

2020 Tennis Retailer COVID-19 Impact Survey: **Results**



Summary Report

April 15, 2020

Table of Contents

- Executive Summary..... 3
- Background & Methodology..... 4
- Retailer Profile & Current Status..... 5
- Sales..... 9
- Staffing Impact & Business Viability..... 12

Executive Summary

- 87% of tennis retailers surveyed said their retail door(s) remain closed. There were no major differences in retail open/close status by store size, though there is a slightly lower percentage of closings among larger stores.
- When asked how their March 2020 sales will compare to March 2019, roughly half (49%) of retailers answered their sales were more than 60% down.
- April sales are expected to decline drastically; 72% of retailers project their April 2020 sales compared to April 2019 to be down more than 80%. The outlook for May is a little better — 45% of retailers project sales to be more than 80% down compared to May 2019.
- Of the 90% of retailers who are either partially or completely closed, only 27% have implemented a strategy to maintain sales. The most popular sales strategy used is *curbside pick-up*, followed by *online orders & home delivery*. Approximately 9 out of 10 retailers (89%) are not using an e-commerce platform (such as *Shopify*) to generate sales.
- Regarding staff layoffs & furloughs, 28% of retail businesses replied they have not yet laid off or furloughed any staff, while another 30% of stores have laid off their *entire* staff and 34% have furloughed all or some of their staff. Of these retailers who have furloughed staff, 73% are unable to afford to pay any wages. Half of retailers (56%) with furloughed staff say they can maintain wage support for less than one month.
- Stores were asked about their cash reserves, to which 49% of stores say they have 1 to 3 months of cash reserves on hand.
- 72% of retailers surveyed say they are only willing to go into debt at a level less than \$50,000 to keep their business viable.
- 38% of retailers say they can keep their business going for 3 months or less before they must consider permanent closure. 26% stated they can stay in business at some level indefinitely.

Background & Methodology

In April 2020, the Tennis Industry Association (TIA) conducted a survey of pro/specialty tennis retailers in the United States as part of a larger industry effort to study the impact of the COVID-19 pandemic. Using these results, the aim is to better understand how tennis retailers are dealing with this crisis and provide insight to governing bodies & other key stakeholders as they establish action plans to support the tennis community.

The TIA developed the survey content in conjunction with Sports Marketing Surveys (SMS), which also programmed the questionnaire. After programming the questionnaire, SMS provided survey link for the TIA to distribute to its email list of tennis retailers.

Some results from *ActionWatch's* Core Surf/Skate Retailers Survey and the *Running Industry Association's* COVID Retail Survey are included for comparisons.

