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TIA UK
TENNIS CLUB
BUSINESS REPORT 2019

TENNIS INDUSTRY ASSOCIATION UK

THE BUSINESS OF TENNIS

In association with

SPORTS MARKETING SURVEYS INC.

CONTENTS

INTRODUCTION

The Tennis Club Business Benchmarking Project was launched at the Tennis Industry Association UK Forum in October 2018.

This report contains a summary of the results of a survey issued to 15 of the UK's top tennis and sports clubs. It is the first annual survey of a five-year project that aims to benchmark tennis club business performance in order to sustain and help grow tennis in the club sector.

The 15 participating clubs are established tennis venues with a variety of facilities and activities, operating independently from a single site. The limited number of clubs taking part in the first year means that the results cannot be used as key metrics. However the report illustrates the type of findings available when a broader selection of clubs take part.

Going-forward, more clubs participating will provide the opportunity to compare the activities and performance of 'similar' clubs. The 15 clubs represented in this survey vary significantly in terms of size, turnover, facility scope etc and it is therefore not possible to compare them on a 'like for like' basis. However the survey and the resulting report provides 'proof of concept' for future years.

- 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

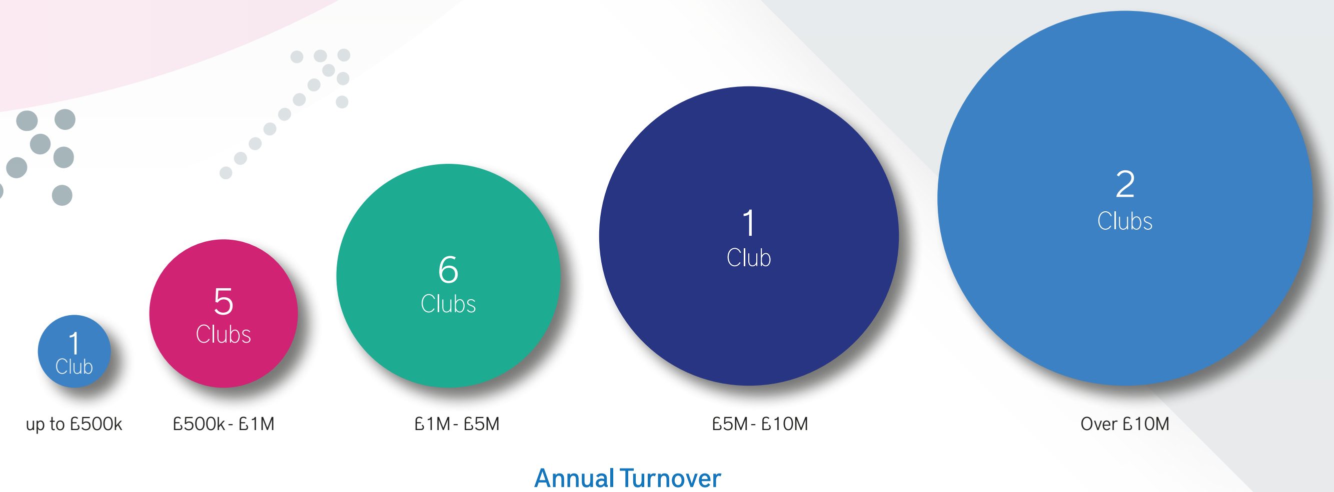
Commentary
The 15 clubs involved in the 2019 survey differ markedly in terms of turnover, asset value and membership size.

15 Clubs - Asset Value

15 clubs - combined asset value £60M - £70M*
*from clubs' most recent audited or unaudited draft accounts

Commentary
- 1 club has an annual turnover up to £500k
- 5 clubs have a turnover of £500k to £1M
- 6 clubs have a turnover of £1M to £5M
- 1 club has a turnover of £5M to £10M
- 2 clubs have turnover of over £10M

15 Clubs - Annual turnover



15 Clubs - Number of members

Less than 1000	1 Club
1000 - 2000	7 Clubs
2000 - 3000	1 Club
3000 - 4000	3 Clubs
More than 4000	3 Clubs

15 Clubs - Tennis Members v Total Club members

Commentary
This represents a total of between 15,000 to 25,000+ tennis players across the 15 clubs.

2 clubs have waiting lists to join

8 clubs have a separate tennis membership option

3 clubs have waiting lists for certain categories or activities

9 clubs have a separate fitness membership option

No clubs charge a fee to remain on a waiting list

Commentary
None of the 15 clubs have more than 80% of its members as tennis members.

