

Profile of the Fitness Industry in Australia

Trends in Fitness



Fitness Australia[®]
THE HEALTH & FITNESS INDUSTRY ASSOCIATION

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Current Trends

The 24/7 phenomenon

The 24-hour gym is in many ways the logical extension and apex of consumer calls for 'more flexibility' in their options for belonging to a gym.

Jetts Fitness opened its first 24/7 branch in 2007; Anytime Fitness opened theirs in 2008. The founders of both businesses describe the gym market at the time of their entry as dominated by inflexible and expensive full-service chains, and their model of anytime access to all club locations, with more flexible and lower cost entry, has successfully met a need for many Australians. By 2013, these two businesses were among the fastest growing franchise businesses in Australia, and they now have hundreds of branches nationwide. Eventually, dominant full service chains culled underperforming locations, and started to make changes to their business models to adapt to the new demand for flexibility.

Almost a decade on from the entry of 24/7 gyms to the Australian marketplace, there is still a tension among professionals around which model – full-service or bare bones – best meets the needs of Australian fitness consumers, and a number of industry professionals think that while convenience and low cost has its place, the appeal of personal service cannot be counted out. It is worth noting that Anytime Fitness, one of the early fitness disruptors, appears to be balancing both imperatives. Its website promotes the availability of personal training to its members at all times, and projects the image of a full-service gym that happens to be open around the clock.

Few think that the 24 hour gym is going away (79% of fitness professionals think they are going to be around for the long term), and such services will certainly continue to cater to the market of those who are time-poor during regular business hours, self-motivated, and fitness-confident individuals. However, there is also still a cohort of fitness consumers who will prefer a more personal full-service model, provided it is offered with sufficient flexibility. 'Full-service' can be thought of as a niche in itself – the challenge will be to balance the traditionally small size of a niche (as opposed to mass) market with the costs of operating a full service gym.

"We don't buy into the current trend which is all about having boxes of kit and just wishing people the best of luck when you show them in there."

Andy Cosslett, global chief executive of Fitness First, quoted in The Sydney Morning Herald in April 2014

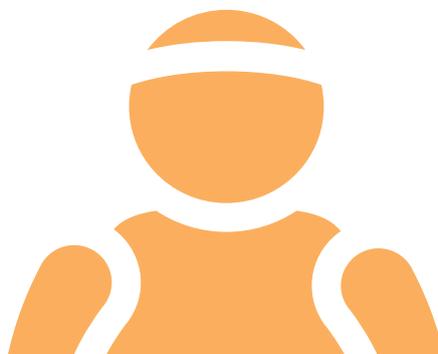
<http://www.smh.com.au/business/rivals-flexibility-stretches-fitness-first-20140407-367uw.html>

"It's not actually about having people use the gym in the hours of 10pm to 5am – only about 5% of the membership base will do that – it's about reducing the costs. But as a result of these gyms, we see a declining membership cost overall – they're driving the whole industry prices down. Rather than trying to compete on price, these full service clubs should be marketing themselves on the advantages of the full service."

Industry leader interview, 2015
– Fitness Australia

"I think in the next 5-10 years, we'll see the 24-hour gyms plateau a bit – there'll be a market for those who want to come back to a full service model."

Industry leader interview, 2015
– Fitness Australia



Current Trends

The Insta-fit

The last few years have seen the rise of fit and attractive young people marketing their own exercise and diet programs directly to a customer base maintained through social media.

Almost half of the registered fitness professionals surveyed by Fitness Australia in 2015 believe that Instagram-based fitness personalities are a fad that will not last much longer; however, the potential for revenue in this business model combined with the relatively low barriers to entry, will likely make this an attractive prospect for many. The lucky few will be those who put together the right 'package' to make it work.

Opinion of what this trend means for the fitness industry is mixed, and in some ways is dependent on the ways in which fitness professionals are already operating.

All types of fitness professionals (fitness businesses, sole traders, exercise professionals, and even students) admit to concern that the lack of qualifications of many social media fitness personalities is a potential source of damage to the fitness industry, and sole traders in particular see them as a threat to their business (58% somewhat or completely agreed that people will use these social media fitness guides and programs rather than coming to a gym or seeing a trainer). However, while sole trading businesses may be threatened by these personalities, they and students are also looking at them and seeing opportunities – 60% of sole trading businesses and 58% of students believe that these social media business models will provide them with new income streams. Fitness businesses, in comparison, and the exercise professionals they employ, are less likely to see financial benefits in these new models.

Interestingly, although many sole trading businesses appear to be seeing a possible source of revenue in these channels, current fitness businesses and personal trainers estimate that only about 10% of their membership or clientele came to them via contact made on social media – direct, in-person word of mouth is still overwhelmingly relied on to generate the business of training people.

