GOOD GOVERNANCE: ETHICS AND INTEGRITY



SWOT Analysis

Strengths

- Product Differentiation
- Global Presence
- Brand

Opportunities

- The acquisition by Callaway allows access to more professional golfer sponsors
- Continual expansion into new cities

Weakness

- Little Recognition from Professional sponsors
- Investment in research and development

Threats

- Economic instability in foreign markets
- Golf is a seasonal Sport causing fluctuation in revenue and stability

Recommendations

1. Environmental responsibility, throughout the construction process large quantities of synthetic turf product is disposed of due to insufficient use – reuse or recycle
2. M&As – mitigate risks and challenges that come from ongoing mergers and acquisitions activities and the conglomeration of companies under Topgolf Callaway Brands
3. International expansion - be aware of threats in foreign markets, along with opportunities within foreign markets
4. Market segmentation - focus on the demographic that brings in the most revenue (people between the ages of 18-34)
5. Continual integration of all companies under the Topgolf Callaway Brand umbrella throughout their respective industries

LMU
School of Business
LINCOLN MEMORIAL UNIVERSITY