Commentary
The cost of adult tennis illustrates the strength of the tennis 'culture' and offering, against other activities.

Chart Key
- < 1000 Members
- 1000 to 2000
- 2000 to 3000
- 3000 to 4000
- 4000 + Members

Pricing - Adult membership fee for 'Whole' club

Pricing - Single adult tennis only fee

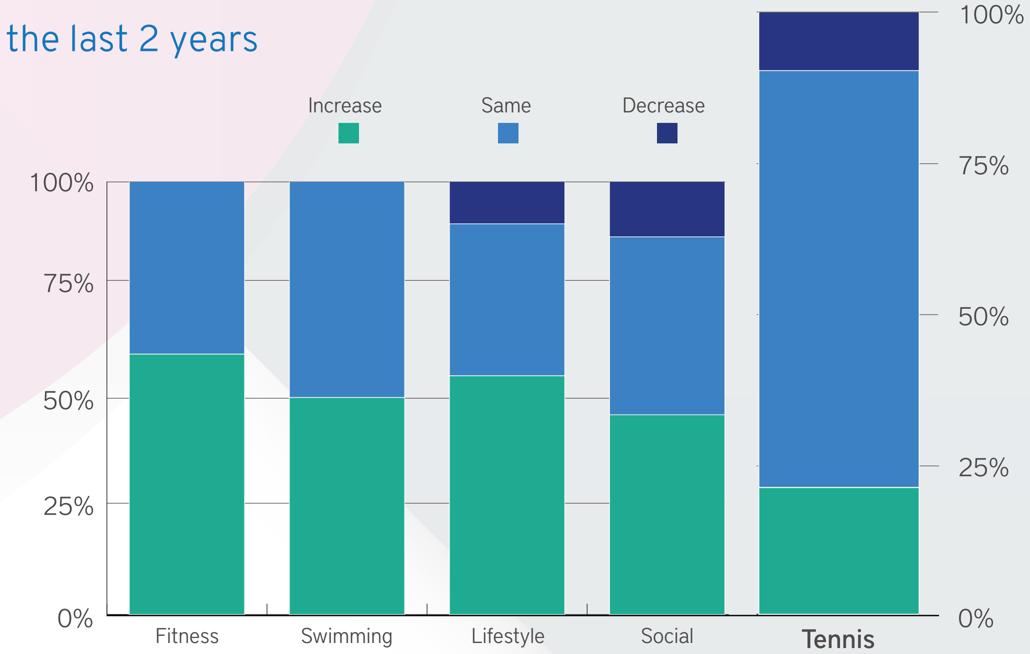
Pricing - Junior single tennis only fee

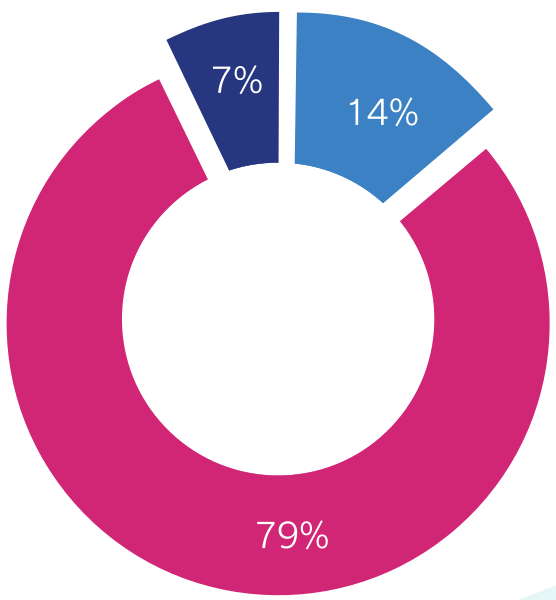
- 10 clubs offer a monthly payment option
- 3 clubs offer a 'pay and play' option
- 12 out of the 15 clubs charge a joining fee
- 1 club does not charge an additional fee for indoor courts
- 6 clubs make no additional charge for floodlit courts
- 6 clubs charge up to £10 per hour for floodlit courts
- 1 club charges between £15 - £20 for floodlit courts
- 4 clubs charge less than £10 per hour for indoor courts
- 8 clubs charge between £11 - £20 per hour for indoor courts

Commentary
Tennis shows the least growth over the past 2 years but junior tennis activity is encouraging. Most clubs are looking at ways to improve the tennis offer.

Club Activity
Growth / Decline over the last 2 years

Commentary
Of the 5 major club activities identified, tennis has grown the least over the past 2 years.

