

The Implications of Pickleball Programming for Clubs, Resorts and Retirement Communities

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## **IMPLICATIONS OF PICKLEBALL FOR HOSPITALITY**

### **Part One**

#### **Introduction**

Pickleball is a paddle sport that combines elements of tennis, badminton, and table tennis. It can be played indoors or outdoors. The game is played on a court which is the same size as a doubles badminton court, which is twenty by forty four feet. There is a low net in the middle of the court, similar to those used in tennis. The net height is 36 inches at the sidelines but slopes down to 34 inches in the middle. The same court is used for singles and doubles pickleball. Most people play doubles as it is less taxing on the body and more social. There is no expanded court size for doubles play, as there is with tennis and badminton. The court is “striped similar to a tennis court with right and left service” areas and a seven-foot zone in front of the net where players are banned from volleying the ball. This area is referred to as the “kitchen”. Players hit plastic whiffle balls with larger versions of table tennis paddles over the net in an attempt to score points, hoping their opponent cannot return the ball (United States of America Pickleball Association (USAPA), 2018).

Pickleball has over three million active players and experienced growth of 12% in 2018. This makes it the fastest growing sport in the United State (Sports & Fitness Industry Association (SFIA), 2017). Not only is pickleball becoming more common as a competitive sport, it is becoming more popular as a recreational activity in sports facilities across North America, including sports facilities found in hotels, retirement communities, and other hospitality offerings. Much of pickleball’s surging popularity is owed to individuals from the baby boomer generation, many of whom transition from tennis to pickleball in search of a lower impact sport that will not aggravate old injuries or cause joint pain but allow for the same exhilarating dynamic when playing and competing against others. While the majority of

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pickleball players are over 55, the sport is simple enough that it can be played by young children far more easily than tennis. The fun, loose, open atmosphere of pickleball welcomes everyone.

The hospitality industry has an ongoing challenge of maximizing net operating income (NOI) while simultaneously increasing guest satisfaction, two objectives seemingly at odds with each other. Industry members juggle finding ways to cut back on unnecessary expenses and simultaneously give more benefits and enjoyment to guests. The ultimate, long-term goal for resort owners and developers is to maximize asset value (Hale, 2011). To achieve this, and to overcome challenges while meeting objectives, they need to employ strategies to secure increased guest satisfaction, market share, repeat visitation, gain new visitors, sell group travel, and effectively monetize assets and programs to drive incremental revenue.

The industry embraces many strategies to achieve these objectives, such as training and empowering staff, adding amenities, creating new programming and events, and engaging guests through cultural, music, culinary, sports and other activities. One new programming idea gaining momentum is introducing pickleball programming as an activity for guests. This would function in the same way that tennis does at hotels, providing guests with a new recreation outlet and providing members of the hospitality industry with an opportunity to generate more revenue and maximize NOI.

### **Purpose**

The purpose of this paper is to investigate the implementation of pickleball programming in resorts and retirement communities. For this endeavor, resorts and retirement communities have been combined as they have similar objectives and physical space available at their properties. Given the growing popularity of the sport and the strides that some resorts and retirement communities have already taken in introducing pickleball to their guests, it is timely

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and relevant to analyze the implementation of pickleball programming with regard to guest satisfaction, resort income and long-term asset value for both.

This objective study will provide a basis for further research into pickleball programming in the hospitality industry beyond just resorts and retirement communities with existing tennis and basketball courts.

### **Justification**

The main justification for this study is its potential to introduce new revenue streams for various resorts and retirement communities while improving the experience of guests and residents. Profit and good service are the main goals of all hospitality businesses, so the underlying foundation for this study should be evident.

### **Recommendations**

The following findings, results, and recommendations will identify the potential benefits of developing pickleball programming in a host of hospitality environments, ranging from cruise ships to traditional hotels, from resort and retirement communities to restaurants and bars. The conclusion of this paper provides specific justification for instituting or expanding pickleball programming at a variety of properties depending on space, facilities, and demographics of guests. A number of options are also provided regarding how best to capitalize on the growing popularity of pickleball as a social, active, and profitable sports offering.

### **Findings**

It quickly became clear that pickleball was added to most resorts due to its low initial startup costs, and its ability to generate revenue and improve the guest experience. In fact, in some cases one of the reasons for adding courts and programming to a resort was guests expressed a desire for same.

