



Where is the Tennis Industry Really Headed?

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TIA Industry Statistics

The tennis industry is fortunate to have the credible research produced by TIA as a tool to help promote growth of the game.

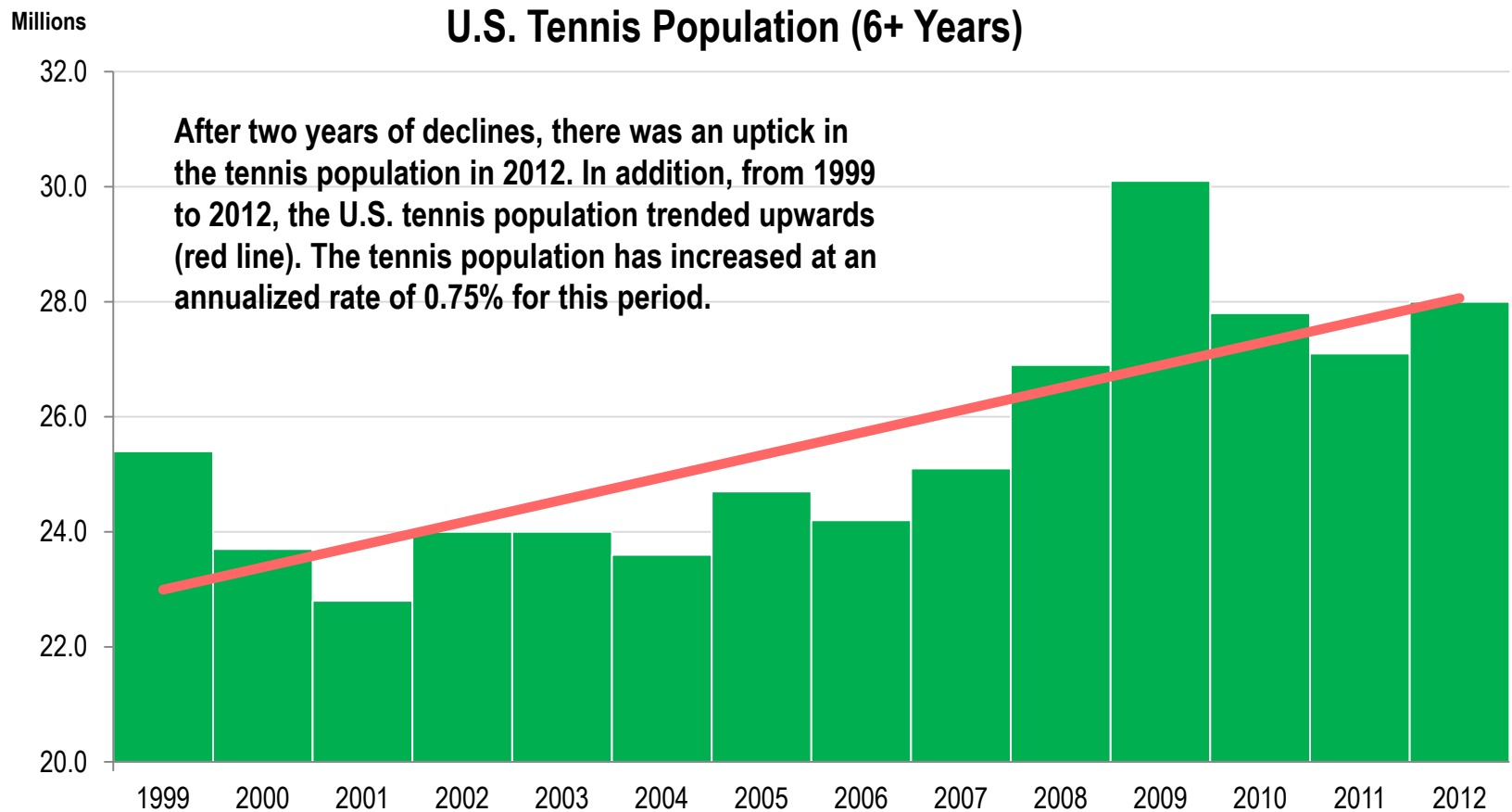
The tennis industry is in a mature stage and has been since the tennis “bust” in the 1970s. This point was recognized in “Why People Play”, a report prepared for the USTA Tennis Industry Council in 1987.

The TIA has done a masterful job of using the data to frame the industry in a positive manner. At the same it is hoped that industry leaders recognize the signs that show the industry faces significant challenges.



