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# TIA UK TENNIS CLUB BUSINESS REPORT 2020

TIA UK THE BUSINESS OF TENNIS
TENNIS INDUSTRY ASSOCIATION UK

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# CONTENTS



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# INTRODUCTION

The Tennis Club Business Benchmarking Project was launched at the Tennis Industry Association UK Forum in October 2018. This is a five-year project aimed to benchmark tennis club business performance in order to sustain and help grow tennis in the club sector.

This report has combined the data gathered in 2018 and in 2019 from a cohort of 23 tennis clubs representing some 20,000 tennis players.

The clubs that have provided data for this report vary considerably in terms of size, turnover, facility scope and employee numbers. In order to provide consistency of approach, it has been decided that next year's Club Business Report will only include data from those tennis clubs and venues with 8 or more courts, to align with the LTA's classification of 'large clubs'.

As stated in last year's report, the limited number of clubs surveyed means that the results cannot be used as key metrics, however some of the information aligns closely with the LTA's own research for this sector which uses data from a much larger cohort. TIAUK and the LTA have worked closely on the scope of this year's report and will continue to do so throughout the project to help shape and validate the LTA's strategy.

- Annual survey to benchmark tennis club businesses and identify ways to grow the sport and individual clubs
- A focus on business performance to identify the factors that impact on sustainability and growth
- This is long-term measurement
- A five-year project
- Measurement becomes more powerful over time
- Target is to get 100 tennis clubs participating in the project by year five

The LTA reports that in 2018/19 there were 24,046 tennis courts at 5,273 tennis clubs and venues in England and Wales.

In terms of LTA registered tennis clubs, 17% in England and Wales have more than 8 tennis courts. Scotland has 8%. The LTA classifies clubs and venues with more than 8 courts as 'large'.

3120 registered clubs in GB

- 14% of clubs with more than 8 courts located within:

| | |
|---|---|
| London/SE | 132 |
| South / South West | 52 |
| Central / East | 86 |
| Midlands | 53 |
| North | 77 |
| Wales | 15 |
| Scotland | 20 |
| **Total** | **435** |

*Source: LTA 2018/19*

If you are a club or venue with 8 or more courts, we hope that you will participate in the annual survey which will be on-line in November 2020. Details can be found at the end of this report.

## 23 Clubs - Asset Value

The combined **asset value** of the 23 clubs surveyed in 2018 and 2019 from the clubs' most recent audited or unaudited accounts is **£65m - £75m**

### Commentary

- 5 clubs - below £250K
- 3 clubs - £250K - £500K
- 5 clubs - £500 - £1M
- 7 clubs - £1M - £5M
- 1 club - £5M - £10M
- 2 clubs - £10M +

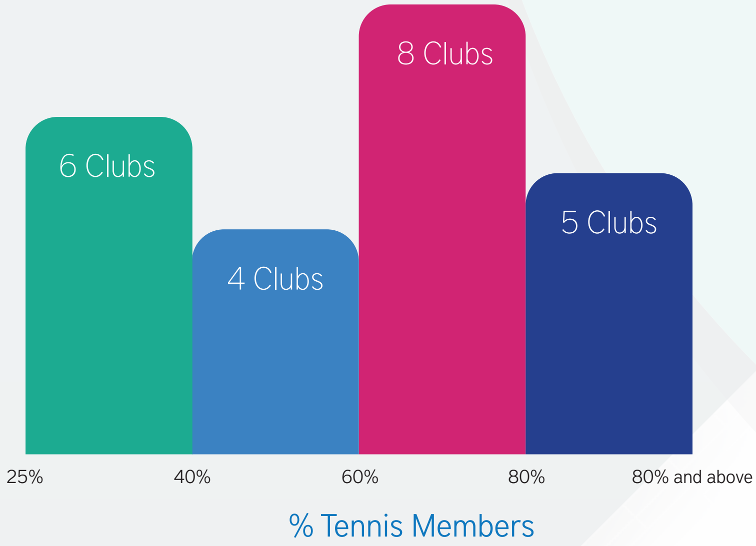
## 23 Clubs - Annual turnover


Annual Turnover

## 23 Clubs - Membership in Numbers

| | |
|---|---|
| Less than 1000 | 8 Clubs |
| 1000 - 2000 | 8 Clubs |
| 2000 - 3000 | 1 Club |
| 3000 - 4000 | 3 Clubs |
| More than 4000 | 3 Clubs |

## 23 Clubs - Tennis Members vs. Total Club Members




**Commentary**

This survey represents a combined estimate of 17,000 - 27,000 tennis players across the 23 clubs.

