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Hey Golfers —

PopStroke achieved a huge milestone a few weeks ago. **An investment from TaylorMade.** While the investor is significant — PopStroke's valuation of \$650 million has my attention.

Before we dive into the newsletter — here's a brief overview of PopStroke.

PopStroke was founded by Greg Bartoli, a former Wall Street executive, in 2018. Tiger Woods Ventures joined in 2019 as a partner and investor.

PopStroke is golf entertainment. Focusing on the outdoor putting concept leveraging technology to enhance the customer experience, and promote a community environment.

PopStroke has six locations:

- Tampa, Florida
- Houston, Texas
- Orlando, Florida
- Sarasota, Florida
- Fort Myers, Florida
- Port Saint Lucie, Florida

PopStroke has three locations in the developmental pipeline:

- Glendale, Arizona
- Scottsdale, Arizona

- Delray Beach, Florida

Last spring I wrote a [piece](#) stating the next big business in golf was the mini golf segment. At the time — **the mini golf segment was valued around \$1 billion** — that has changed quickly.

- In October of 2022 — BlackRock invested \$150 million in Puttshack
- In January of 2023 — PopStroke is valued at \$650 million

Is the PopStroke valuation rich with only six venues?

Probably. But when Puttshack raised \$150 million from BlackRock last fall it reset the market.

Puttshack has nine locations throughout the United States and the United Kingdom.

Puttshack has a major advantage over PopStroke.

Puttshack is indoor mini golf — their total addressable market is larger than PopStroke. To this point — PopStroke has focused on outdoor putting courses. They will be limited to opening venues in warm climates.

But maybe warm climates don't matter as much as we think — **off-course golf is growing at a wild pace.**

National Golf Foundation has published a study of on-course and off-course participation in recent years. Here are the links to each study for the last three years below.

- [2020](#)
- [2021](#)
- [2022](#)

From 2020 to 2022 — off-course golf added nearly three million participants. On-course golf added 600,000.

These numbers are representative of golfers that play golf on-course and off-course **only**. Several million golfers do both — that is not included in the chart below.

Callaway has paved the way for equipment companies investing in golf entertainment. I looked back at the press release from October 2020 when Callaway announced it was purchasing Topgolf.

The deal was worth over \$2 billion. Topgolf had 63 venues at the time and did \$1.1 billion in revenue in 2019.

Based on the valuation — a **Topgolf venue was valued at around \$30 million**. Compared to a PopStroke venue valued at around \$100 million per venue.

A Topgolf venue needs around 15 acres to build a venue and has an average cost of \$17 million. While we don't know the development costs of a PopStroke venue, **we know that they need around an acre to build** — significantly less than Topgolf.

Synergies are important for investments or acquisitions.

Callaway has a significant advantage with sell-through opportunities with Topgolf. Golfers are able to demo nearly all of Callaway's equipment.

What will the TaylorMade synergies look like with PopStroke?

We know that TaylorMade is making a special golf ball for PopStroke. PopStroke will also be using TaylorMade putters as rentals. I would imagine the relationship will evolve to PopStroke selling TaylorMade equipment and apparel in the future.

It is important to note that TaylorMade was acquired by Centroid Investment Partners, a South Korean Private equity firm, in 2021 for \$1.7 billion.

The investment in PopStroke diversifies TaylorMade's business as it competes with Acushnet and Callaway. Acushnet's market cap is nearly \$3.5 billion while Callaway's market cap is \$4.3 billion.

PopStroke is building a community too.

PopStroke hosted a three-day Tour Championship last fall with a total purse of \$125,000.

- The team champion won \$20,000
- The individual champion won \$5,000

In an interesting wrinkle — the PopStroke Tour Championship was televised.

PopStroke also has a weekly league in each of its locations.

PopStroke is essentially commercializing putting courses and re-creating a sub-sport in the game of golf.

Is PopStroke worth \$1 billion today?

No — but there is a very good chance they will be in the next few years.

As we continue to see off-course golf explode and PopStroke open more venues will create more revenue opportunities.

Separately — the golf community will continue to see companies focusing on off-course golf as the market continues to grow. It is an exciting time to build in the space.