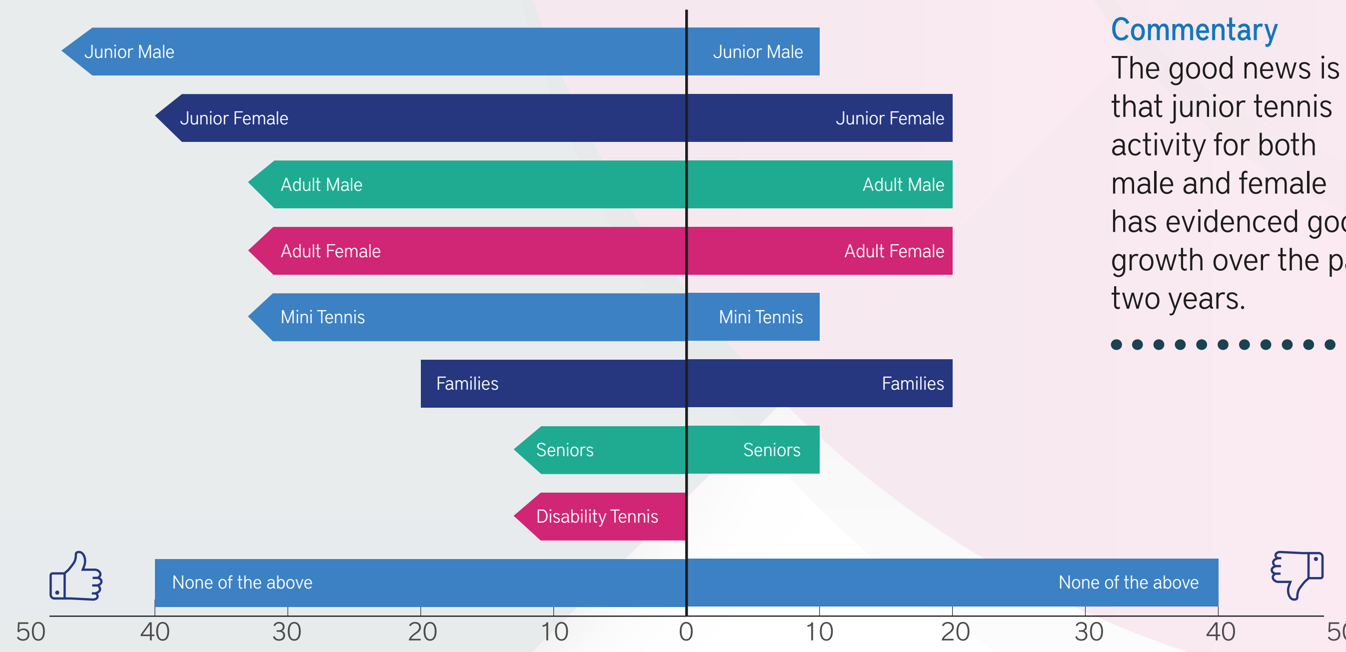




Tennis Activity
Growth / Decline over the last 2 years

Data Analysis
14% tennis activity GROWTH
7% tennis activity DECREASE
79% tennis activity REMAINED THE SAME

Tennis Participation - Growth / Decline by member type



Commentary
The good news is that junior tennis activity for both male and female has evidenced good growth over the past two years.

Improvements - What measures are you considering to improve your tennis offer?

5 clubs said that currently they do not have sufficient coaching capacity to increase the number or scope of tennis programmes. 10 clubs promote and run off site tennis in parks and at local schools.11 out of the 15 clubs allow children to participate in programmes as non-members. Only 3 out of 15 clubs allow local clubs to use their indoor or outdoor courts.

Commentary

The range of facilities at the 15 clubs is illustrated in the table below. Clubs provide extensive off-court and social facilities to complement the core tennis facilities.