### Key Insight - Existing vs. New Members

Existing members (i.e. more than 12 months in membership) is approximately 80% of the total membership

New members (less than 12 months in membership) is approximately 13%

Percentage of membership potentially 'at risk' of not renewing membership (frequency of play has declined, heard that they are playing at another club etc) is approximately 7%

## 23 Clubs - Other Findings

- Only 2 clubs have waiting lists to join
- 16 clubs offer a separate tennis membership option
- 3 have waiting lists for certain categories or activities
- 10 clubs offer a separate gym/fitness option
- No clubs charge a fee to remain on a waiting list

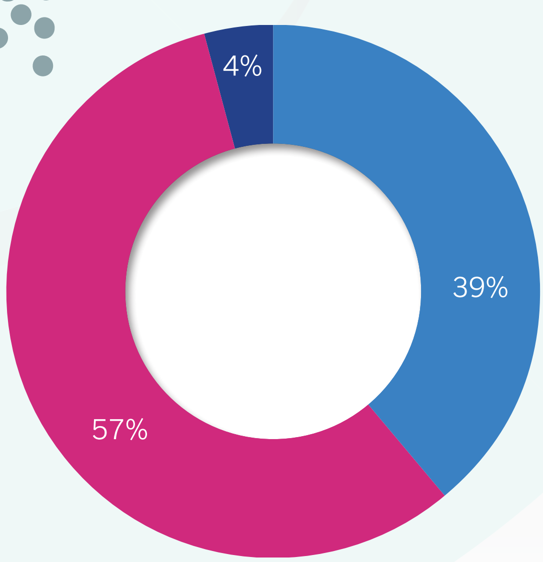
## Pricing - Whole club membership fee


## Pricing - Separate tennis membership - Single adult

## Pricing - Separate tennis membership - Single junior


## Pricing - Other Findings

- 16 clubs (70%) offer permanent or seasonal covered courts
- 10 clubs charge between £11 - £20 per hour
- Only 1 club does not charge for indoor courts
- 10 clubs charge up to £10 per hour for floodlit courts
- 9 clubs do not charge
- 13 clubs (57%) charge a joining fee
- 11 clubs (48%) offer a monthly payment option
- 4 clubs (17%) offer a 'pay and play' option




## Key Insight

### Growth / Decline over the last 2 years

9 clubs (39%) tennis activity **GROWTH**
13 clubs (57%) tennis activity **REMAINED THE SAME**
1 club (4%) tennis activity **DECREASE**

## Tennis Activity
### Growth by Group

Adult Male
Adult Female
Mini Tennis

Highest Growth

Junior Male
Junior Female

Good Growth

Seniors
Family
Disability

Limited Growth

## Improvements - What measures are clubs considering to improve their tennis offer

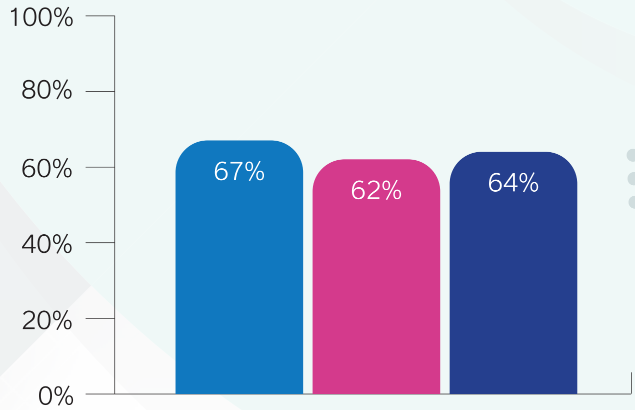
- Appointing additional coaches - 10 clubs (43%)
- Changes to current programmes - 15 clubs (65%)
- Changes to pricing structure - 8 clubs (35%)
- Providing new or improved facilities - 17 clubs (74%)
- Changes to coaching staff - 9 clubs (39%)
- Running additional programmes - 15 clubs (65%)

## Tennis Activity - LTA Support to Clubs

Going into 2020, the LTA reports that the top 3 priorities for large clubs are Membership Growth (71%), Facility Development (51%) and Membership Retention (50%)

