



# 13 Industries hit hardest by COVID-19

Here's how analysts have projected impacts across thirteen industries that have been hit hardest by COVID-19, as well as how they're already starting to transform

*June 2020*



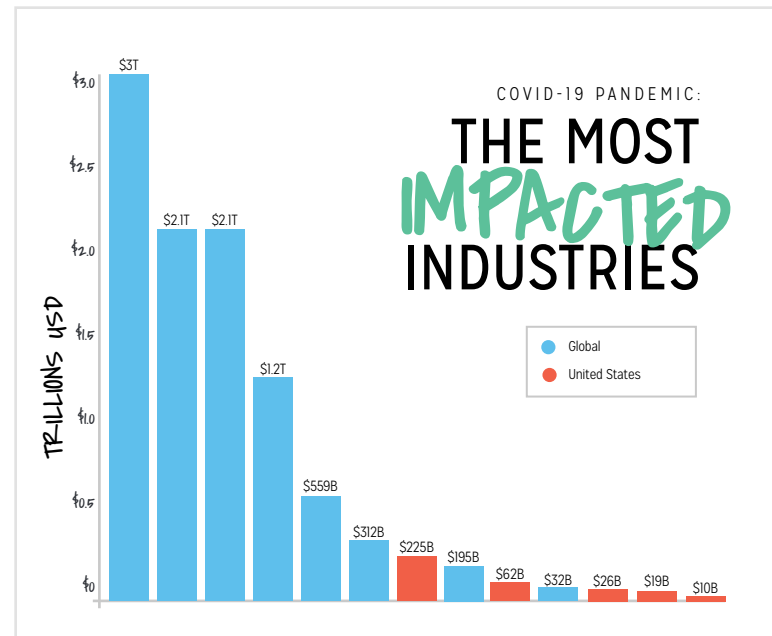
# Table of contents

<b>03</b>	Introduction	<b>12</b>	Service Industry
<b>04</b>	Fitness Industry	<b>13</b>	Advertising Industry
<b>05</b>	Music Industry	<b>14</b>	Event Industry
<b>07</b>	Construction Industry	<b>15</b>	Tourism Industry
<b>08</b>	Film & TV Industry	<b>16</b>	Travel Industry
<b>10</b>	Sports Industry	<b>17</b>	Retail Industry
<b>11</b>	Manufacturing Industry	<b>18</b>	Automotive Industry

# Introduction

As exciting as it has been to see some of our favorite local restaurants, gyms, shops, and parks start to re-open, the reality is that businesses are still very much dealing with crippling losses from the COVID-19 Pandemic. With a long and uncertain path to recovery ahead, many of these businesses are in the early stages of some type of financial reconciliation, often through filing business interruption insurance claims, reviewing and re-negotiating contract language like force majeure, restructuring debts, consolidating assets and properties, or even litigation. Because the number of COVID-19 cases is on the rise again, many businesses are also now trying to prepare and protect themselves from what **experts are predicting** to be an even more turbulent 'second wave' this fall.

In this e-book, we've researched how industry analysts are projecting the impacts across thirteen industries that have been hit hardest by the COVID-19 Pandemic, as well as how they are already starting to transform as a result.



# Fitness Industry

EST. USA LOSS:

**\$10 BILLION**

The fitness industry has historically been broken up into two sectors – clubs and services, which includes gyms and studios, fitness classes, personal and professional trainers, etc. and the other is products, which includes things like at-home fitness equipment, vitamins and supplements, health watches, etc. With the introduction of things like social media and other emerging technologies, the fitness industry was already well on its way into merging the two. It's no surprise that gyms and studios took the bigger hit from shelter-in-place orders and that at-home fitness products are in much higher demand.

Consumer-focused investment bank Harrison Co. **released a study** that reports nearly 40,000 clubs across the US have completely shutdown, and further estimates that more than 20 million US gym memberships will be canceled in 2020. Many larger franchise gyms, like **Gold's Gym** and **24 Hour Fitness**, have already begun to file for bankruptcy. We'll continue to see massive consolidation and/or complete redesigns of clubs around the world, in addition to the rapid expansion of at-home hybrid fitness service products.

# Music Industry

EST. USA LOSS:

**\$19 BILLION**

The music industry has two major sources of income – live music and recorded music – both of which have taken massive hits during the COVID-19 Pandemic. Live music represents 50% of total industry revenue, and that is largely from ticket sales and brand sponsorships. Over the last six months, the live music sector has lost more than **\$9 billion in concert revenue** and **\$10 billion in sponsorships** alone. According to **Billboard's ongoing list**, there are 318 music festivals and tours that have been postponed or cancelled worldwide to date. We've seen an emerging trend of virtual shows or concerts, most notably **Fortnight's live Travis Scott concert** that attracted over 30 million viewers.

