TENNIS INDUSTRY ASSOCIATION

Sports Marketing Surveys

2020 Tennis Industry COVID-19 Impact Studies

Survey for July: **Full Results**

July 24, 2020

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Executive Summary - Key Findings

Tennis businesses showed signs of a rebound in June.

There is increasing optimism for overall business performance, but predictions for year-end 2020 signal that most tennis retailers and facilities still expect a decline from 2019.

Staffing levels are getting back to normal, but still below pre-COVID levels.

- Tennis businesses are reopening. Approximately 85% of tennis businesses said they were open in the July survey, up from about 36% in the May survey.
- When asked to compare June 2020 to June 2019, 20% of both retailers and facilities said their business was increased or flat. About 35% said their June business was down by more than 80%, almost a half of the 60% of retailers and facilities who predicted such a decrease for May.
- There is more optimism about year-end performance. 52% of retailers predict a year-end decrease of >40% (compared to 2019), down from 71% in the May survey. 49% of facilities in July projected a year-end drop of more than 40%, down from 59% in May. Retailers and Facilities expect these improvements to continue for the rest of the year, though about 80% still expect their year-end 2020 business to decline compared to 2019.
- The most common ways tennis retailers have adjusted their buying for the year include reducing their inventory of racquets (49%), accessories (37%), and apparel (34%). Nearly 20% (18%) have not adjusted their buying this year.
- “Vigilant sanitation” remains the most-used safety measure by tennis businesses. Tennis facilities also continue to postpone group activities & reduce lesson sizes.
- When asked about staffing levels, nearly half (45%) of tennis businesses said their staffing is at their pre-COVID levels.
- Only 19% of those in the July survey who said they applied for emergency funding did not receive any, down from 39% in the May survey.
- Roughly a quarter of retail operations and 13% of facilities that are partially/fully closed expect to re-open in July. One-third of these businesses also said they don’t know or haven’t received guidance from their government.
- When asked how brands can support their retail operation, the option chosen by the highest percentage of tennis retailers was “Marketing activities to drive store traffic.” In May, retailers gave higher priority to off-price sales for Spring 2020 inventory.
- “Closing again” is the biggest concern among tennis businesses, with 82% of respondents selecting it as one of their top 3 concerns. Another one-third cited “increased business expenses.” Other responses included reduced demand, safety of indoor courts, and employee safety.

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Executive Summary – Fast Facts

* Includes stores that said they were closed all month (100% down)

Question	Retail/Facility	April Survey	May Survey	July survey
Are you closed?	Retail	87%	64%	16%
	Facility		63%	15%
May business?	Retail Sales	45% > 80% down	61% > 80% down	
	Facility Court Use		57% > 80% down	
June business?	Retail Sales			35% > 80% down* 20% said flat or increased
	Facility Court Use			34% > 80% down* 20% said flat or increased
July business?	Retail Sales			32% > 80% down
	Facility Court Use			31% > 80% down
Year-end business?	Retail Sales		71% > than 40% down	52% > than 40% down
	Facility Court Use		59% > than 40% down	49% > than 40% down
Expect to open?	Retail		63% expect to open May/June	40% expect to open August or later
	Facility		62% expect to open May/June	53% expect to open August or later

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Executive Summary – Fast Facts

Question	Retail/Facility	May Survey	July survey
Adjustments to tennis retail purchases	Retail		Decreased racquet inventory 49% Decreased accessories inventory 37% Decreased apparel inventory 34%
General safety measures implementing	All	More vigilant/frequent sanitation 78% Employees required to stay home if showing symptoms 75% Sanitation stations in front/inside 66% Facemasks and/or gloves required for employees 63%	More vigilant/frequent sanitation 75% Employees required to stay home if showing symptoms 73% Sanitation stations in front/inside 65% Facemasks and/or gloves required for employees 59%
Facility safety measures implementing	Facility	Reduced group lesson size 77% Postponed/canceled socials, mixers, other group activities 74% More one-on-one/private coaching 73% Players encouraged to serve with their own can of balls 60% Court sanitation 60% Closed locker room & shower areas 53% Players encouraged to not change ends 51%	Postponed/canceled socials, mixers, other group activities 70% Reduced group lesson size 68% More one-on-one/private coaching 56% Ensuring accurate records of who plays at facility 46% Court sanitation 46% Players encouraged to serve with their own balls 44% Closed locker room & shower areas 43%
Current staffing as % of pre-COVID levels	All		46% at normal staffing; 25% less than 60% of pre-COVID levels
Giving members credit for missed time	Facility	56% Yes, giving credit for missed time	57% Yes, giving credit for missed time
Retail Inventory	Retail	Racquets: 35% have 4+ months inventory Shoes: 42% have 4+ months inventory	Racquets: 31% have 4+ months inventory Shoes: 34% have 4+ months inventory

Executive Summary – Fast Facts

Question	Retail/Facility	May Survey		July survey	
3 most important actions brands can do to help	Retail	Authorize off-price sales for Spring 2020 inventory Frequent communication Cancel future orders	46% 41% 38%	Marketing activities to drive store traffic Pricing integrity in other channels Frequent communication	46% 41% 39%
Applied for emergency funding?	All	Yes, our business has applied for emergency funding No, but our business plans to/is interested in applying for emergency funding No, our business will not be applying for any emergency funding	53% 13% 34%	Yes, our business has applied for emergency funding No, but our business plans to/is interested in applying for emergency funding No, our business will not be applying for any emergency funding	47% 6% 48%
What emergency funding have you received so far?	All	PPP funding (first round) PPP funding (second round) EIDL SBA debt relief Extended line of credit USTA or USTA foundation grant None so far, but we still expect to None so far and we don't expect to receive any	35% 17% 13% 3% 3% 6% 26% 13%	PPP funding (first round) USTA or USTA foundation grant EIDL None so far, but we still expect to PPP funding (second round) None so far and we don't expect to receive any SBA debt relief SBA Express Bridge Loan	55% 41% 22% 11% 9% 8% 7% 2%
Top 3 Concerns for Rest of 2020	All			Having to close down again Increased business expenses Other (reduced demand/play; indoor courts; safety)	82% 32% 25%

Background & Methodology

In April 2020, the Tennis Industry Association (TIA) began the first of a series of surveys of tennis businesses in the United States as part of a larger industry effort to study the impact of the COVID-19 pandemic. The aim is to better understand how tennis facilities & 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 first survey in April survey focused on retailers, then the May survey was expanded to also cover tennis facilities. Another survey was sent in early July.

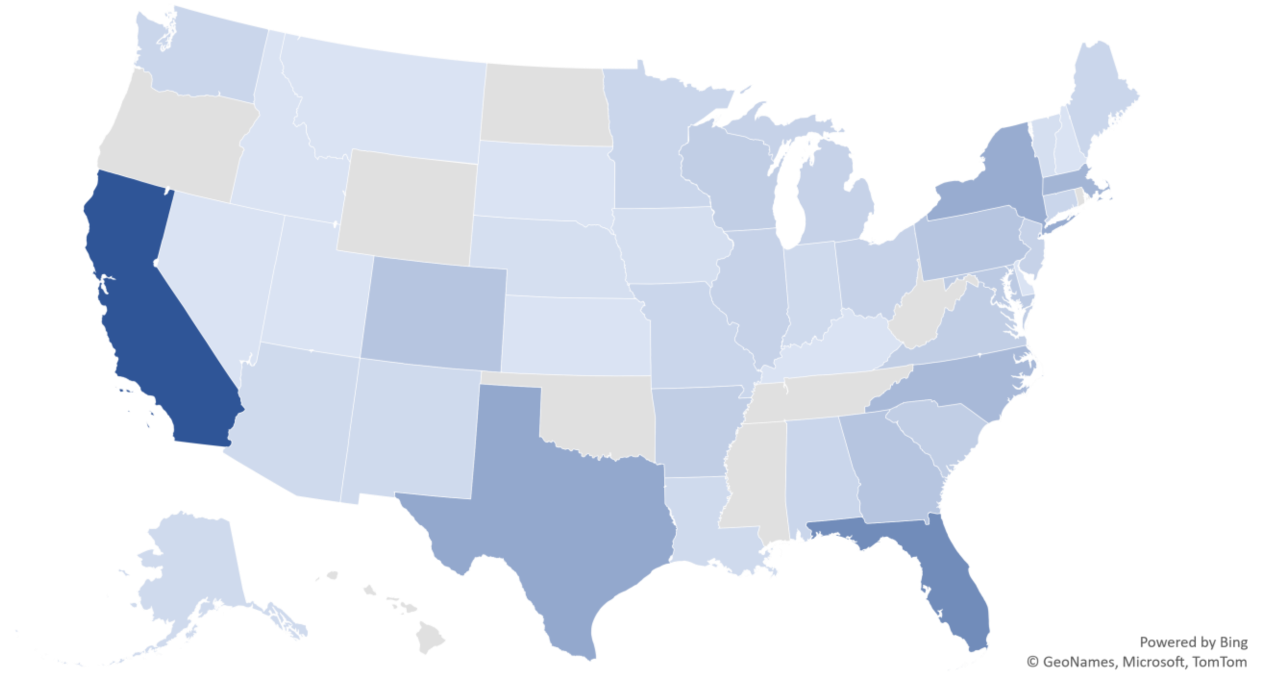
The TIA developed the survey content in conjunction with Sports Marketing Surveys (SMS), which also programmed the questionnaire. After programming the questionnaire, SMS provided survey link for the TIA to distribute to its email list.

RESPONSE SUMMARY

	April survey	May survey	July survey
Field Start Date	April 1, 2020	May 8, 2020	July 7, 2020
Field End Date	April 7, 2020	May 15, 2020	July 15, 2020
Completed surveys	144	219	194
Partial surveys	41	66	75

TENNIS BUSINESS PROFILE & CURRENT STATUS

Tennis Business Background: State



	April	May	July
California	15%	12%	15%
Florida	9%	10%	9%
Texas	9%	6%	6%
New York	7%	5%	6%
Massachusetts	5%	5%	5%
North Carolina	3%	5%	5%
Pennsylvania	7%	6%	3%
Georgia	6%	3%	3%
Colorado	1%	1%	3%
Maryland	1%	2%	3%
South Carolina	3%	4%	3%
Wisconsin	1%	1%	3%
Illinois	5%	6%	2%
Ohio	2%	5%	2%
Michigan	1%	3%	2%
New Jersey	4%	3%	2%
Connecticut	2%	3%	2%
Washington	0%	2%	2%
Minnesota	1%	1%	2%
Alabama	1%	1%	2%

- 39% of respondents are from “key states”: CA, FL, GA, NY, TX

*21% of retailers responding came from another 21 states not listed above, with each state accounting for less than 2% of the sample.

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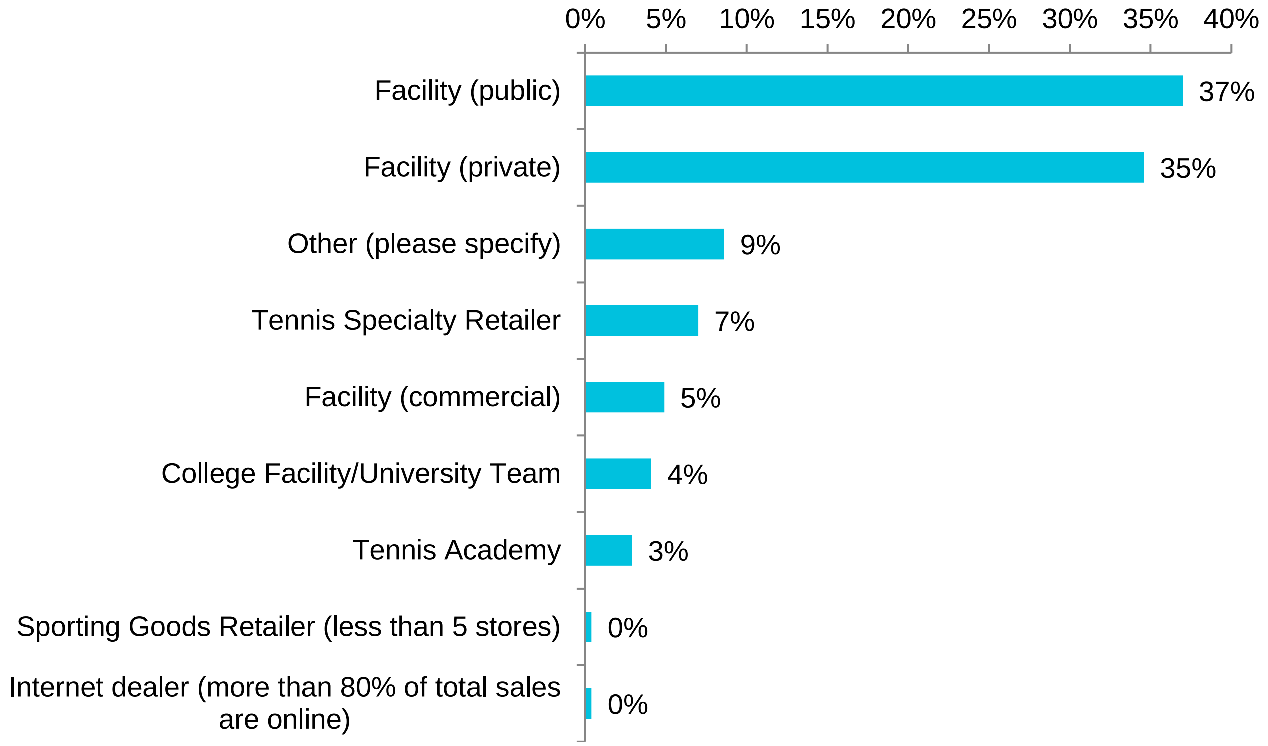
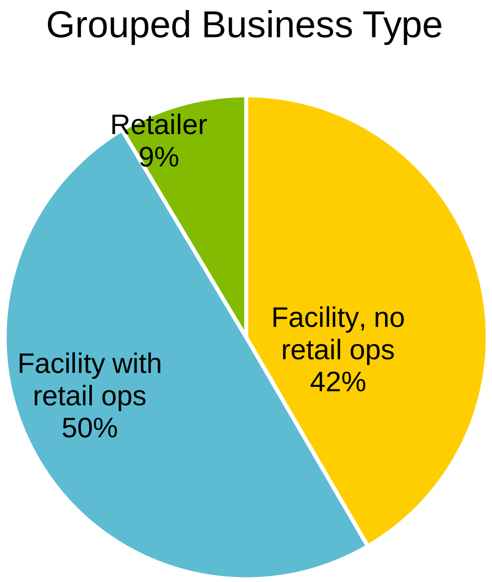
Tennis Business Background: Type