### As a result of support received from LTA in 2019...

67% of large clubs have done or intend to develop a marketing programme
62% have done or intend to create a membership growth proposition
64% have done or intend to redevelop club facilities




Following support from the LTA, 47% of large clubs have seen an increase in the number of people taking part in coaching/competition programmes

## Tennis Activity - This survey asked what clubs have done (or intend to do) as a result of the support provided by the LTA

| | |
|---|---|
| **Redeveloped or intend to redevelop the club facilities** | **11 Clubs** |
| Developed/developing a strategic plan for future development | 7 Clubs |
| Initiated/intend to initiate new club programmes | 6 Clubs |
| Focussed on a club marketing programme | 5 Clubs |
| Recruiting a new head coach or key member of the coaching team | 5 Clubs |
| Creating a membership growth strategy | 4 Clubs |
| Developing a member retention scheme | 3 Clubs |
| intending to change the management structure | 2 Clubs |

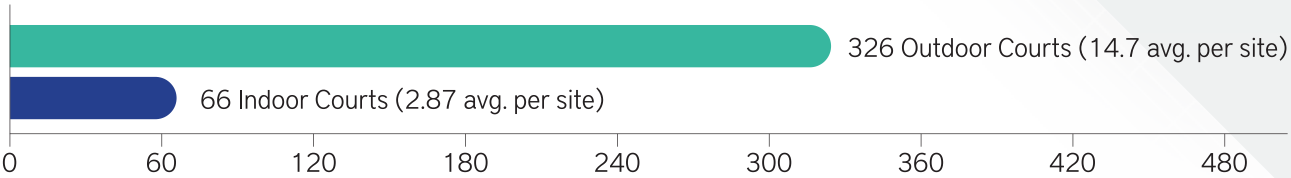
## Tennis Activity - Other Findings

9 clubs (39%) do not have sufficient coaching capacity to increase programmes
16 clubs (70%) deliver tennis off-site in parks and local schools
15 clubs (65%) allow children to join programmes without having to be members
7 clubs (30%) offer courts to local clubs at certain times

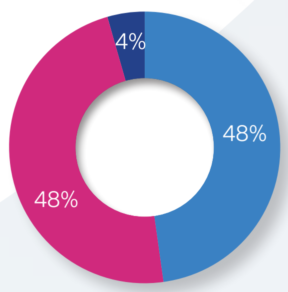
## Facilities - Scope of Facilities

| | |
|---|---|
| Outdoor tennis courts | 23 Clubs |
| Bar | 23 Clubs |
| Meeting rooms | 20 Clubs |
| Function rooms | 17 Clubs |
| Cafe | 17 Clubs |
| Indoor tennis courts | 16 Clubs |
| Gym | 16 Clubs |
| Squash courts | 16 Clubs |
| Club shop | 16 Clubs |
| Sports injury suite | 14 Clubs |
| Conference facilities | 14 Clubs |
| Racketball courts | 10 Clubs |
| Restaurant | 9 Clubs |
| Wellness suite | 7 Clubs |
| Snooker room | 6 Clubs |
| Swimming pool | 5 Clubs |
| Indoor sports hall | 3 Clubs |
| Padel courts | 2 Clubs |

## Facilities - Tennis Courts in Numbers




## Facilities - Site Development Potential




**Data Analysis**

**11 clubs (48% of sites)** have good development potential
**11 clubs (48% of sites)** have some or limited potential for development
**1 club (4% of sites)** reports no potential for further site development

**12 clubs (52%)** are planning major works in the next 2 years
**7 clubs (31%)** are NOT planning major work
**4 clubs (17%)** are undecided

### Key Insight - What type of works are planned?

- Most development is building work to modernise clubhouses
- Followed by Padel courts
- Followed by floodlighting improvements and seasonal covered courts

## Gyms - The Golden Age for Fitness

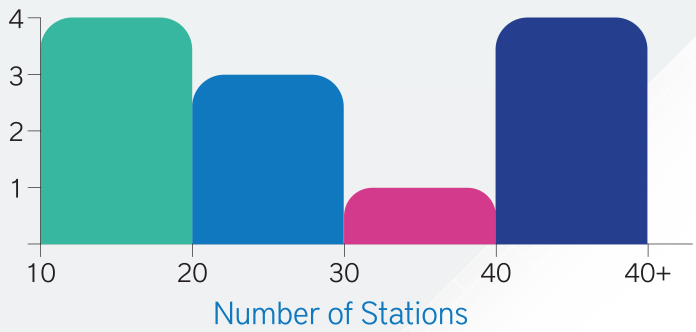
- 7239 gyms - 10.4M members - £5.1bn market value
- Consumers now have so much choice with clubs and programmes rapidly diversifying
- Group fitness (Boutiques) and virtual fitness has come to the fore
- High quality programming is the key to driving attendance and keeping members