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### **Recommendations**

First, while the sport of pickleball is more than 50 years old, it has experienced very significant growth in the past five years and continues to trend upward. Its pattern of growth is relevant to hospitality in general in the same way that any cultural activity surging in popularity will have a knock-on effect on tourism and/or service industry. The growth of the sport means more events and more players, both of which can be capitalized on by properties with pickleball amenities. This is backed up by statistics from the USAPA, which hosts postings of various pickleball tournaments across the United States on their website, and from respondents such as Lon Krantz of the Coronado Island Marriott and Paul Bland of Tres Palapas who both have repeat bookings of pickleball groups returning to their establishments (and spending money) on a weekly basis (Krantz, L., personal interview, February 19 2019). Krantz described the growth of his teaching camps as exponential. “When I first started, we had less 75 players playing. We currently are averaging 500 to 600 participants every month now, and I anticipated will continue to grow probably another, you know, 10 to 20%. Because now we have additional courts” (Krantz, L., personal interview, February 19 2019). Other respondents are excited about the prospect of attaining repeat group bookings for pickleball and pickleball events now and in the future (Bland, P., personal interview, February 15 2019).

Second, while relatively small in total participation, the sport is growing quickly. And with growth comes demand from consumers. With consumer demand there is opportunity for increased market share and revenue by early-adopting developers who see the potential in pickleball programming based on the numbers and the rabidity of existing pickleball players. Given the ease of onboarding new players, the research indicates that pickleball programming would be a boon to the uninitiated as well as preexisting pickleball fans. Out of a potential

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audience of more than 300 million residents in the United States, only 3 million currently play. This is still a very small percentage of the total population with tremendous upside potential for continued growth (USAPA, 2018). The potential for global growth is also an exciting possibility, and the world's first pickleball only resort, Tres Palapas, will function as an important bellwether for the future.

Third, the social nature of the sport creates a dynamic that lends itself to group travel, branding, and generally resorts that want to bring people together to create a fun atmosphere. The conducted interviews indicate that pickleball players and organizations will seek out programming, but the research also suggests that pickleball works as an activity for vacationing families just as well. This seems to fit with the cultural brands of a number of resorts, such as Club Med and Margaritaville. In fact, Chief Marketing Officer for Margaritaville, Tamara Baldanza-Dekker said that the fun activity of pickleball “aligns perfectly with the DNA of our brand” (Baldanza-Dekker, T., personal interview, February 22 2019). Pickleball could make a profitable addition to resorts that wish to offer fun athletic recreation. For Margaritaville, they went a step further than providing a fun activity for their guests, eventually partnering with USAPA and ESPN to sponsor the Pickleball National Finals, which received coverage on ESPN on a large scale. This is another example of cultural brands intersecting and partnering in the hopes of generating revenue and gaining exposure with desired demographics.

Fourth, the demographic of pickleball participants is mostly comprised of people over the age of 55, which is a desirable demographic since they have time and money with a propensity to travel and a desire to stay healthy and active. This is proven through pickleball's success at senior living communities. Trilogy Resort Communities are designed with active retirees in mind. They have dedicated pickleball courts and programs at all 18 of their communities. They

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consider pickleball an essential amenity. If one retirement community considers pickleball an essential amenity, it only makes logical sense that other retirement communities would offer it to remain competitive for this desirable target market. There are already studies that show the mental and physical benefits of sports in retirement communities, and studies specifically about pickleball's positive effect in retirement communities are being published in recent years. It seems sensible that studies looking at pickleball in resorts from a business perspective should follow close behind, in an effort to best serve hospitality's number one goal: satisfying guests (Ryu, Yang, Kim A., Kim K., & Heo, 2018).

Fifth, the courts are small and can easily be converted from existing tennis and basketball courts that may be underutilized. The cost/benefit ratio of retrofitting preexisting courts will be specific to individual resorts, but generally the cost of adding pickleball programming to resorts that already have courts is low. Adding a temporary, mobile net, painting, taping or chalking lines, and purchasing paddles and balls can be done for less than \$500 per court on an existing surface. Building new courts from scratch can be as inexpensive as \$10,000 per court (USAPA, 2018).

Sixth, more people can play on pickleball courts every hour than can fit on the same area if it were used for tennis courts. 4 pickleball courts can fit in 1 tennis court. So, two people playing singles tennis for an hour equals sixteen playing doubles pickleball. This is an 8 to 1 return on investment. Given that pickleball games only take 10-20 minutes per game, the math can work out even better for resorts when time is factored in. Steve Dawson of Bobby Riggs Racket and Paddle claims that "I can get two members climbing singles on a tennis court or 25 people playing doubles pick up on the same size" (Dawson, S., personal interview, January 28 2019). This increases the monetization quotient of the space by a significant margin, which is essential

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for any business, particularly in hospitality. This is a basic economic principle proven by the airline industry – the more people you can fit into an existing space, the more money you can make.