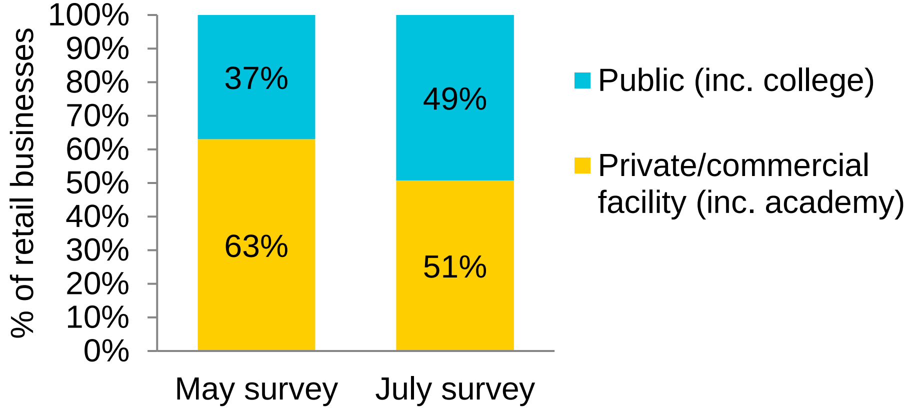


Common "other" responses:

- Tennis Professional
- Lessons & programming
- Stringing
- Community Tennis Associations

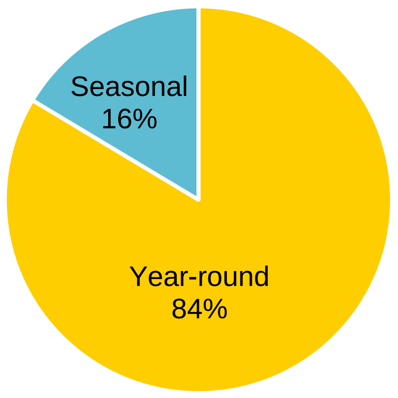
Tennis Facility Background

Facility Type

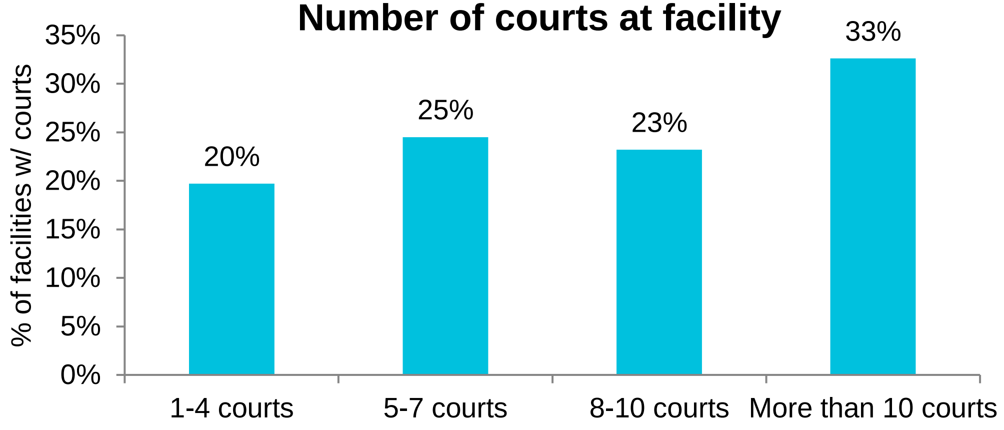


50%
of facilities surveyed have retail operations (60% in May survey)

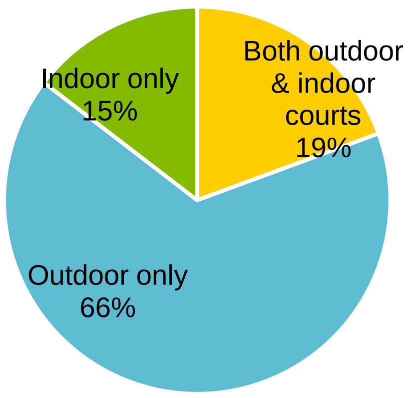
Facility Seasonality



Number of courts at facility

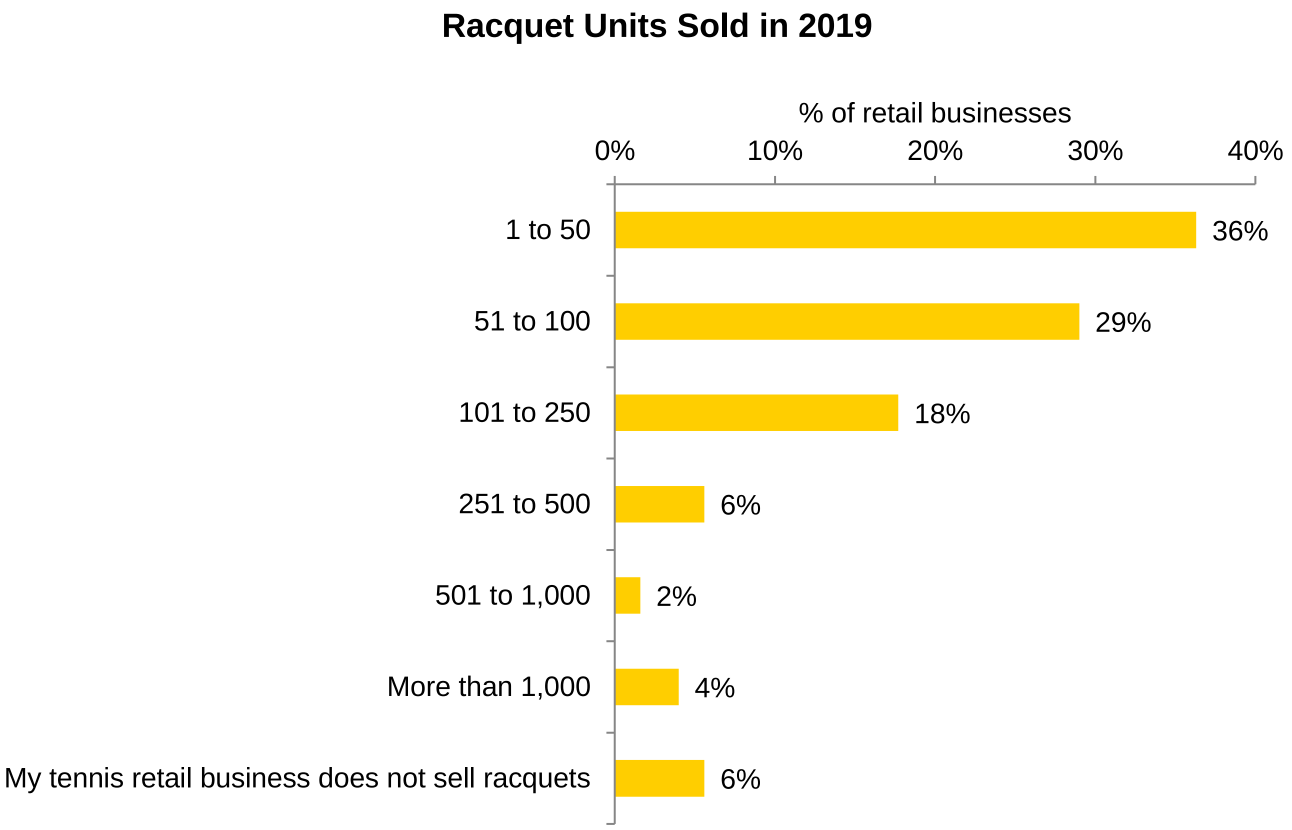


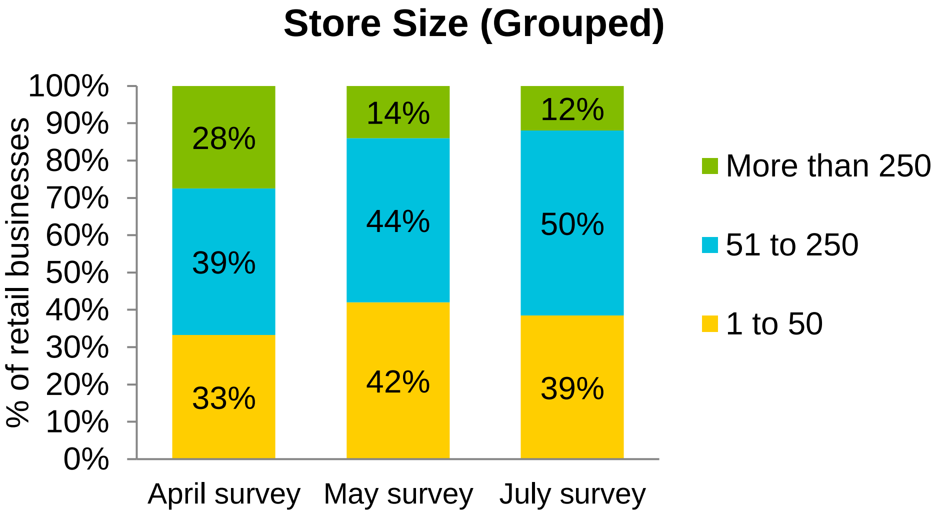
Courts at Facility



Avg courts: 10

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

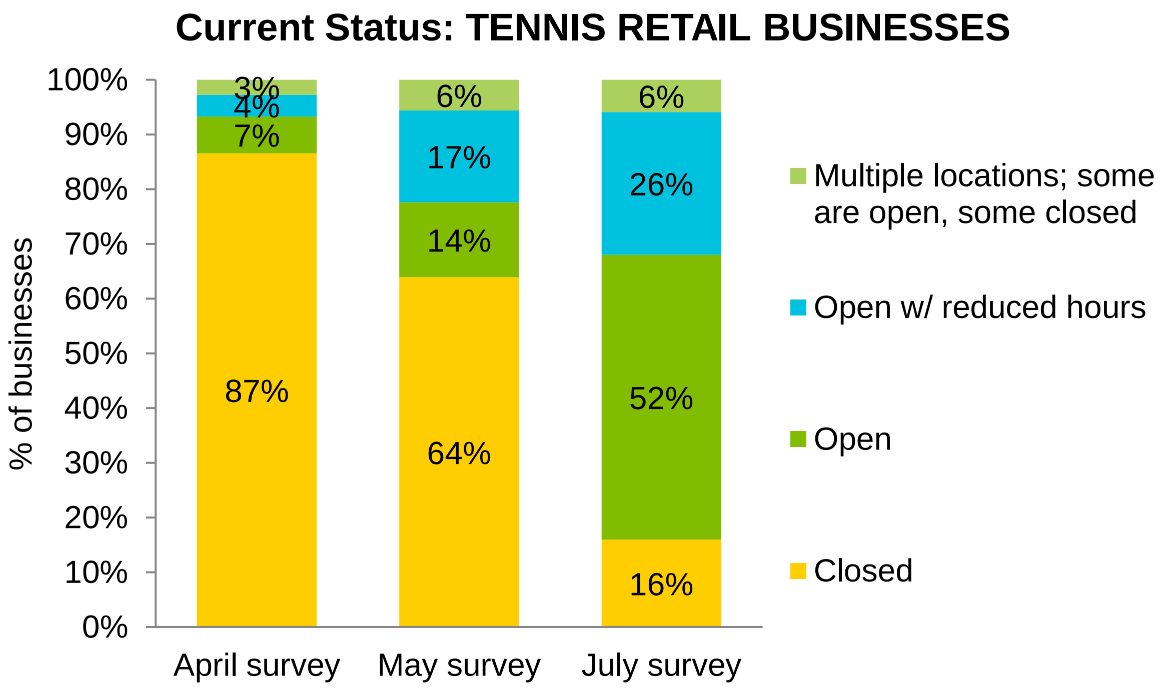


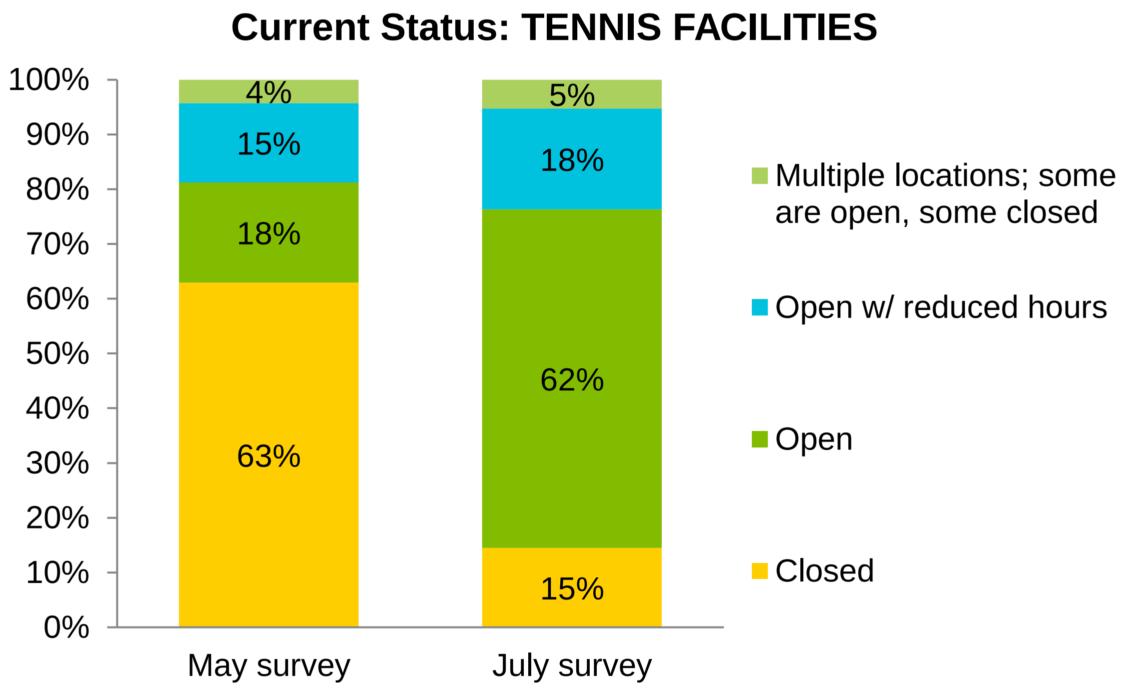


Stores In Total Pro/Specialty Retail Universe (from *Distribution Study for 2018*)