**2019 UK Fitness - David Minton / Leisure Database Company*

## Gyms - 16 of the 23 clubs have dedicated gyms

*The following information has been provided by 12 of the 16 clubs:*

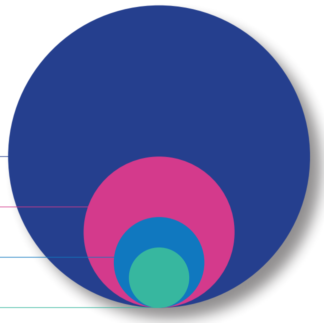
## Gyms - Number of fitness stations in gyms




**Data Analysis**
4 clubs have between 10 - 20 stations
3 clubs have between 20 - 30
1 club has between 30 - 40
4 clubs have more than 40 stations

## Gyms - Fitness-Only Membership

10 clubs have a fitness only membership offer
5 clubs have more than 300
3 clubs have 200 - 300
2 clubs have between 50 - 200 fitness only members



## Gyms - Cost of Fitness Membership

Membership fee bands generally reflect the number of fitness only members - the larger the number, the higher the cost. 4 clubs charge between £40-50 per month and 5 clubs charge more than £50pm.

## Gyms - Gym Management

Only 1 out of 12 clubs has a local operator to manage the gym - the rest are managed in-house.

## Gyms - Future Investment

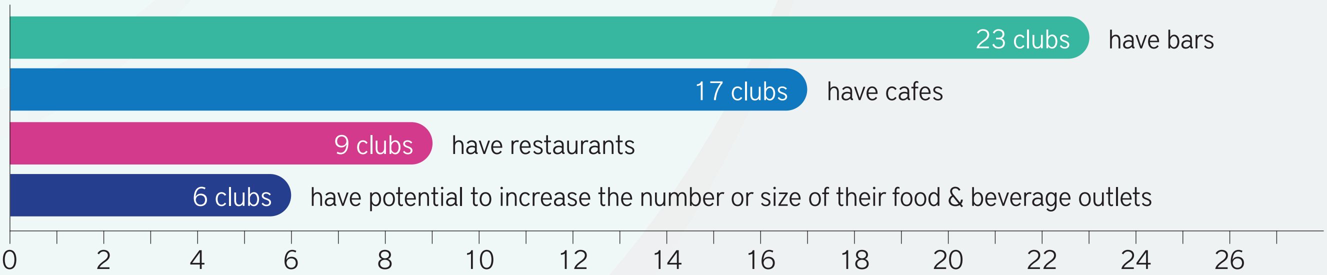
9 out of 12 clubs are planning to invest in both the gym facility and in fitness equipment in the next 2 years.

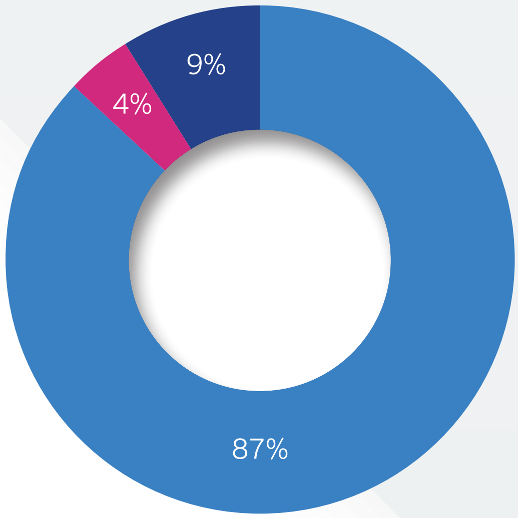
## Key Insight - Gym use by tennis players

9 out of 12 clubs state that regular tennis players only make up to 25% of gym users and within this figure, 4 clubs say that tennis players make up only 10%. This suggests there is good potential for developing fitness programmes for regular tennis players in mind.

**Commentary**

Clubs strive for greater use of Food & Beverage outlets by members and are considering a range of measures to improve profitability.