Facilities - Scope of Facilities

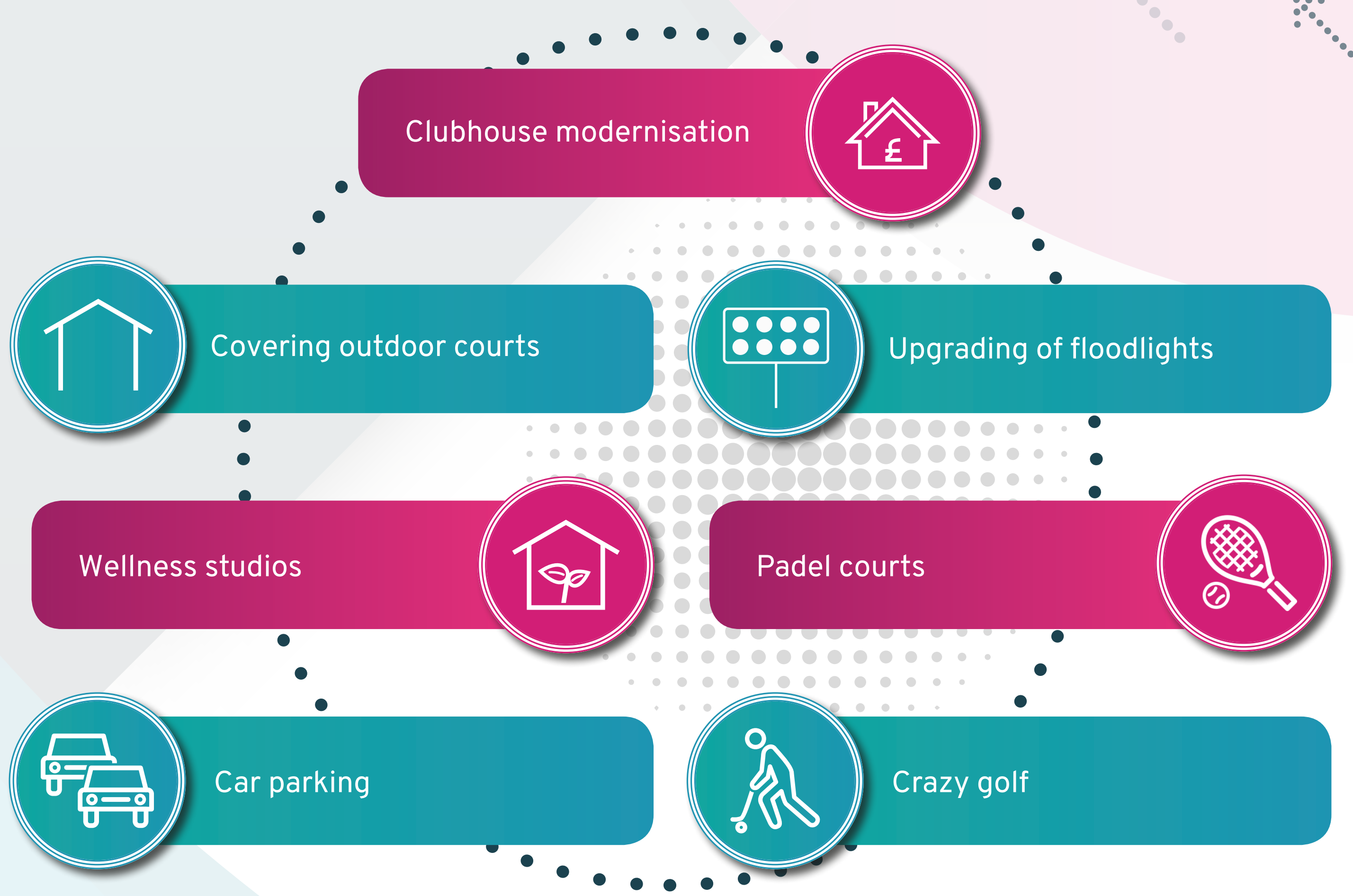
Indoor Tennis Courts	13 Clubs
Outdoor Tennis Courts	14 Clubs
Swimming Pool	4 Clubs
Gym	14 Clubs
Snooker Room	5 Clubs
Squash Courts	13 Clubs
Padel Courts	2 Clubs
Racketball Courts	9 Clubs
Indoor Sports Hall	2 Clubs
Wellness Suite	6 Clubs
Sports Injury Suite	12 Clubs
Club Shop	13 Clubs
Restuarant	9 Clubs
Cafe	14 Clubs
Bar	15 Clubs
Function Room	13 Clubs
Meeting Rooms	14 Clubs
Conference Facilities	12 Clubs

Facilities - Are you undertaking major building works in the next 2 years?

Commentary

9 out of the 15 clubs are planning to undertake major projects with 1 club currently undecided.

Facilities - Planned Developments



Commentary

Clubs strive for greater use of F+B outlets by members and are considering a range of measures to improve profitability.

F&B - Services provided for members

All clubs have cafes and most have several bars.

- 10 out of the 15 clubs have a restaurant
- 12 clubs operate F+B in-house by club staff
- 5 clubs say that there is potential to increase the number or size of their F+B outlets

F&B - What would improve profitability?