	% 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%

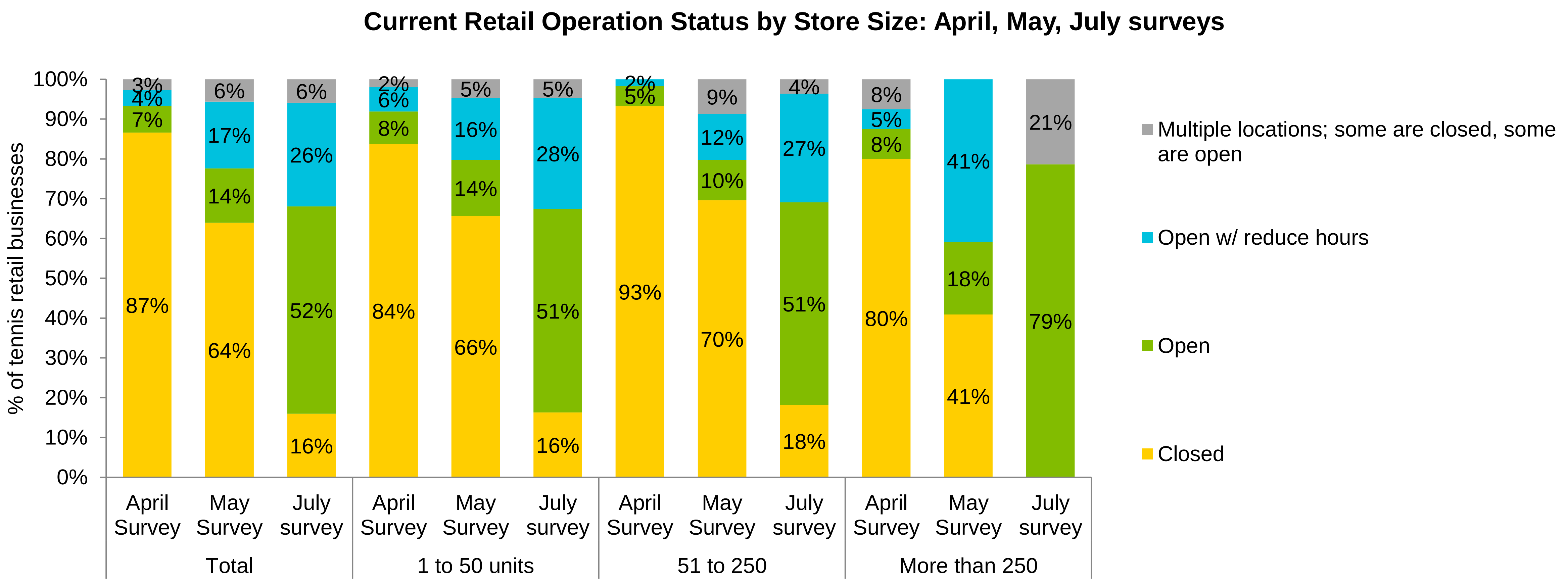
Current Business Status



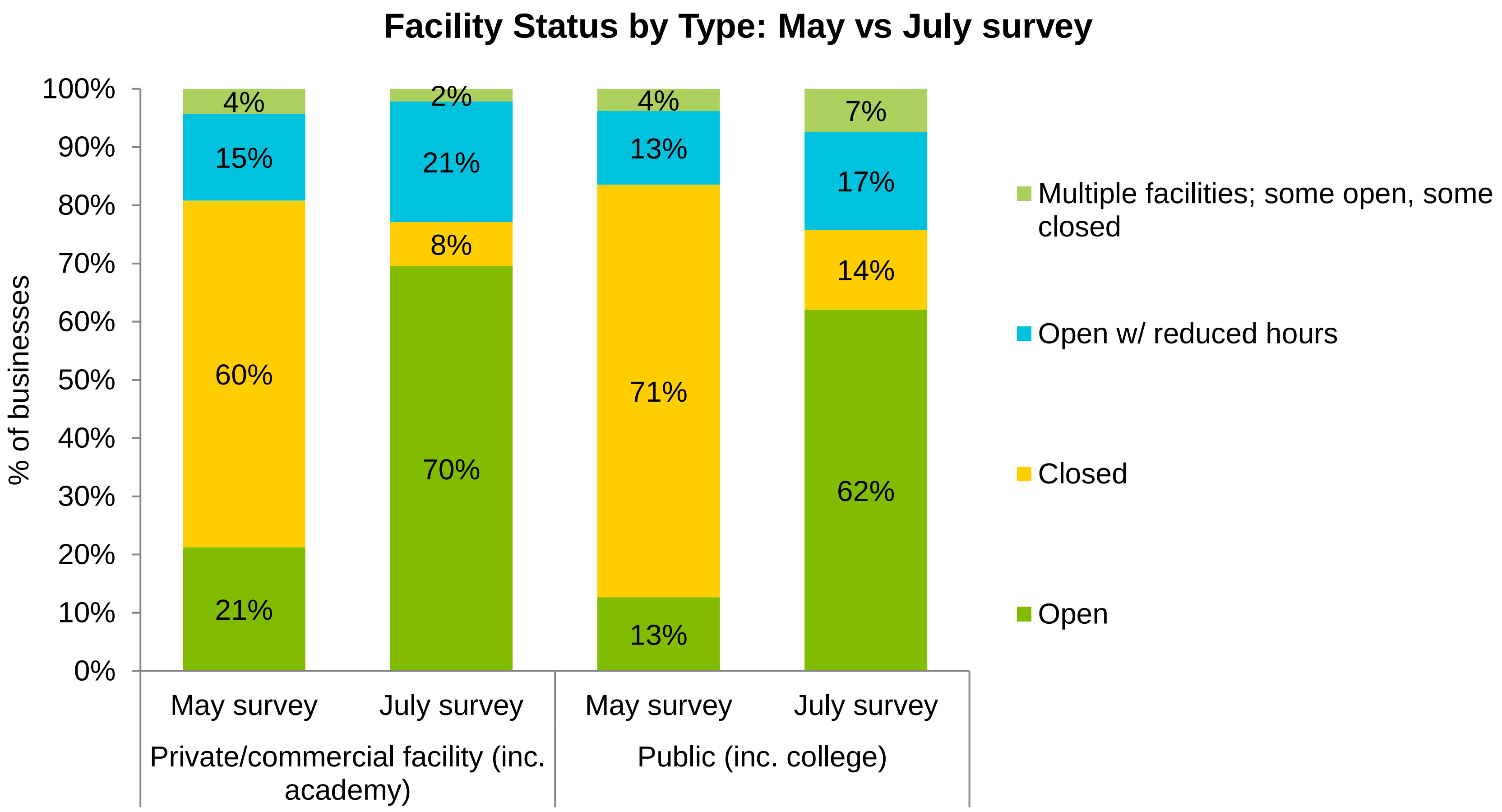


82% of businesses that are closed expect to reopen by the end of the year, down from 96% in the May survey.

Current Business Status



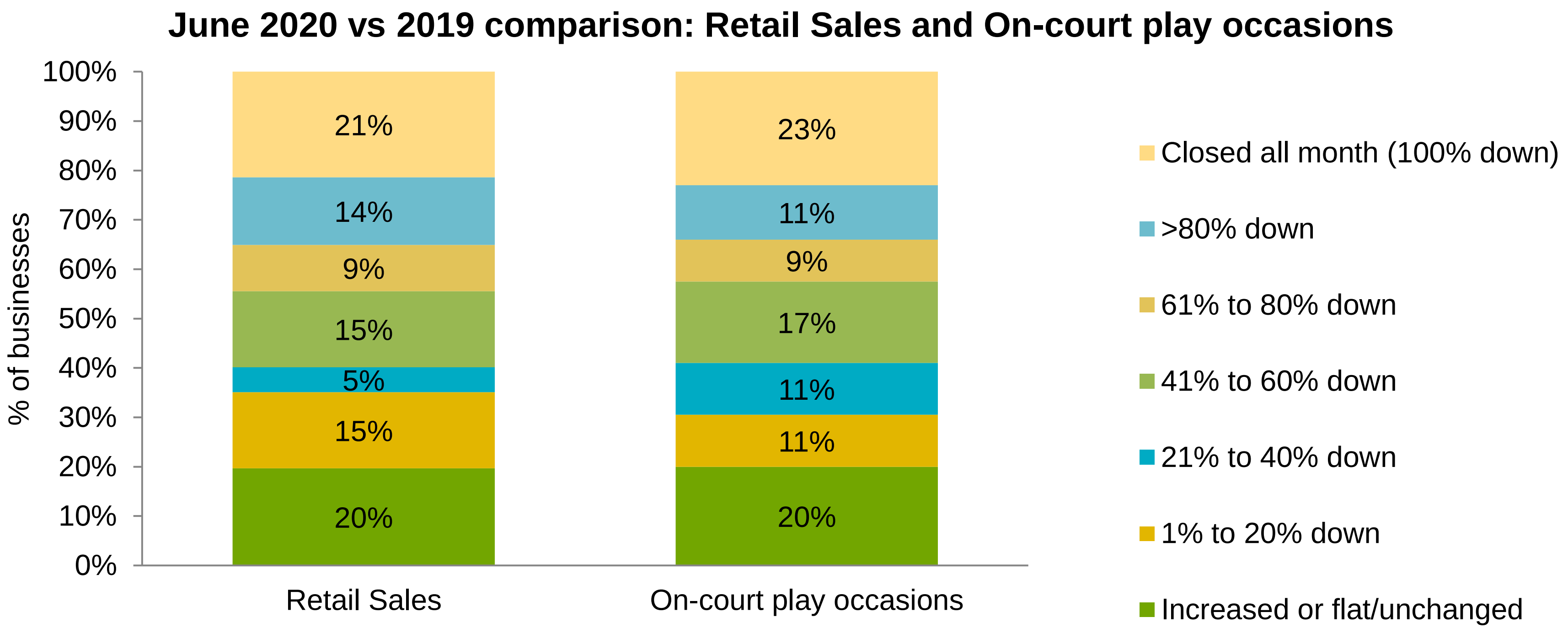
Current Business Status



BUSINESS OPERATIONS:

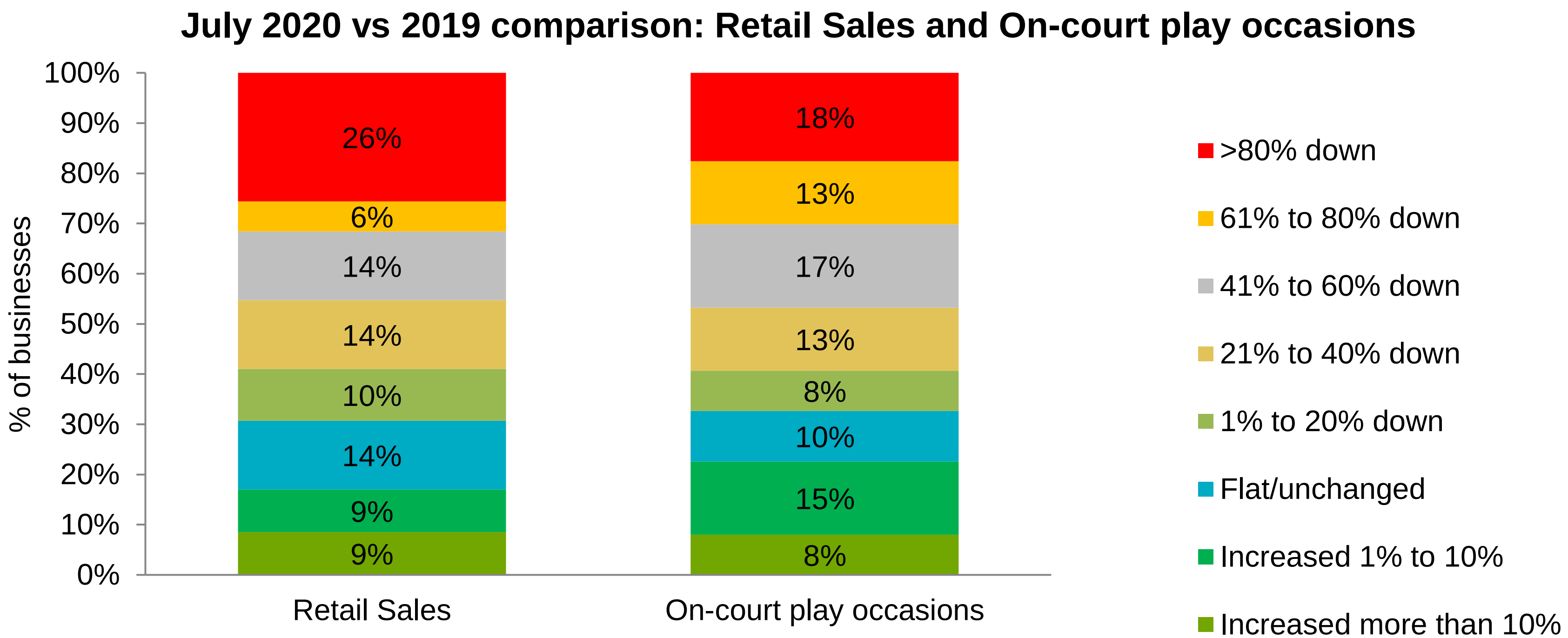
- SALES/ON-COURT PLAY OCCASION COMPARISONS & PROJECTIONS
- SALES STRATEGIES USED FOR CLOSED RETAIL STORES
- ADJUSTMENTS TO RETAIL PURCHASES
- RETAIL INVENTORY