**318**  
**music festivals  
or tours have  
been postponed  
or canceled**

**according to billboard**

# Music Industry (cont.)

EST. USA LOSS:

**\$19 BILLION**

However, it's also worth noting the **growing list of artists** who are delaying releasing new records, which has a direct impact on both recorded and live music revenue. Venues specifically (many of which are shared with professional sports teams) will still need to be addressed and designed in a way that can safely hold an audience. Whether that means removing seats, lowering capacity sizes, new entrance and screening procedures, less tour dates, or any combination of these and beyond, the live music space has its work cut out for it. In the meantime, music and event producers are punting dates as far as they can, and continuing to file for all types of event cancellation insurance.

Luckily the recorded music revenue is broken up into more revenue streams, which include streaming, digital downloads, physical record sales, and music licensing (from film, video games, TV, advertising, etc.), and they fared a bit better throughout the stay-at-home order. Physical sales (one quarter of recorded music revenue) are down by 33% and digital sales are down another 11%. COVID-19 has accelerated the already popular new streaming model, which is now one of the only reliable sources of income for this space. Although paid streaming platform memberships are down, **free streaming services** (and that advertising revenue) is up.

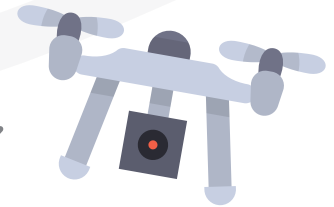
# Construction Industry

EST. USA LOSS:

**\$26 BILLION**

Neither residential nor commercial construction industries were spared by the COVID-19 Pandemic. Billions of dollars in new real estate developments have been indefinitely paused or canceled all together. Broken supply chains, massive workforce layoffs, rising costs of materials, and project delays have the construction industry quickly trying to figure out how to get back on its feet. This industry (and real estate) is **turning to technology** to help ease the burden.

We expect to see more implementation of things like drones, robotics, virtual reality (VR) and augmented reality (AR), building information modeling (BIM), modular construction, and more. The construction industry will also be one of many on this list aggressively re-negotiating global supplier agreements and force majeure contract language.



# Film & TV Industry

EST. GLOBAL LOSS:

**\$32 BILLION**

While much of the world has been stuck at home desperate for something to watch on TV, behind the curtains, the entertainment industry is scrambling to adapt with the COVID-19 Pandemic. Movie theaters around the world were forced to close their doors, which cost the **US alone over \$10 billion**, but has also created a wrinkle in major motion picture releases. At the time of publish, **25 summer blockbusters** premiere dates have been pushed back. We expect to see the continued shift to 'early home media releases', something Disney, Paramount, and Universal have fully embraced. However, Amazon is keeping everyone on their toes with the recent news of it held **merger meeting** with AMC Theaters.

**25**

**summer blockbuster premieres have been pushed back**

**according to QUARTZ**

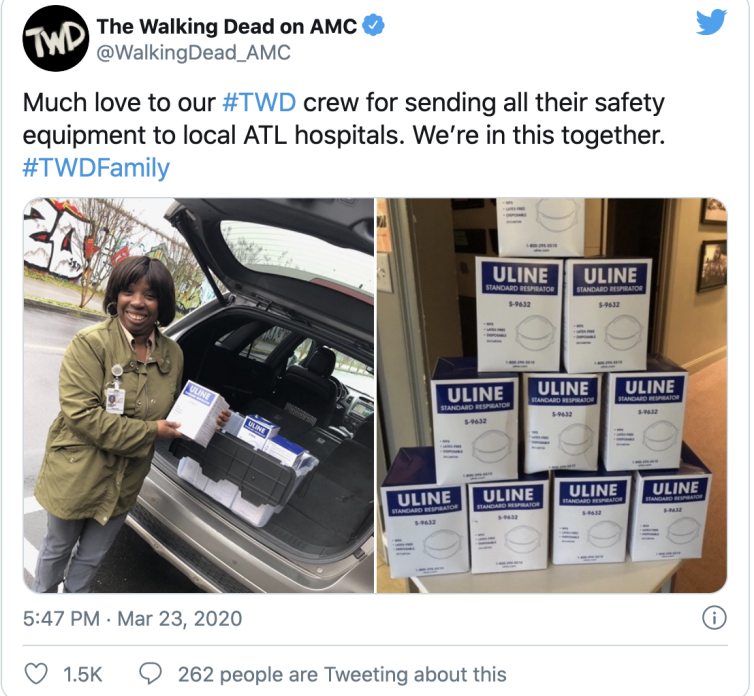


# Film & TV Industry (cont.)

EST. GLOBAL LOSS:

**\$32 BILLION**

While TV viewership is up, advertising revenue is at an all-time low and media planning has become increasingly more difficult. Netflix, Hulu, Amazon, Disney, FX, Marvel, Apple TV+, Warner Brothers TV, Sony Productions, HBO, and others have **all suspended productions**. Across the major networks, we've seen **23 TV series get the axe and 13** are still being discussed. **Nearly every talk show** has adopted Skype or Zoom format, and several medical shows (including Grey's Anatomy, The Good Doctor, and The Walking Dead) have stopped filming to be able to **donate PPE supplies** to hospitals around the world. With no live sports, networks like ESPN and NFL Network have shifted to re-runs of classic games. The impact of these delayed TV production is something viewers and advertisers are going to be dealing with for years to come.



# Sports Industry

EST. USA LOSS:

**\$62 BILLION**

The sports industry continues to have all eyes and ears on how it will endure the COVID-19 Pandemic. Many professional sports leagues are dragging their cleats on canceling events or entire seasons and have instead opted to indefinitely postpone. At the time of this post, 19 professional sports events or seasons have been postponed (only 10 with new dates announced, earliest being PGA Tour in early June), three have been canceled, and two have been completely unchanged ([see detailed list here](#)). While this optimism has excited the fans stuck at home, it's creating a lot of uncertainty around the financial stability of this multi-billion dollar industry.

Even if teams are given clearance to play, they will likely be in empty stadiums. It's unclear if and when live audiences will return or how stadium operations will need to adjust. There's also a lot of money still on the table for other industries, such as retail, broadcast, advertising, gambling, travel, and even construction. With each passing day, the fate of the NBA, NHL, MLB, MLS, and NFL's seasons becomes increasingly more expensive.

# Manufacturing Industry

EST. GLOBAL LOSS:

**\$195 BILLION**

The shelter-in-place orders have caused most industrial factories, warehouses, and freight operations to immediately shut down indefinitely, disrupting the global supply chain in ways we have never experienced. The National Association of Manufacturers **found that 78.3%** of manufacturers are anticipating a financial impact. Over 57% of brands report they are experiencing logistical delays in their supply chains. Electronics brands specifically have been one of the hardest hit, as a direct result of halted Chinese manufacturing (which produces **85% of smartphones and 75% of televisions**).

As quarantines begin to lift, manufacturers are now required to maintain strict social distancing and sanitation practices, which includes intermittent working hours for employees, working from home, and adjusting shipping and production schedules. Production facilities are also investing heavily in robotics, remote monitoring, and diversifying their supply chains in order to avoid similar disruptions. We expect to see this industry develop major disputes over force majeure language and business interruption insurance claims, as well as begin to aggressively re-negotiate global supplier agreements.

# Service Industry

EST. USA LOSS:

**\$225 BILLION**

Many cities are dedicating significant resources to re-opening services, specifically restaurants and bars as they employ nearly **26 million people** in the United States alone. Historically the restaurant industry annually contributes an estimated **4% (\$1 trillion) to the US GDP**. We're now seeing dozens of government grants and loan programs created specifically to help the service industry survive stay-at-home orders. Similarly to retail, the service industry has expedited virtual services. We'll continue to see this space (food service, salons, childcare, etc.) get technologically creative with things like new take-out and delivery options, e-learning courses & digital childcare, and even

**online hair cut tutorials** for the brave. We're also at the beginning stages of a tidal wave of post-pandemic litigation, in which the service industry, among others on this list, is preparing to dispute rejected business interruption insurance claims. This industry is also ripe for technology consolidations, which we're already starting to see with the likes of **Uber losing the Grubhub deal to Just Eat Takeaway.com, Doordash and Caviar**, even recent speculations **around Instacart**.

# Advertising Industry

EST. USA LOSS:

**\$225 BILLION**

The advertising industry is the largest casualty of the economic 'domino effect' caused by COVID-19. Advertising and marketing campaigns are a luxury many companies can no longer afford, thus resulting in budgets being reduced or cut altogether. Because every big advertising spender is also on this list, including travel, fast food, retail, film, sports, and automotive, we've seen a massive drop off in products that are available to even showcase. Advertisers are still closely studying emerging opportunities from the retail industry's shift to e-commerce, as well as how technology changes consumer media behaviors.

However, even though consumers are spending much more time online these days, Google and Facebook are predicted to **lose more than \$48B** in ad revenue this year.