RESPONSE SUMMARY

Field start date: April 1, 2020

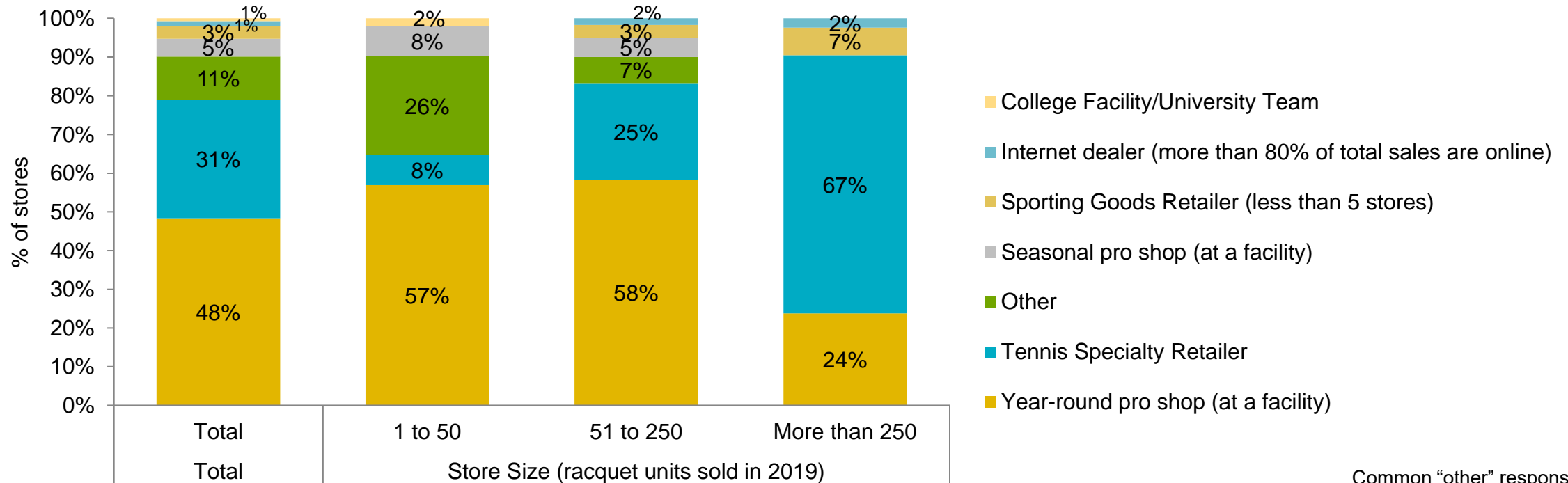
Field end date: April 7, 2020

- Completed surveys: 144
- Partial surveys: 41



RETAILER PROFILE & CURRENT STATUS

Retailer Background: Store Type

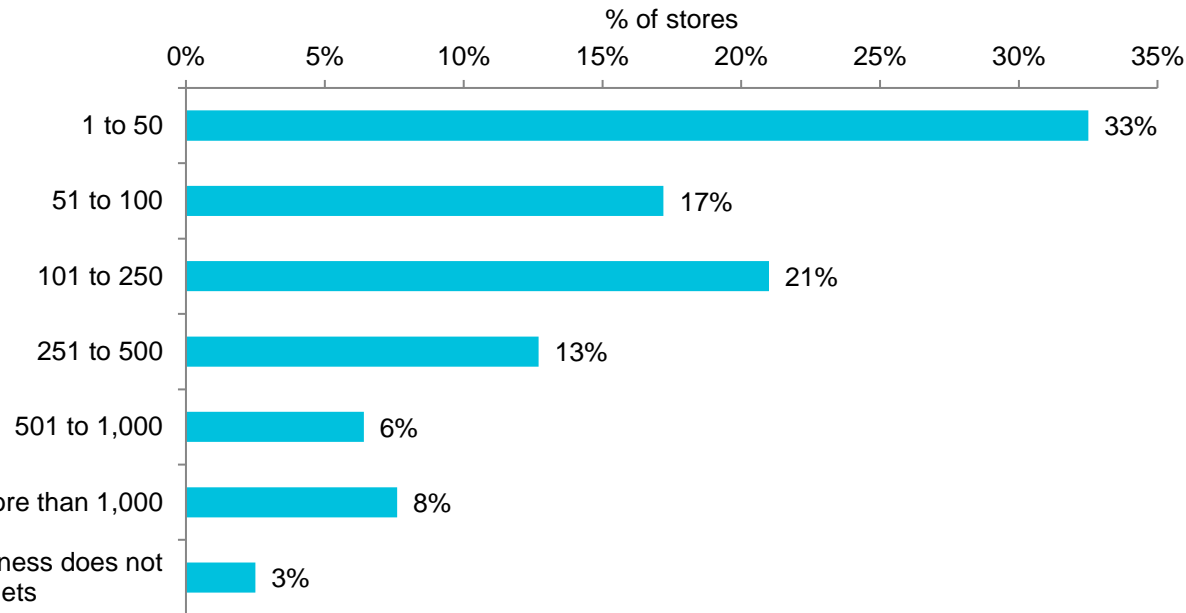


- Common "other" responses:
- Tennis Academy
 - Tennis Professional
 - Lessons & programming
 - Stringing

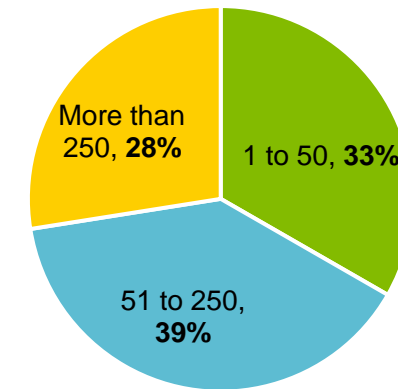
- Approximately half of total respondents were from year-round pro shops at a tennis facility; this percentage is higher among smaller retailers — larger ones were more likely to be a tennis specialty retailer.