Retail Sales & Play Occasions Comparison: June 2020 to June 2019



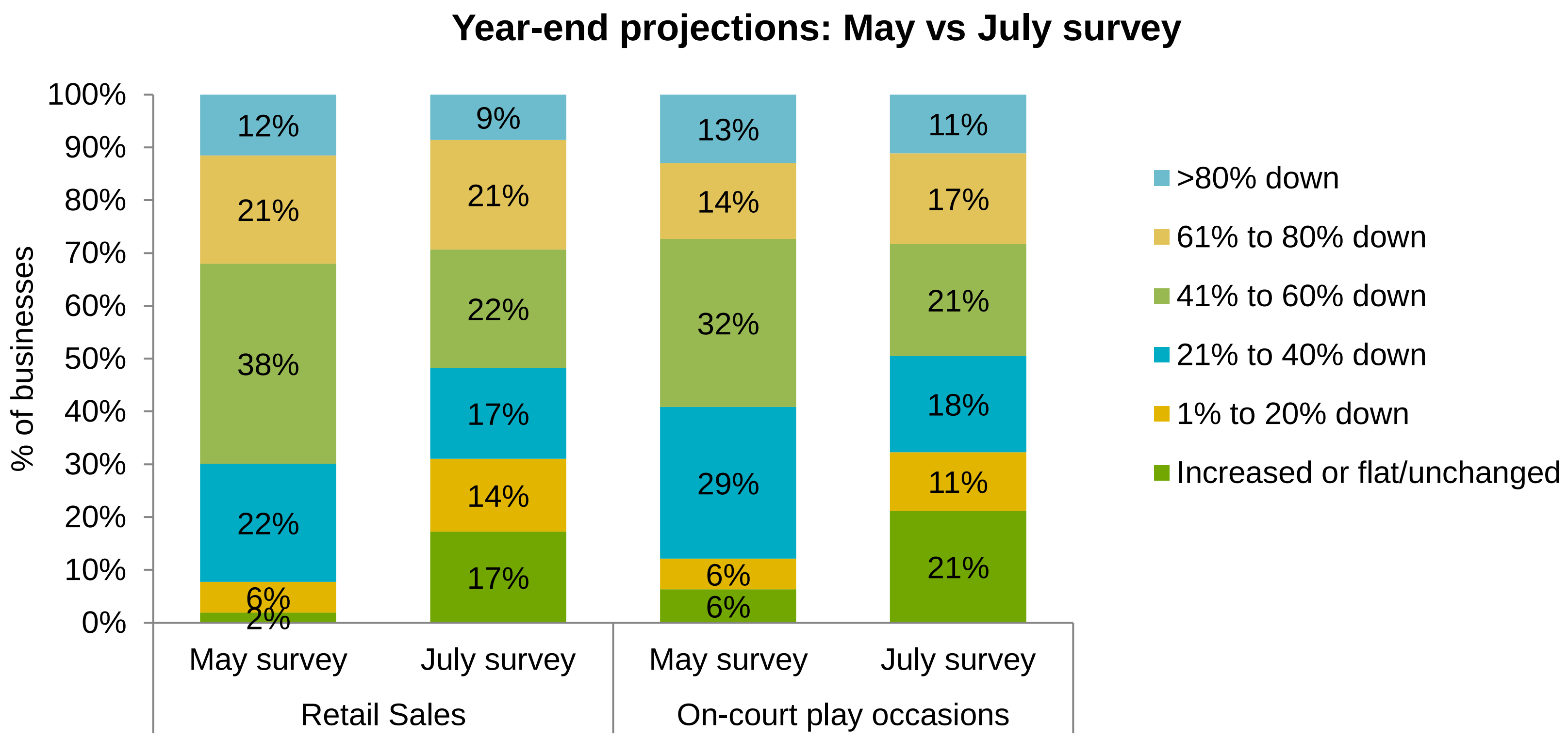
- 20% of tennis businesses are predicting an increase in retail sales & play occasions for June compared to June 2019.
- Over one-third of tennis businesses (35% of retailers and 34% of facilities) predict June sales & play occasions will be more than 80% down.

Retail Sales & Play Occasion Projections: July 2020 to July 2019



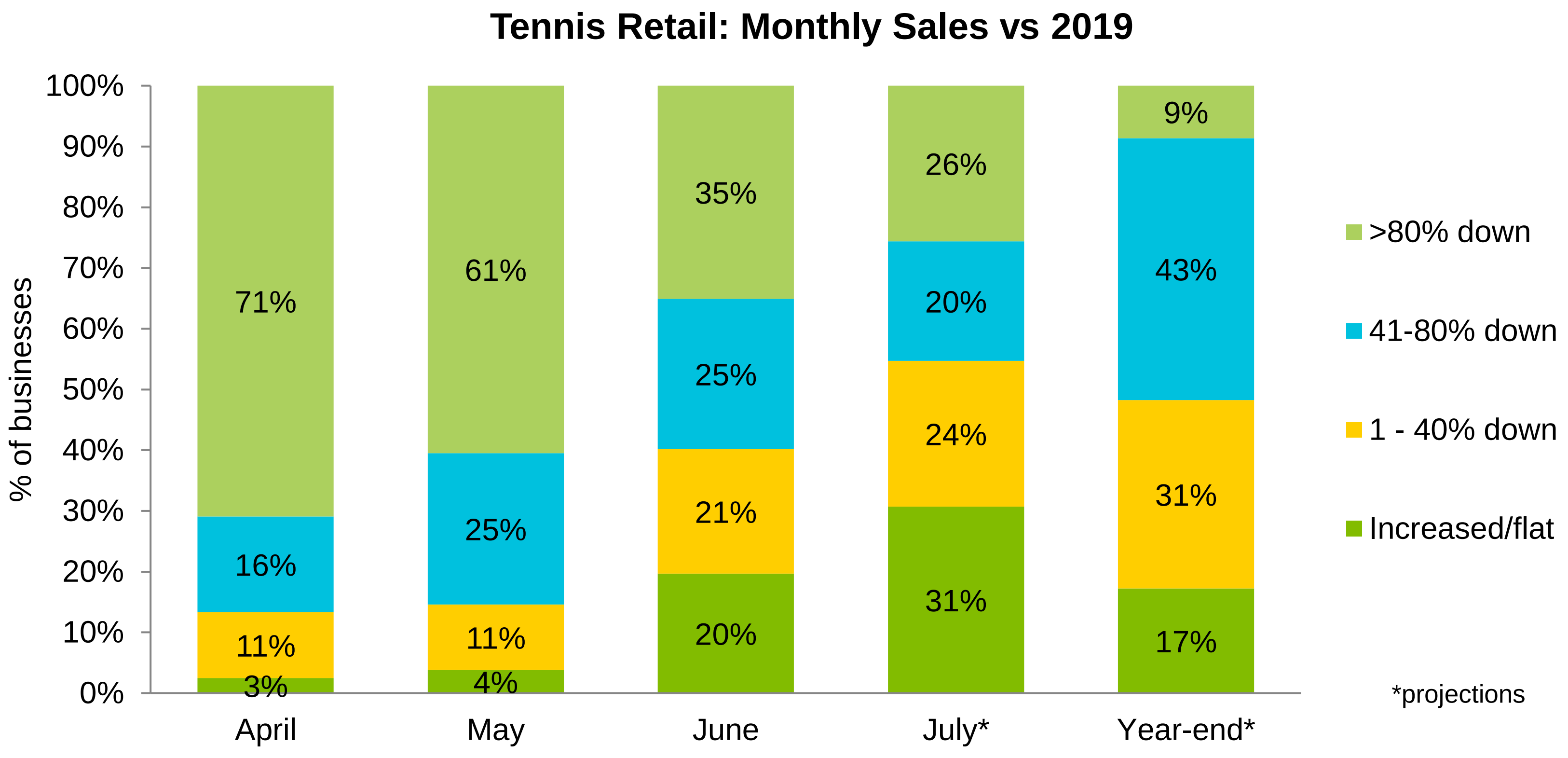
- Approximately 20% of tennis businesses are predicting an increase in retail sales & play occasions for July compared to July 2019.
- Nearly one-third of tennis businesses (32% of retailers and 31% of facilities) predict July sales & play occasions will be more than 80% down.

Year-End Projections: Retail Sales & On-Court Play Occasions



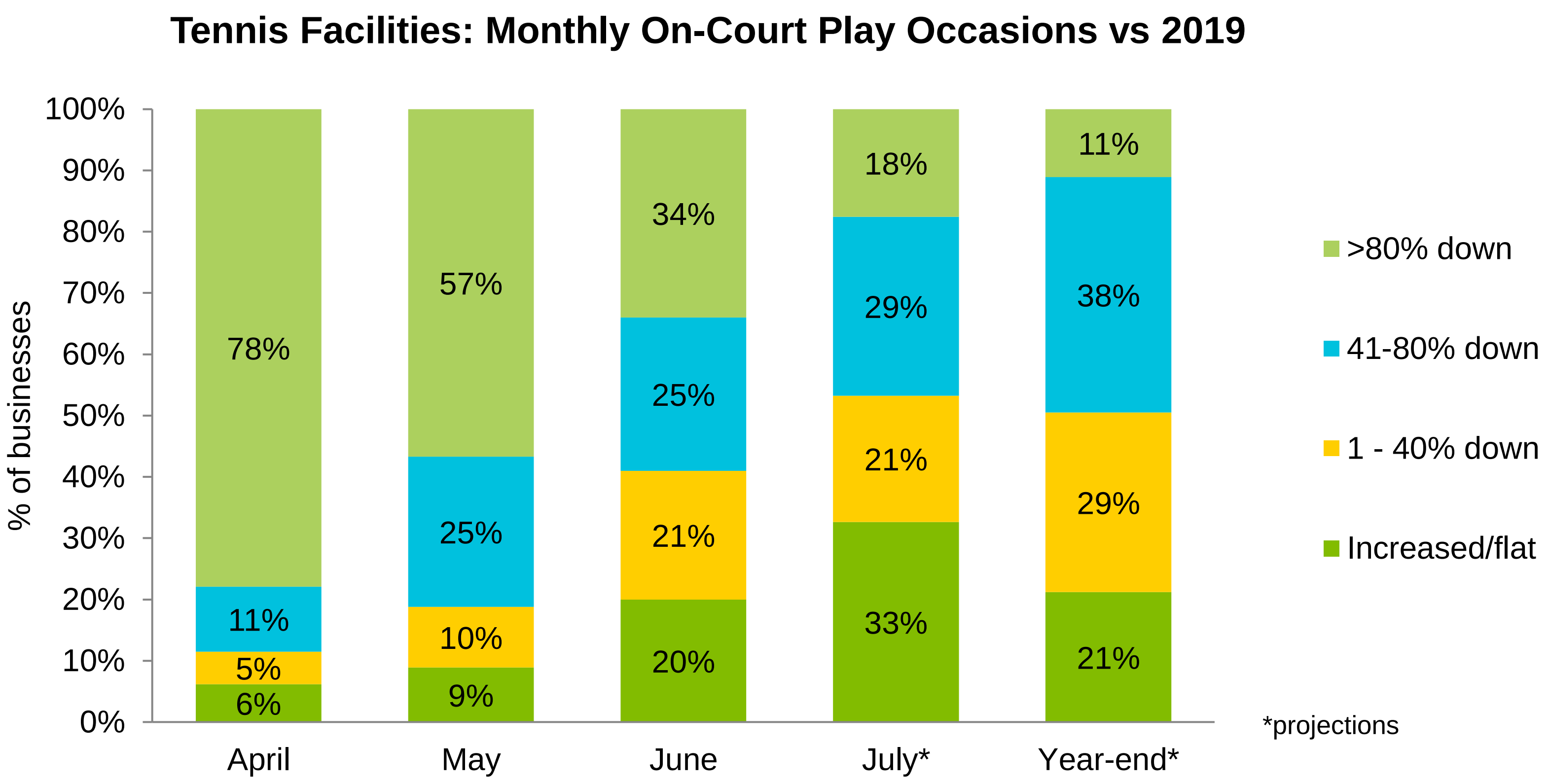
- Retailers are more optimistic about their year-end sales compared to the May survey, with 52% in July predicting a decrease of more than 40% compared to 71% in May.
- Tennis facility operators also showed slightly improved projections for year-end play occasions (49% in July said play occasions would be more than 40% down, compared to 59% in May)

Retail Sales: Monthly Sales Trend vs 2019 (Estimates)



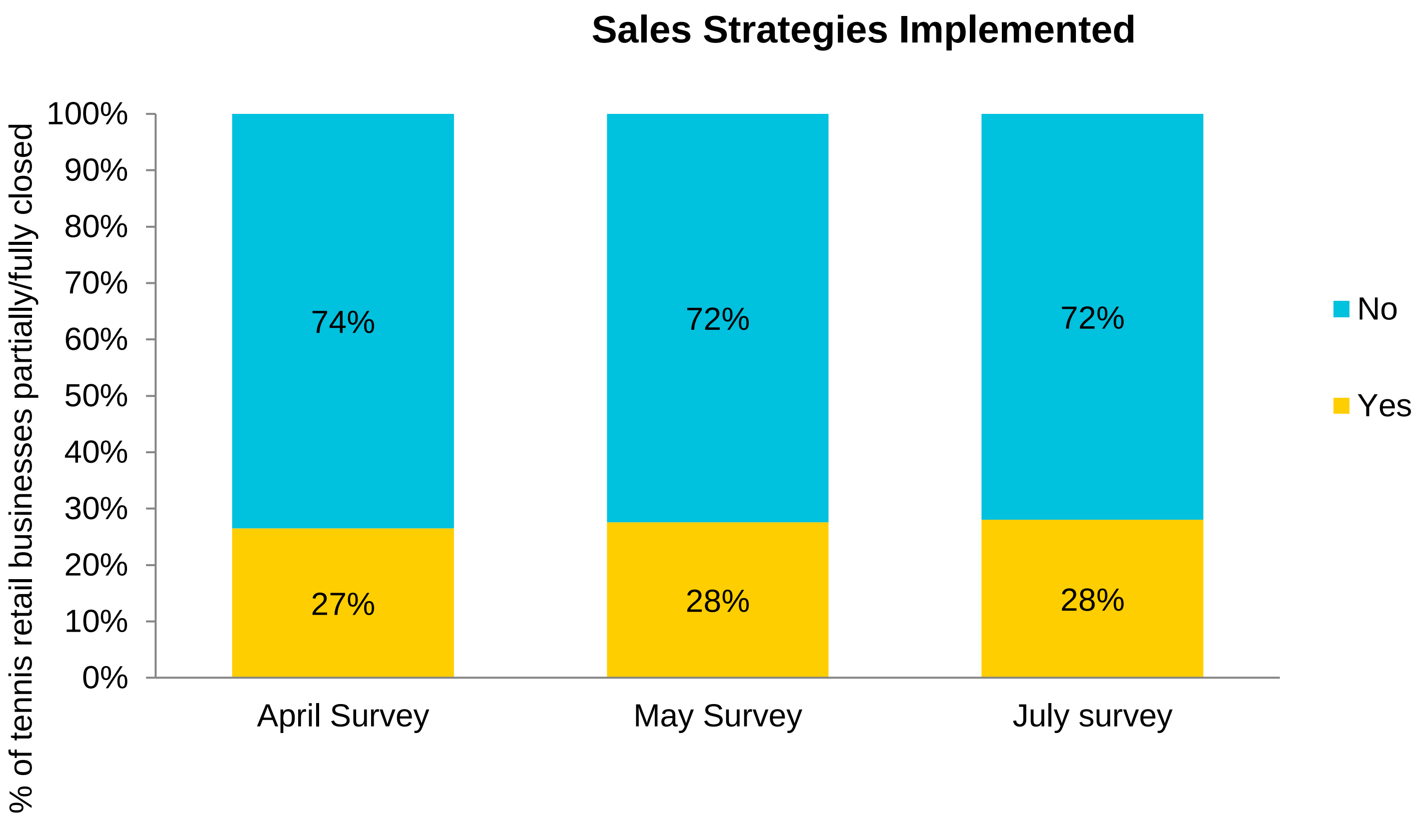
- Retails expect improvements seen in June/July to continue for the rest of the year, although most (83%) still anticipate a decline in year-end business compared to 2019.

