

Updating the Contemporary Business Model for Fitness Market

Pressures and responses in and after COVID-19

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<p>Abstract</p> <p>The fitness industry was severely impacted by the COVID-19, a disease that threatened the world's wellbeing and the global economy. The temporary closure of fitness facilities due to COVID-19 convinced many fitness operators to change their business strategy. The topic of this research has been chosen due to its great importance for the fitness industry and the positive effect it has on society.</p> <p>The objective of this research was to collect and compare statistical data and related qualitative expert recommendations applicable to most of the fitness clubs for implementation in their business model during the times of COVID-19 and beyond.</p> <p>The qualitative approach to research was applied to address the research questions and objectives. Secondary data was acquired from world-renowned sources such as IHRSA, ClubIntel, EuropeActive, LesMills, Technogym websites, and reports. The data was analyzed using the content analysis method. Business Model Canvas was selected as the theoretical framework which guided the data analysis and collection.</p> <p>The results provided insights into the present and future trends within the fitness industry for clubs' consideration and strategic changes they can implement based on the research, which were presented within the Business Model Canvas framework. Among the most significant issues for consideration that the research brought up were the rising influence of Millennials on the market, the need for developing streaming and on-demand content by the clubs, and greater transparency and consistent communication with club members.</p> <p>The applicability of the results has some natural limitations since generalizations of findings, and their business applicability should consider the resources and context of a clubs operating in the fitness industry. Recommendations for further research suggested exploration of one market within the fitness industry, prediction of actions of consumers after the pandemic, expanding the research reach through additional sources of data (interviews, webinars).</p>		
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1 Introduction

In 2020 the fitness industry was severely impacted by the COVID-19, a disease that threatened the world's wellbeing, the global economy, and the whole future of the fitness industry.

Few sectors have been impacted by the pandemic as the health club industry. An article released by Health Club Management in the spring of 2020 suggests that about two-thirds of the global fitness suppliers are closed at the peak of the pandemic (ClubIntel 2020, 7).

The temporary closure of fitness facilities due to COVID-19 convinced many fitness operators to change their business strategy. An important move towards digital and live-stream content took place almost overnight to keep serving exercisers during shutdowns, while several businesses step up to find ways to give back to their communities and health workers in need.

The long-term and preventive health benefits of fitness are just as important today as it was before the pandemic. Now is the time to reaffirm the value of healthcare and wellness facilities as critical businesses for humanity as a whole. The subject of this study has therefore been chosen because of its great importance for the fitness industry and the positive effect it has on our society.

The goal of the thesis is to collect comprehensive statistical data and related recommendations applicable to most of the fitness clubs for implementation in their business model during the times of COVID-19 and beyond.

Two questions were formulated to achieve the research objective:

1. What are the global trends in the fitness industry after the COVID-19 pandemic?
2. What are the strategic changes fitness companies should implement?

This thesis consists of six consecutive chapters written in a way to enhance the comprehension of the presented material to the reader.

Introduction chapter presents the reader with the context of the research and introduces the overall structure of the thesis and its objectives.

Literature review chapter provides a holistic description of the research theory base and reveals more comprehensively the contexts of the thesis. The theory section will introduce the background of the fitness industry market as well as describe the theoretical framework used to answer the research questions – Business Model Canvas.

Methodology chapter will explain the research objectives and the method in which the research is carried out, including data collection and analysis methods used to address the research questions and argue on the type of data collection and the data analysis procedure.

Results will report the key findings on fitness industry trends, and recommendations for fitness club owners for implementation arranged according to the Business Model Canvas framework.

Conclusion and Discussion chapter will summarize results and address the research questions, as well as describe study limitations and provide suggestions for further research.

2 Literature review

2.1 Fitness market

The World Health Organisation (WHO) has estimated that one-quarter of the world's adults are inadequately active, about 1.4 billion, and are thus at higher risk of developing lifestyle-related diseases. Globally, WHO has estimated the number of overweight children under the age of five to be over 41 million in 2016. (IHRSA 2019, 9.)

In the last few decades, physical activity has been decreasing, to the point that as many as 27.5 percent to 31 percent of adults worldwide are now physically inactive. There is no doubt that physical fitness is deterred by our urban habits. Global Wellness Institute report (2019, iii) adds to that, “practically all aspects of life – from work and home chores to socialization, shopping, entertainment, etc. – have been transformed by urbanization, technology, motorized transportation, and new business models to become ever more sedentary.” Our newly developed landscapes, meanwhile, also discourage natural activity. In order to remain physically healthy, most people now need to plan time and activities. (ibid.)

In widening access to physical activity, by making exercise more accessible, inexpensive, fun, customized, and results-driven, the global growth of the fitness industry plays a significant role. Over the past decade, fitness clubs and gyms have undergone massive worldwide expansion, with over 50 percent sales growth from 2007-2018. The Global Wellness Institute reported in 2017 that the “fitness and mind-body” market, an important component of the \$4.2 trillion global wellness industry, was worth \$595 billion. Report (Global Wellness Institute 2019, iii) notices that “the conundrum is that alongside the growth of the fitness industry, physical inactivity, obesity, and chronic disease have all continued to rise”. (ibid.)