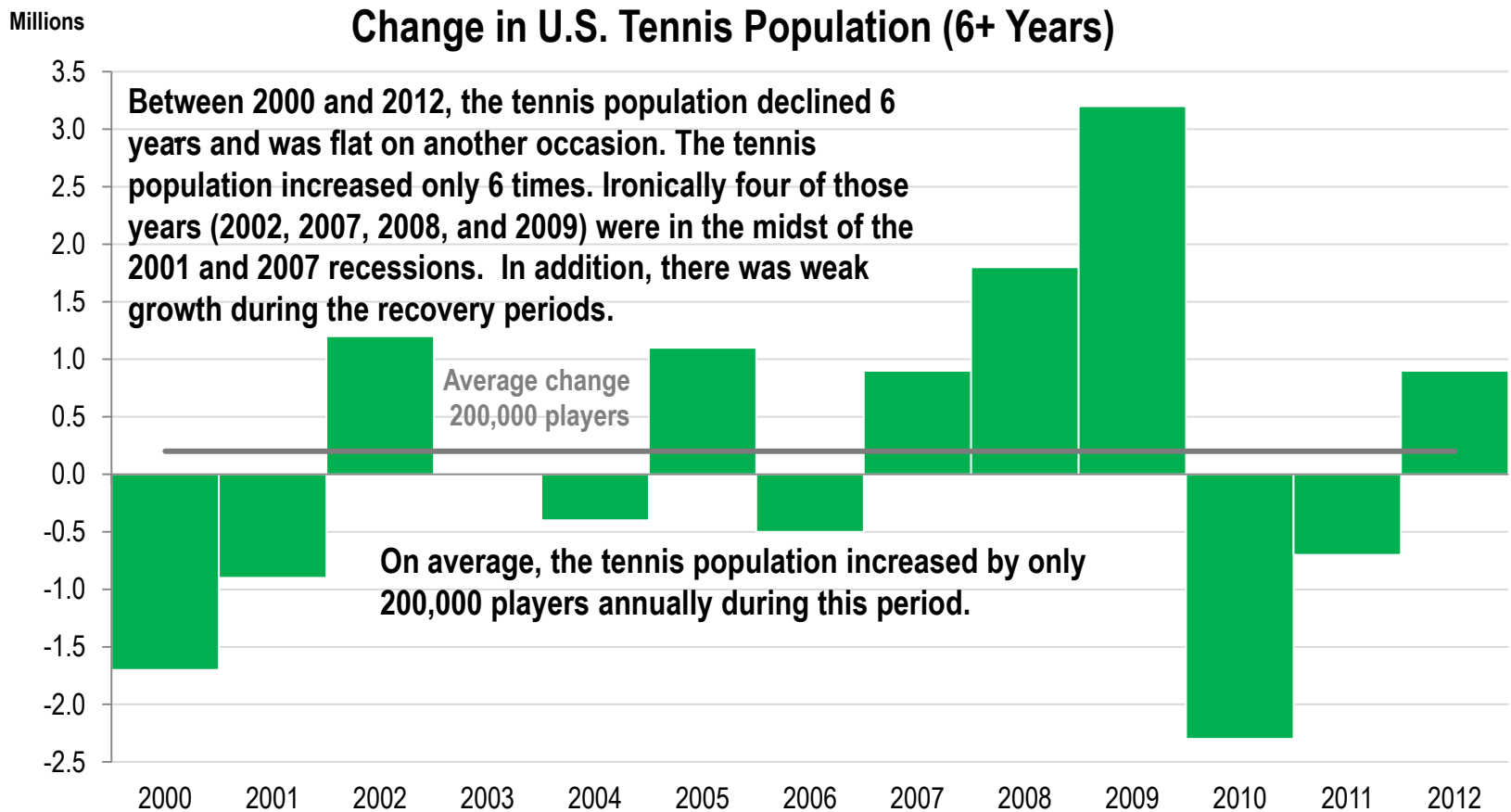
Tennis Population

United States Tennis Population



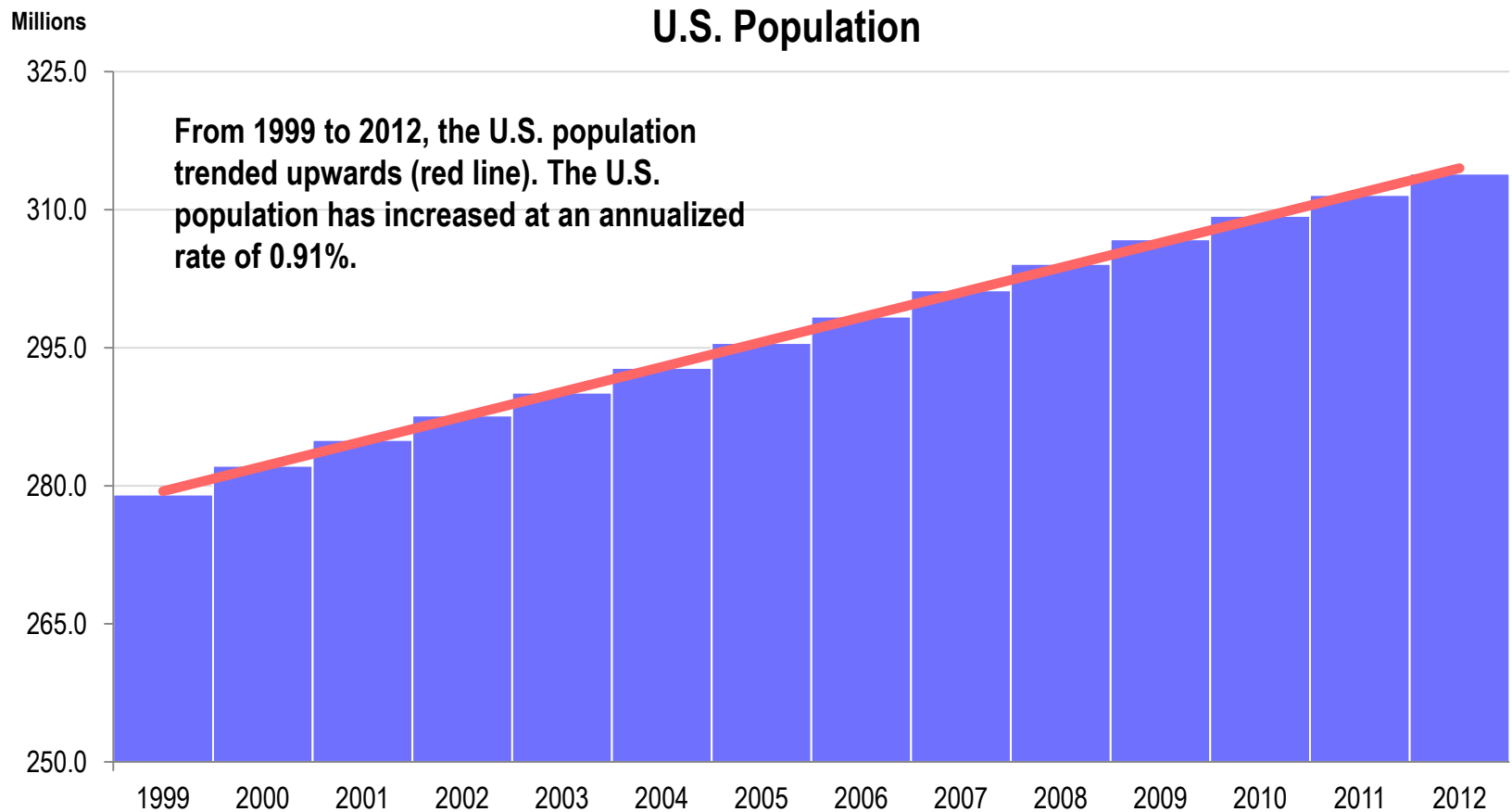
Source: TIA.

Annual Change in U.S. Tennis Population



Source: TIA.

United States Population

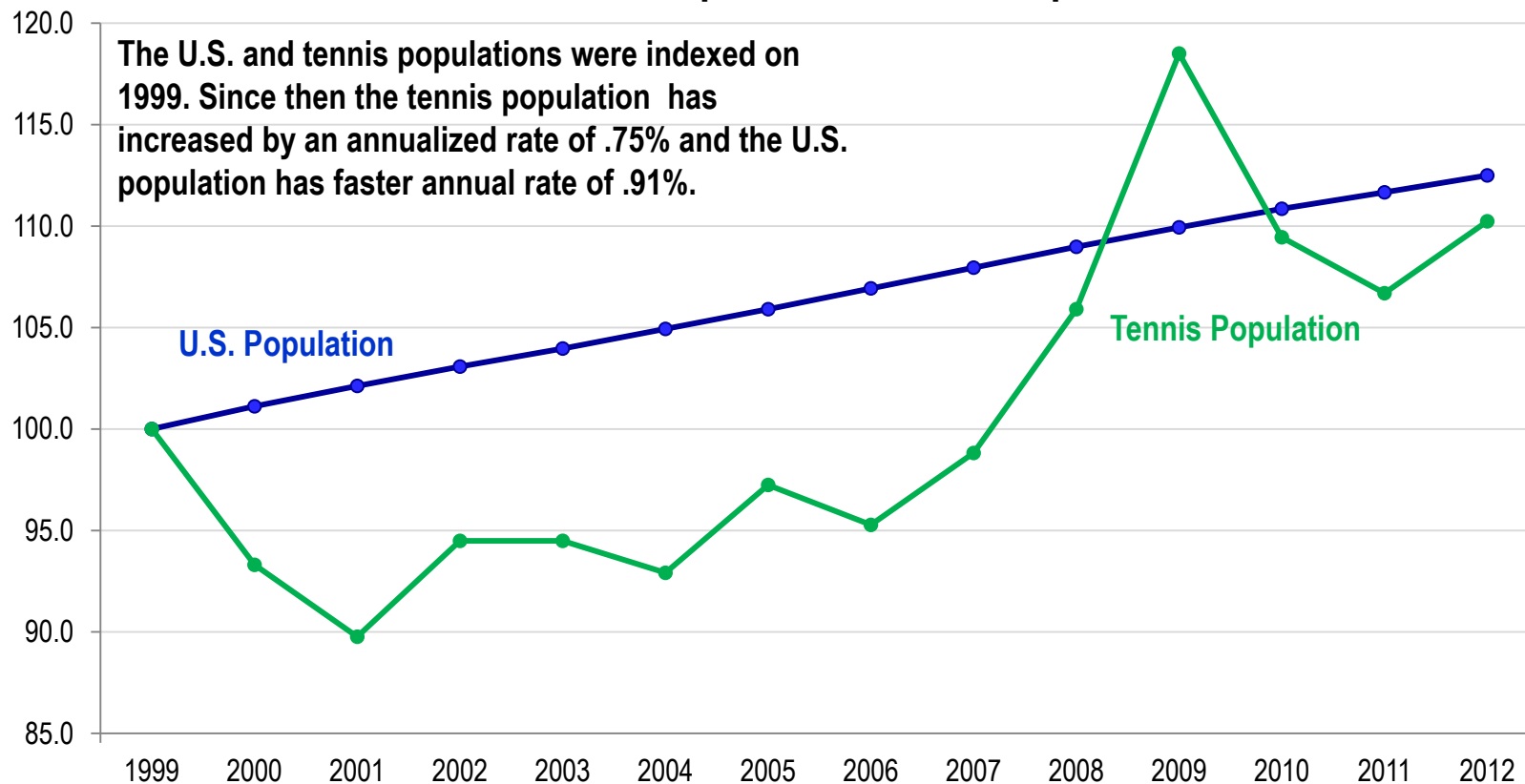


Source: U.S. Census Bureau.