Play Occasions: Monthly Trend vs 2019 (Estimates)

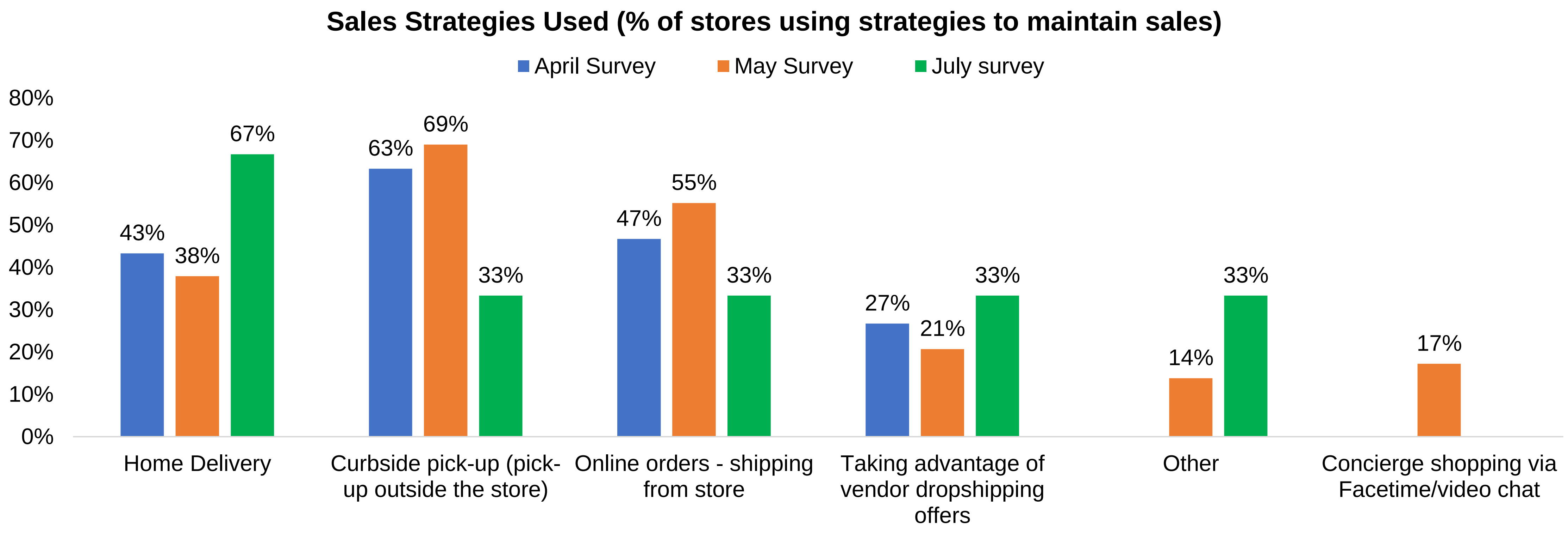


- Like tennis retailers, facilities also expect improvements in June & July to continue, though a majority still expect year-end court usage to be down compared to 2019.

Sales Strategies to Maintain Sales During Closings



Sales Strategies to Maintain Sales During Closings



- The use of home delivery and curbside pick-up by tennis retailers flipped in July compared to May — 67% of retailers who are pursuing sales while closed say they're using home delivery, up from 38% in the May survey; only 33% of retailers used curbside pick-up compared to 69% previously.

Adjustments to Retail Purchases

A new question was added to the July survey: *"How have you adjusted your buying for your tennis retail operation so far this year?"*

ADJUSTMENTS TO PURCHASES BY TENNIS RETAILERS	Total retail	1 to 50 racquet units	51 to 250 units	More than 250 units
Decreased racquet inventory	49%	56%	51%	36%
Decreased accessories inventory	37%	31%	43%	21%
Decreased apparel inventory	34%	23%	43%	50%
Decreased footwear inventory	28%	15%	38%	36%
Narrowed the breadth of products	24%	18%	26%	43%
Reduced # of brands offered	18%	15%	17%	21%
I have not adjusted my buying this year	18%	31%	11%	7%
Pushed back one season - spring is summer, etc.	14%	3%	19%	36%
Sent back Spring 2020 product	9%	3%	11%	21%
Storing Summer 2020 product for Summer 2021	6%	5%	6%	-
Increased footwear inventory	5%	3%	6%	7%
Increased accessories inventory	4%	3%	6%	-
Other	4%	5%	2%	7%
Increased racquet inventory	3%	-	4%	7%
Increased # of brands offered	1%	3%	-	-

- Decreased racquet inventory was the most common purchase adjustment by tennis retailers.
- Larger retailers (by racquet units sold in 2019) tended to decrease apparel & footwear inventory, while smaller ones were more likely to reduce their racquet inventory. Retailers selling more than 250 racquets in 2019 also narrowed the breadth of products and pushed back their product line by a season at higher levels compared to smaller stores.

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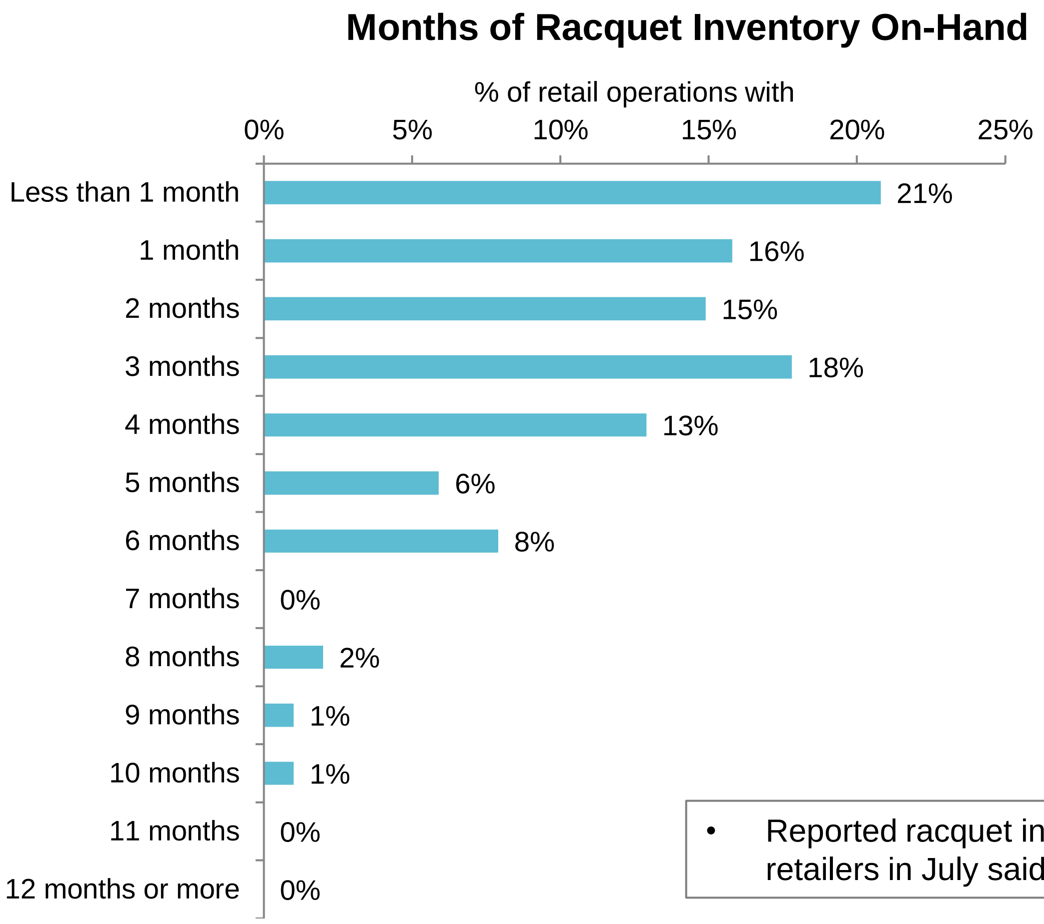
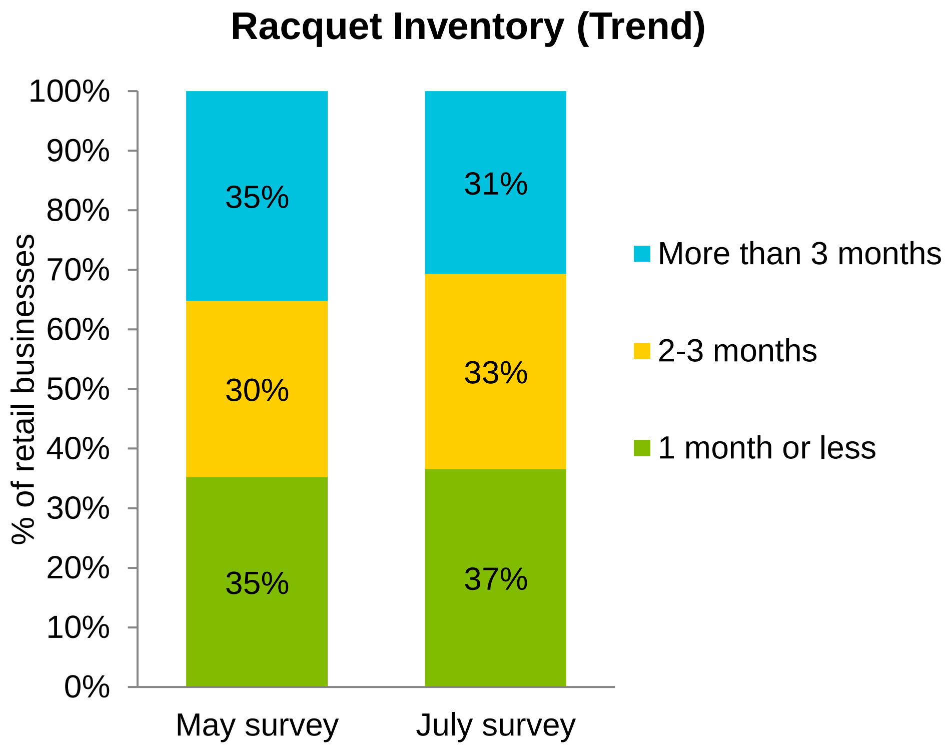
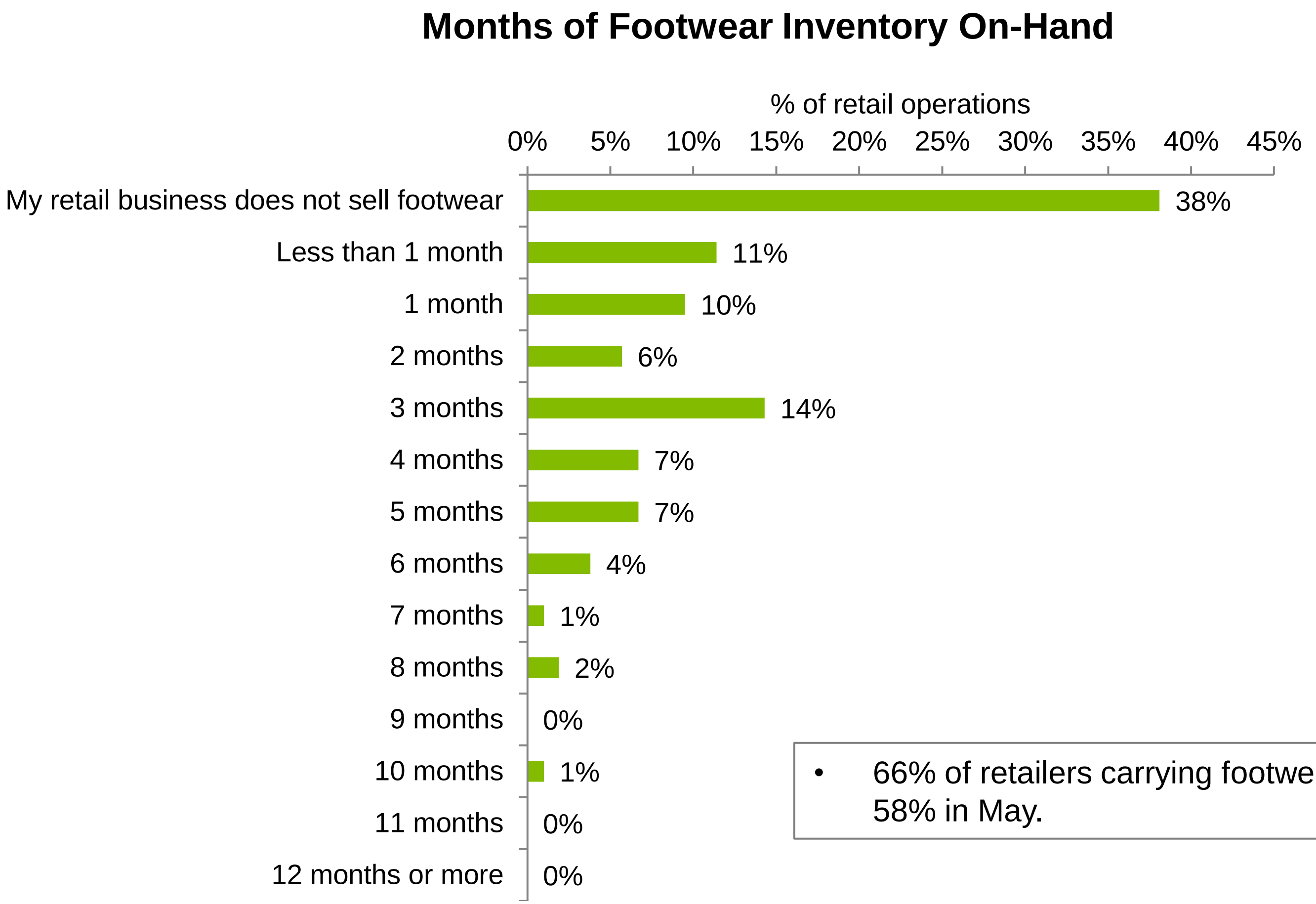
Racquet Inventory On Hand

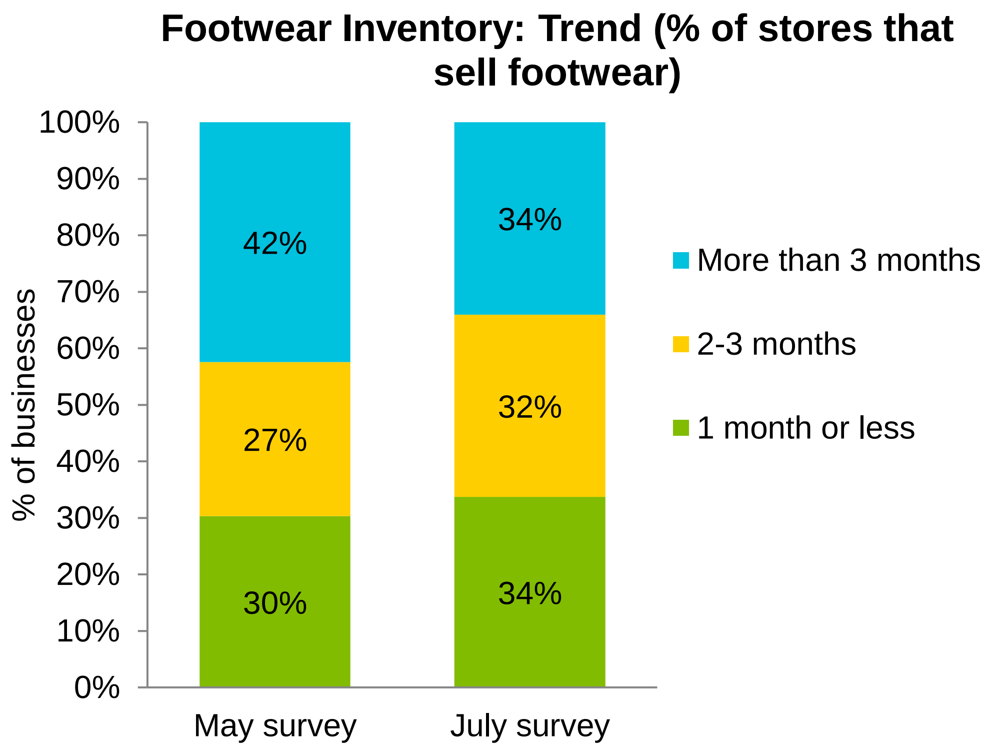




- Reported racquet inventory levels are similar to the results in the May survey. 31% of retailers in July said they had 4 or more months of inventory, compared to 36% in May.