“Consumers engage in structured fitness activities with the intention of becoming physically fit or maintaining desired physical conditions, which may encompass cardiovascular health, functional fitness, flexibility and strength, and weight loss or

weight management” (ibid., 16). Fitness events most commonly take place in gyms, fitness clubs, and gyms, but they can also take place in gyms, outdoor gyms, service centers, colleges, hotels, or other venues that are home-based. These exercises are mostly performed in small or group class environments under the guidance of trainers or are directed by instructors. Typically, workout exercises depend on equipment or devices, or they follow a conditioning and preparation activity protocol. In this market, the participants are mainly (but not exclusively) adults. (ibid., 16.)

The Global Wellness Institute projected wellness in 2017 to be a global industry of \$4.2 trillion, consisting of ten sectors that enable customers to implement wellness practices and behaviors into their everyday lives. "Fitness and mind-body," valued at \$595 billion, was among the main health markets. Significant customer and media interest have been created in recent years by fitness technologies and innovative business models, as well as new participants and competition in the fitness industry. The fitness industry is fast and creative in exploring new ways to satisfy unmet needs and in making exercise more accessible, inexpensive, fun, customized, and results-driven by incorporating new technology, the science of exercise physiology, and a deeper understanding of consumer motivations. Over the past decade, fitness clubs and gyms alone have undergone massive global expansion, with over 50 percent sales growth from 2007-2018. (ibid., 5.)

As the wellness industry develops more and more opportunities for those who are able to exercise and can afford to exercise, “there remains a massive swath of inactive population who have limited options” (ibid., iii). The truth is that it remains a luxury to participate in "fitness" that is not available to many people around the world. (ibid.)

The Global Wellness Institute reports that in 2018, \$828.2 billion in private-sector economic activity was generated by recreational physical activities. 44%, or \$367.7 billion, reflects direct customer spending on exercise engagement (fitness, sports, and outdoor leisure, and conscious movement) within this sector. The remaining 56%, or \$465.9 billion, is represented by the enabling sectors (apparel and footwear;

health equipment, athletic products, and associated supplies; and innovations related to wellness and exercise). (ibid., v.)

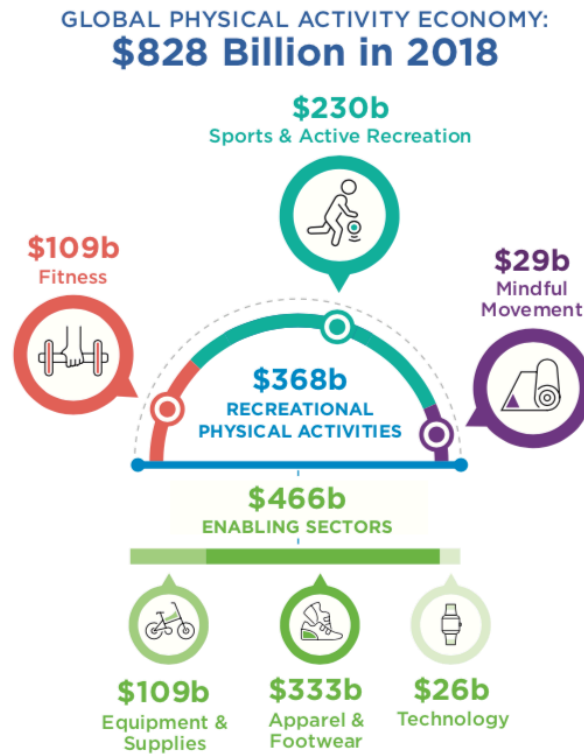


Figure 1. Global Physical Activity Economy (Global Wellness Institute 2019, v)