## Food & Beverage - Management

**Data Analysis**

20 clubs (87%) operate food and beverage in-house
1 club (4%) outsources to a national operator
2 clubs (9%) use a local company

## Food & Beverage - What could improve profitability?

- Expansion / refurbishment
- Changing opening hours
- Revisions to pricing
- Diversifying menus
- Better wastage control
- Reducing utility costs
- More themed and social events
- Private functions at times to limit member disruption
- Investing in staff
- Provide more healthy eating options

## Retail - Services and Management

16 clubs provide a retail outlet

7 are less than 5m2

8 are up to 30m2

1 outlet has more than 30m2 of floor space

12 clubs have only limited potential to increase their retail area

11 outlets are operated in-house by reception staff

3 outlets are operated by club coaches or instructors

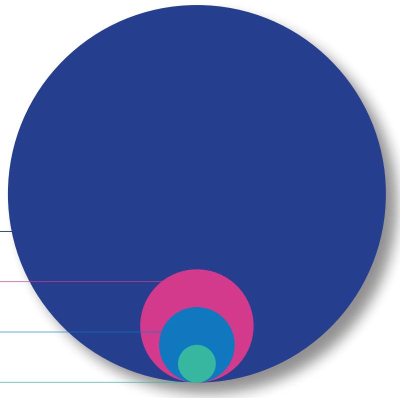
2 outlets are operated by local retailers or others

Most clubs offer a complete range of products

5 clubs have exclusive agreements with global racket brands

18 provide club-branded clothing and apparel

## Retail - Profitability



**10 clubs** make a marginal profitactivity

**3 clubs** breakeven

**2 clubs** make a 'significant' profit from their retail activity

**1 club** makes a loss

## Retail - What would improve profitability?

- Increased retail floor space
- Re-location or re-positioning of outlet
- Adding fitness products
- Enhancing product range
- Providing goods on-line
- Upskilling the workforce
- Increasing range and promotion of 'exclusive club' branding

## Workforce & Systems
### Full time / Full time equivalent staff

| Club Membership size band | No FT or FTE Staff | 1 - 2 Staff | 2 - 5 Staff | 5 - 10 Staff | 10 - 20 Staff | Above 20 Staff |
|---|---|---|---|---|---|---|
| Number of Clubs | 3 | 2 | | 2 | 2 | 8 |
| < 1000 Members | 3 | 2 | | 1 | 1 | 1 |
| 1000 - 2000 Members | | | | 1 | 1 | 4 |
| 2000 + Members | | | | | | 3 |

## Workforce & Systems
### Volunteer vs. Payroll staff

| Club Membership size band | < 1000 | 1000 to 2000 | 2000 + |
|---|---|---|---|
| Number of Clubs | 8 | 7 | 3 |
| Average Volunteer workforce as a % of total | 60% | 16% | 7% |
| Average Paid workforce as a % of total | 40% | 84% | 93% |

## Key Insight - Coach Recruitment

10 report problems attracting coaches with the relevant skills for the clubs' needs

2 clubs employ all their coaches

Coaches are all self-employed at 13 clubs

There is a mix of pay-roll and self-employed coaches at 8 clubs

4 clubs (17%) report challenges recruiting administrative or managerial staff

Clubs say that the most effective medium for recruiting non-coaching staff is via direct advertisement. The second most effective is through referral from members/other clubs etc

18 clubs (78%) use an external company to provide advice on HR and employment legislation issues

## Workforce & Systems - Training & Improvement

- 17 clubs (74%) offer professional training for employees as deemed necessary for their role
- 14 clubs (61%) undertake staff satisfaction surveys on a regular basis

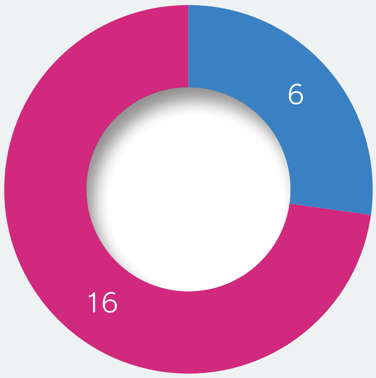
## Workforce & Systems - Governance & Systems

- 13 clubs (57%) state that current governance structures and arrangements are suitable for the clubs' needs although 5 clubs report that they have difficulty appointing Directors with suitable skills
- 17 clubs (74%) are satisfied with the scope and level of information provided by their management information systems