Growth of Tennis Population Versus U.S. Population

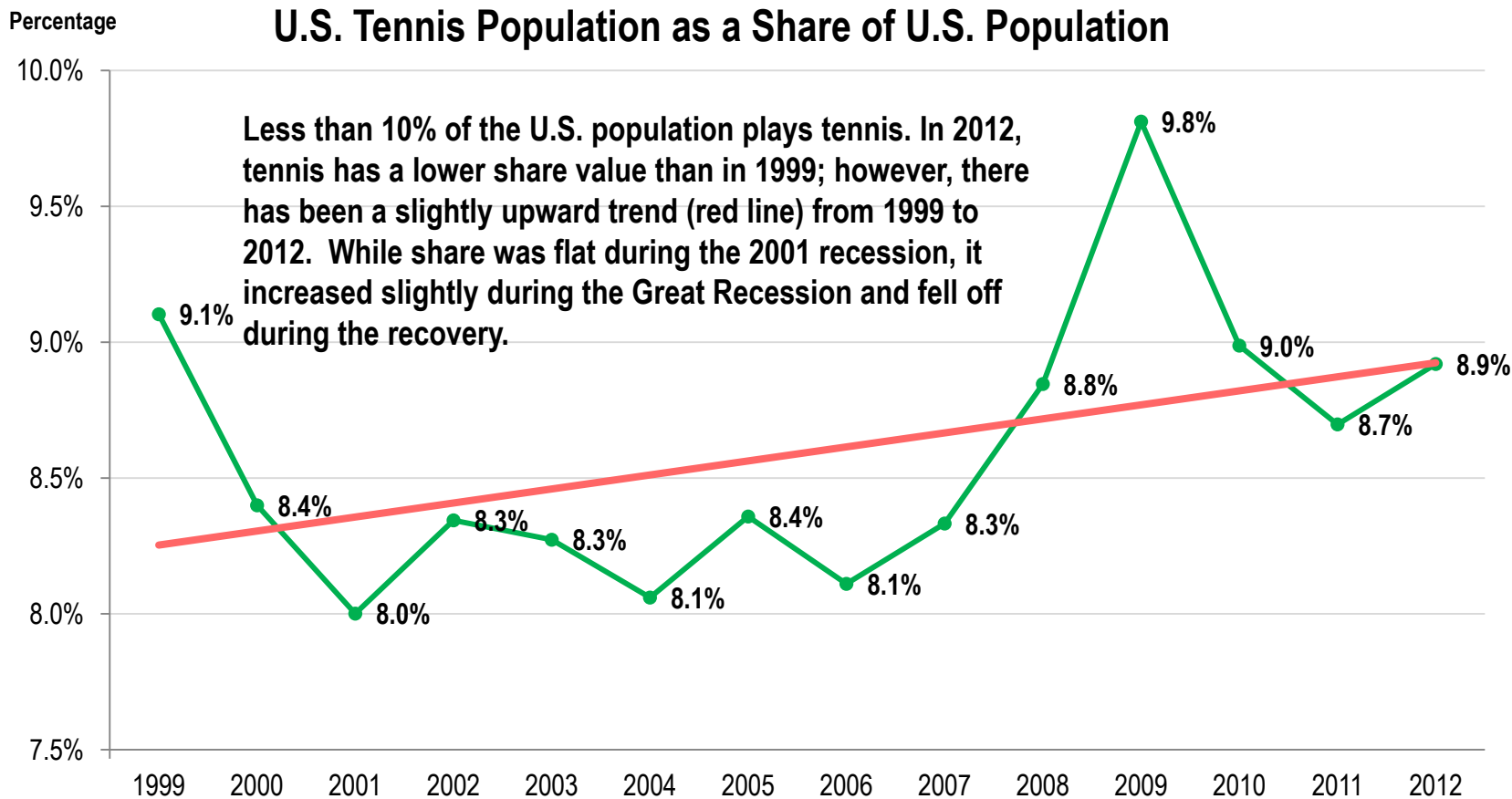
1999=100

Index of U.S. Tennis Population vs. U.S. Population



Source: TIA and U.S. Census Bureau.

Tennis Population as a Share of U.S. Population



Source: TIA and U.S. Census Bureau.

Key Points – Tennis Population

There was an uptick in the number of tennis players in 2012; however, since 2000, the sport added an average of 200,000 players each year and the U.S. population gained 2.68 million people each year. Over this period, tennis captured 7.5% of the increase in the population.

Between 1999 and 2012 the tennis population has increased, but it has grown at a slower rate than the U.S. population.

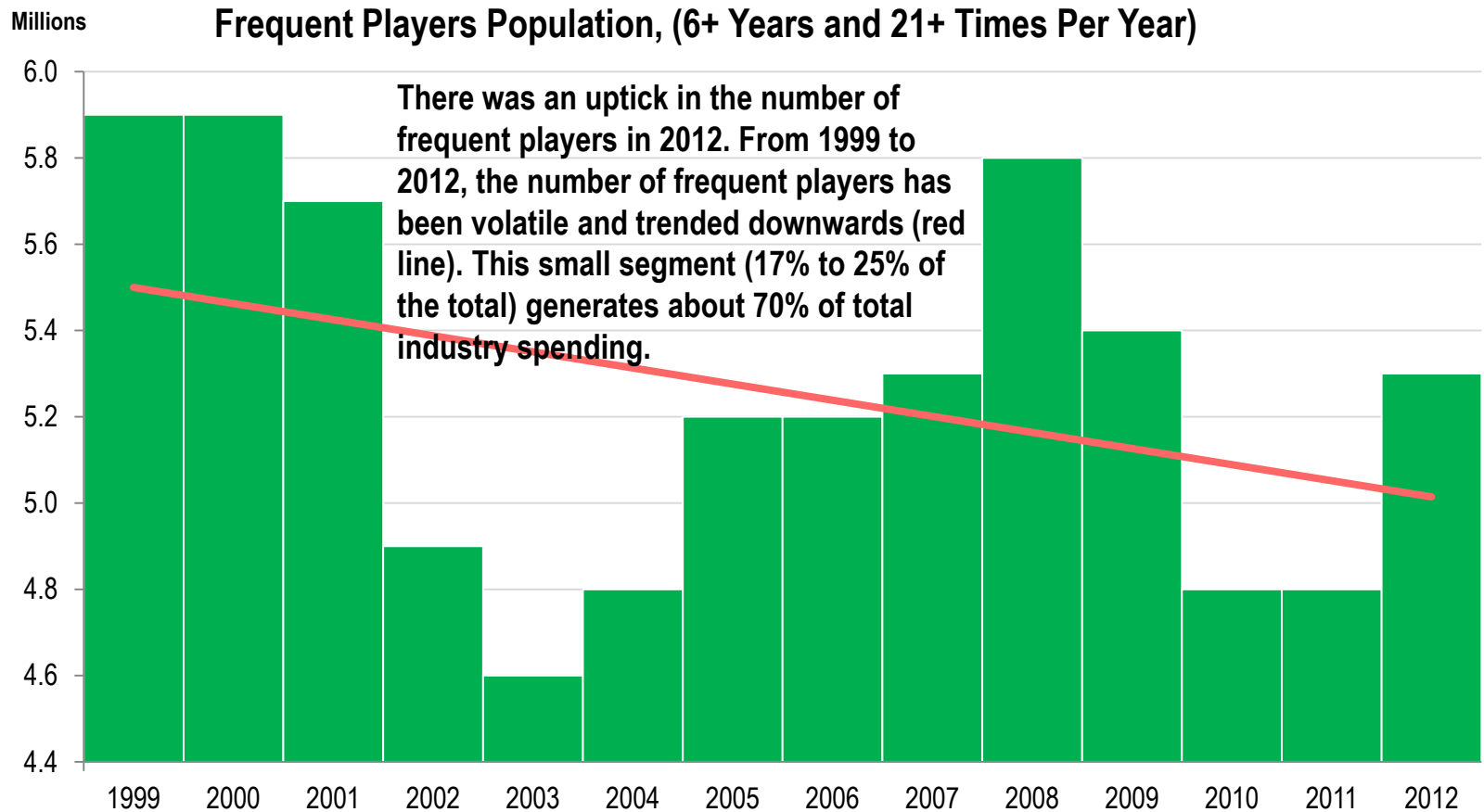
Industry leaders have known the sport is in a mature stage and have developed initiatives to generate interest in the sport. These programs may have prevented a decline in the sport; however, they have clearly failed to “grow the game”.

The data suggests that growth of the sport has occurred primarily because the pool of possible players has increased in size and tennis is capturing less than its fair share of new participants (.75% vs .91%).