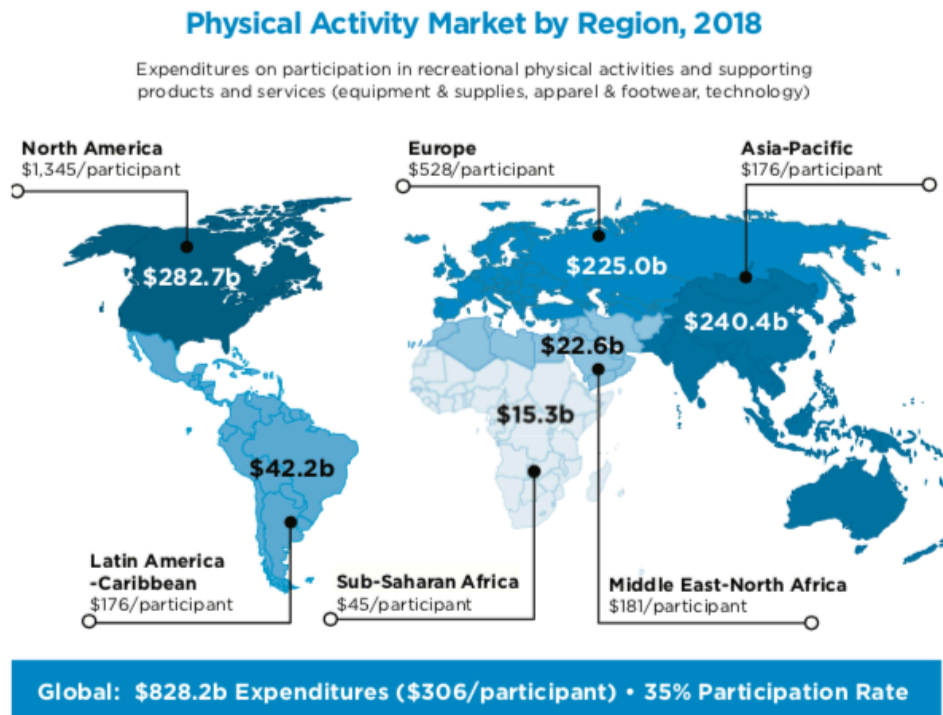


Figure 2. Physical Activity Market by Region (Global Wellness Institute 2019, vi)

The most recent Global Wellness Economy Monitor of the Global Wellness Institute estimated the global wellness economy in 2017 at \$4.2 trillion. One of the ten markets comprising the wellness industry was Fitness & Mind-Body, which was valued at \$595 billion in 2017. (ibid., x.)

In a way, the growth of the commercial fitness industry is a market reaction to the inability to keep us active and safe through our current lifestyle, climate, and the healthcare system. We must now regard physical exercise as an intentional health-maintenance ritual as we become more sedentary. The vibrant and dynamic fitness market which we see today is powered by high customer demand. The demand for an active lifestyle has filtered into clothes, propelling athleisure, and activewear into a fast-growing fashion segment, as all facets of the market, are infiltrated by technical devices and inventions. (ibid., 11.)

GWI reports that 3.7 percent of the population of the planet are members of gyms, wellness clubs, and exercise studios and/or actively engage in organized or individual fitness events or courses. \$108.6 billion was invested by participants or an average of \$384 per participant in 2018. GWI reports that approximately 190 million individuals spend money on memberships, courses, and programming at commercial gyms, wellness centers, and fitness studios within the fitness industry, accounting for spending of \$83.1 billion. Another 58 million or more are interested in exercise at venues that also cost even less or nothing, such as public and nonprofit gyms and fitness services, free outdoor gyms and fitness courses, fitness centers for colleges, etc. With new business models (e.g., luxury fitness, budget gyms, 24-hour gyms, boutique studios, small independent studios, small group training, international and regional franchises, etc.) proliferating around the world to satisfy diverse requirements, tastes, and price points, the demand in fitness has grown. (ibid., xiii.)

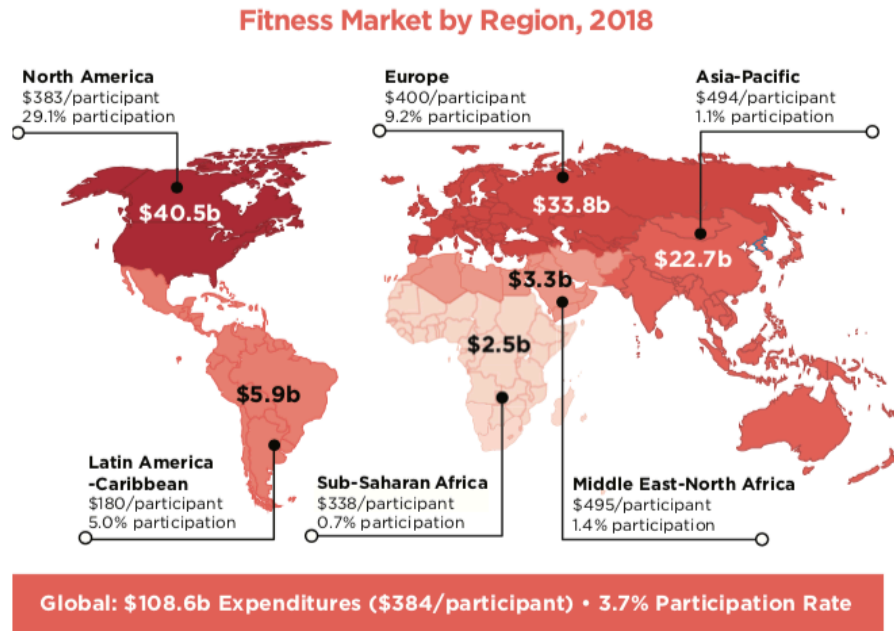


Figure 3. Fitness Market by Region (Global Wellness Institute 2019, 34)

In a wide variety of venues, people do fitness activities. Global Wellness Institute (2019, 36) reports that across nearly 258,000 sites in 211 countries, approximately 190 million individuals are members of private/commercial gyms and exercise facilities. This is what most surveys normally view as the extent of the "fitness market."

According to IHRSA (2019, 29), the membership of fitness clubs topped 183 million people across the globe in 2018. The same year, industry sales amounted to an estimated \$94 billion, and the club count exceeded 210,000 facilities. In the Americas and Europe, leading markets continued to show growth. (ibid.)

