Fitness club industry fast-tracks digital investments

-Barbara Smit

“Fitness and technology firms have seen a huge acceleration in the trend toward connected fitness solutions, which could reshape the industry in the years ahead.”

There has been talk for many years about the need for “hybrid” fitness clubs, blending services in the gym with an expanded offer online.

As many stakeholders have pointed out over the years, research points to the complementary aspects of home and gym training. Les Mills found in its 2019 Global Consumer Fitness Survey that about 85% of gym users exercise at home. About 23% of regular exercisers were already using apps to support their training.

In other words, proponents of the hybrid approach argue that fitness club operators will not risk cannibalising their core business by offering online services – on the contrary, they will make sure that their members do not lose the habit of training when they’re unable to attend the gym.
For some this remained theory – until the closure of fitness clubs for several weeks in many countries. Hundreds of fitness club and studio operators suddenly scrambled to serve their members with online products, either to generate some sales or just to boost engagement.

The closures badly impacted an industry that has been growing steadily in the last years. The International Health and Racquet Sports Industry Association (IHRSA) estimated that the global market was worth $94 billion in 2018, with more than 183 million users.

IHRSA has yet to work out the global numbers for last year, but it estimates that membership reached an unprecedented level of 64.2 million in the U.S. alone in 2019 – up 28% since 2010.

Another 9.5 million said they used a health club at least once in the year. “Roughly one out of four Americans ages six and older now use a health club, gym, or studio,” the organisation states.

The European Health and Fitness Market Report from Europe Active and Deloitte estimates that the European market was worth €28.2 million in 2019, up 3.1% in constant currencies.

The analysis suggests that clubs are becoming larger and cheaper, since the number of fitness club members increased by 3.8% to 64.8 million and the number of clubs moved up by 2.3%.
A substantial growth market was Asia, as gyms continued to proliferate in China. Deloitte estimates that were more than 13,000 gyms in the four largest cities alone, from Beijing to Shanghai, Guangzhou and Shenzhen.

Adrian Xu, director at Deloitte China, said in a webinar organised by Europe Active a few weeks ago that the group’s research has shown “incredible vigor and opportunity” in eighteen cities surveyed.

“In the past 3 years, China has transitioned from a country mainly focused on Tier-1 cities, to one where fitness is booming in nearly all large cities,” the presentation said.

But it has become clear that fitness clubs have to adjust to a “new normal”. That entails increased measures for health safety, investments in technology to control the flow of users and efforts to rebuild occupancy and sales.

Perhaps more structurally, this new normal should also involve “blended” business models, allowing fitness clubs to engage with members and offer their services even when the gyms are closed, or when many potential members are wary of venturing out and mingling with others.

The trend is creating huge opportunities for software firms specialised in gym management and apps, well as providers of virtual fitness classes. It also plays to the strengths of equipment suppliers such as Matrix Fitness, that have been able to develop efficient digital platforms.