Retailer Background: Store Size (Racquet Units Sold in 2019)

Racquet Units Sold in 2019



Racquet Units Sold in 2019 (grouped and non-sellers filtered out)

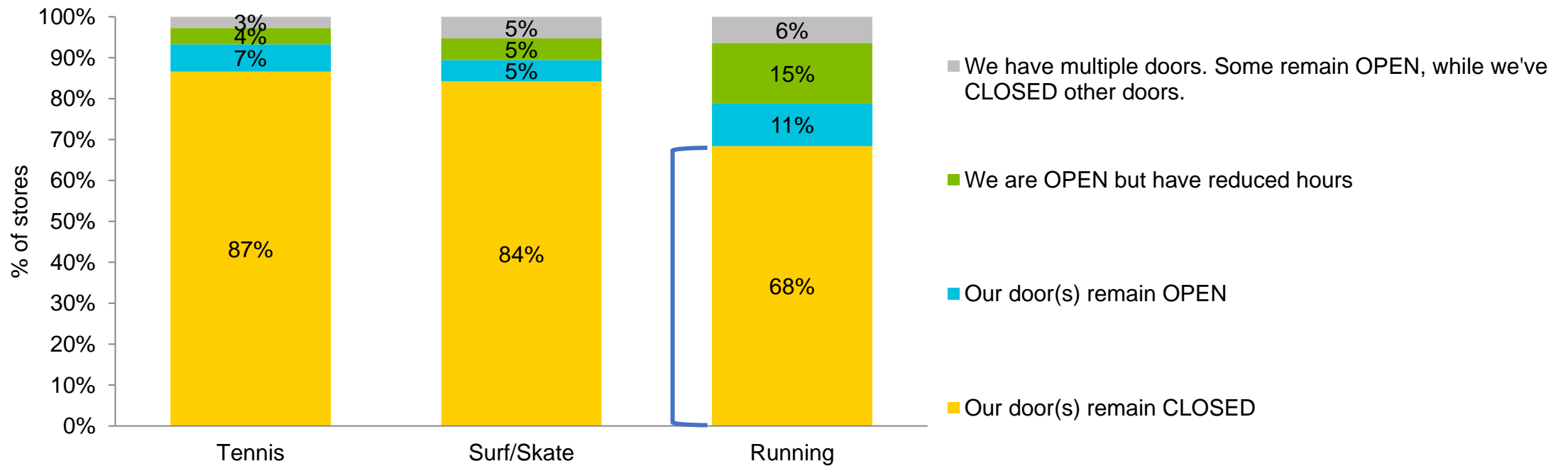


- A third of retailers surveyed sold between 1 to 50 racquets in 2019, while roughly 39% sold 51 to 250 and 28% sold more than 250 units.

Stores In Total Pro/Specialty Retail Universe (from <i>Distribution Study for 2018</i>)		
	% of stores	% of units sold
<100 units	81.5%	16.9%
100-249	11.0%	14.0%
250-499	3.4%	10.6%
500-999	2.2%	13.3%
1000+ units	1.8%	45.3%

Current Status of Retail Location(s)

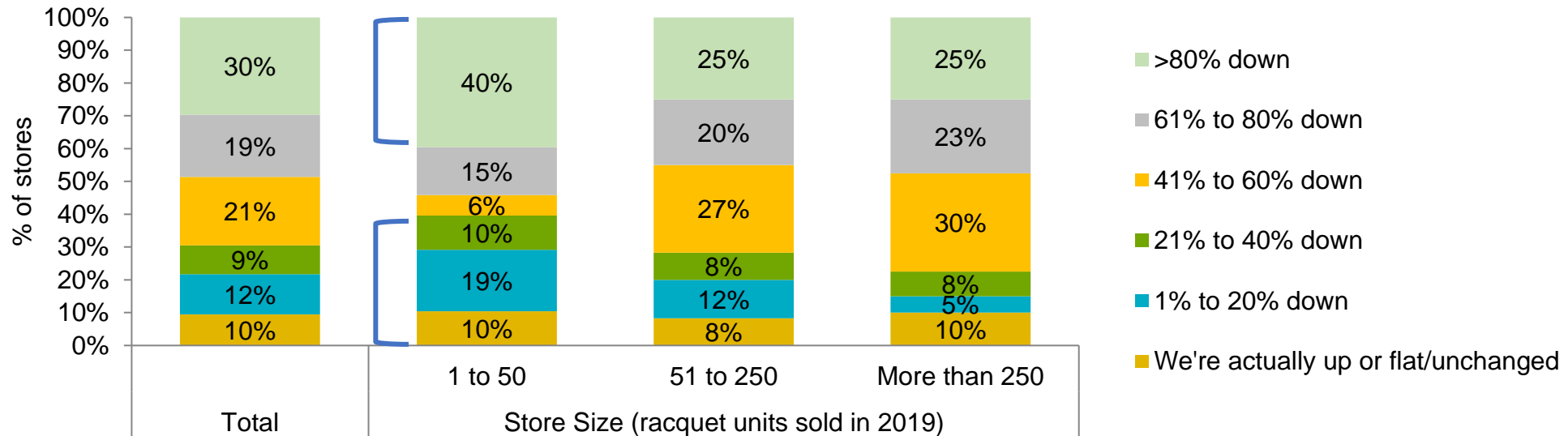
Retail Location Status: Tennis, Surf/Skate, Running



- Roughly 9 out of 10 tennis retailers said their retail location remains closed.

