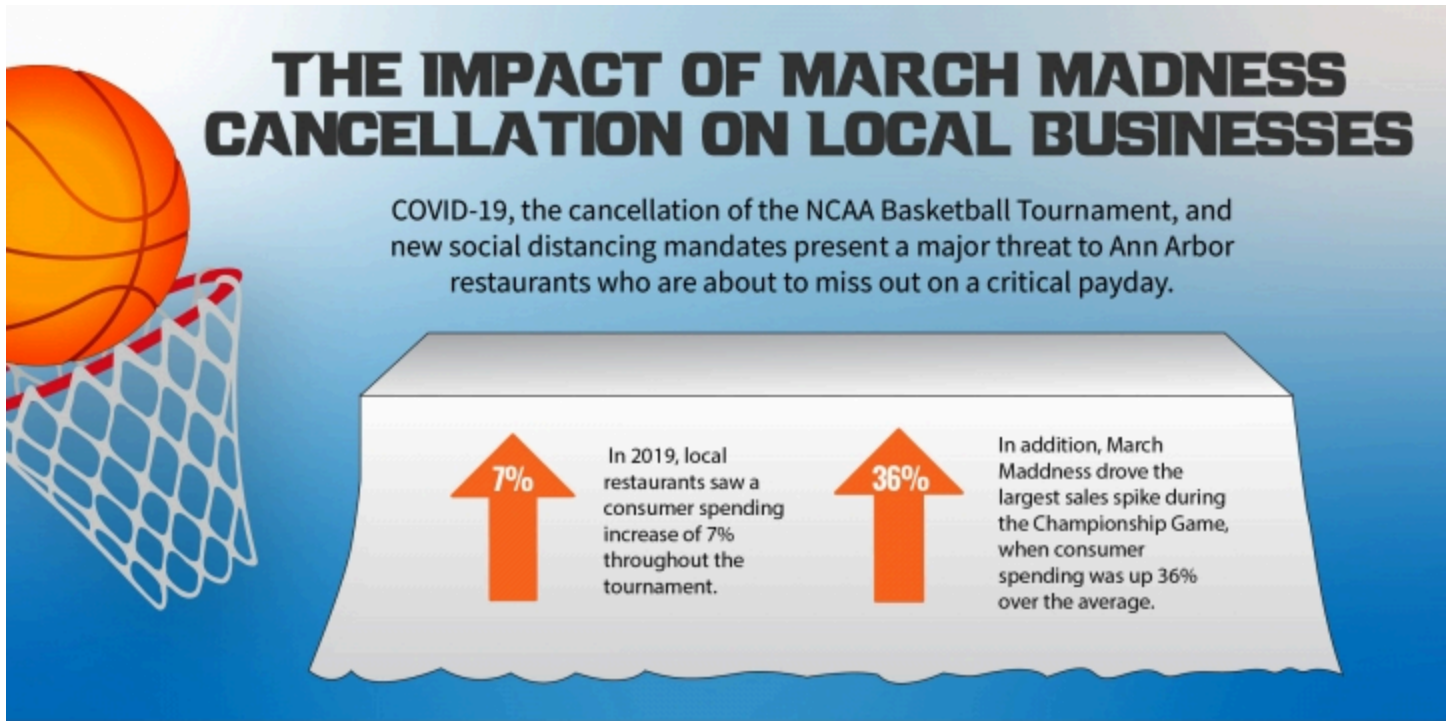
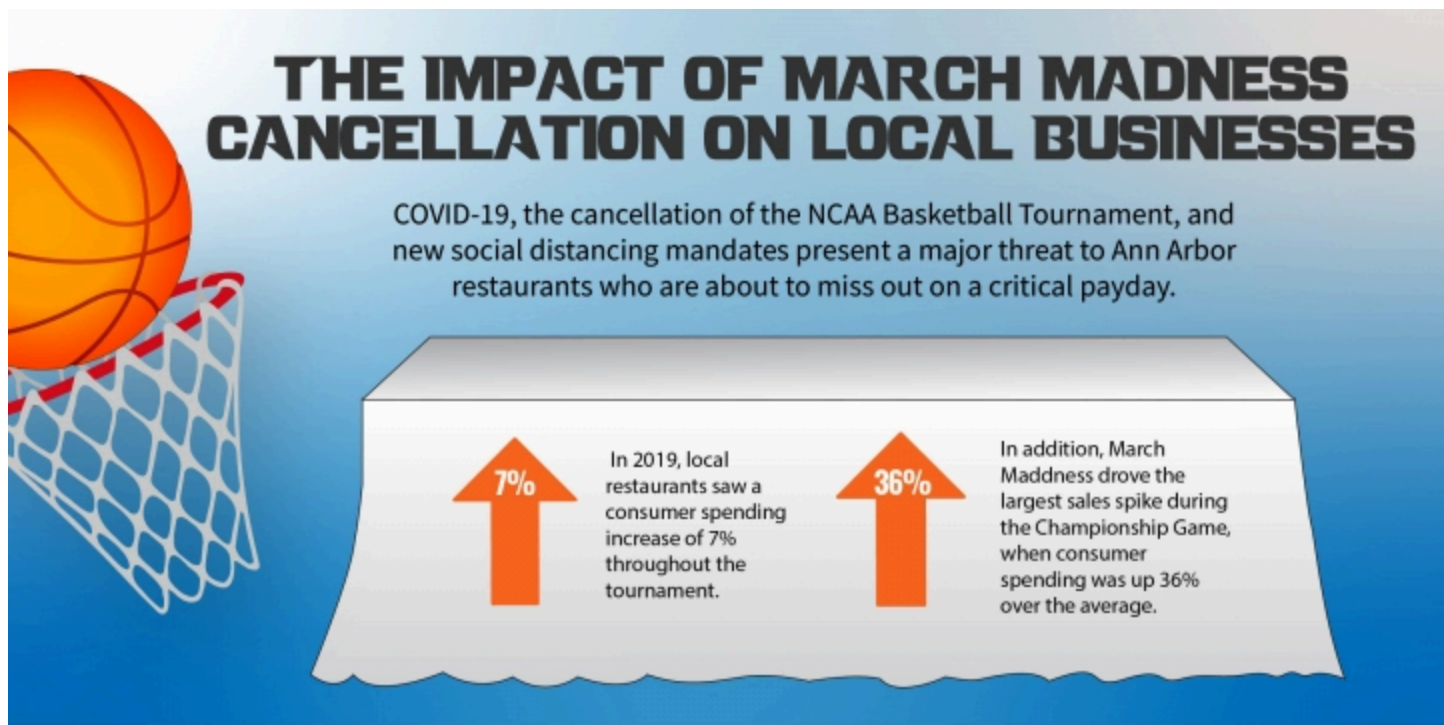


