

The Growth of Selected  
Leisure Industries<sup>1</sup>

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Rapidly rising sales of sporting equipment, as well as the phenomenal growth of receipts from a variety of recreation-oriented service industries, have contributed in establishing the recreation market as one of the most dynamic and fastest expanding sectors of the United States economy.

Please see the full Commerce report for a greater, in-depth treatment of the subject material. Tennis, boating, camping and skiing are treated in four individual chapters. Detailed tables on expenditures, rates of participation, etc., are also included.

OVERVIEW OF LEISURE  
INDUSTRIES

Expenditures on leisure activities, especially outdoor recreation, represent a major and growing segment of the American economy, having reached \$81.2 billion in 1977, \$20 billion more than in 1974. This spending represents 7 percent of total personal consumption expenditures and covers outlays for a multitude of leisure pursuits ranging from admission to movies and sporting events, to magazine and newspaper subscriptions, and to purchases of toys and sports equipment.

The \$81.2 billion does not include such expenditures as transportation and lodging connected with pleasure travel, vacation homes, and public recreation. When these and other related activities are added, the combined total is much higher and although precise amounts are not available, one recent estimate put the grand total of leisure spending in 1977 at \$160 billion.

A rough estimate of the major components of leisure activity breaks down the \$160 billion total spent on leisure into:

\$27 billion for sporting goods purchases and associated service expenses.

\$58 billion for television sets, radios, records, musical instruments, reading material, admissions to sports events, movies, cultural events, clubs and fraternal organizations, gardening materials, and other personal consumption expenses such as pets, photography, etc.

\$71 billion for vacation travel, both domestic and foreign.

\$4 billion for vacation cottages, second homes, vacation lots.

The volume of retail sales generated by the demand for sports equipment is shown in table 2 which presents the 10 most popular categories in 1976, the last year ranking was available.

Sport equipment categories that are expected to have the greatest growth potential in the years ahead are soccer, racquetball, skiing, fishing, camping, softball, tennis, exercise equipment, sports apparel, and jogging shoes. Women's team sports equipment and apparel should also generate sales in the near future.

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Table 2.-Retail Sales of Sporting Goods  
(millions of dollars)

| <u>Category</u>                                     | <u>Sales in 1976</u> | <u>Percentage<br/>Change<br/>1975-1976</u> |
|---|----------------------|--|
| Recreation vehicles - - - - -                       | \$2,700              | 16   |
| Pleasure boats, motors<br>and accessories - - - - - | 2,370                | 15   |
| Firearms and hunting<br>supplies - - - - -          | 1,120                | 5  |
| Bicycles and supplies - - - -                       | 957                  | 12   |
| Athletic equipment - team<br>sales - - - - -        | 719                  | 7  |
| Tennis equipment - - - - -                          | 666                  | 20   |
| Golf equipment - - - - -                            | 587                  | 6  |
| Fishing equipment - - - - -                         | 506                  | 8  |
| Snow skiing - - - - -                               | 421                  | 11   |
| Camping - - - - -                                   | 386                  | 7  |

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Source: National Sporting Goods Association.

Product sales tell only part of the leisure story. Another part, probably the most dynamic one, is the services aspect of the recreation industry. For example, for skiers there are lift tickets to buy, for tennis players there are court fees, and for scuba divers there is the cost of refilling their tanks with oxygen. Other service activities would include equipment repair shops, facilities construction, management consulting firms, and professional sports instruction. These services are expanding more than the manufacturing sector, and will eventually form the heart of the leisure industry.

Further evidence of the magnitude and growth of leisure activities is attendance at major professional sporting events, which increased more than 45 percent between 1966 and 1976, as spending at these events almost tripled, from \$668 million in 1966 to \$1.5 billion in 1976.

#### More Time and Money for Leisure

The two major factors that have encouraged the explosive development of recreational markets have been time and money. In the past two decades, Americans have seen almost steady improvement in the amount of their time and money available for leisure pursuits.