Frequent Players

Frequent Players

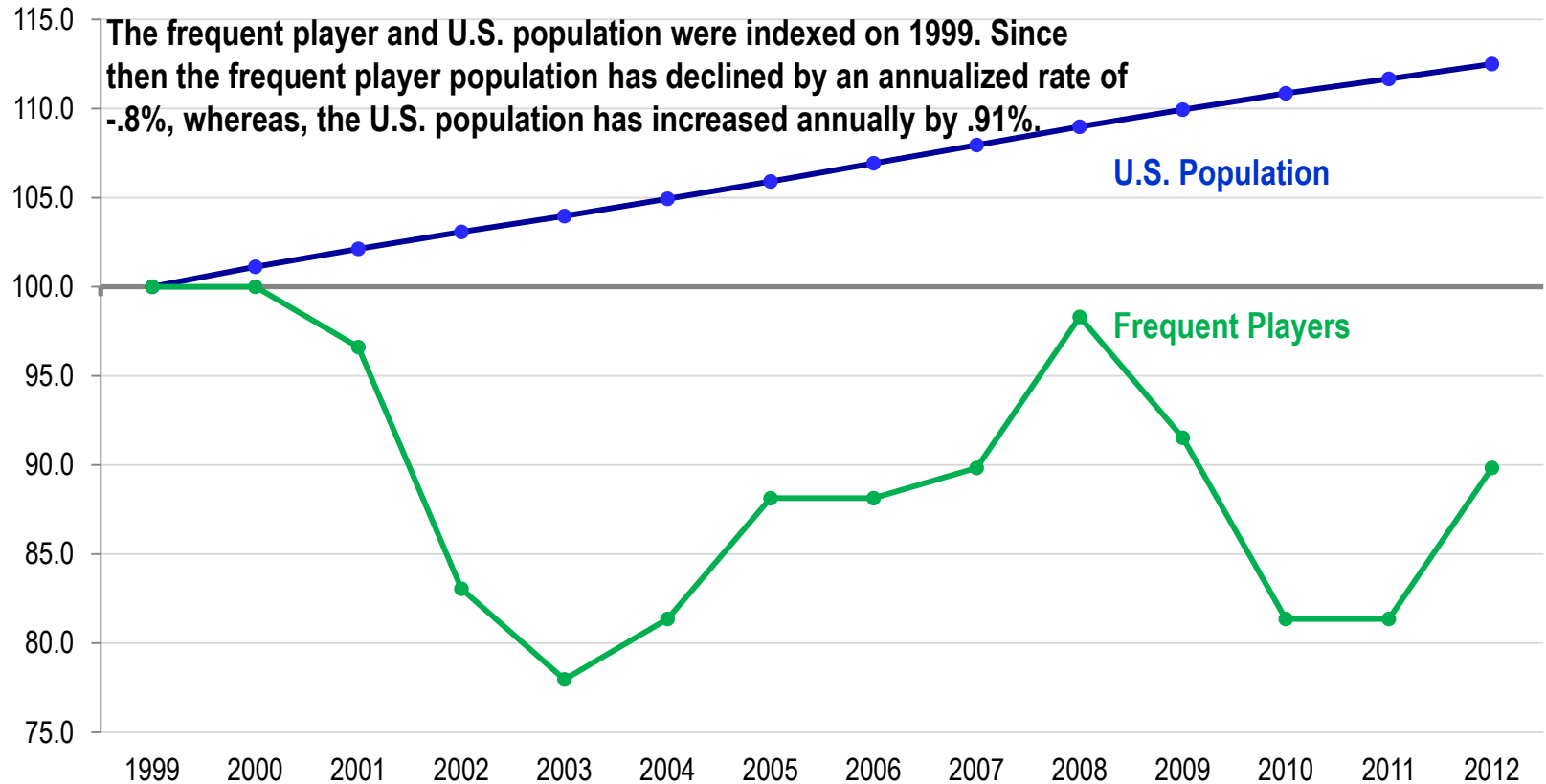


Source: TIA.

Growth of Frequent Player Population Versus U.S. Population

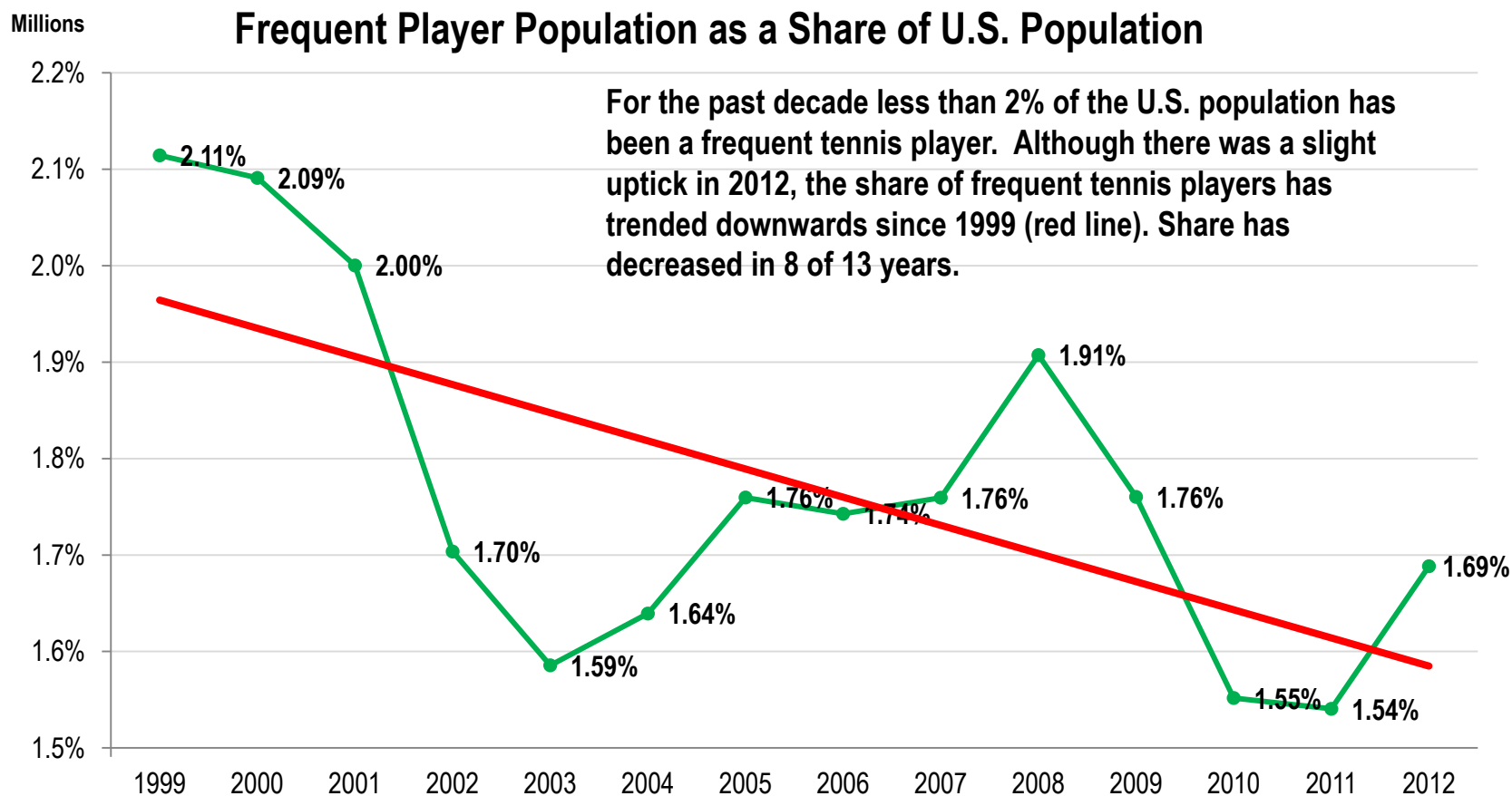
1999=100

Frequent Player Population vs. U.S. Population



Source: TIA and U.S. Census Bureau.

Frequent Player Population as a Share of U.S. Population



Source: TIA and U.S. Census Bureau.

● Key Points – Frequent Player ● Population ●

There was an uptick in the number of frequent tennis players in 2012.

About 70% of the total spending is attributed to the frequent player. Since 1999 this group has made up 17% to 25% of total players. Between 1999 and 2012 the frequent player population has declined, whereas the U.S. population has increased.