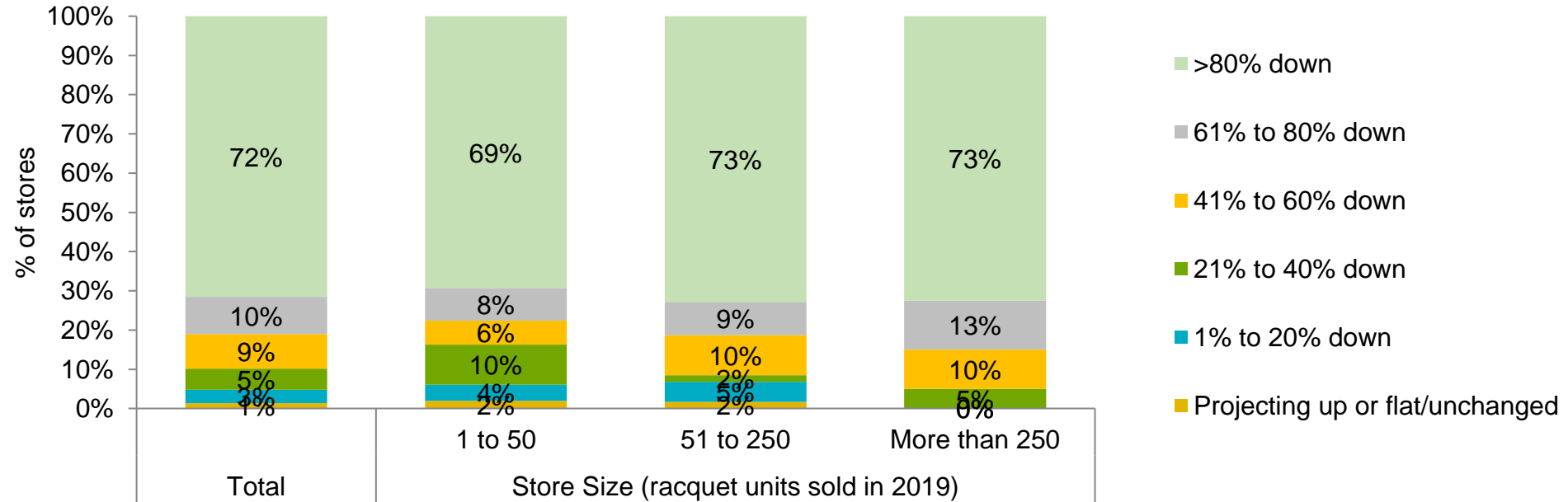
SALES

Sales Comparison: March 2020 to March 2019



- Half of tennis retailers said their March 2020 sales were more than 60% down from March 2019
- Interestingly, there was a higher percentage of smaller retailers on either end of the scale; they are more likely to be doing worse (40% said >80% down) while also being more likely to have smaller decreases.

Sales Projections: April 2020 to April 2019



- 72% of all retailers anticipate their April sales will be greater than 80% down compared to April of last year.