*Expenditure ratios were provided by 22 of the 23 clubs*

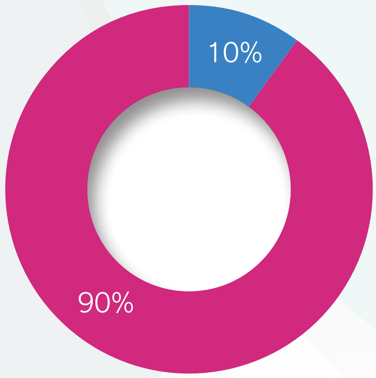
## Expenditure Ratios - Staff costs as a % of total operating costs

*Volunteer or Payroll Staff*



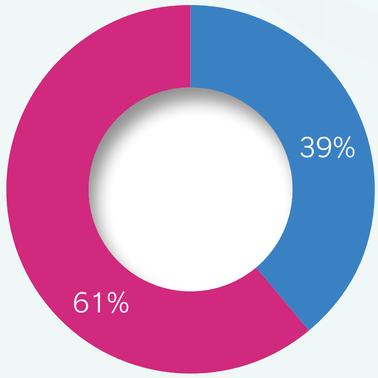

Clubs with **60% and more** volunteers
Clubs with **less than 60%** volunteers

*Clubs with 60% or more Volunteers*




Average **Staff Costs** as a percentage of Total **Operating Costs**

*Clubs with less than 60% Volunteers*




Average **Staff Costs** as a percentage of Total **Operating Costs**

## Expenditure Ratios - Energy costs and maintenance costs vs. total revenue

| Club Membership size band | < 1000 | 1000 to 2000 | 2000 to 3000 | 3000 to 4000 | 4000 + |
|---|---|---|---|---|---|
| Number of Clubs | 7 | 8 | 1 | 3 | 3 |
| Energy costs as a % of total revenues | 6% | 5% | 10% | 8% | 20% |
| Maintenance costs as a % of total revenues | 12% | 7.4% | 10% | 8% | 10% |

***Marketing** activity is 2% of total revenue on average across the 22 clubs*

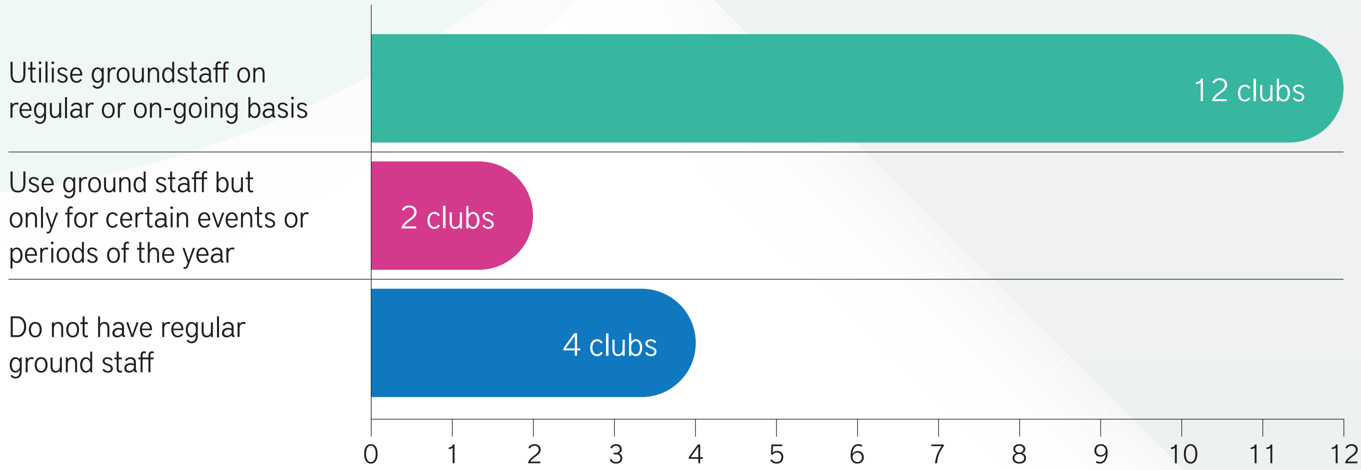
**WARNING**
Whilst the ratios above are of interest, more detail is required on how the expenditure has been calculated in order to verify like for like comparisons and to benchmark against any relevant 'industry' standards.