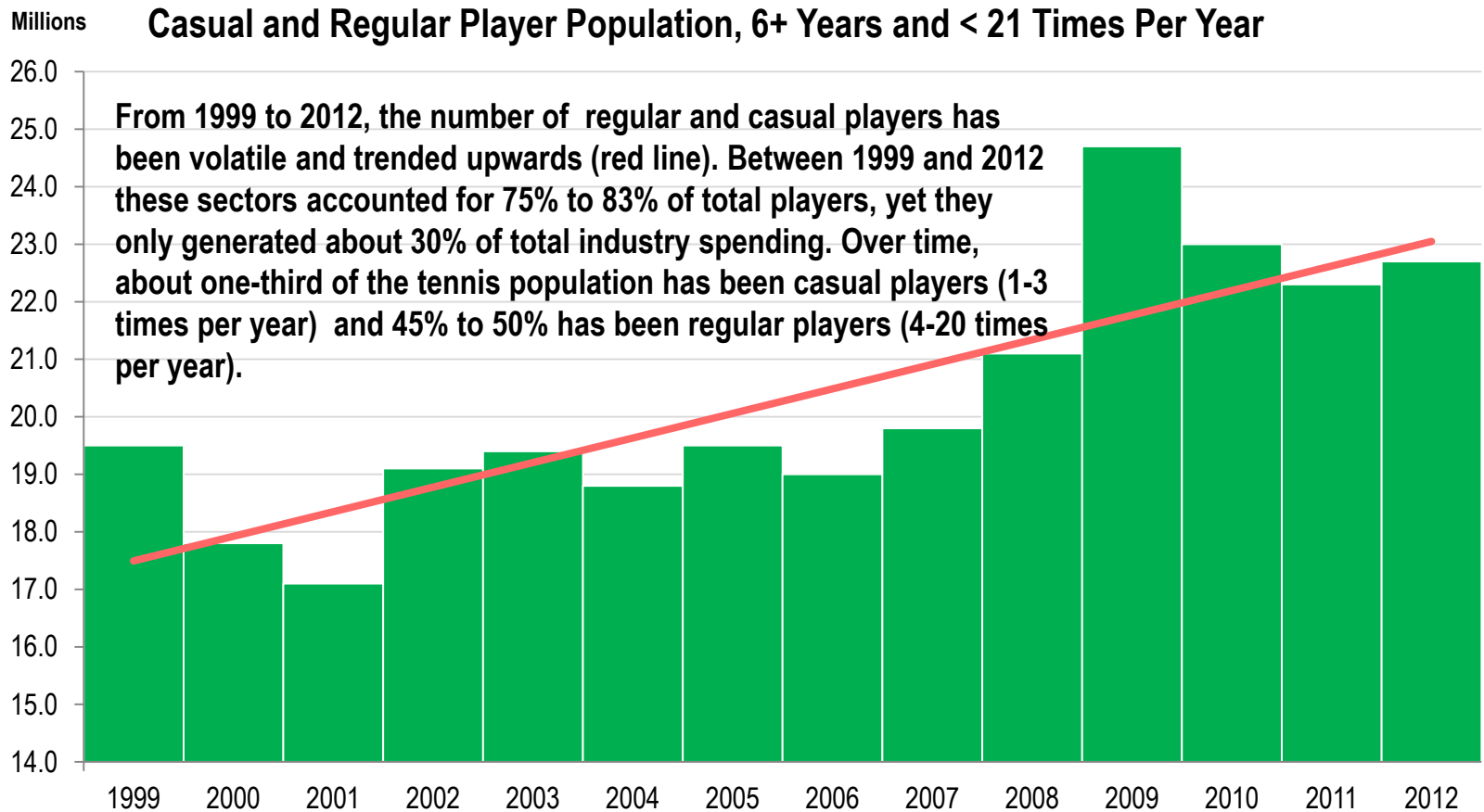
Initiatives to promote the sport have failed to “grow the number of frequent tennis players”.

What strategies are in place to retain and increase the number of frequent players?



Regular and Casual Players

Regular and Casual Players (Total)

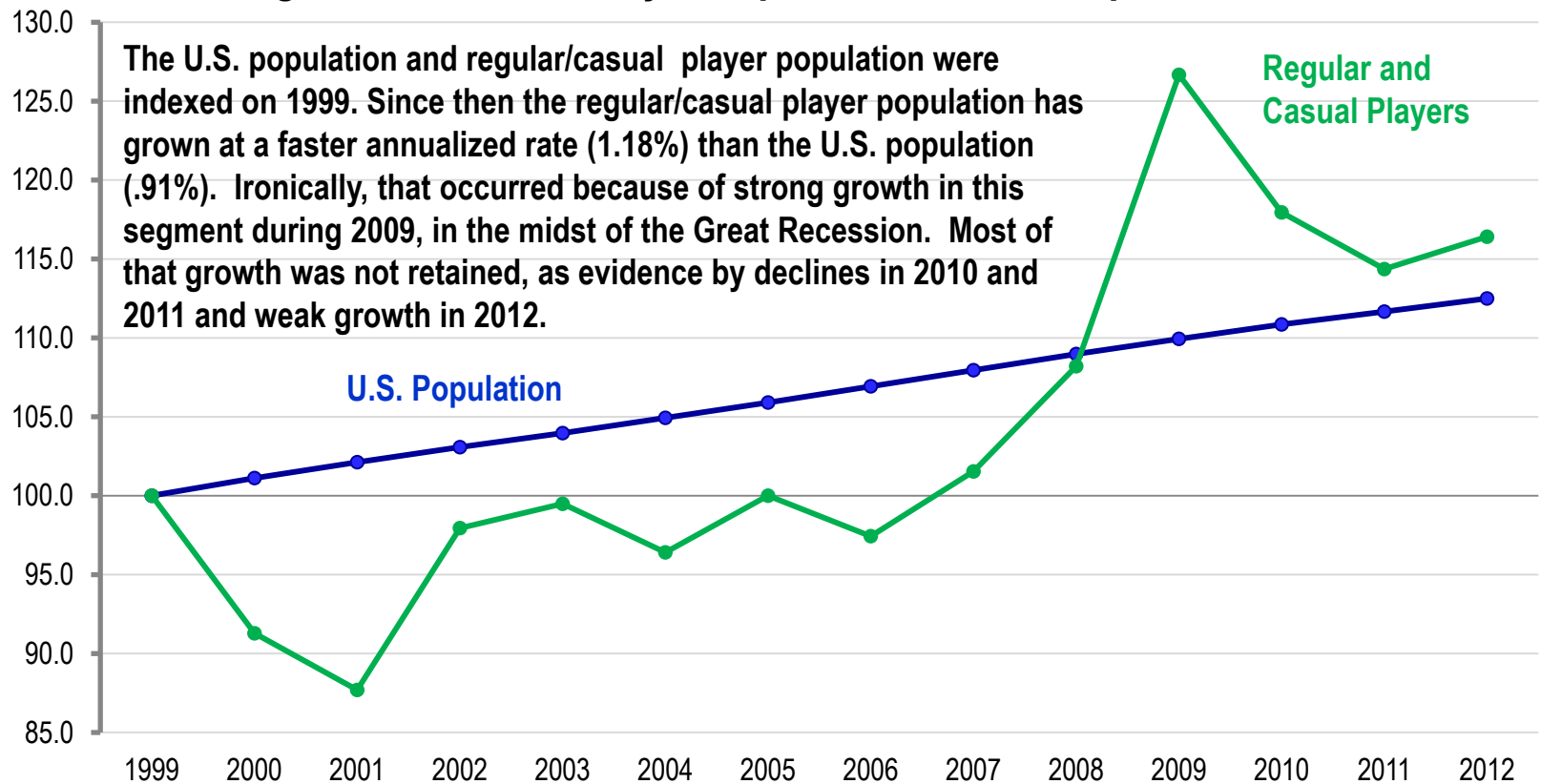


Source: TIA.