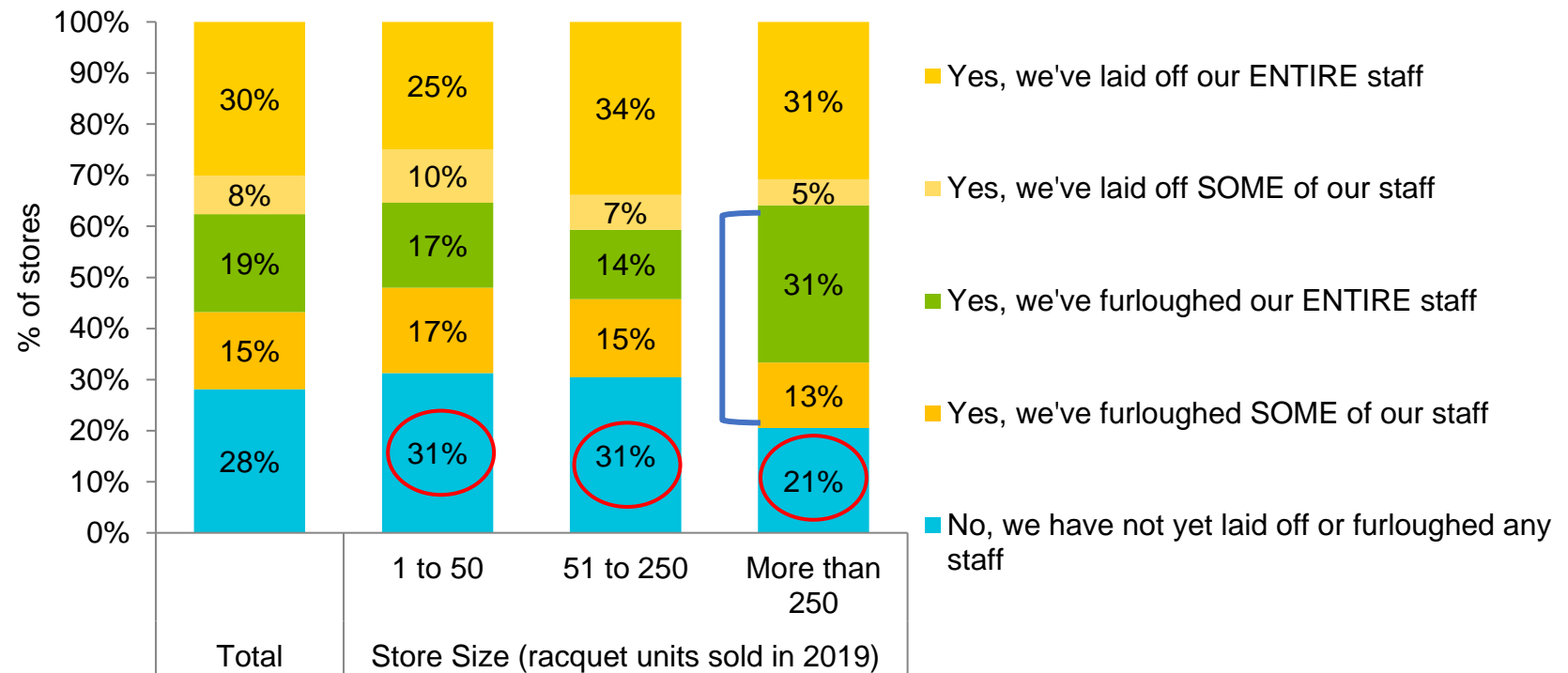


STAFFING IMPACT AND BUSINESS VIABILITY

Staff Layoffs & Furloughs

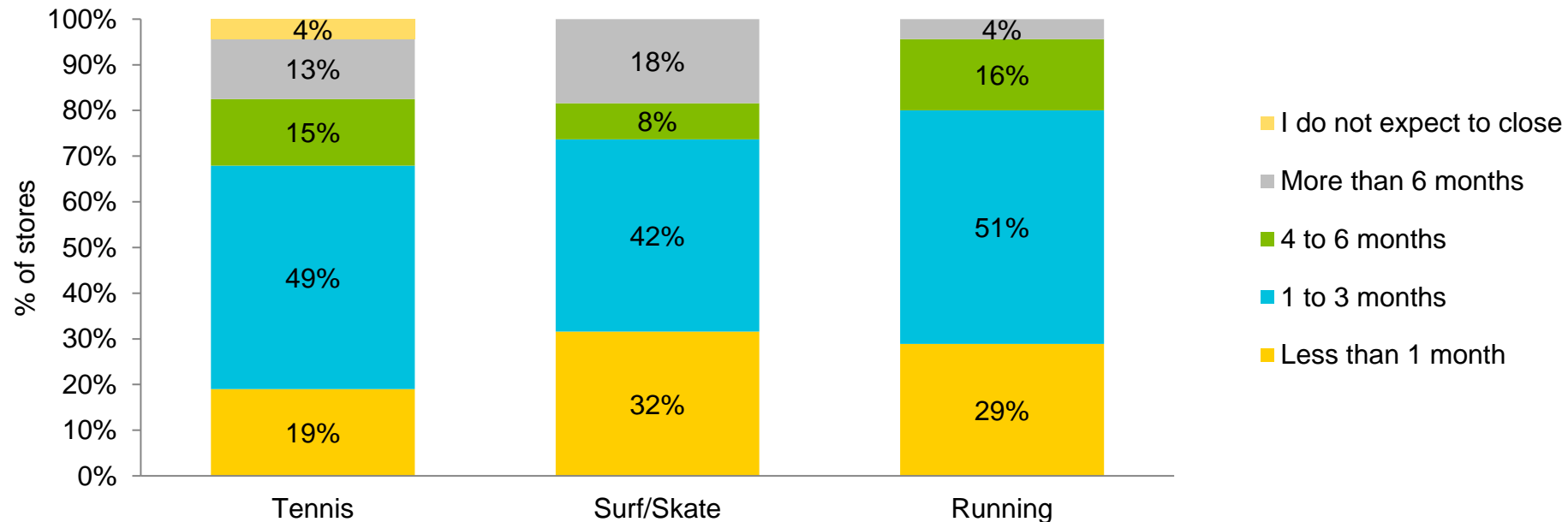
- Overall, 28% of retailers said they have not yet laid off or furloughed any staff, while 30% have laid off their *entire* staff.
- 10% more of small and medium retailers (selling between 1-250 racquets in 2019) have not laid off or furloughed any staff (31%) compared to 21% of large businesses.
- Businesses selling more than 250 racquets had a higher percentage of those stating they had furloughed staff (44%) compared to small & medium stores.

