

The Revenue Problem in Tennis

With an estimated one billion fans, most people perceive the life of a professional tennis player as glamorous, with fancy cars, massive homes, and too much money to handle. This is far from the truth as being a professional tennis player may be the least sustainable career in all of sports. Just ask Indian number one, Sumit Nagal, who before the Australian Open this year claimed to only have 900 Euros to his name. Nagal shocked the world with this statement as he's been a consistent top 200 player in the world throughout his career, reaching a career high of world no.122. Nagal's financial struggles don't serve as the exception to the middling tennis player, but more so as the norm, but why is that? The answer is simple, tennis has a revenue issue.

Nagal took home \$116,402 in 2023, ending with a ranking of world no. 138. While this may sound like a lot, as comparatively the average American household brings in \$67,521, Nagal may be ending up losing money after his expenses. Unlike other sports that have unified organizations such as basketball with the NBA and football with the NFL, tennis is largely scattered across multiple organizations leading to players covering their own food, travel, coaching, equipment, and everything in between. After these expenses most players outside the top 100 fail to break even, let alone make a profit to sustain themselves. Coupled with the fact that athletes typically only have a decade of high performance before they begin to regress, if you're not at the top, you can't make it as a tennis player. This is because of the 2.2 billion dollars the sport generates, the players are only receiving 17.5% of this revenue, with their counterparts earning much more such as football (47%), and basketball (50%). This leads to the already relatively low volume of revenue left over for the players concentrating in the very top of the rankings, leaving lower ranked players with crumbs of the harvest.

While the ATP has taken efforts to counteract this income inequality through their new Baseline Initiative, which provides a financial safety net to players in the top 250, the issue lies far beyond this. While the ATP or ITF or any other tennis organization may take efforts to support the players, the larger issue stems from the inefficiency of the existence of these organizations, more specifically the division of them. Revenue generation and distribution in tennis are greatly impacted by the organizational divide that results from the distinct governance of organizations such as the International Tennis Federation (ITF), the Women's Tennis Association (WTA), the Association of Tennis Professionals (ATP), and the four Grand Slam tournament organizers. Because every regulating body strikes its own sponsorship and broadcasting agreements, there may be differences in earnings and market fragmentation. Because advertisers and broadcasters frequently choose unified sports entities that offer entire packages, this fragmentation may reduce market value. Furthermore, prize money pools for the ATP and WTA are usually different, with men's tournaments traditionally paying larger sums than women's. However, recent initiatives have attempted to bring prize money parity, particularly in Grand Slam events. The way that sponsorships, ticket sales, and broadcasting are distributed financially affects not only the financial stability of smaller events but also the incomes of players.

Conflicts with event scheduling and rival tournaments can divide viewers' attention, which lowers viewership overall and affects revenue. The level of competition and quality of tournaments can also be impacted by player weariness resulting from selecting specific events based on financial incentives. Inconsistent branding and message can also result from a lack of a cohesive marketing plan, which could

confuse fans and lessen the sport's allure. Variations in the organizations' methods for engaging fans can also have an impact on the general level of interest and money made from fan-related events.

Increased cooperation between the ATP, WTA, ITF, and Grand Slam organizations can result in better coordinated schedules, coordinated marketing initiatives, and cooperative sponsorship agreements in order to lessen these effects. Increasing the number of mixed contests and joint ATP-WTA events can increase viewership and fan interest, which will increase revenue. The sport as a whole will benefit from a more equitable allocation of financial resources if more equitable revenue-sharing mechanisms are implemented by the various organizations. Tennis's financial stability and international appeal can be improved via strategic cooperation and collective efforts, despite the obstacles presented by the organizational gap.