Growth of Regular and Casual Player Population Versus U.S. Population

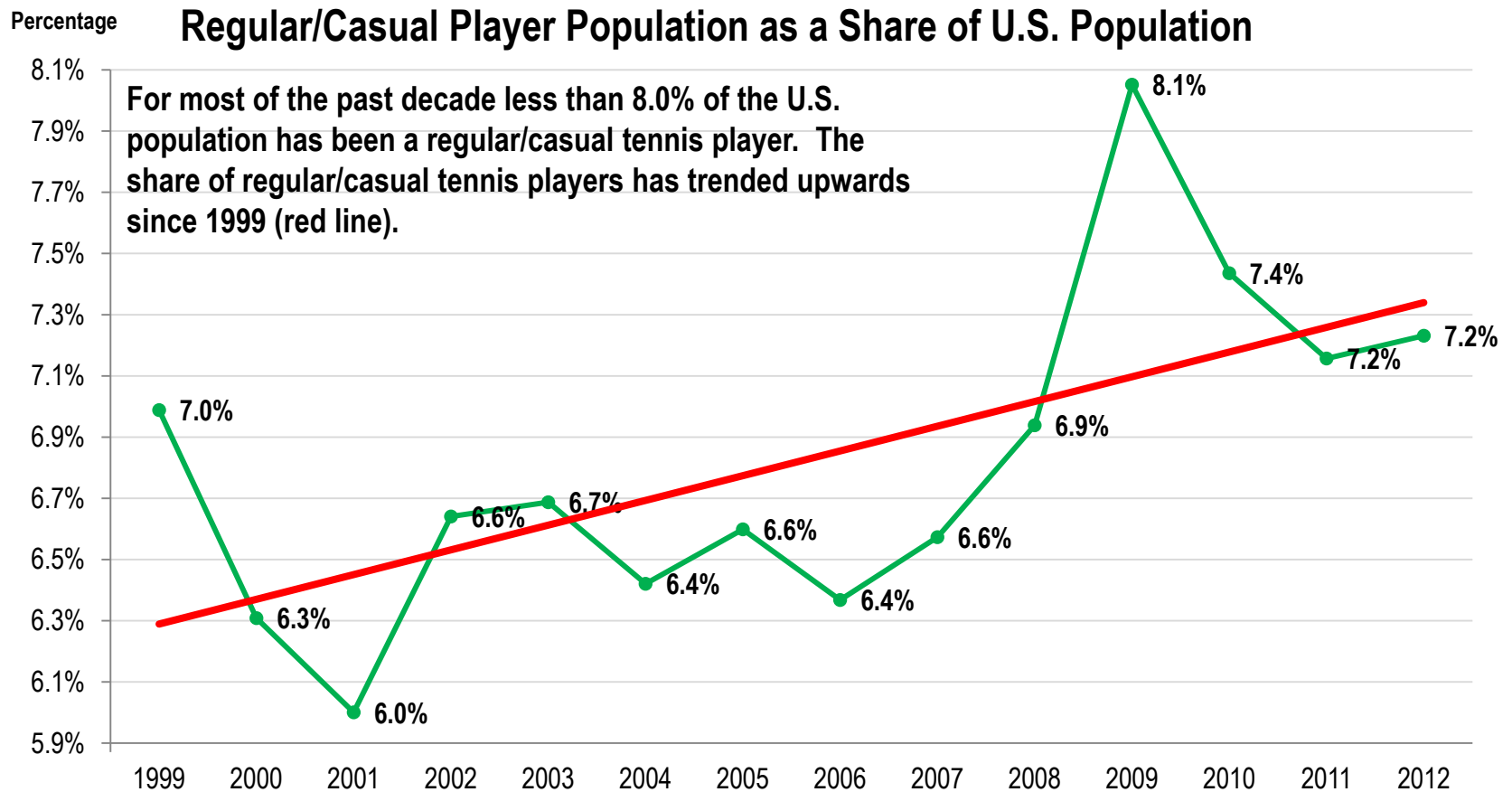
1999=100

Regular and Casual Player Population vs. U.S. Population



Source: TIA and U.S. Census Bureau.

Regular and Casual Player Population as a Share of U.S. Population



Source: TIA and U.S. Census Bureau.

Key Points – Regular/Casual Player Population

Between 1999 and 2012 the regular/casual player has grown at a faster annualized rate population (1.18%) than the overall population (.91%). This higher rate is due to an unsustainable growth spurt in 2009.

About 30% of the total spending is attributed to the regular/casual players. Since 1999, 75% to 83% of total players were in these segments.

This segment of the player population has increased primarily because there has been an increase in the pool of players, i.e. growth in the U.S. population. At best, initiatives to create interest in the sport have prevented declines, but there is not evidence that they have significantly “grown” the number of regular/casual players.

What strategies are in place to effectively convert the casual players to regular players?

What strategies are in place to effectively convert regular players into frequent players?

The Tennis Industry Equipment Index

In 2013 the TIA published the Tennis Equipment Industry Index (TEII) to track market fluctuations in the industry's three key equipment segments (racquets, balls, and strings). The TEII is based on wholesale dollar values of these three segments shipped into the U.S. tennis market. The aggregated values are indexed to 2003, the baseline year.

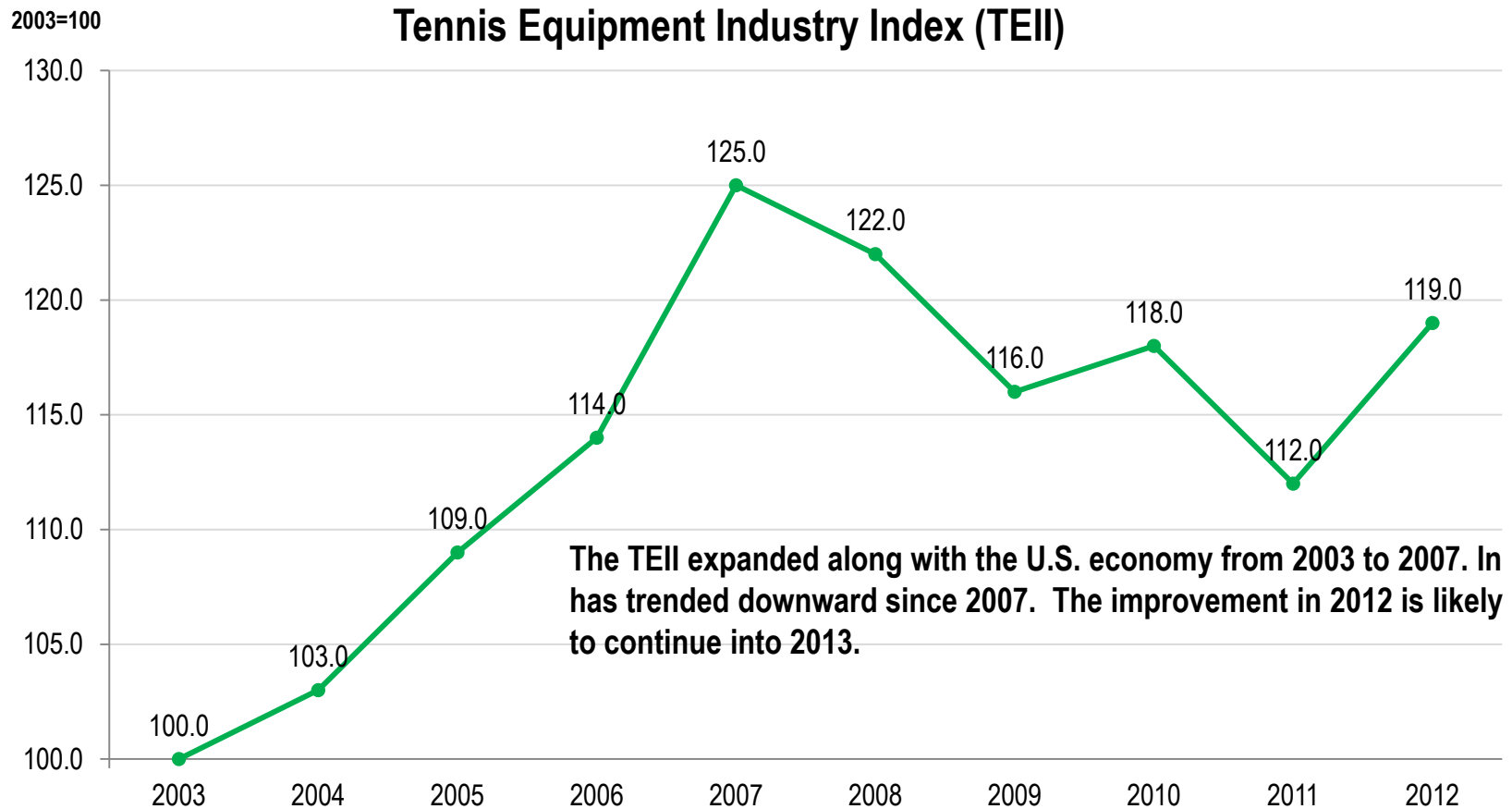
The TIA placed the value of the total U.S. tennis economy at \$5.4 billion in 2011. As a point of reference, this is comparable to the nominal GDP of Guinea or Monaco (CIA World Factbook). As well, the 2011 nominal GDP of the U.S. was about \$15.6 trillion. The tennis industry is a small, but important part of the U.S. economy and lifestyle.

Because the TEII measures shipment values, not adjusted for inflation, it seems reasonable to compare its performance to Nominal Gross Domestic Product or Personal Consumption.