Layoffs & Furloughs



Cash Reserves

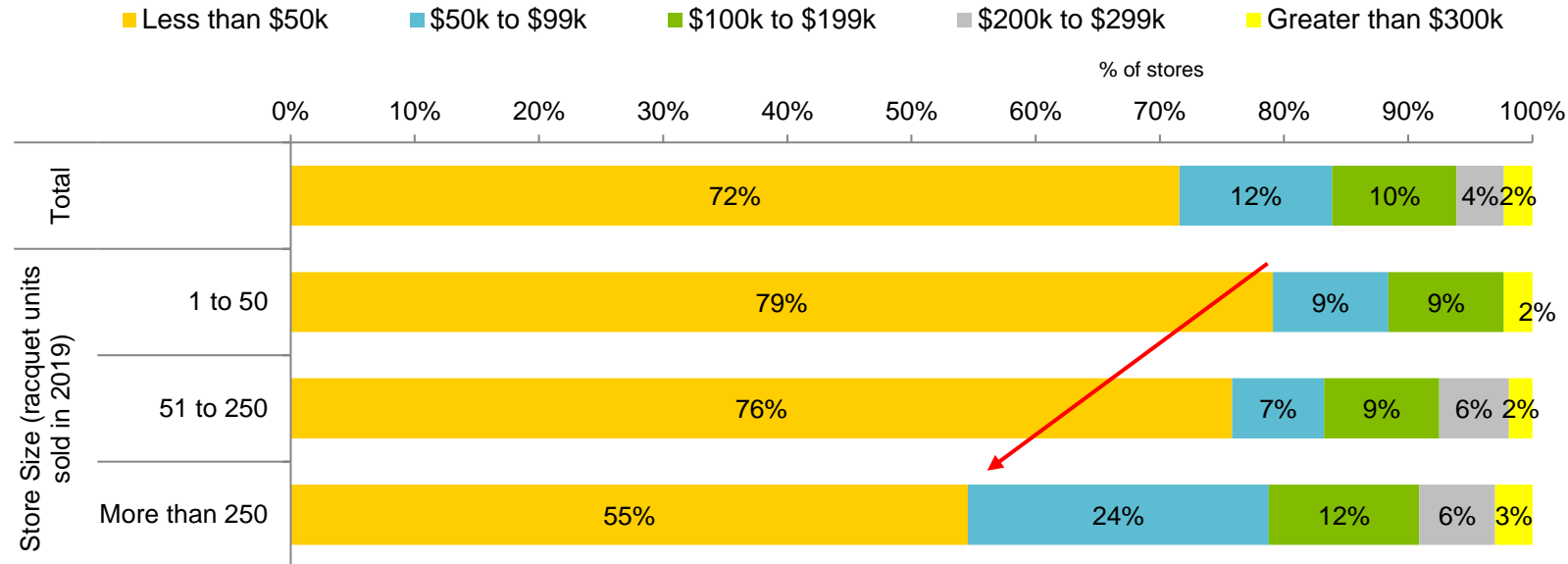
If your doors are closed (or you expect to close) and are considering your current financial obligations, how many months of cash reserves do you have on hand?



- Half of tennis retailers (49%) say they have between 1 to 3 months of cash reserves on hand.
- Across all three retail spaces, approximately 70-80% of retailers have 3 months or less of cash reserves on hand.