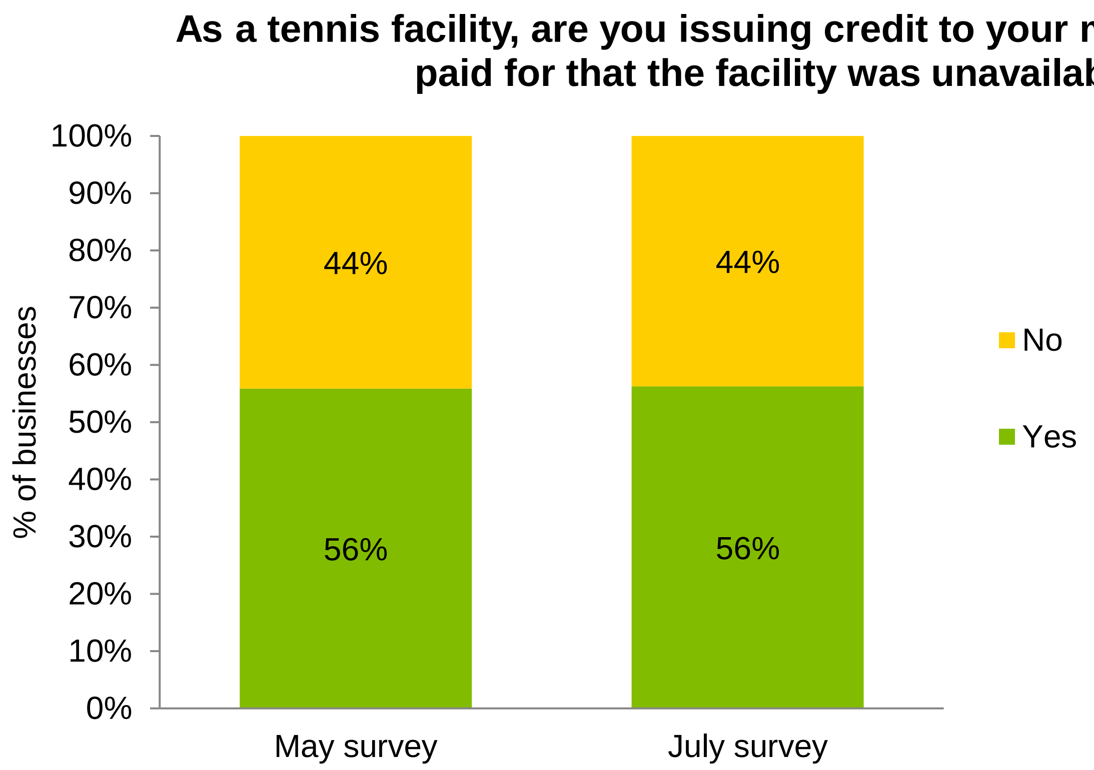
Footwear Inventory On Hand





- 66% of retailers carrying footwear said they had 3 months or less of inventory, compared to 58% in May.

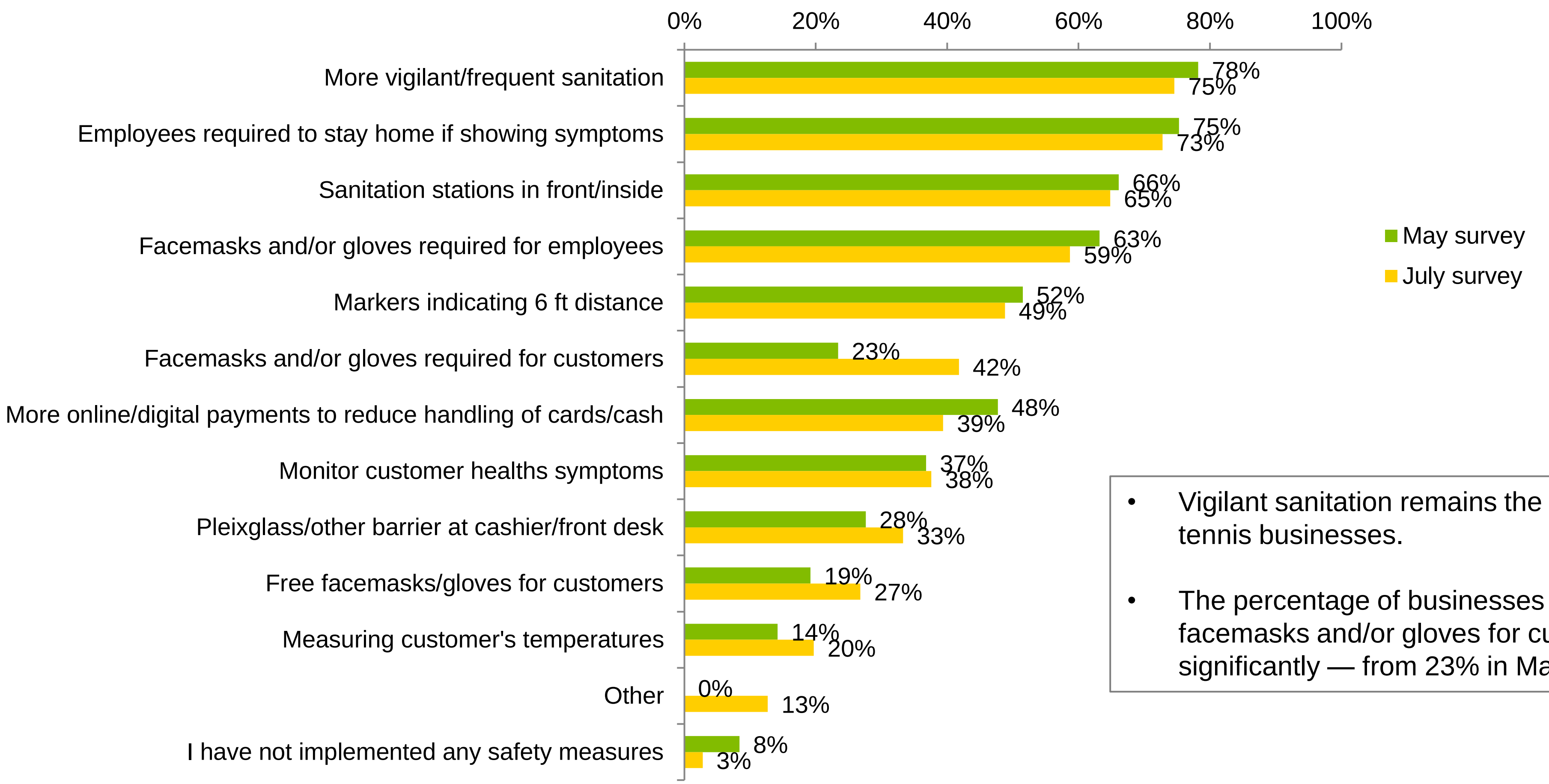
Membership Credit for Time Missed



HEALTH & SAFETY MEASURES

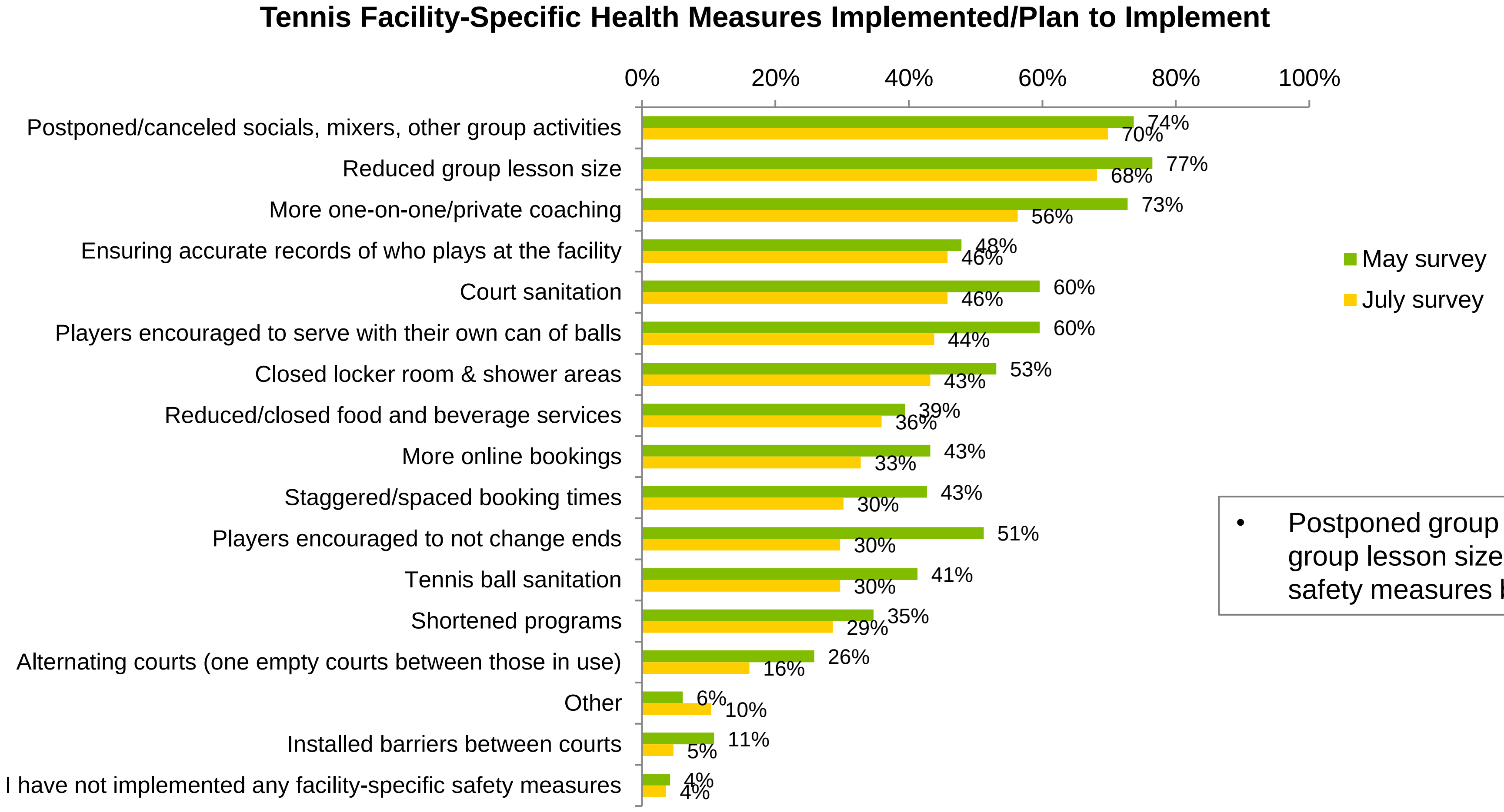
General Health & Safety Measures

General Safety Measures Implemented/Plan to Implement by Tennis Businesses



- Vigilant sanitation remains the most-used safety measure by tennis businesses.
- The percentage of businesses stating they require facemasks and/or gloves for customers increased significantly — from 23% in May to 42% in July.

Facility-Specific Health & Safety Measures



- Postponed group activities/events and reduced group lesson sizes remain the most-used safety measures by tennis facilities..