While the 40-hour work week has remained constant since the end of World War II, the average worker now gets longer vacations and more holidays. This means that the average "leisure year" is 122 days--one-third of the total year. The expanded leisure year offers significant opportunities for outdoor recreation--fifty 2-day week-ends, a vacation period averaging 16 days, and at least five 3-day weekends associated with Monday national holidays. Leisure time is not expected to change to any great extent in the 1980's. While any decrease in total working hours is likely to be minimal, it is probable that further gains will be made in obtaining longer blocks of leisure time by reshuffling working time through such innovations as the 4-day work week and flexitime.

On the money side, real per capita disposable income (personal income adjusted for inflation and taxes) has been climbing steadily over the years, a fact that has contributed to the rise in discretionary

income (money available for spending on items other than basic necessities). As a result, the long-term trend in recreation spending as a percentage of personal consumption expenditures grew from 5.5 percent in 1960 to 6.8 in 1975. This upward trend has leveled off slightly in recent years, mainly because of inflation which takes a larger share of personal income to cover the higher costs of housing, food, utilities, and medical care.

#### Spectator and Participatory Sports

Both spectator and participatory sports are contributing to the outdoor recreation boom. Professional sports leagues now operate nationwide in baseball, football, ice hockey, basketball, soccer, volleyball, softball and tennis. Since 1965, the number of major-league teams in all professional sports has jumped from 57 to close to 200. Additionally, touring golf, bowling, and tennis professionals criss-cross the country the year round for weekly tournaments.

Professional sports are thought to be still in the growth stage--with good opportunities for further expansion, particularly internationally. More and more U.S. teams will be playing in other countries in the near future, and the possibility of pay television is expected to have positive impact on pro sports. The major TV networks are increasing their sports coverage markedly, a fact that contributed tremendously to stimulation of interest. Spectator attendance at the 18 most popular major sporting events increased from 217 million in 1966 to 314 million in 1976.

The enormous growth in participatory sports has been even greater than that for spectator sports. There has been a greater popularization of sports activity among all classes and ages. Tennis, sailing, and squash were once the sports of the rich. Bicycling and rope jumping were formerly limited mostly to children. Camping, jogging and weight training were once considered only the idiosyncrasies of nature and physical fitness aficionados. All these stereotypes have disappeared now.

The recent surge in sports participation is the result of years of publicity about the benefits of exercise and better

nutrition. Starting in 1975, American deaths from cardiovascular disease fell for the first time in a decade. New figures show that the mortality rate from heart ailments, long known as the epidemic disease of this century, has declined by more than 30 percent since 1950.

So popular has exercising become, that there are now an estimated 3,000 health clubs and spas around the country with several million members. The benefits of exercise also are being increasingly recognized by private industry which loses each year an estimated 52 million workdays to heart disease and \$1 billion to common backaches. Many businesses are providing facilities and organized physical fitness programs for their employees, varying from a single softball field to million dollar exercise facilities run by professional staffs.

This increased interest in physical fitness and its physiological payoffs do not appear to be spread equally among the population. Results of studies indicate that most of the exercising is being done by the young, the better educated, and the affluent, by men more than women, and mostly by those in the Northeast and Far West.

#### Manufacturing, Distribution, and Employment

Scarcity of market data and occasional over-estimation of demand are partly rooted in the structure of the industries providing sporting goods and equipment. At the manufacturing level, only a few firms qualify as "powerhouses," with thousands more small firms in existence. Additionally, there are many small manufacturers who drop-ship directly to dealers, avoiding the traditional wholesale distribution system. This direct factory-to-dealer relationship is more extensive in the sporting goods industry than in most other consumer goods lines. Only the firearms and fishing tackle industries have substantially organized wholesale distribution.

Because of a lack of truly national sporting goods chains, the retail sporting goods industry is as fragmented as the manufacturing side. If more national chains existed, more standardization of products would probably occur, although favorable customer reaction to fewer,

more standardized products in sports is somewhat doubtful since players seem to demand higher quality and more customized equipment as they become more skilled in their sports.