**\$48B**

**ad revenue loss for  
Google and Facebook**

**according to COWEN**

# Event Industry

EST. GLOBAL LOSS:

**\$556 BILLION**

The event industry has and will continue to experience significant losses as companies pull back from travel and governments regulate sizes of public gatherings. Some of the biggest events in the world have been canceled, postponed, or switched to virtual formats. The **Global Business Travel Association** reports a **\$46.6B loss per month** from event and travel cancellations. At the time of publish, **Wikipedia lists** over 320 cancelled or postponed global events (not including professional sporting events or music tours). The events industry will continue (quickly) investing in virtual event technologies and begin redesigning venues with more space and better sanitation.

While many event production agencies are seeking damages from their event cancellation insurance policies, we also expect them to start getting ahead on new coverage renegotiations.

**320**

**global events are  
postponed or canceled**

**listed on WIKIPEDIA**

# Tourism Industry

EST. GLOBAL LOSS:

**\$1.2 TRILLION**

With retail, events, restaurants, and travel industries at the top of this list, it should come as no surprise that the tourism industry is the next domino to fall. The World Tourism Organization has released **estimates of a 60-80%** fall in global tourism (a drop of roughly 1.1 billion international tourists) in 2020 alongside other data suggesting only **39% of surveyed** tourism panel experts believing international tourism will start to recover by 2021. Disney theme parks in the United States are facing a **\$3.4B loss** as a result of the COVID-19 Pandemic.

The American Gambling Association reports the US economy loses **\$21.3 billion** in direct consumer spending for every two months casinos are closed. We can expect to see countries focus on protecting domestic tourism over the next several months. Local governments across the United States have set up special interest free loans and grants for impacted businesses. Many of the bigger players or franchises in the space with business interruption and/or event cancellation insurance will certainly be chasing that relief.

# Travel Industry

EST. GLOBAL LOSS:

**\$2.1 TRILLION**

As one of the hardest hit industries, we expect travel and aviation companies to make some swift and significant adjustments. The **U.S. Travel Association** predicts the loss to be seven times the impact that 9/11 had on the industry. Airports specifically may consider completely redesigning public spaces in ways that add more space, offer touchless technology solutions, and enhanced sanitation practices. Companies themselves will likely provide more health resources to employees, have frequent screenings, and new policies in place to contact trace and limit virus exposures.

Larger airlines have already **lost \$314 billion** in ticket sales and are now seeking relief through government bail outs or bankruptcy. Because the travel industry is so heavily integrated into our global society and economy, governments across the world are prioritizing its relief in hopes to minimize further disruptions. **The United States (\$5.8B), French and Dutch (\$12B), and Singapore (\$13.42B)** governments have all instituted multi-billion lifelines for struggling airlines.



# Retail Industry

EST. GLOBAL LOSS:

**\$2.1 TRILLION**

COVID-19 has accelerated the retail industry's shift from brick and mortar to online. Prior to the pandemic, **~25% of footwear and apparel purchases** in the US were made online, and that number is now growing daily. Wells Fargo retail analyst Ike Boruchow believes that up to **10% of demand** will be permanently lost from COVID-19, as the store volume can't entirely be made up online and that we shouldn't expect to see "normal" retail shopping numbers, at the earliest, by the 2020 holiday season. We've seen **14 big retailers** file for bankruptcy so far this year, including Pier 1 and J. Crew, as well as a massive downsizing of the number of storefronts. .

Retail and tech data firm Coresight Research **predicts nearly 25,000 stores** will close in 2020 (shattering the 2019 record of 9,800 stores). Retailers that do retain their physical locations will need to make accommodations that include more space and better sanitation practices. We also expect many retailers to invest heavily in touchless payment technology and possibly even limit cash transactions. What's really yet to be determined is how return policies will evolve, especially with food and beverage, grooming, and cosmetic retailers.