Use of Debt to Maintain Financial Viability

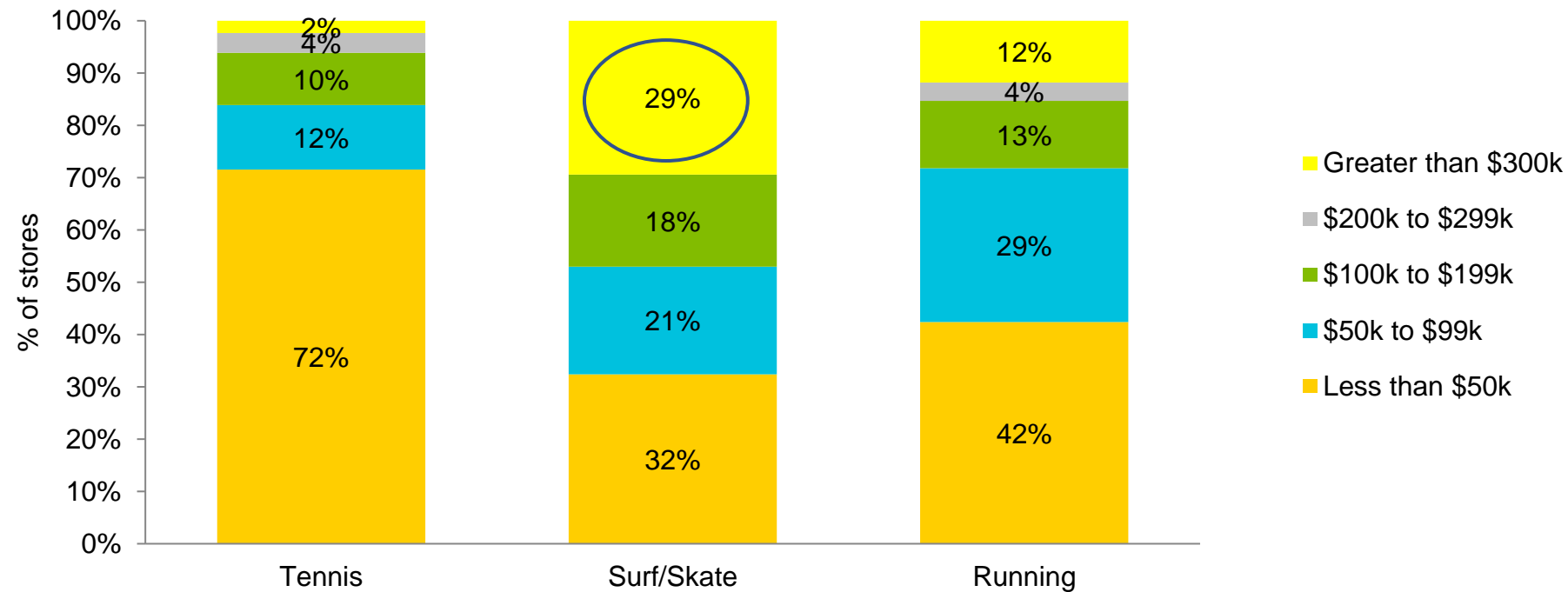
If you have access to a line of credit or other type of loan assistance, how far in debt are you willing to go to keep your business viable?



- 72% of tennis retailers say they are only willing to go into debt at a level less than \$50,000 to keep their business viable. As store size increases, there is a general increase in the amount of debt they're willing to undertake — especially for larger businesses.

Use of Debt to Maintain Financial Viability

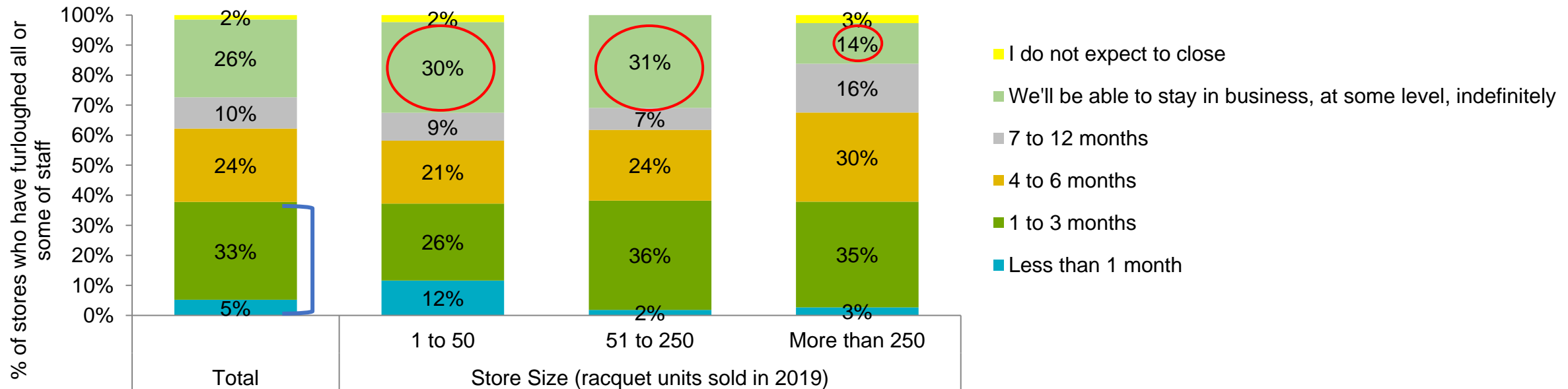
Amount of Debt Willing to Take On To Keep Business Viable: Tennis, Surf/Skate, Running