Following the trend of many other retail operations, the size of sporting goods stores in the future will tend to be either small and very specialized, or very large and general. Large stores, many of which are discount operations, are expected to increase their share of the total market from 15 to 25 percent by the mid-1980's, and will become involved in the service end of sports, such as repairing the equipment they sell, renting equipment, offering lessons, or sponsoring clinics or trips.

A more specialized, but growing aspect of sporting goods retailing is mail order sales of sporting goods and recreation equipment. Reflecting a growing belief that mail order purchasing is a more convenient and more budget-conscious way to buy, sales for 1975 are estimated to be about \$113 million. Some acquisitive interest on the part of a number of conglomerates has also been reported in recent years.

Full-time and part-time employment opportunities in recreation are plentiful and are expanding rapidly. For instance, there is a growing demand for professional sports instruction, with tennis as the best example of this trend. Additionally, professional opportunities exist in sales and management of retail operations, management and maintenance of sports facilities, equipment repair, and consulting services for the development and management of sport facilities and sports programs.

Private sector employment opportunities are expanding and appear to offer the greatest potential. The U.S. Department of Labor in its Occupational Outlook Handbook predicts good employment opportunities in recreation in the 1980's. Estimates are that the private sector provides approximately 5 million jobs in recreation or leisure industries.

Public sector employment is smaller but still significant. An estimated 80,000 to 85,000 people are employed in Federal,

state and municipal public recreation programs. These jobs are with parks, campgrounds, swimming pools and beaches, ski areas, arts and crafts programs, tennis facilities, and urban playground and recreation program centers. All of these activities require managers, planners, instructors, and maintenance professionals.

Various development assistance agencies, such as the Small Business Administration, the Economic Development Administration of the U.S. Department of Commerce, and the U.S. Department of Labor under the Comprehensive Employment and Training Act, are including construction of recreation facilities among their grants to stimulate employment. Some examples of where this funding is going are: a multi-million dollar grant for the refurbishing and building of sports facilities for 1980 Winter Olympics which will be held at Lake Placid, New York; construction of a freshwater lake/reservoir in Illinois also including designs for multiple recreation use; and grants to various localities for the construction of tennis courts, inner city recreation centers, and bicycle trails over abandoned railroad track beds.

#### Recreation and Travel

Few industries have as many areas of mutual interest and benefit as the recreation and travel industries. In effect, many recreation activities could not occur without the services of the travel industry. Conversely, a good portion of the travel industry is totally recreation-oriented, such as resort hotels, destination resorts, and ocean cruises. Resorts and carriers provide the means and destination activities that induce people to travel and attract them to a particular place, while the manufacturers of leisure-time products provide the tools of play.

A further benefit that results from this symbiotic relationship is the removal of the "fad" aspect from sports. Patronage of a resort for a particular sport in effect institutionalizes that sport. Permanent facilities--ski slopes, golf courses, tennis courts, marinas, bike paths, and pro shops--induce return business. Organized participation practically guarantees not only repeat equipment buyers, but also repeat resort customers.

The love affair with the "active life" has brought a radical attitudinal change to many Americans' approach to leisure. Leisure time has become just as important to them as their work lives. As with their careers, they are frequently setting goals for their leisure time, such as becoming a ranked tennis player, getting rid of a slice in their golf game, or training for the Boston Marathon running classic. In addition, more people are taking vacations with an athletic purpose. For example, in 1975 some 12 million people played golf, tennis, or skied while on vacation or in the course of taking trips. Of these 12 million, half took a trip for the primary purpose of engaging in one of these sports. Added to this group are uncounted millions who took a trip for the purpose of fishing, boating and other water sports. Assumptions are that vacations or trips whose primary purpose is to take part in a sport will increase in the future.

Tremendous opportunity for growth for the hotel/motel industry exists in the pleasure travel market. Many operators are beginning to add to their properties such features as athletic and health club facilities, tennis and handball courts, saunas, and tie-in arrangements with nearby golf courses or ski areas.

Package plans that cover lodging costs and sports admission fees or equipment rentals for one price are becoming extremely popular. Properties that are located in winter ski areas or include golf course, tennis court or horseback riding facilities have been the most extensive users of such package plans.