- Upselling the F+B offer
- Better wastage control and utility costs
- Reducing or increasing opening hours of outlets
- Expansion / refurbishment
- Upgrading kitchen
- Investing in staff training
- Organise more themed events linked to social tennis
- Healthy eating environment
- Offering private functions on Saturday evenings (limited member disruption)

Commentary

Only 1 of the 15 clubs outsources its F+B operations to a national operator.

Commentary

Retail generally suffers from lack of floor space and a 'presence' within the club. Due to challenges, most clubs view retail as a member service rather than a profit centre.

Retail - Services provided for members

- 12 clubs out of 15 have a retail outlet
- 9 clubs manage retail in-house by club (reception and other) staff
- 2 clubs manage retail in-house by the club's coaching staff
- 4 clubs have less than 5m2 of retail space
- 4 clubs have between 5m2 and 10m2
- 3 have between 10m2 and 30m2
- 1 club has more than 30m2 of floor space
- 10 clubs say that there is currently limited potential to increase floor space

All clubs offer a large range of products for sale

All clubs with retail sell their own branded clothing

- 5 clubs have tennis racket exclusivity with a specific company

Commentary

Club retail activity is seriously challenged by on-line shops in terms of choice and price. Only 1 club has delivered significant profit from its retail activity although 9 clubs report marginal profits are made.
Some clubs intend to work more closely with brands and some are looking at on-line sales themselves. 'Club-exclusive' clothing appears to sell well.

Retail - What would improve profitability?

- Increased floor space and/or re-positioning
- Adding fitness products / Enhancing product range
- Better promotion of products including stringing services
- Upskilling workforce
- More strategic use made of 'exclusive club' brand

Commentary

Clubs report staff recruitment processes to be generally successful but they encounter some challenges in the recruitment of tennis coaches with the right skills and experience.

13 clubs generally do not have a problem recruiting staff

The most effective vehicle for recruitment is through direct advertisement

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

5 are happy with governance arrangements

14 usually have no problem attracting Board members with relevant skills and experience

Commentary

The employment status of tennis coaches is mixed with 7% employed; 47% self-employed and 46% a mixture of employed and self-employed.

14 clubs provide professional development training for all employees as deemed necessary for their specific roles

5 clubs do not carry out formal staff satisfaction surveys

10 10 clubs undertake formal staff satisfaction surveys on a regular basis

Sytems - Areas for improvement

The following were identified as areas for improvement based on the scope and performance of clubs' management information systems currently in use.

- Better court booking/course programme analysis
- More appropriate accounting system
- Comprehensive CRM system
- Better data membership synchronisation with multiple applications
- Better IT solution to produce more appropriate MI

Expenditure Ratios - Staff costs vs. Total operating costs

Club Membership Size Band	< 1000	1000 --> 2000	2000 --> 3000	3000 --> 4000	4000+
Number of Clubs	1	7	1	3	3
Staff costs as % of total operating costs	40%	41%	40%	48%	20%

Expenditure Ratios - Energy / Maintenance costs vs. Total revenue

Club Membership Size Band	< 1000	1000 --> 2000	2000 --> 3000	3000 --> 4000	4000+
Number of Clubs	1	7	1	3	3
Energy costs as % of total revenue	5%	5%	10%	8%	20%
Maintenance costs as % of total revenue	5%	8%	10%	8%	10%