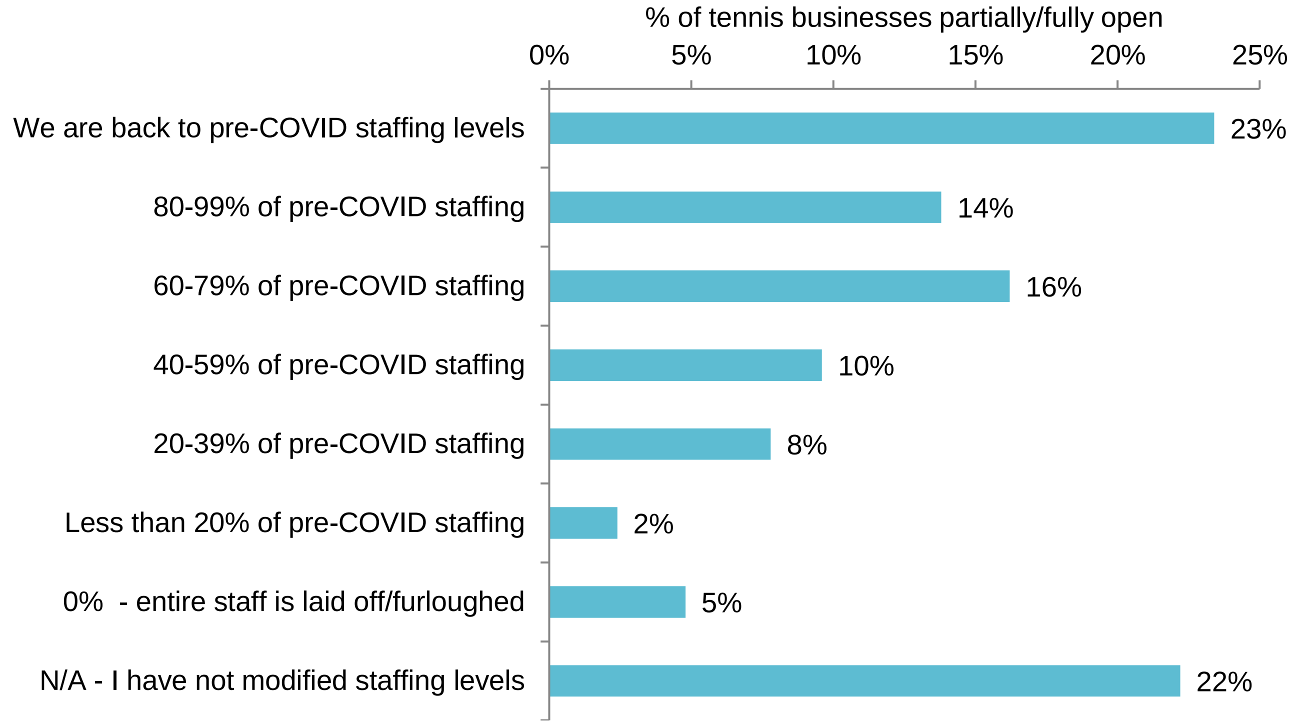
BUSINESS IMPACT:

- CURRENT STAFFING LEVELS
- EMERGENCY FUNDING/RELIEF
- ANTICIPATED REOPENING
- TOP CONCERNS FOR THE REST OF 2020
- MOST IMPORTANT WAYS BRANDS CAN HELP

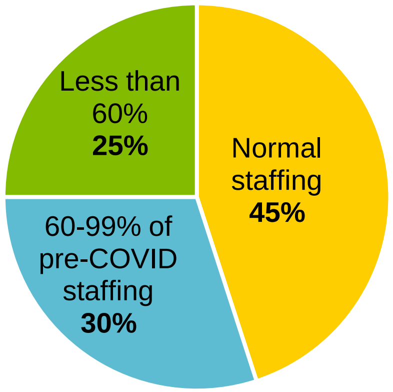
Current Staffing Levels Compared to Pre-COVID

A new question was added to the July survey for tennis businesses who are partially or fully open: *“If you had to modify your business staffing due to the Covid-19 crisis, how do your current staffing levels compare to the levels before the COVID-19 crisis? Please select the option that represents the current staffing now as a percentage of the staffing before the COVID crisis?”*

Current Staffing Levels as Percentage of Pre-COVID Staffing

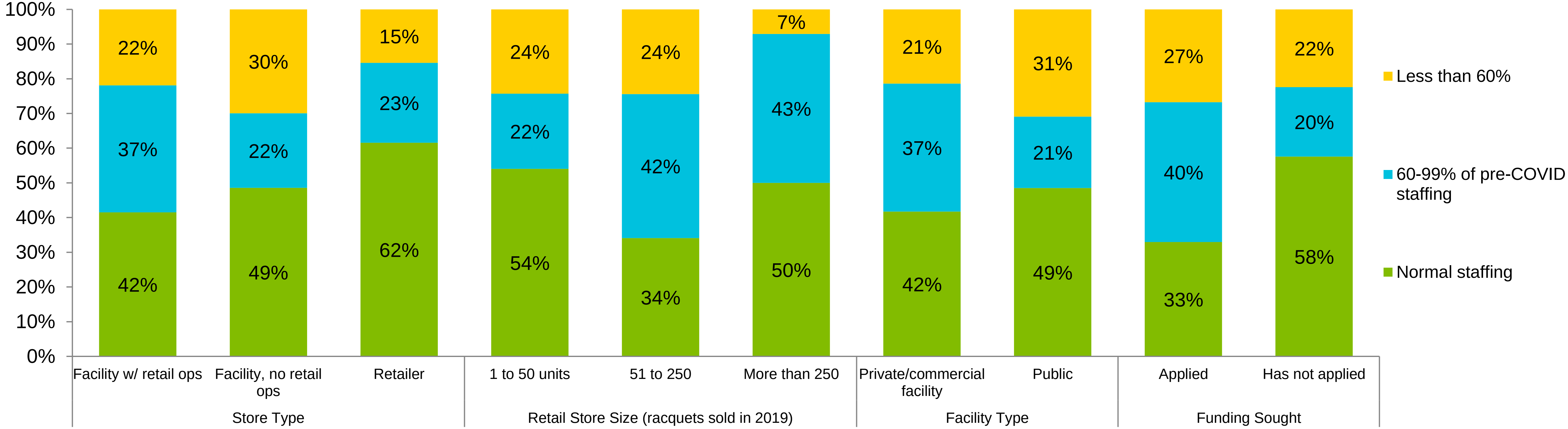


Current Staffing (grouped)



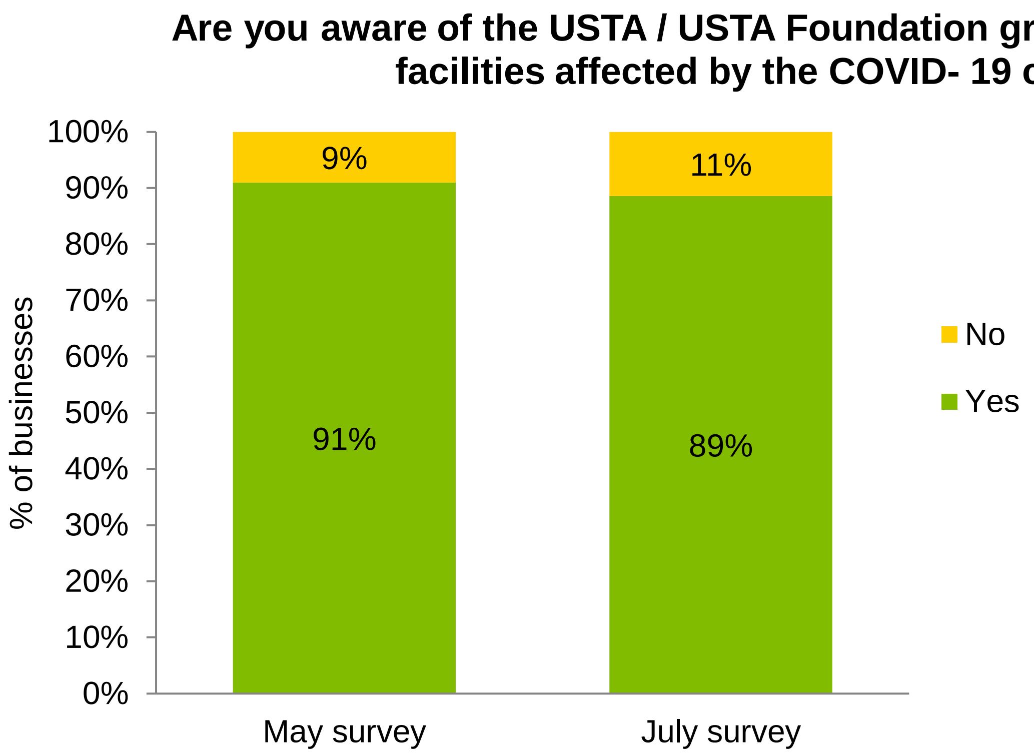
- 45% of tennis businesses are back to pre-COVID staffing levels. 25% of businesses currently have less than 60% of staff as it was before the crisis

Current Staffing Levels Compared to Pre-COVID

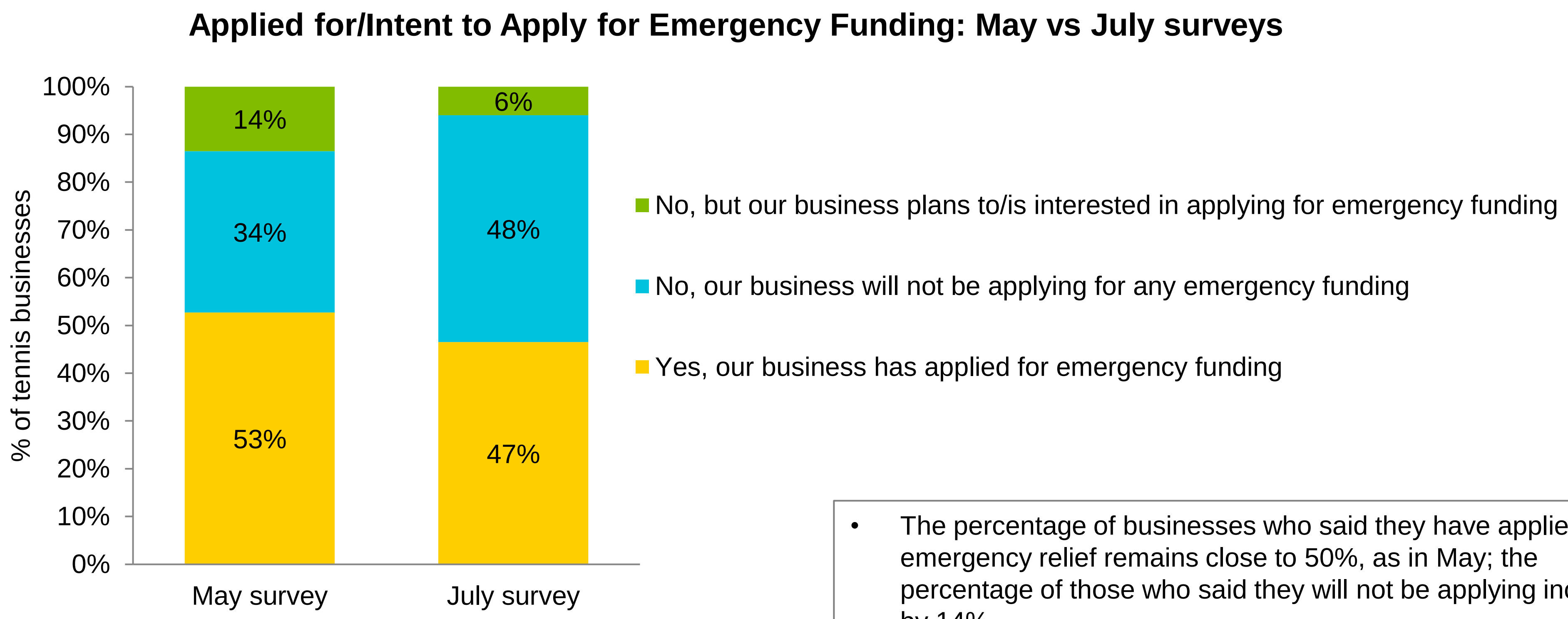


Awareness of USTA / USTA Foundation Grants

- Approximately 9 out of 10 tennis facilities are aware of the USTA / USTA Foundation grants to help tennis facilities affected by COVID.



Emergency Funding

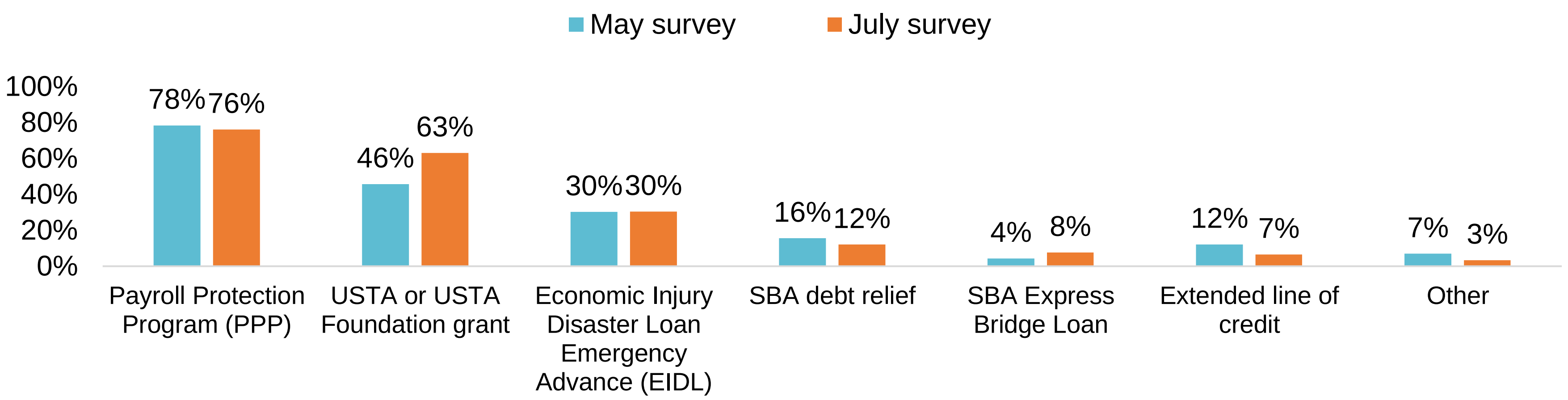


- The percentage of businesses who said they have applied for emergency relief remains close to 50%, as in May; the percentage of those who said they will not be applying increased by 14%.

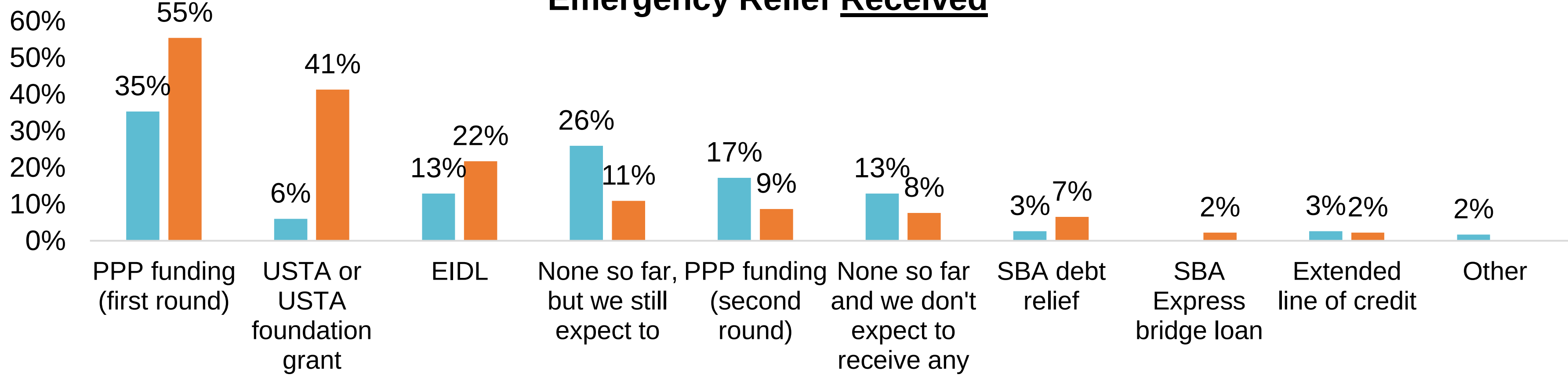
Emergency Funding

- 76% of tennis business who applied for emergency relief funding applied for PPP, a similar percentage to the May survey.
- Since the May survey, more tennis businesses have received emergency funding. Only 19% of July survey respondents who applied for emergency relief did not receive any, down from 39% in the May survey .