GLOBAL MARKET SIZE & SCOPE

REGION	TOTAL INDUSTRY REVENUE (USD)	TOTAL # OF CLUBS	TOTAL # OF MEMBERS	PENETRATION RATES
North America	\$35,293,474,316	46,157	68,640,950	
Europe	\$32,095,518,868	63,955	64,293,260	
Asia-Pacific	\$16,826,000,000	25,140	22,480,000	
Latin America	\$5,852,500,000	68,195	21,645,400	
Middle East & North Africa	\$2,344,187,509	5,810	3,818,472	
Southern Africa	\$1,560,000,000	1,036	2,121,064	
Total	\$93,971,680,693	210,293	182,999,146	

Figure 4. Global Market Size & Scope (IHRSA 2019, 32)

Summary

Given the fact that the prevalence of fitness clubs is growing in proportion to the growth of the industry itself, the level of physical activity has continued to decrease over the past few decades. Almost every part of our lives, from global urbanization to our everyday habits, is responsible for this.

The fitness industry is aggressively innovating to draw a rising audience to a healthier lifestyle. Business models, technology, clothing, entertainment, affordability - all these elements are being built by many businesses to address decreasing physical activity levels and to create new collective lifestyles.

Increasingly large amounts are being spent by its members in the fitness industry, and an increasing variety of services can be offered by clubs, studios, boutiques, and organizations. The more people in the fitness world demand the innovations offered, the more influence this industry can have on the planet.

2.2 Business model canvas

The business model justifies how companies carry out their tasks and offer and grow their appeal to customers. There is a need for business models to be written in plain language. It is important to compile the definition in a straightforward, relevant style and construct it in a comprehensible way. (Osterwalder, Pigneur, & Clark 2010, 14.)

Business Model Canvas is a strategic management template for designing new business models or recording existing ones. It is a graphic picture of components representing the value proposition of companies, infrastructure, consumers, and finance. There were nine "building blocks" in the business model concept template in the original Business Model Canvas, suggested by Alexander Osterwalder. (ibid.)

Customer Segments

Customers are the basis of every business. The Building Block of the Consumer Segment describes the various classes of individuals or organizations that a company seeks to meet and represent. A business may choose to divide them into different segments with similar desires, preferences, behaviors, or lifestyles in order to better serve consumers. Age, gender, or geographical variables can be included in other parameters. A business model may decide to define a different size of one or more customer segments. A deliberate decision on which consumer segments to represent allows a company to build the rest of the business model around a deep understanding of individual customer needs. (ibid.)

Value Proposition

Value proposition describes the policies of the company and convinces key partners. It shows how clients benefit from the service or product provided. One way to answer this is to look at the consumer segments and find out where the product or service solves the customer's need or satisfies the problem.

According to Osterwalder et al. (2010, 21), "value proposition creates value for a customer segment through a distinct mix of elements catering to that segment's needs." Values may be quantitative, such as service price or speed, or qualitative, such as design, experience, etc. (ibid.)

Channels

Channels are great support for businesses to bring to their consumers the value proposition. Channels explain how the value proposition was given and what circumstances influenced it. In addition, channels raise product recognition or exposure to the service and help businesses boost their value proposition. In addition, the networks offer consumers the ability to buy specific goods or services and provide customer support. (ibid., 26.)

Customer Relationships

Osterwalder, Pigneur and Clark (2010, 28) stated that for various customer groups, various kinds of customer relationships should be introduced. These forms may be automatic or personal. Businesses may use various methods to retain their customer relationships, but businesses do need to be up to date with the interests of their customers. Furthermore, companies use forms of customer relationships to get new customers and retain current customers, to obtain more discounts, and improve their profits. (ibid.)

Revenue Streams

Revenue streams reflect the company's revenue from various consumer segments. There are typically many revenue streams, and there may be different pricing structures for each. Fixed pricing and dynamic pricing are two major types of the pricing system. Fixed pricing implies predefined prices based on static variables, while prices adjust based on market conditions in dynamic pricing. (ibid.)

Key Resources

Key resources represent all of the firms' assets and make business operations work. In addition, they are developing and implementing the value proposition, reaching customers, sustaining customer segment relationships, and earning revenues. As the types of business models vary from each other to achieve full effectiveness, the key resources need to align precisely with them. Furthermore, it is possible to identify key resources as physical resources, intellectual resources, human resources, or financial resources. In addition, key resources may be purchased, rented, or obtained from business partners by the company. (ibid., 34.)

Key Activities

The key activities are the actions that the organization undertakes to fulfill its customers' value proposition. They represent the most significant tasks that business activity would be based around. Activities can include an effective manufacturing

process, supply chain management, research and development or problem-solving skills. (ibid., 37.)

Key Partnerships

Key partnerships identify the network of providers and partners that are vital to the success of the business. In several business models, collaborations are becoming more and more relevant as businesses use partner networks to minimize risk or acquire capital. There are four major types of partnerships: strategic, coopetitions, joint ventures, and buyer-supplier relations. (ibid.)

Cost Structure

The costs associated with running the business model are defined in the cost structure. There are two business model cost structures: cost-driven and value-driven. The cost-driven business model focuses on keeping or reducing costs to a minimum. It concentrates on full automation and comprehensive outsourcing as well. Value-driven cost structures reflect business models that focus on the development of value propositions rather than cost savings. (ibid., 40.)