Seventh, the building or conversion of courts can create a point of competitive differentiation and increase market share for resorts. Pickleball courts would add to a brand's feeling of active fun. Several of the Marriott properties have provided this example, according to Brian Thorfinnson, Director of Tennis at Marriott Desert Ridge. One of their properties added pickleball programming and now several have added it. "It all started when we had a group booked with American Express probably six years ago. They had a 7 pm dinner meeting and didn't leave the courts until 8 pm" (Thorfinnson, B., personal interview, January 30 2019).

Marriott Desert Ridge's quick shift into pickleball did include some drawbacks. "We did lose a few tennis groups as a result since we now only have five tennis courts and that was not enough to accommodate them" (Thorfinnson, B., personal interview, January 30 2019). However, Thorfinnson quickly pointed out that their earnings from pickleball, mostly because of the "Level Up" training camps they offer, provide more net revenue than the three tennis courts they lost. When their case studies of success were shared internally, the number of Marriott properties with courts grew, and this success could be replicated by many others outside of the Marriott family. Like any industry, hospitality is a copycat industry. The success of a few resorts with pickleball will be copied by other resorts, both in the same company sharing best practices to drive revenue, and by other competitors who must avoid losing market share by not offering a revenue generating amenity like pickleball (Thorfinnson, B., personal interview, January 30 2019).

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Eighth, more group bookings for pickleball events and programming equals more heads in beds and incremental Food and Beverage sales. For Club Med, this was the driving force for their conversion – group travel demand dictated it. Often developers look to group travel as their cash cow or revenue provider for growth opportunities. Group travel is becoming more and more important to resorts. Group travel is a booming business and developers want to do everything they can to be sure they are competitive in offering amenities desired by various groups. Also, group travel is often repeat business, with trips recurring annually. Developers can cater to group travel managers and businesses to enhance their relationship so their property is a preferred destination. Group travel is continuing to be a strong proposition for resorts, and this shows no signs of slowing. Sports like pickleball can be a part of driving this proposition, according to the Sports & Leisure Research Group's 2017 *Trends and Insights in Sports Travel*, which declared "We continue to observe a majority of sports travelers strongly agree that it is important to try new things, which coincides with directional insight that continue to support the trend towards participatory sports and adventure travel" (Last, 2017, p. 2).

Ninth, a new sport with new equipment equals new fees for court usage, lesson revenue, and merchandise sales. Adding new revenue streams is important in the changing world of hospitality. All resorts are looking to enhance their revenue streams. Any resort or retirement community that is not focused on this and maximizing their space usage is doing a disservice to their ownership, stockholders, staff and guests (Dawson, S., personal interview, January 28 2019).

Tenth, with enough courts at a resort, tournaments can be held and the facility can be rented for special events and private parties. This could be yet another revenue stream that would bring people into the resort, perhaps to stay for a few nights, a few meals, and/or a few drinks.

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Tournaments can be scheduled during off/shoulder seasons to drive demand during off-peak times. Indian Wells adopted this strategy by adding the National Pickleball Championships in early November when occupancy is traditionally very low. In the words of Fred Hartzmann, Club Director: “We chose to host it in early November each year because we see this as an up and coming sport and it is timed to be here during a softer part of our schedule in a shoulder season before our winter season really begins” (Hartzmann, F., personal interview, February 15 2019). In addition to the revenue that tournaments drive, there are other ancillary benefits like enhanced reputation and positive public relations for the property. The Lakes is a country club community in Palm Desert that has a tournament in March. They have proven recent sales of some homes are a result of fans coming to the tournament and eventually buying a home on the property. It may be too early to forecast the future of pickleball as a revenue driver in hospitality, but everything in this study and in research from authorities such as the Sports & Leisure Research Group tells us that the market wants something active when they travel, and something new when they vacation. Pickleball fits that description without running up against a cost barrier (Last, 2017, p. 2).