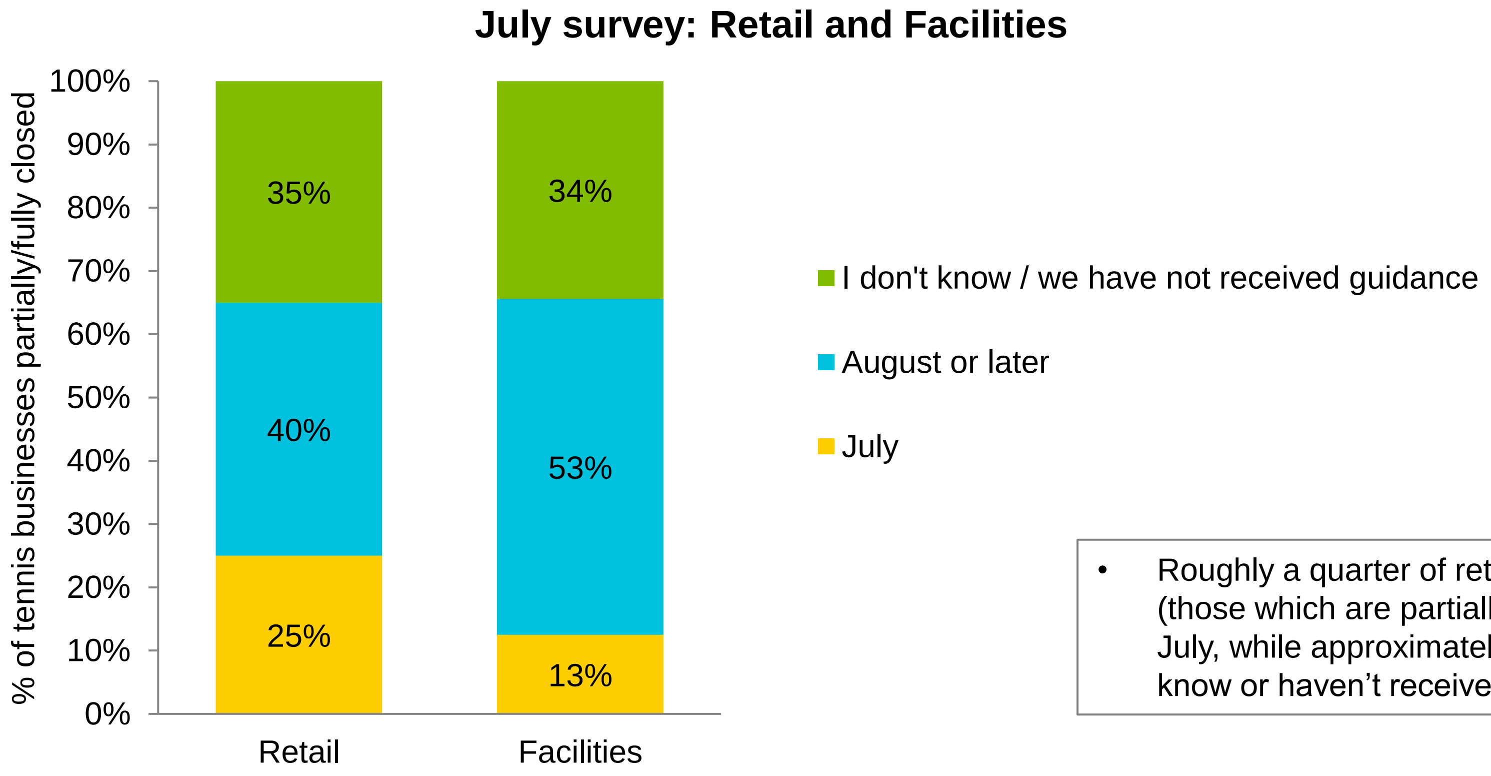
Emergency Relief Applied For



Emergency Relief Received

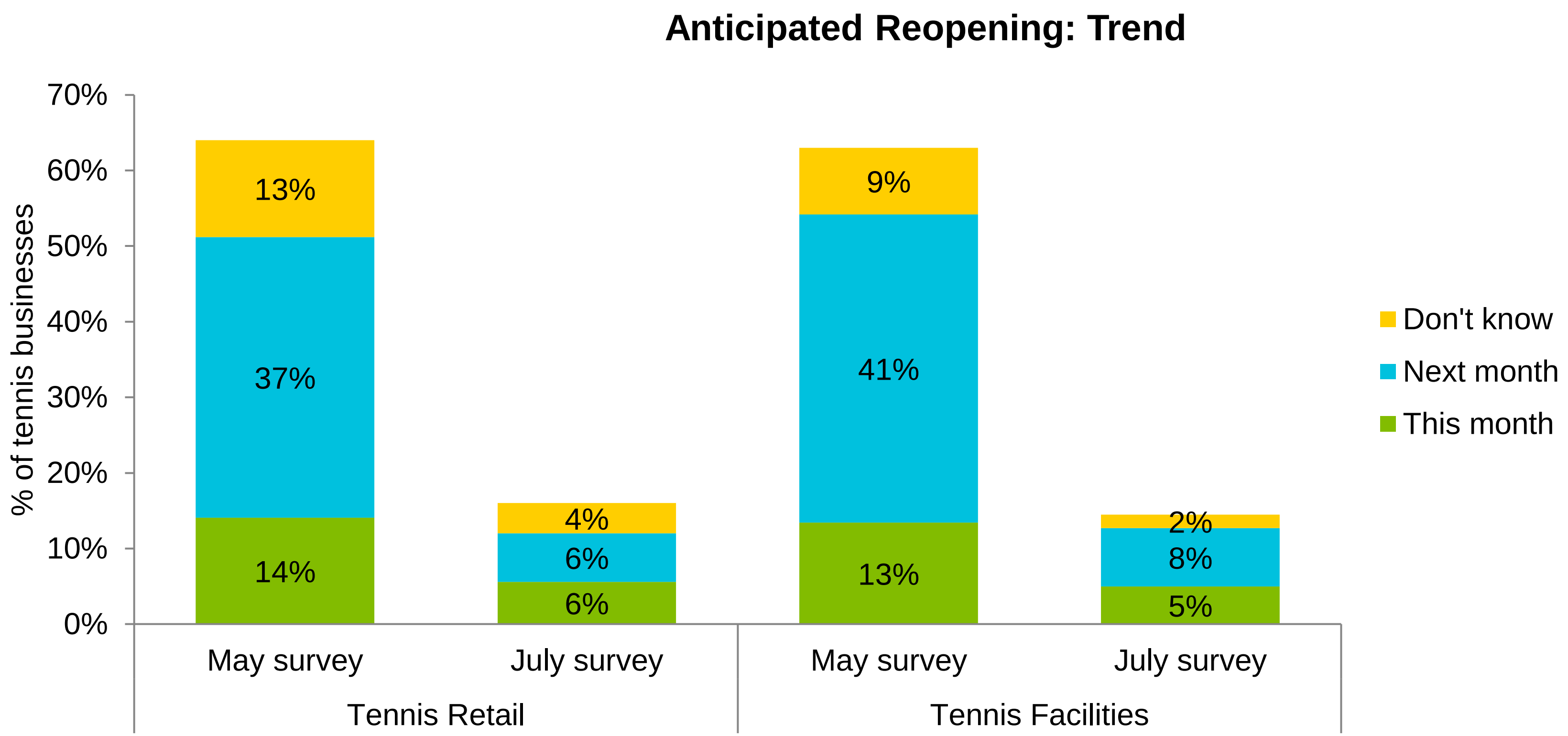


Based on communication from your local government, when do you believe you will be able to reopen your tennis business?



- Roughly a quarter of retail operations and 13% of facilities (those which are partially/fully closed) expect to re-open in July, while approximately one-third of tennis businesses don't know or haven't received guidance from their government.

Based on communication from your local government, when do you believe you will be able to reopen your tennis business?



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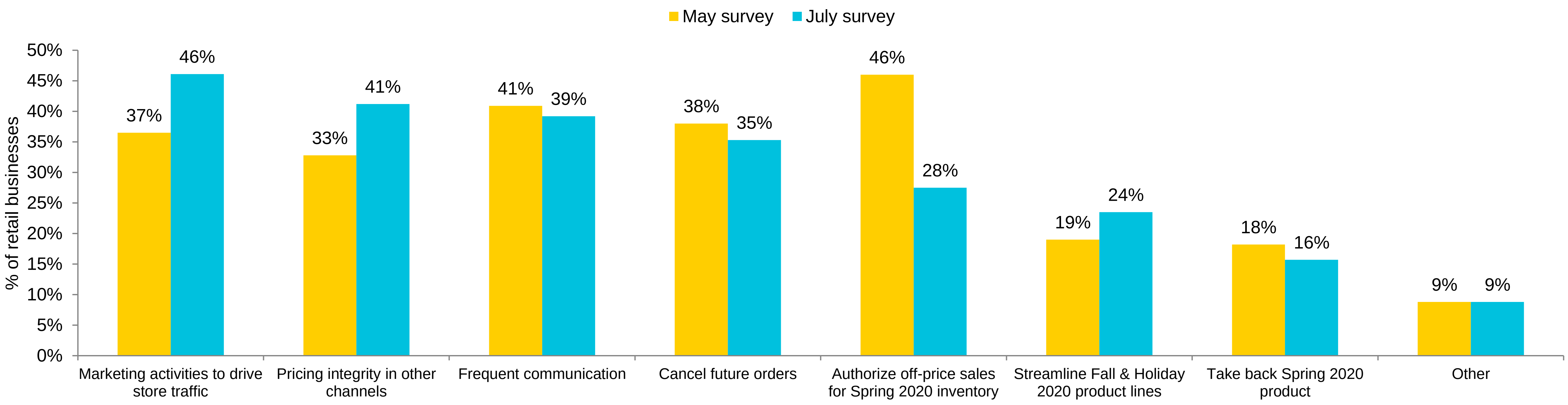
How Tennis Brands Can Help Businesses In Need

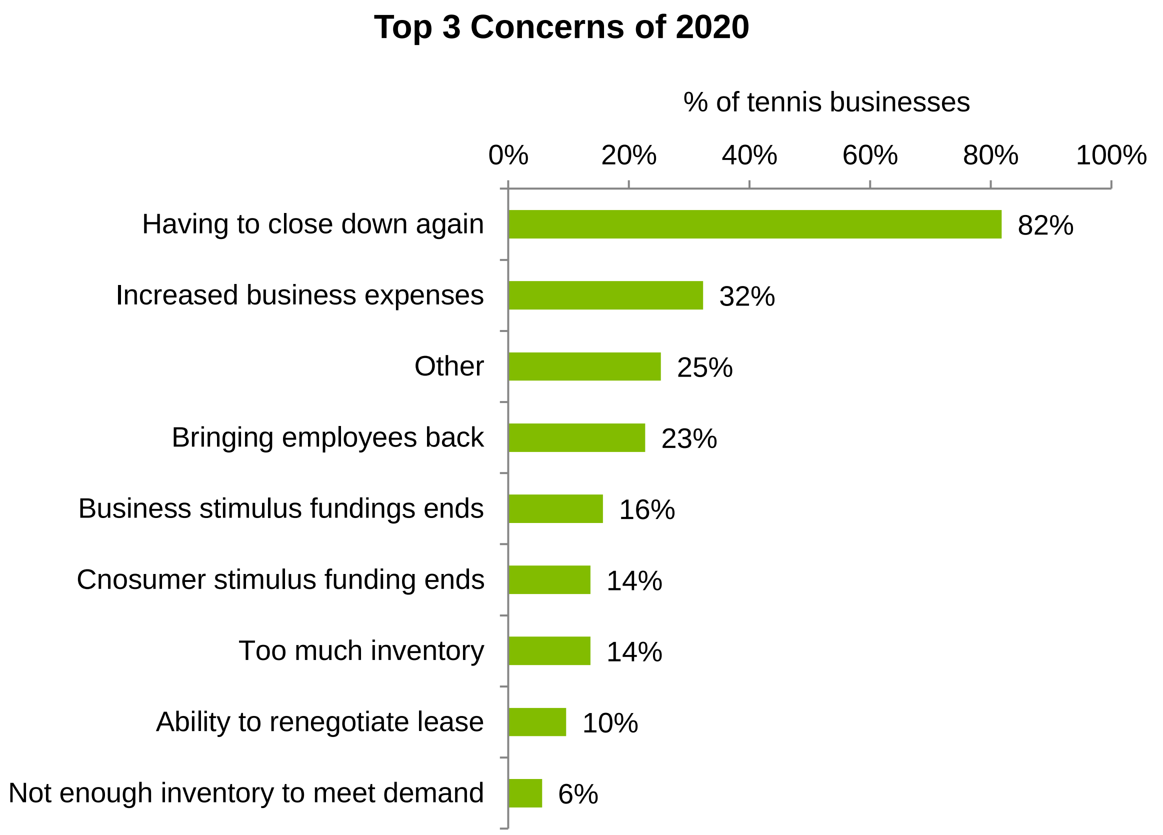
Please select the three most important actions brands can take to support you & your tennis retail operation.



- When asked how brands can support their retail operation, the option chosen by the highest percentage of tennis retailers was “Marketing activities to drive store traffic.” In May, retailers gave higher priority to off-price sales for Spring 2020 inventory.

Top Concerns for the Rest of 2020

A new question was added to the July survey: “*What are the top three things you are most concerned about for the rest of 2020? Please select three options.”* Respondents could select up to a maximum of three options.



- Closing again is the biggest concern among tennis businesses, with 82% of respondents selecting it as one of their top 3 concerns.
- Nearly one-third said increased business expenses were one of their top 3 concerns;
- Common “other” responses include:
    - Reduced demand; players/members/customers not playing / returning
    - Indoor courts being safe & operational, players being comfortable with them
    - Less programming (tournaments, camps, high school)
    - Employee safety

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