Together this may indicate scope for fitness professionals to refocus on social media strategies – the success of the Insta-fit demonstrates that there is a demand for online fitness services. The challenge is for more fitness businesses to find a way to them and to educate the audience in terms the quality of – and the qualifications behind – the advice.

Future Trends Within industry

'Efficient' fitness

The Worldwide Survey of Fitness Trends for 2015 placed body weight training and high-intensity interval training (HIIT) at the top of the list for predicted fitness industry trends. Part of the appeal of both of these forms of exercise are their efficiency: body weight training requires little in the way of equipment, making it cost-effective; HIIT exercise sessions are typically short, making them ideal for time-poor adults who want the most 'bang for their buck' out of their training. Functional training is another efficient type of fitness gaining in popularity.

Ninety-one per cent of fitness professionals surveyed by Fitness Australia in 2015 believe that body weight training/functional training are trends rather than fads, and 84% feel the same way about HIIT. The increased desire for HIIT style training can be seen reflected not only in the revamped fit-outs of many mainstream gyms, but also in the commercialisation of niche models such as F45 Fitness. The Australia-based F45 Fitness model as at June 2015, has 277 franchises worldwide (predominantly Australian, but also in New Zealand, the USA, India, and the UK), reflecting consumer demand for functional, efficient fitness, and representing a further competitor to the traditional gym model.

Niche/specialised training

Population growth in general brings with it increases in the size of sub-populations. Key in the context of Australia and the fitness industry is the anticipated population growth of older people, people who are overweight or obese, women, and Australians from different cultural backgrounds. Each of these sub-populations represents a market for the fitness industry to approach in a manner that is unique to the needs of that group.

Higher standards for education

In most industries that require a qualification, there comes a point where there are so many graduates with that qualification that additional points of differentiation need to be sought (for example, a Bachelor degree no longer has the same cachet it once did; an Honours or Masters is needed to put an applicant above the pack, and even that may not be 'different' enough). In the fitness industry, the influx of professionals with Certificate III and IV, combined with negative industry perceptions of the quality of their qualification, is likely to create just such a situation. At some point in the future, a shift will be needed to return value to the qualification.

In addition to this, it is likely that in coming years, fitness services will be brought to bear on Australians specifically to address their health issues, meaning that higher standards will be expected or required of fitness instructors and personal trainers who are working with these people. In particular, if someone has been referred to a fitness professional by a health professional, the health professional is likely to have certain requirements as to the qualification of the fitness professional to whom they are entrusting their patient.



Future Trends

Social

Ageing populations

The increasing number of older Australians will widen two markets for fitness consumers – older Australians who have a history of involvement in fitness activities and will continue to use these services as they age, and older Australians who may not have participated in fitness in the past, but will be directed to do so for the health benefits. Both groups are likely to require the services of fitness professionals to provide advice on age appropriate exercising.

The ageing Australian population will also contain ageing fitness professionals (older fitness professionals are currently a very small proportion of fitness professionals, and particularly fitness instructors).

Increasingly unhealthy populations

Australia has one of the highest rates of overweight and obesity in the world. This brings with it a large share of the population with the need and/or desire to lose weight and to increase their levels of physical activity. In particular, an overweight or obese individual is likely to require specific guidance in order to make their exercise activities effective in making improvements to their health, linking to a need for fitness professionals.

While the overweight and obese who are directed or motivated to participate in fitness in the future will generate demand for fitness professionals, it should also be noted that there will also be a cohort of the overweight and obese for whom their condition presents them with obstacles to participating in fitness – they may feel their health is too poor, that it is too hard or unpleasant to exercise, feel too embarrassed to go to a gym, or that even accessing a fitness facility is too difficult.

Another facet to the rise of overweight and obese Australians is the impact on healthcare costs nationwide due to associated health conditions, and the costs of adapting existing infrastructure to cope with larger people. These rising costs are causing governments worldwide to take a greater interest in preventive health measures – encouraging people to engage in healthy behaviours (such as exercising, among others) early in life, to prevent eventual conditions such as overweight and obesity and its associated risks. This top-down attitude is likely to lead to increased opportunities for the fitness industry over time, as more Australians are encouraged to engage in fitness activities.

The economy

Engaging in fitness activities incurs a cost to the participants – at the most basic level, suitable clothing and footwear is required, and at a higher level, the costs of personal training sessions and gym memberships can rise steeply. As such, these expenditures are likely to be highly sensitive to economic conditions and levels of discretionary income.

Future Trends Technology

Technological advances offer a number of risks and opportunities for the fitness industry.