Commentary

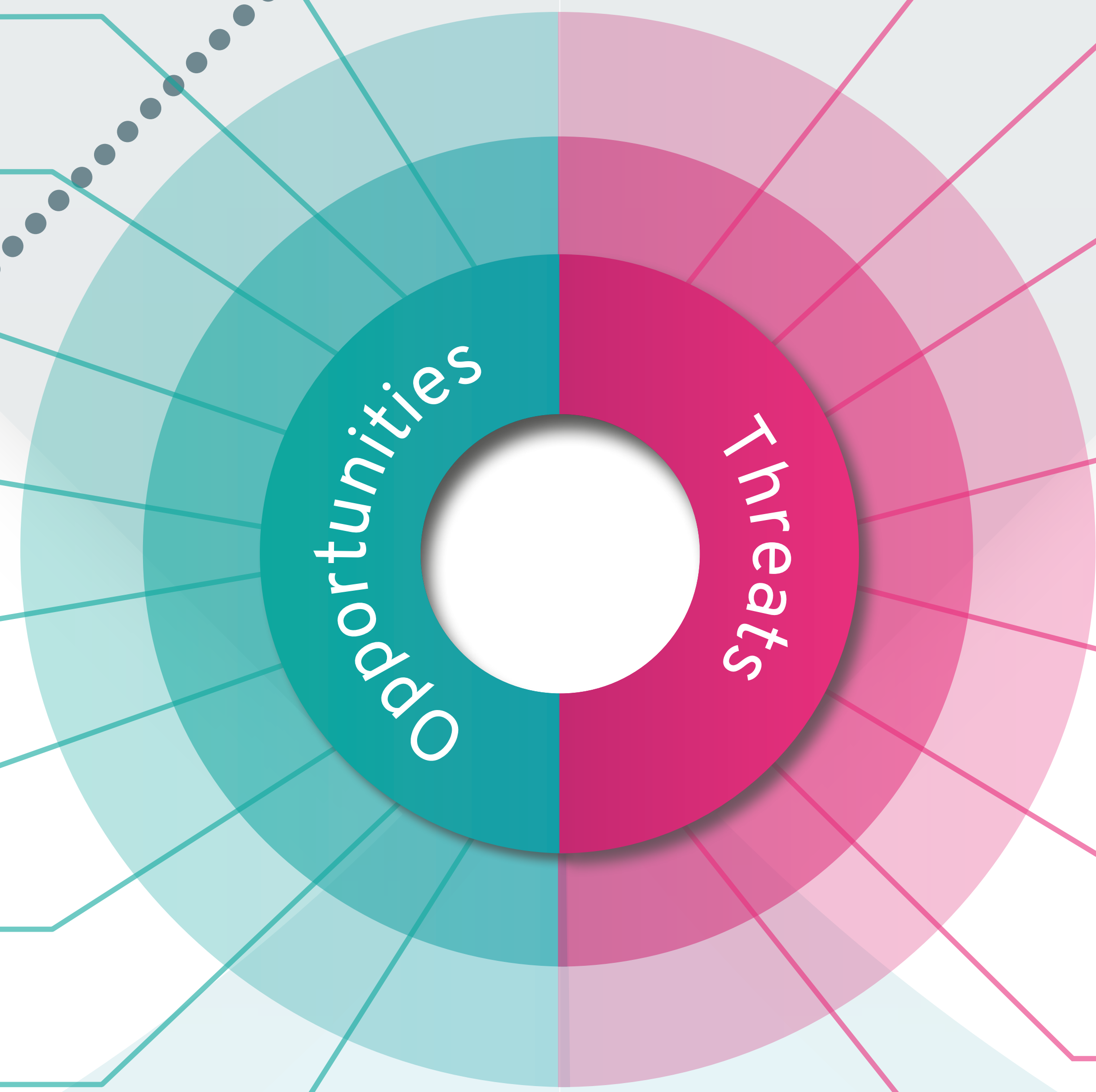
Marketing costs across the 15 clubs average only 2% of total revenue. This suggests that clubs have embedded successful marketing activities to retain and grow club membership.

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.

Commentary

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



Opportunities

- Reducing energy costs
- Cross selling of activities and sports
- Strengthening the coaching programmes
- Increasing member fees and pricing
- Adding new facilities and enlarging current facilities
- Introduction of Padel Tennis
- New member potential
- Growth in fitness in order to help support tennis
- Enhancing disability access
- Potential to reduce overall operational costs

Threats

- Higher costs of operating including staff costs
- Resistance to price increases from members
- Reducing numbers of tennis and squash players including junior
- Increased local competition (budget gyms etc)
- Limited funds for CapEx
- Economic climate / potential member relocation (Brexit etc)
- Utility cost increases
- Inefficient club layout

The focus of this work relates to business performance and identifying factors that impact sustainability and growth of tennis in clubs.
The fifteen clubs involved in this first report can only provide a snapshot of key trends and themes which impact on member growth and club profitability.
This is a five-year project where more clubs involved will deliver more valuable measurement.
A number of issues from this survey warrant further attention including: 'Cross-selling' activity to support tennis; improving the profitability of F+B and retail; recruitment and upskilling of tennis coaches; issues around modernising facilities; enhancing management information systems.

The **TIA UK** wishes to thank the tennis clubs that supplied the data for this report.
Thanks to **SMS INC** for their strategic support and expertise.
Our thanks to **Rebel Creative Media** for designing this report.

Get in Touch / Participate

Tennis clubs should contact the TIA UK by the end of September 2019 to participate in the Tennis Club Business Report for 2020.

For queries or to be included in the 2020 survey contact:

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