Tennis Equipment and Industry Index

Tennis Equipment Industry Index

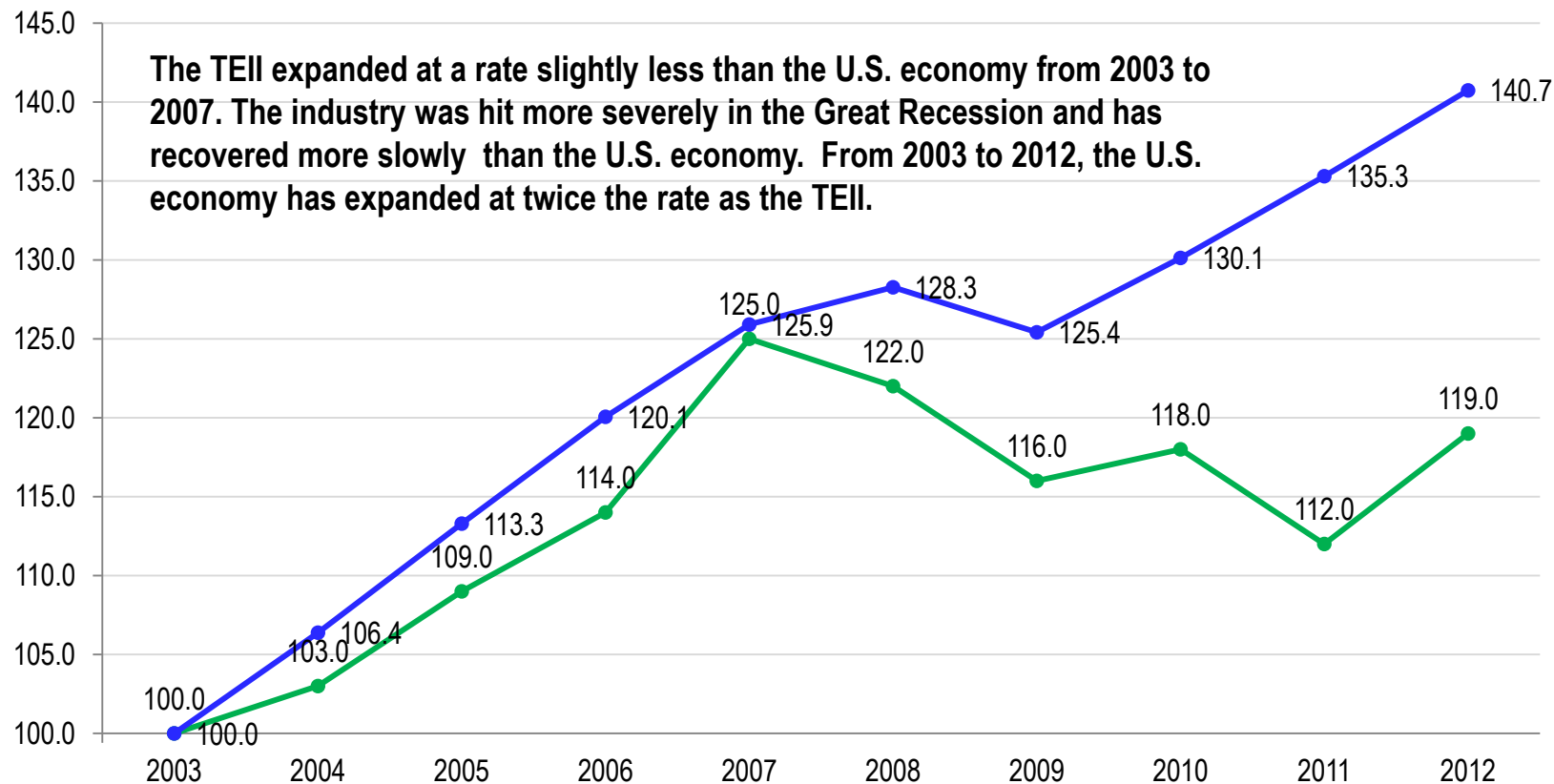


Source: TIA.

Tennis Equipment Industry Index vs. Nominal Gross Domestic Product

2003=100

TEII vs. Nominal GDP

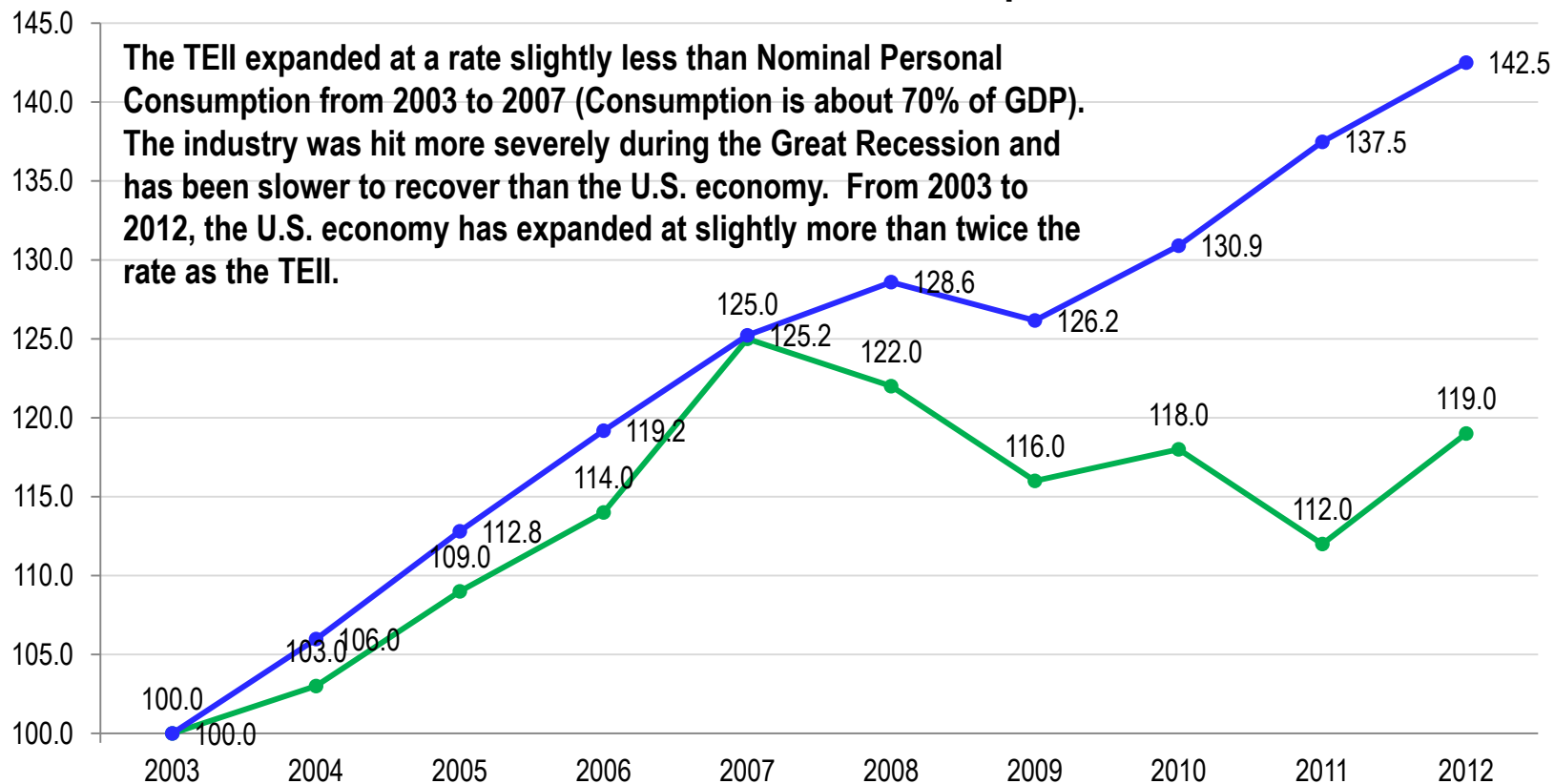


Source: TIA and Bureau of Economic Analysis.