Summary

Nine blocks of Business Model Canvas offer an excellent opportunity for many organizations to create or change their operating business model. The purpose of the Model is to provide a tool that can be interacted with directly, allowing the consumer the opportunity to understand all aspects of the company from various perspectives.

The laconic framework is generated by nine elements of the model: customer segments, value proposition, business channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Once the “building blocks” are understood, many of the strategic goals of the business could be better classified and managed.

This tool does not contradict other businesses' structures; therefore, it can be used as an addition to the existing model of any organization. By connecting all nine blocks, the Business Model Canvas takes the form of a table, which is available for download on the Internet and presented below.

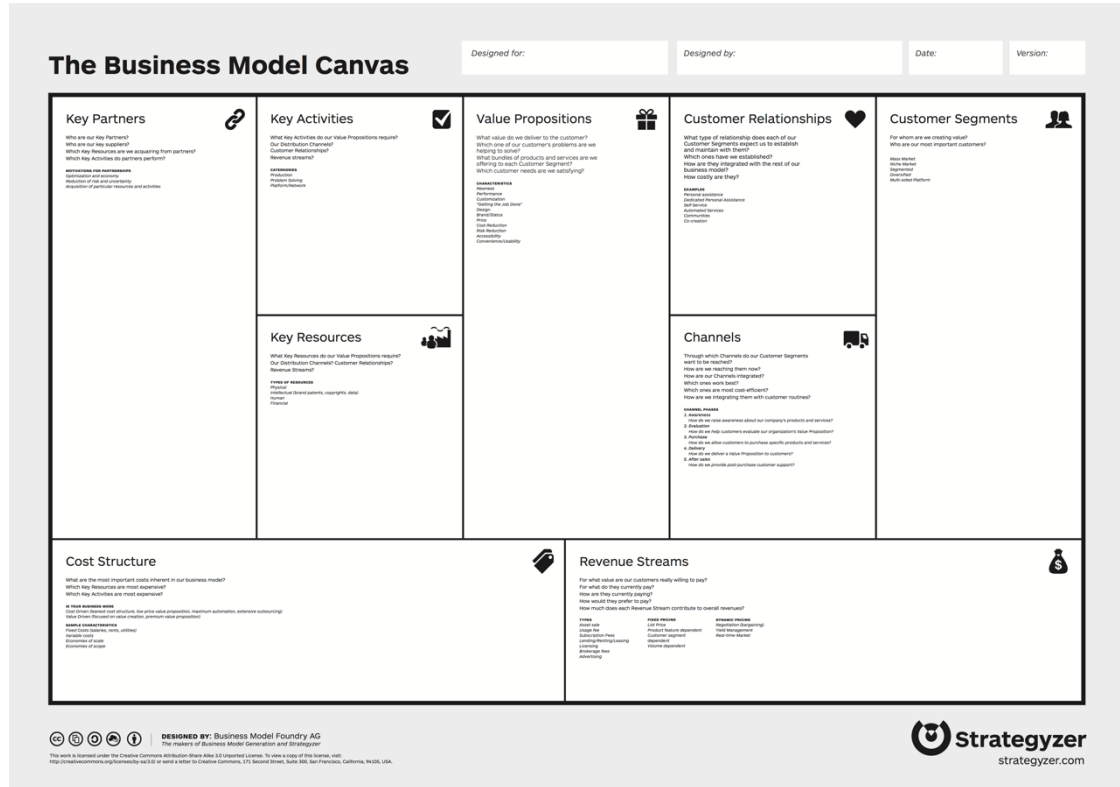


Figure 5. Business Model Canvas Poster (Strategyzer, N.d.)

2.3 Summary of the knowledge base

In the previous parts of the Literature review chapter, two critical topics of this study were revealed: the state of the fitness industry for 2019 and a description of the Business Model Canvas. At the end of each chapter, a short description of the main ideas was given.

Themes such as the increasing popularity of fitness clubs were addressed, as well as the decrease in physical activity and the reasons behind it (such as urbanization, technology, lifestyle, etc.). In addition, the motives for engaging in physical activity were discussed, and the locations and format of fitness events were explained. Despite the increasing availability of fitness facilities, an active lifestyle remains

unaffordable for some. Reasons were given for integrating modern technology into fitness activities, and alternative types of facilities to fitness clubs were mentioned. Additionally, specific figures were given for the scope of the physical activity market, within which the cost of the fitness industry was specified.

The concept of the "business model" was explained in the second part of the chapter and covered the details of the Business Model Canvas, including the purpose of the model itself and a description of its "building blocks." The graphic image of the model was presented at the end of the subchapter.

The following research process will uncover the current realities of the fitness industry and consumer behavior in 2020 during the COVID-19 pandemic. The Business Model Canvas will serve as a foundational framework for the collection and analysis of data related to research questions mentioned in the Introduction chapter. Based on the results, a Business Model Canvas for the fitness industry will be developed at the end of the thesis.

3 Methodology

The methods, understandings and techniques used to address the key research questions are related to research methodology (Greener 2008, 10-15).

The following subchapter defines the research method's choice and discusses why it is acceptable for answering research questions.