High-tech training

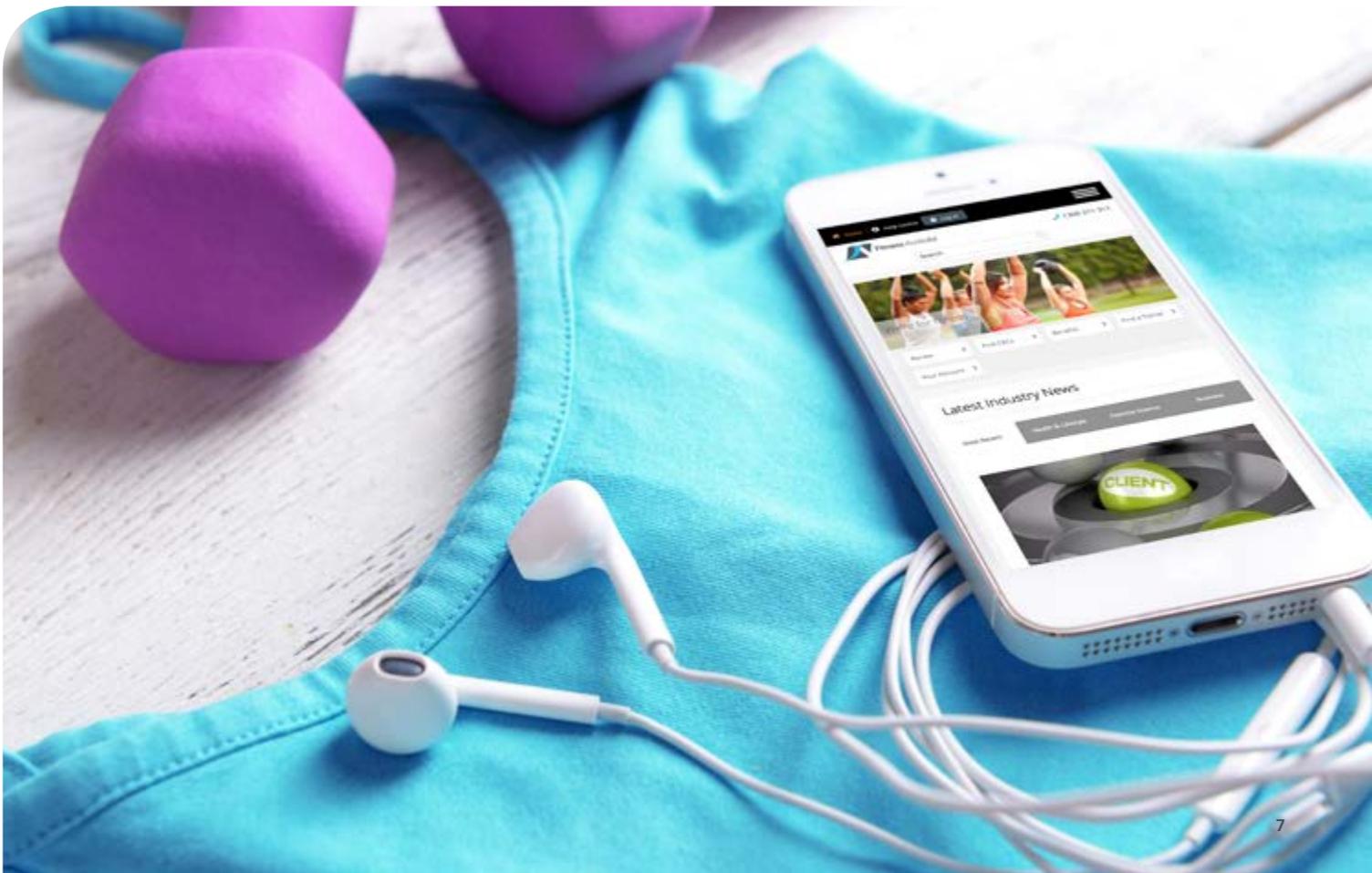
Recent years have seen the advent of 'wearables' – devices such as fitbits, Garmins, and Apple watches, that allow individuals to monitor their own health and fitness metrics. These cater to several intensities of exerciser – from casual exercisers who have a mild interest in seeing where they are, and those who are dedicated to quantifying and improving their performance. For either type, these wearables create a channel whereby they may feel they can pursue their fitness goals without professional assistance.