## Local businesses will lose profits due to March Madness cancellation, study finds

by Michal Ruprecht  
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While some local Ann Arbor businesses have continued operations amid the COVID-19 pandemic, many are **struggling** to maintain profits. A new **study** from data and technology company Womply shows businesses may lose even more revenue due to the **cancellation** of the NCAA March Madness basketball tournament.

Brad Plothow, vice president of brand and communications at Womply, said major sporting events like the tournament typically bring in a significant amount of business, especially in a college city.

“Not only are businesses missing out on general revenue because people aren’t leaving their homes right now, but they’re also missing out on the major increase in revenue that they would typically see during this time of year because of the NCAA tournament,” Plothow said. “College towns are especially prone to the economic consequences of something like this because the universities are shut down and so a lot of students have gone home.”

According to Plothow, local restaurants saw a consumer spending increase of 7 percent during the tournament last year. Plothow noted the largest spike in sales occurred during the championship game when spending was up 36 percent.

His team used data from 36,000 restaurants across the United States to find out what business owners could have expected for 2020 before the COVID-19 outbreak. He said some of the data came from Womply’s customers, but most of it was from non-affiliated businesses.

“I think our point of view is that public health is the most important thing, but the question is, ‘How do you contain the impact of the pandemic so that you also contain the impact on small businesses?’” Plothow said. “This data is for small businesses so that they could see what the seasonality of their business might look like so that they can make better decisions about how they think about staffing or promotions.”

Plothow estimates U.S. restaurants may lose up to \$1.1 billion due to the cancellation of the tournament. He added retail stores may not be as affected because they don’t have fixed costs or perishable items.

LSA freshman Lucy Wang said she regularly goes to local businesses during the school year. She said she’s noticed many stores have adapted to the stay-at-home order by using delivery services like Uber Eats, Postmates and Amazon Fresh.

“I’m especially worried about not seeing some of my favorite restaurants, especially the local ones, once we return to campus,” Wang said. “I’m not worried about big chains like Chick-fil-A or something like that, but local businesses like little sushi restaurants and New York Pizza Depot might not survive.”

Dominic Telemaco, co-owner of New York Pizza Depot on East William Street, said he has seen a 50 percent reduction in sales after the COVID-19 outbreak started in Michigan. He added his business has resorted to curbside pickup and no-contact delivery to keep the business afloat.

“All of the offices and schools are shut down so our lunch business is pretty much done,” Telemaco said. “Pickup and delivery are still keeping us afloat, but everything is over 50 percent down. Although we’ve been able to retain all of our employees, they’re working less hours because there’s less to do.”

Telemaco added he always saw large increases in profits during the March Madness tournament. He said he’s worried this loss will put an additional burden on small businesses.

“March Madness is one of those things that definitely help businesses,” Telemaco said. “Usually, after spring break business goes up for everybody, not only because of the basketball tournament but because the weather gets better and people walk around. None of that is happening now.”

Plothow said many small stores and restaurants are vulnerable during long periods of decreased business. He recommends people buy gift cards and use delivery services to support their favorite local businesses.

“We’re trying to advocate on their behalf to help them understand the real impact of what’s going on and what they’re missing out on,” Plothow said. “They’re much more vulnerable than large businesses because they

don't have large debt facilities they can draw down on and they don't have large lobbies trying to point stimulus dollars towards them.”

Plohow said local businesses are an important part of the U.S. economy, so studies that examine trends in this sector could be used to understand the financial health of the country.

“If you understand where money is flowing in small business, you could get a pretty good idea of the health of those businesses, cities, towns and states across the country,” Plohow said. “The health of small businesses is a pretty good indicator of how the health of the general economy is doing.”

Telemaco said he hopes federal government funding from the recent bipartisan \$2 trillion economic relief **plan** will arrive soon. He said he's been in contact with his landlord and though he's hopeful NYPD will survive, he said a shutdown of six or more months could lead to the closure of many local businesses.

“My message isn't just for my store but for everybody that is in the State Street District, please support local business,” Telemaco said. “Big corporations have plenty of billions of dollars to use so they can for sure weather the storm, but local businesses need help now.”

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