3.1 Research approach

Research approach combines three main elements: world views, designs and basic techniques for conducting a study, including data collection, data analysis and implementation issues (Creswell 2013, 3).

A researcher has to find out what is the best way to perform the real research process after formulating the research problems and research questions. The thorough planning of the study design often influences the quality of the final outcomes. (Kothari, 2004.)

Research may be broken down into many forms of studies, two of which are qualitative and quantitative analysis. The focus of quantitative analysis is on quantity and measurable information and the data can be converted into statistics that are consistent and accessible. Qualitative study, on the other hand, offers answers for motives, views and motivations for understanding and they require consistency or form. (DeFranzo, 2011; Kothari 2004, 3.)

A **qualitative approach** to research is applied to address the research questions and achieve the goals of the present study.

A researcher who focuses on interpreting data in a way that makes sense and has a context that can be converted into findings that are consistent with the goals of his research requires a qualitative approach (Creswell 2007, 37). The qualitative

approach is more versatile and appropriate for the research objective, as it is carried out when it is necessary to further explore a certain problem (ibid., 39-41).

3.2 Data collection

The researcher will detail the sources of collected data as well as their forms and methods in this subchapter.

Regardless of what research methodology is chosen (qualitative, quantitative, or mixed-methods), there are two main data sources used in the analysis: secondary and primary data. Secondary data means the data already collected or proposed by others, while primary data is the data collected specifically during the analysis for the first time. (Phillips, Stawarski 2008, 37.)

In an empirical study responding to a particular research question, secondary data is used as researchers also consider the potential of reanalyzing important but already existing data, even though it was intended for other purposes (Saunders et al. 2009, 256).

There are drawbacks to secondary data, such as its difficult or expensive access; compilation and collection may be inappropriate; no quality control; and data presentation may be subject to its initial purpose (ibid., 270-272).

However, for this research, the author strived to avoid disadvantages which might be found during the data collection by obtaining available secondary data for this research from the following globally renowned and trusted sources:

The International Health, Racquet & Sportsclub Association (IHRSA) - a nonprofit trade association founded in 1981. IHRSA represents a global community of health and fitness professionals committed to building their businesses and improving their communities' health and wellbeing. (About IHRSA, N.d.)

ClubIntel - the club industry's leading consumer, member and brand insights firm. It allows organizations, clubs, investors and equipment manufacturers to understand, appreciate and leverage the needs, preferences and personal journeys of customers by using a specific approach to understand the club client, leading to a more loyal member base, happy workers and long-lasting profitability. (ClubIntel 2020, 15.)

EuropeActive - the European Association for fitness and physical activity. At the very core of organisation's positioning it serves the European sector with the ambition to get more people, more active, more often. (About EuropeActive. N.d.)

Technogym is known all over the world as "The Wellness Company" - a company that has helped develop the concept of "fitness" into a complete Wellness lifestyle. Technogym's mission is to help people live better and we achieve this by providing the best possible fitness equipment, services, content and programs. (Who We Are. N.d.)

Les Mills is the global leader in group fitness and the creator of 20 group fitness programs. LES MILLS workouts are delivered by 140,000 certified instructors in 20,000 clubs across 100 countries. From member insights to marketing resources, member acquisition blueprints and onboarding strategies, Les Mills puts its partner facility on the path to long-term success. (LesMills 2019, 10.)

3.3 Data analysis

This subchapter was intended to provide a detailed description of the techniques and method of data analysis applied for the purpose of this study according to the secondary data collected through the Business Model Canvas building blocks.

The appropriate and most suitable data analysis technique chosen for this research was **content analysis**.

Content analysis is any qualitative data reduction that takes qualitative material and attempts to identify core consistencies and meanings (Patton 2002, 453). According to Saunders et al. (2009, 488-489), it helps to find and understand the emerging themes, patterns, and relationships from collected qualitative data.

Data analysis is a coiled and interactive analysis in which operations can take place at the same time or in parallel with each other, varying from the original plan. (Creswell 2007, 150)

Even if there is no structured data processing method, the data can be classified into three key categories of processes: summary of meanings, categorization of meanings and ordering of meanings using the narrative. (Saunders and colleagues 2009, 490-493)

In this research, the volume of the textual data collected was reduced, while key concepts and emerging themes were identified and then structured according to Business Model Canvas building blocks, which will be presented in the next chapter.

4 Results

The following chapter describes the main findings derived from the secondary data collected for this study, which are structured according to the Business Model Canvas framework. Each building block of the model is provided either with an overview, recommendations, or both, depending on the data available during the research process.

The general aim of the following chapter is to present, but not to give opinions on the findings. However, some reductions to the original text were made to structure the data according to emerging themes and avoid unnecessary repetition of information. In these cases, all sources of data are referenced accordingly. Within each block, the data might have been further categorized into subheadings when possible.

Key statistical data can be found in the Appendices section of the thesis.

4.1 Customer Segments

The Baby Boomers, once the most influential generation in human history, are now being replaced by Generation Y (Millennials) and Generation Z (Gen Z) around the world as the 21st Century rapidly enters its third decade of existence (ClubIntel 2020, 2).