### **Conclusion**

Based on limited available research with verifiable financial statements, the conclusions drawn are based on parallel literature on tennis in hospitality and from interviews conducted with people who have a vested interest in the success of their business. From the documentation it appears there are some relevant and consistently reinforced components that impact the hospitality industry. The most consequential of these conclusions is that pickleball programming in resorts generates net revenue, even given initial startup costs. In terms of universality, this research has focused on pickleball programming in North and South American resorts. This

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could mean the results are not applicable to all resorts, though the relative omnipresence of table tennis and tennis in hospitality globally may partially refute such a worry. Regardless, the current research suggests that pickleball programming in resorts is a potential way to create multiple new revenue streams. When considering the information available about the success of several developers in several different types of resorts, country clubs, and properties, combined with the ease of conversion of existing space, the dual use of that space, guest demand and increased satisfaction, incremental revenue opportunities, and the fast growth of the sport in the past 5 years; it appears that developers should consider converting or adding pickleball courts to help themselves efficiently reach their fundamental objectives of maximizing asset value.

The developers must be willing to properly invest in court conversion – either temporary or permanent, and support that investment with teaching staff and promotion to alert and encourage guests about the new amenity. Smart developers take an incremental approach to the conversion and allow demand to dictate space usage and added courts. Aggressive developers like Tres Palapas and Chicken N Pickle go all-in with only pickleball courts. Both approaches have been successful.

From an employee perspective, pickleball programming could enhance morale, health, and welfare when they participate in programs. There is also the intangible fun that sporting games can add to the guest experience. Guest satisfaction can improve employee satisfaction, which can aid in employee recruitment and retention of both guests and workers.

### **Recommendations**

The results of this study indicate that, at the very least, resorts with existing basketball and tennis courts should introduce pickleball for the reasons stated above. These courts can easily be converted for temporary use by adding portable nets and lines. This retains the original

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usage and allows for another activity that may appeal to both existing and new guests.

Converting courts in this way allows for better space usage, more amenities, greater guest satisfaction and increased revenue opportunities. Care should be taken to properly introduce the pickleball program so guests are instructed on equipment use, rules, strategy, etiquette, and more. This can be done by contacting a teaching professional or ambassador of a manufacturer of equipment to train existing sports/events staff so the program can be properly implemented and grow. Equipment can be purchased through a retailer or direct from a manufacturer. Some manufacturers are willing to partner with resorts by sponsoring the implementation of pickleball programming. This could include reduced pricing for equipment, dedicated signage, co-branding of paddles and merchandise, rights to host clinics, sales at pro shops and other shared revenue opportunities. Manufacturers, as with tennis, may even send a brand ambassador to implement the program to set the property up for success. As pickleball programming grows, further research should be undertaken to measure the outcome of implementation.

Usage and demand for court space and time should be closely monitored, researched, and analyzed to best serve hospitality professionals and guests and ensure maximum efficiency of use. Depending on demand, courts can be converted for permanent pickleball use. Care should be taken to contract with builders who know how to properly convert courts by using resources available through reputable sources like the USAPA to find the recommended materials and specifications.

Once a conversion plan is in place, marketing of the new amenities should be comprehensive and fully integrated. Just as the restaurants and spa at resorts offer introductory specials through advance communication and in-room promotion, the same should be done for the introduction of pickleball. The messaging should be that it is easy to learn, fun to play, and

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open to everyone. Literature based on the marketing of pickleball as an amenity does not yet exist but would prove hugely beneficial to the hospitality community at large.

To enhance community engagement and possibly generate more revenue, pickleball courts can be opened up for locals to play during slower periods, local tournaments can be created, and players can be sponsored. This creates news and enhances the reputation of the property as well as the fitness and engagement of staff who live in local communities. Because of the social nature of the sport, round robins and evening play can coincide with evening socials to enhance the friendly atmosphere, such as at Tres Palapas. Finally, effective ongoing communication is critical to advise all stakeholders about the availability, hours, benefits, and potential conflicts with other sports impacted by the change in use of courts to ensure a successful program is developed and maintained. Care must be taken to proactively address potentially negative implications from increased sound and scheduling changes.

Hospitality is an everchanging field. As new amenities and activities become popular, perhaps even expected, new research must be undertaken to advance both the academics of hospitality and the business of hospitality. The intersection of sports and hospitality has always been an intriguing one, and with a growing sport like pickleball generating revenue for numerous businesses already, further research cannot come soon enough. Research areas could expand to include pickleball in general studies of sports as leisure amenities, or as in this paper, could attempt to investigate and analyze the upside of pickleball for various business sectors and stakeholders.