# Automotive Industry

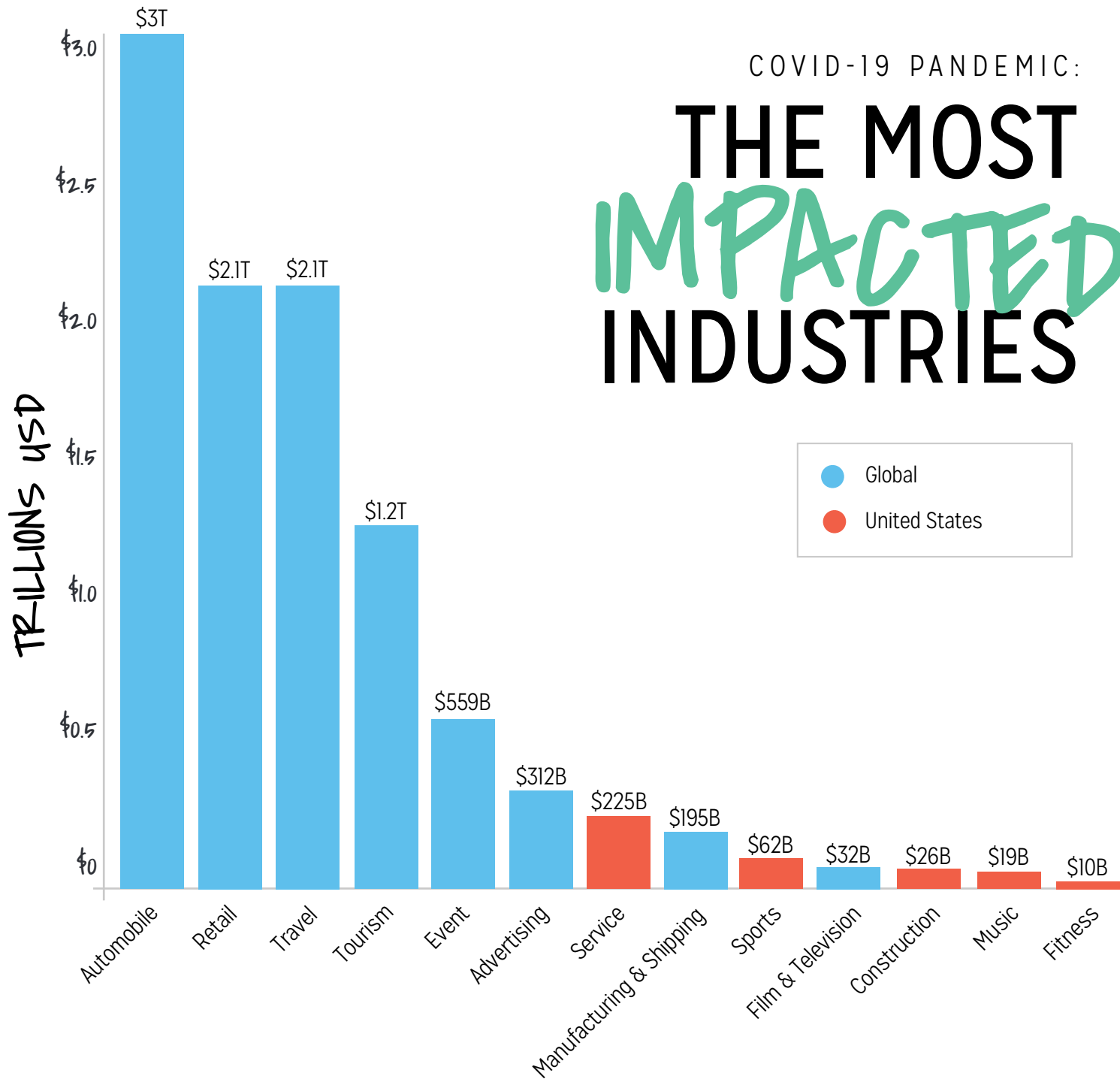
EST. GLOBAL LOSS:

**\$3 TRILLION**

The automobile industry is arguably the most globally integrated in modern society. However besides being some of the leading car producers in the world, China, Italy, and the United States have also become some of the world's largest COVID-19 hot spots. Automotive manufacturing and shipping plants in the around the world came to a standstill as much of the country's disposable income evaporated. At the beginning of the COVID-19 Pandemic, some of the biggest US auto brands, like Tesla, Ford, and General Motors, quickly shifted their engineering and manufacturing resources **to building ventilators** instead.

As a result, data firm **Meticulous Research estimates a 12-15% drop** in the global automotive market in 2020.

Over the next few months, we do expect to see automotive companies prioritize global force majeure contract analyses (and renegotiations) to protect and relieve their supply chains. On the brighter side, because many people are now prioritizing alternatives to public transportation and air travel, we do expect to see a significant jump in car sales over the next few years as the economy recovers.





Heretik is a lightweight contract review application that seamlessly integrates into existing contract management tools. Our solution enables teams to transform existing agreements into structured, actionable data to efficiently handle all types of corporate transaction and regulatory response use cases, enhancing best practices with minimal disruption.

We've organized resources specific to COVID-19 to help you quickly find more information about how our contract review solution can help you and your clients make smarter, faster, and more favorable decisions in this unprecedented time.

**To learn more or schedule a demo, get in touch at [sales@heretik.com](mailto:sales@heretik.com) or visit our COVID-19 resource center below**

**VISIT RESOURCE CENTER**