Other factors have encouraged businesses to concentrate marketing efforts on the pleasure travel market. The introduction of new, more economical types of air charters in the mid-1970's, the elimination by the Civil Aeronautics Board of many restrictive regulations on air charters, and the CAB's easing of discount air fares have also stimulated consumer interest in travel. The seemingly unending boom in U.S. travel by Americans and foreigners will undoubtedly further stimulate new and existing recreation markets, while the travel and leisure industries will cooperate more with area retailers in joint promotion, such as

packaged sports tours, resort programs of sports' instruction, and hotel sponsored weekend skill workshops.

#### Women's Involvement

Sales of almost all types of recreational goods and services to women are an area of both current growth and future potential. Women of all ages and all socio-economic levels are taking up a variety of sports, many for the first time. For example, more women are playing tennis now; one survey by the National Tennis Foundation reported an estimated increase of 50 percent from 1973 to 1974. A survey conducted by the National Federation of State High School Associations showed considerable increases in the number of girls participating in inter-school golf, skiing and tennis competition, which is a sharp reversal from the situation existing just a few years ago. Then not only inter-school female team competition, but any female athletic program, was the exception rather than the rule.

One major factor adding to growth in women's sports participation at high school and college levels has been Title IX of the Education Amendments of 1972. Under Title IX, schools receiving any form of Federal financial assistance must make athletic equipment, facilities, and opportunities equally available to both sexes. Since the athletic budget for women at the collegiate level was only 2 percent of the men's budget in 1975, a tremendous potential market for sporting equipment, footwear, apparel, and services specifically designed for women exists. In addition to the growth of the women's school athletic market, possibilities for a large increase in the number of women's athletic teams in industrial or high school teams.

While in their infancy women's professional sports are enjoying a healthy and rapid growth. Women professionals in golf and tennis are competing for purses in the hundreds of thousands of dollars, up from just a few thousand dollars in the most recent years past. Other sports that are fielding women professionals and pro teams are skiing, softball, volleyball and basketball. Many industry observers feel that women's professional basketball will develop into a major spectator sport in the next few years.

By far the greater increase in women's sport participation has been on the individual level. Apart from tennis that has enjoyed the greatest growth in popularity among women, a 1976 Nielsen survey indicated that 21 million American women participate in fishing, up from 9 million in 1970, slightly over one and one-half million women go in for hunting, up from 869,000 in 1970, and 20 percent of the Nation's scuba divers are women, up from 5 percent in 1970. There are now several fishing, hunting, and outdoor groups specifically organized for women's membership; these groups have helped promote interest among women in these traditionally male-dominated sports.

This positive projection of the women's market for recreational goods and services is underscored by current trends in the employment and income levels of women. For the first time in history, a majority of women between 18 and 64 are employed, and demographers feel that this percentage will increase from the present 52 percent to 65 percent in 1987. Female purchasing power is also increasing not only in terms of the number of women who earn independent incomes but in their wage and salary levels as well. These economic factors greatly enhance the potential of the women's side of the leisure market.

#### Future Developments

The surge in the young adult population which will continue for the next few years is favorable for most segments of the recreation industry, especially for those selling equipment for active sports and outdoor activities. Headed by men and women of ages 25 to 34, this group is more than 50 percent larger than a decade ago and should increase by another 35 percent over the next decade. But even in the areas of less active sports, greater longevity, improved health care, and increasing numbers of people on adequate retirement plans strongly suggest a sturdy market for the relatively less strenuous type of activity.

Another favorable demographic factor affecting recreation industries is the geographic movement of population. Already a definite shift of the U.S. population to the South and to the West has

occurred. During the next decade, the South is expected to increase its population by 20 percent, the Mountain States by 24 percent, the Southwest by 25 percent and the West by 18 percent, while at the same time large population centers in the East and Midwest will decline.

To understand the factors that have contributed to boom times for the recreation industry in general and for outdoor sports in particular, please see my full study. The sections on tennis, camping, boating, and skiing will analyze their current market performance and try to project their future growth.