Tennis Equipment Industry Index vs. Nominal Personal Consumption

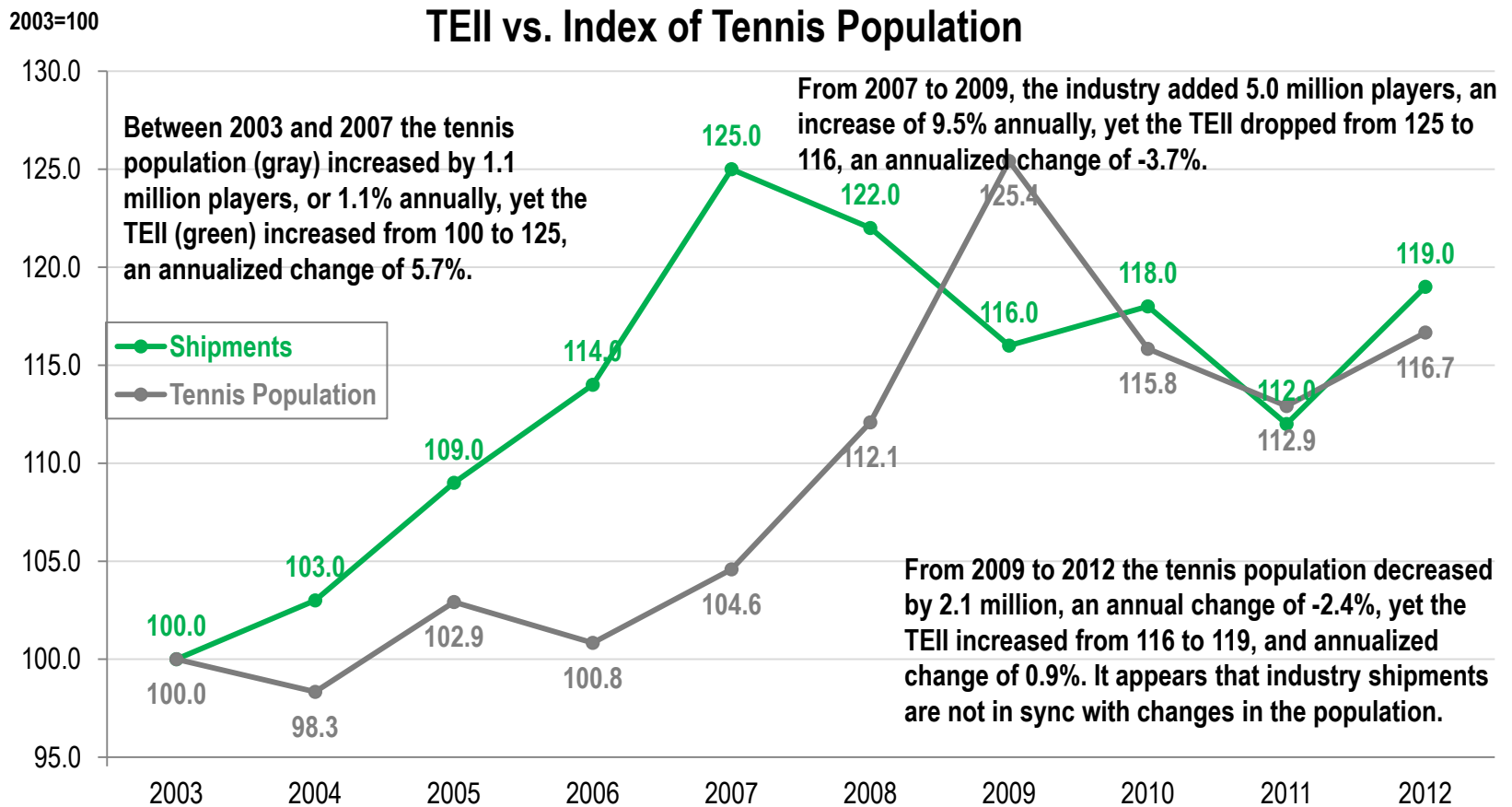
2003=100

TEII vs. Nominal Personal Consumption



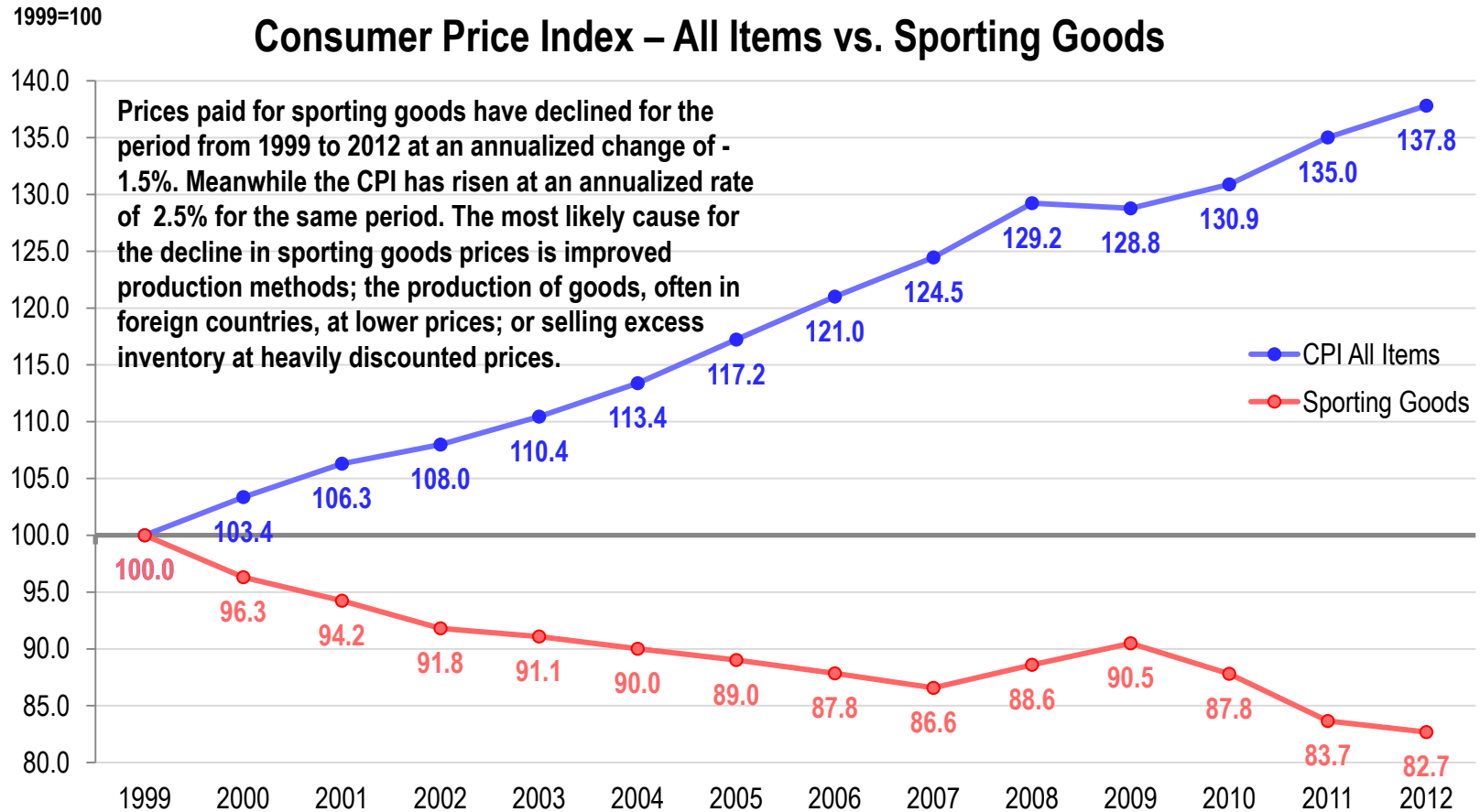
Source: TIA and Bureau of Economic Analysis.

TEII vs. Index of Tennis Population



Source: TIA.

Impact of Inflation on Retail Sales



Source: Bureau of Labor Statistics.

Key Points - TEII

The industry was hit harder than the overall economy and it has recovered more slowly.

The growth rate of the tennis industry, as measured by the TEII, has been about half that of Nominal Personal Consumption and GDP for the period 2003 to 2012.

There is an obvious lag between the time an order is placed, the goods are shipped, and a retail sale is made. It appears that changes in wholesale industry shipments are leading changes in population by about two years. In other words, “Ship it and they will play.” It seems more likely that changes in the number of players would drive changes in the valuation of shipments.

Retail prices paid for a basket of sporting goods have declined since 1999, making it more challenging for sporting goods stores to maintain profit margins. Most likely this trend applies to tennis retailers also. This may explain, in part, why wholesale tennis shipments, TEII, have not increased more dramatically as a result of increased participation in the sport.



Conclusions and Call to Action



Conclusions

The tennis industry was hit harder than the overall economy during the Great Recession and has taken longer to recover. On a positive note, there was solid growth in the value of shipments and the number of players in 2012.

The tennis industry has been in a mature stage for a number of years. For this reason, it seems reasonable to expect participation in the sport to change at a rate equal to or slightly greater than changes in the population.

Between 1999 and 2012 the tennis population expanded at a slower rate than the overall population. This would infer that Initiatives to generate interest in the sport may have prevented a decline or slower rate of growth; however, they have clearly failed to “grow the game” at or above the rate of population growth.

The tennis industry closely follows the Pareto Principle. Frequent players, those who play 21 times a year or more, account for about 70% of total spending and 17% to 25% of all players. Since 1999, this segment of the tennis population has declined, a sign that long-term efforts to “grow the game” in this critical area have not been successful.

Regular/casual players are responsible for about 30% of the total spending. Since 1999 this group has made up 75% to 83% of total players. Initiatives to generate interest in regular/casual players have had a minimal impact on long-term net increases in participation.

The growth of the tennis industry, as measured by the TEII, has been about half that of Nominal Personal Consumption and GDP for the period 2003 to 2012. The volatility of the global economy has created a challenging environment for the sport’s manufacturers and service providers.

While it is apparent that the initiatives to promote the sport have not effectively “grown the game”, the industry is to be applauded for collecting data, recognizing the challenges facing a mature industry, and taking steps to increase participation levels.



Call to Action

This analysis is intended to serve as a call to action for the leaders in the tennis industry.

Over time, the number of U.S. tennis players has increased, although there has been a lot of churn or volatility in the level of participation. That is good news.

At the same time, long-term tennis participation has increased at a rate less than changes in the population. In other words, the tennis industry is not capturing its “fair share” of players. That means potential tennis players have chosen to play sports other than tennis or they are not participating in any form of physical activity. The latter is a worst case scenario.

This call to action is an appeal to tennis leaders to find effective answers to the following questions:

- What strategies are in place to retain and increase the number of frequent players?
- What strategies are in place to effectively convert the casual players to regular players?
- What strategies are in place to effectively convert regular players into frequent players?



Where is the Tennis Industry Really Headed?

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