Gen Z were born in the mid-1990s to 2010 and are today aged 8 to 24. Millennials, meanwhile, were born from the early 1980s to the mid-1990s and are now between the ages of 25 and 38. (Les Mills 2019, 2.)

Boomers will all have reached the age of 65 by 2030, and their impact on consumer buying behavior is decreasing, despite representing a greater percentage of the global population than they do today (9 percent in 2019 and increasing to 16 percent by 2050). By 2030, Millennials and Gen Z will account for over 80 percent of the global

population, and more than 80 percent of consumer sales will be driven by the same two generations. (ClubIntel 2020, 2.)

These generations have altered the game and rewritten the standard fitness rules. A very different approach to the generations preceding them includes Gen Z and Millennials. For fitness clubs, attracting and retaining these populations is both a big challenge and an opportunity. Finding the correct combination of people, facilities, and club design poses a dynamic puzzle that can bring major benefits to the bottom line of your club if solved. Clubs can forge long-term relationships with these canny customers and establish lucrative member-lifetime value only by approaching them by segment and by the target. (Les Mills 2019, 2.)

According to Phillip Morris, founder and executive director of Les Mills (ClubIntel 2020, 1), "There is a major risk identified here of losing our crucial 18-39-year old market. Whether this is driven by fear of infection or, as I suspect, more by financial insecurity, the way to retain them is to provide such value that they will prioritize us as they have during previous recessions. Having witnessed our industry's response to five past economic crises, I am sure we will again rise to the challenge."

Digital Engagement

Studies show that Gen Z and Millennials tend to participate at the forefront of technology with brands. These two generations are engaged in video-driven material online for more than five hours a day. In addition, these two generations, Millennials in particular, are finding a 24/7/365 partnership with their favorite brands. As a result, there must be a leading-edge digital strategy for operators seeking these younger millennial audiences. (ibid., 11.)

Digital engagement emerged during the closure as a key driver of engagement. If the club's demographic is under the age of 40, a diverse and savvy digital membership distribution mechanism that reaches the body, mind and soul would need to be available. (ibid., 6.)

Offerings

With 87 percent exercising three or more days a week, Gen Z is the most active membership group, and yet they still want more. The basis for developing a stronger relationship, which translates into an improved membership time, is to get members into the habit of visiting the gym more than twice a week. (Les Mills 2019, 8.)

New generations of gym users enjoy trying new things. In both gym-type events and workout classes, 80 percent of Gen Z and Millennials take part, reflecting their willingness to explore and fully use the variety of exercise styles that clubs have to offer. Via their favorite contact method and in-club messaging, keeping these members updated will help encourage their engagement and ensure that the club remains a daily touch-point in their busy digital lives. (ibid., 7.)

The combination of a formal gym and studio schedule will encourage a higher participation level and, therefore a better retention rate where these new members would engage in group events. The larger part of those doing fitness class activities is made up of Millennials and Gen Z, so the immersive workout possibilities are on clubs to meet this demand. (Les Mills 2019, 5.)

Gen Z members are more likely than any other generation to use small-group training, and their youngest members (6 to 12) are the most likely to use personal training. Older Millennials (25 to 34) are second only to young Gen Z participants when it comes to personal trainer participation. When targeting Gen Z, it seems like the safest way is likely to be a combination of personal and small group training activities. Since Gen Z participants are most likely to be involved with a nonprofit, ClubIntel agrees that the key to engaging them is to provide coordinated and structured activities in a group environment that includes coaching and encouragement. (ClubIntel 2020, 11.)

Arming itself with the aforementioned insights might help the clubs to perfect its new plan for members. This will not only demonstrate how to hone the marketing focus to reach the younger generations that make up the majority of new members but also help to create and sustain a bond with them to drive long-term retention benefits. (Les Mills 2019, 3.)

4.2 Value Propositions

Operators will have to resell their value proposition to approximately 30 percent of the participants, and in the case of Gen Z and Millennials, resell their value proposition to approximately half of those young member groups. This new sale would be different from that of pre-COVID-19 and will require the value proposition and messaging of the facility to be reshaped. It is important to tell a new, or at least revised story. (ClubIntel 2020, 6.)

Variety and creativity must be front and center for Millennials. Such people want to be motivated, be part of a group, and are not afraid to experiment. The popularity of boutiques among Millennials is self-explanatory. As a consequence, fitness operators aiming to harness the Millennial audience's dynamics must be prepared to deliver a range of services that they can plug and play, then alter at the spur of the moment. In addition, programming must be seen by operators as a stage creation and would need to be very tribal since both Millennials and Gen Z are seeking to be part of a peer tribe that is like-minded and enthusiastic. (ClubIntel 2020, 11.)

Another path for fitness clubs is to deliver live and on-demand content from trainers or third-party suppliers. Clubs that had this option up and ready to go had a distinct advantage in holding members in the fold when shutdowns started. (IHRSA 2020, 5.)