- Tennis stores not able to take on as much debt as surf/skate and running.

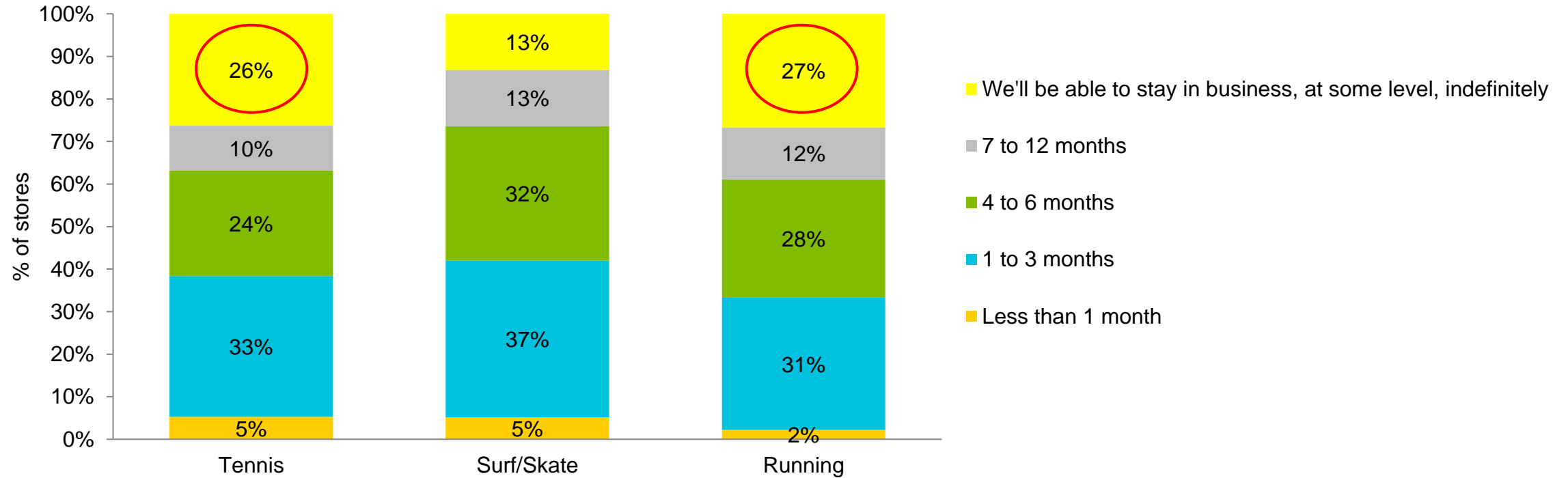
Duration of Business Viability Before Considering Closure

If your doors are closed (or you expect closure) and the current situation holds, how many months can you manage to keep your business going before you have to consider permanent closure?



- 38% of retailers say they can keep their business going for up to 3 months before they must consider permanent closure.
- 26% of stores state they can stay in business indefinitely at some level; interestingly, this was chosen by only 14% retailers selling more than 250 racquets compared to roughly 30% of small & medium businesses (1-250 racquets sold).

Duration of Business Viability Before Considering Closure





Copyright: © 2020 Tennis Industry Association *All rights reserved*

USING TENNIS INDUSTRY ASSOCIATION RESEARCH:

Any publication of copyrighted material outside your organization without the prior consent of Tennis Industry Association is expressly prohibited. You should send us a copy of any literature that references our data before it is published. We will generally agree to such publication, but ask you to adhere to the following guidelines:

- The information should be a clear, fair, and accurate representation of what our research indicates
- The time period & measure (units or dollars) should be clearly indicated
- Tennis Industry Association should be cited as the source of the information

While proper due care and diligence has been taken in the preparation of this document, the *Tennis Industry Association* cannot guarantee the accuracy of the information contained and does not accept any liability for any loss or damage caused as a result of using information or recommendations contained within this document.