**Highlights from recent research into the profession:**

- Grounds maintenance in GB employs 26,000 people and utilises 37,000 volunteers
- 40% of the workforce is over 50 years of age
- 20% are due to retire in 5 years
- Number of young people embarking on a career in grounds management is declining
- The profession has limited career progression and is generally poorly paid
- Training in this area is not viewed as a priority by employers

*Institute of Groundsmanship research 2019*

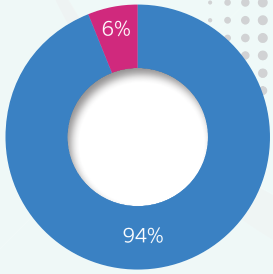
## Grounds Management - Staffing Levels




## Grounds Management - Number of FT/FTE Groundstaff

## Grounds Management - Employment

**Data Analysis**
30 out of 32 groundsmen
(94%) are employed by the club




## Grounds Management - Head Groundsperson

- 13 out of 14 clubs employ a person who has a Head Groundsperson's role
- 6 people have been in this role between 5 and 15 years
- 5 people have been in the role for more than 15 years
- Pay varies from less than £20,000 to £40,000 and above.
- Those that responded to the question said that the highest qualification held by the Head Groundsperson is Level 4 (IOG Professional Certificate) - the highest qualification is Level 7/8 MSc/PhD

## Grounds Management - Importance of Grounds Maintenance

**11 Clubs** view grounds maintenance as a priority and resources are allocated as deemed necessary

**6 Clubs** view this as an important area but resources assessed against other priorities

**1 Club** does not view this as a priority area

**8 Clubs** say that they would benefit from more specialist support if funds permit

**1 Club** would benefit from more general grounds maintenance support

**9 Clubs** state they have sufficient resources in this area

## Commentary

Clubs were asked to identify key opportunities and threats to future business performance. This is an overview of the main points recorded.

### Opportunities

- Modernisation and increasing playing and social facilities
- Upgrading fitness offer
- Delivery of coach education courses by club
- Strengthening coaching courses and coach resources
- Developing satellite sites
- Introducing a pro shop
- Reducing energy costs
- Improving marketing and promotion
- Lowering the cost of fees
- Cross selling of different sports
- Increasing annual fees and pricing
- Introduction of Padel tennis
- Enhancing disability access

## Threats

- Inefficient club layout
- Limited funds for capital projects
- Increasing staff and utilities costs
- Cost of buildings maintenance
- Limited or poor quality social facilities
- Increased local competition (budget gyms etc)
- Lack of tennis coaches
- Resistance to price increases by members
- Reducing numbers of female members and of squash players
- Economic climate uncertainty

### **Key Insight** - How do clubs feel about the future?

- 8 clubs = 'very positive'
- 9 clubs = 'quite positive'
- 1 club = 'neither positive or negative'
- No clubs responded 'negative'

Given the limited numbers participating in the project so far, it is difficult to identify trends, however it is pleasing to note that clubs are either 'quite positive' or 'very positive' about the future of their business with 40% of the clubs reporting an increase in tennis activity.

13% of club membership are new members, but 7% of members are identified as being 'at risk' of not renewing. Given the ever-changing nature of leisure and demands on time, more clubs are looking at different payment options and adapting programmes to meet increasingly varied customer needs.

Interventions by the LTA are starting to be effective, with clubs reporting that due to targeted support, there is an increase in participation in coaching and competition activity. Membership growth, facility development and member retention are the 3 key work streams areas for larger clubs.

The recruitment of tennis coaches with the relevant skills continues to be reported as 'problematic' by clubs.

Gyms, food and beverage and retail operations have potential for increasing revenue but many are modest in size and need significant operational change to maximise opportunities.

The data provided for the this report was prior to the outbreak of Coronavirus which has significantly affected all walks of life and business and will have impact over many months during 2020. It will be interesting to see in the next Tennis Club Business Report if and how clubs have coped with this massive disruption during the period.

## Get in Touch / Participate

If your club or tennis venue has 8 or more tennis courts we would like you to be a participant in the next annual Tennis Club Business Report. The survey is planned to be available on-line in November 2020 and to participate, all you need to do is send an email to phil@tiauk.org who will provide you with further details.

In the meantime if you have any queries on this report, feel free to contact:

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# Notes

# Thank You

To all the **clubs** that contributed to the report's findings
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