Breaking down the barriers

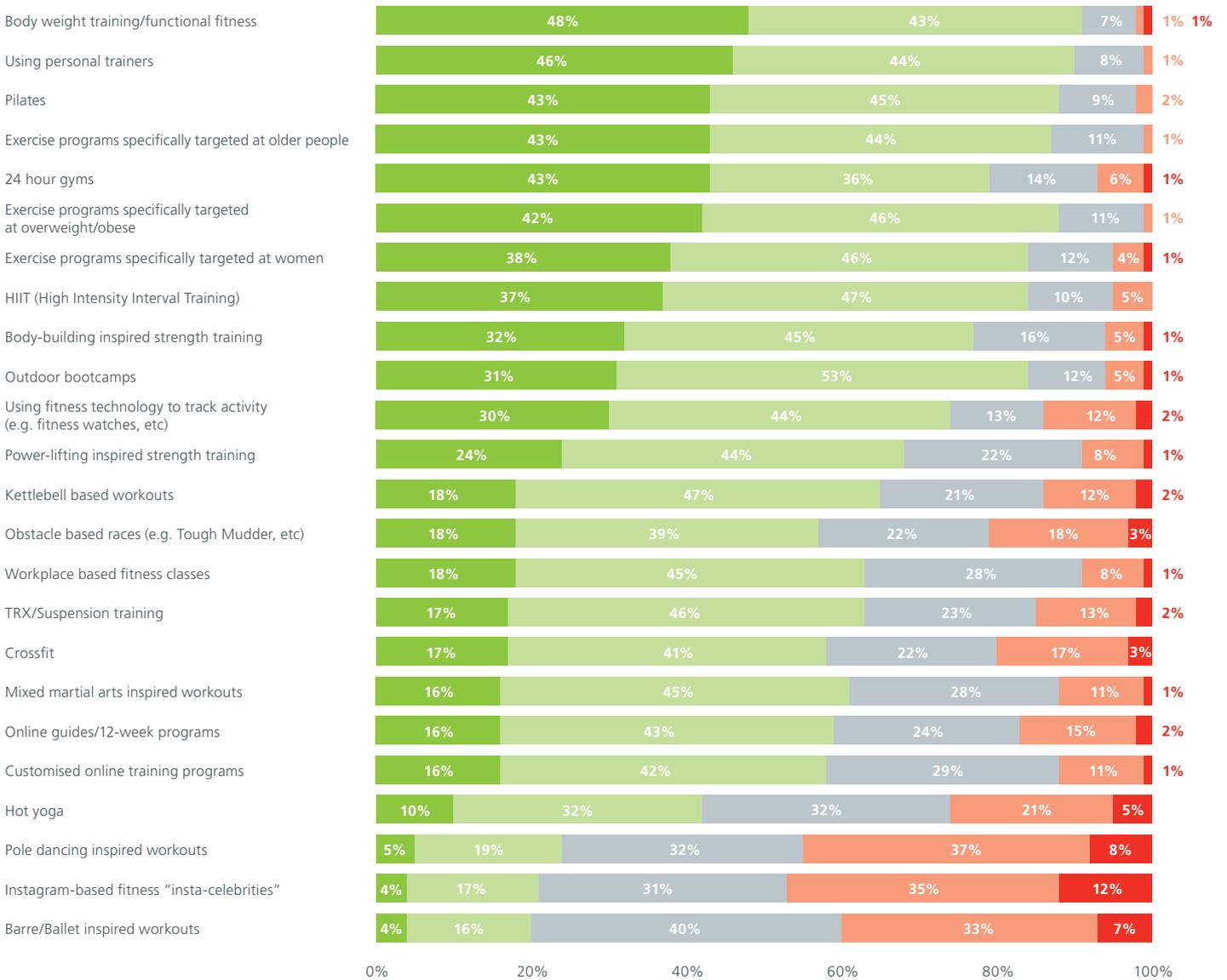
Increasing connectivity online is making information about fitness more easily available for all consumers who have an interest in participating in fitness activities. There is a proliferation of online videos and other materials that can be used for training plans, forums to discuss the pros and cons of different exercises for different outcomes, and personal trainers selling training plans to their followers on Facebook, Instagram, and blogs. This environment is creating a wealth of opportunities for interested individuals to bypass the traditional arrangement of going to a gym or engaging the services of a personal trainer in person if they want to engage in fitness activities. Improvements in internet connectivity and video technology in particular are only likely to accelerate this trend.

New options for delivery methods

Expanding on the previous point, improvements in both video technology and internet connectivity have the potential to further disrupt the provision of fitness services, by making real-time online training programs a possibility as a fitness delivery option. Remote fitness delivery would have the benefit of expanding supervised fitness services (not requiring equipment) to remote areas that are underrepresented with gyms and instructors, and to those for whom it is difficult to leave home.



Future trends in fitness as viewed by Fitness Australia registrants



- This one will definitely stick around for the long-term
- I think this one will stick around
- I'm not sure on this one
- A fad – will last for a while but then disappear
- Definitely just a fad – won't last much longer



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