Inclusive Health and Wellness

Via inclusive health and wellness services, clubs will reach new members. Disability is something that directly or indirectly impacts nearly every single individual. Clubs

alone can not overcome all the obstacles to joining a club that anyone can face, but they have the power to create an inclusive industry in which high-quality involvement in sports and fitness can be accomplished by individuals of all abilities. This work is consistent with the WHO's goal of sustainable growth, which is to minimize physical inactivity by 15% by 2030. (IHRSA 2020, 9)

Positioning

The increased recognition and faith in the industry as a leading provider of long-term health is one of the trends found in the data research process. Health and wellbeing are becoming everyone's top priority, and clubs must continue to campaign for the physical and mental benefits of daily exercise. (ClubIntel 2020, 2.)

Clubs need to make healthy living synonymous with their brand. During the shut-down, general health knowledge was useful to individuals. Clubs that gave advice on staying safe at home on a daily basis had an advantage in sustaining member satisfaction. Members want reassurance that to look out for them, the club is out there. Gyms still provide relief from the loneliness of months of shelter-in-place policies and other constraints, though clubs do not provide the same close social environment as they do in normal times. Social distance is not social isolation, and people would be willing to follow their fitness goals with others in a like-minded way. (IHRSA 2020, 6.)

In other words, the social interactions that clubs may have are starting to take on greater significance. Clubs may fill this void and become the social glue of their societies with traditional social gathering places such as places of worship and bars that have less prevalence in modern society by giving members the opportunity to connect and socialize when working in groups. (2020 vision: 10 trends set to shake-up fitness in the year ahead. N.d.)

Wellness Services

The introduction of wellness services to the club will be another suggestion. Expanding the service proposal to include goods and services for a wellness audience will

open up a range of possibilities to keep members involved and loyal. Massage chairs, breathing instruction, and spa services all open the club up to the fitness community and a whole new audience of loyal members can be found. Needless to say, as prevention against COVID-19 and other disorders, it suits well with the current emphasis on improving optimal health and increasing immunity. (IHRSA 2020, 6.)

4.3 Channels

Technology should be embraced by the industry. The world is linked, and to maximize customer service, the push to attract inactive individuals into clubs will need to leverage the power of technology. Furthermore, the industry should, wherever possible, break down access barriers to fulfill the consumer's need for frictionless and easy access. (ClubIntel 2020, 7.)

Digital Content

Offering a digital experience during the closure is vital in maintaining a personal connection with members. During times of closure, but even when brick and mortar facilities open, ClubIntel believes it will continue to be important to promote members' interaction. Another claim is that since members used the supported digital content of a facility during closure intended to perform an exercise on their own or enter another facility, it would need fitness operators to be technologically creative in order to preserve a competitive edge when it comes to having members to visit and stay once they return. Digital content has opened the eyes of members to the many choices they have and as a result, operators need to look at digital in the future, not as a stop-gap during the closure, but as a crucial core element of their value proposition. (ClubIntel 2020, 7.)

Another move to be taken is to increase streaming and on-demand content and link it to in-club services. When it reopens, whatever virtual options the club depended on during the worst of the shutdown should be extended. And it may be vital to provide video training on-site when individuals return to the club. A dedicated location

with a computer and on-demand video workouts inside the club can be very enticing to members. (IHRSA 2020, 6.)

Mobile Applications

For fitness operators, ClubIntel foresees mobile applications to become an important business tool. Not only will it be a strategic and organizational necessity for fitness companies to have a mobile app, it will also be imperative that the app enables customers to communicate with management, book appointments, register for events, buy goods and services, securely manage their personal data and access SFVOD depending on the facility. For many providers, not having a mobile app in 2020 could spell the beginning of the end and be a death sentence for fitness companies that don't have a mobile app by 2025. (ClubIntel 2020, 15.)

The fitness club's advice would then be to get an app to make it intuitive and attractive. Via an app, Gen Z and Millennials aim to interact with brands. Consequently, it is important to provide an intuitive app that allows consumers to find information about the facility, register for whatever they want and ultimately buy whatever they want if a fitness company wishes to engage these two digital native generations. (ClubIntel 2020, 12.)

Social Media

Messaging apps and social platforms are the future of personal communication. Telephone calls and email will continue to be effective communication tools, but operators will need to be proficient in the use of texting over the next decade and, more importantly, fluent in the language of messaging apps and social media sites if they want to communicate with their customers. (ClubInte 2020, 13.)

Social media must become the hub of the strategy of communication. Gen Z and Millennials use social media to browse for products, receive brand feedback, share their interactions with brands, and brand themselves. Furthermore, Gen Z and Millennials

frequent numerous social media sites, so the club needs to consider which platforms are visited by its audience. (ClubIntel 2020, 12.)

When it comes to what Gen Z and Millennials support, textual content and even image content are old. Fitness operators who want to target these younger generations must, therefore change gears and use video content, particularly content that uses real people to tell their brand story. (ClubIntel 2020, 12.)

In addition, about 40% of Millennials say that their favorite social media influencer knows them better than their peers. In their respective markets, fitness operators either need to collaborate with the most successful social media influencers or follow Equinox's lead and help employees become celebrities and influencers. (ClubIntel 2020, 12-13.)

Setting up a central location with the most up-to-date information on the website is a great way to keep the members aware of the steps taken by the club and of the consequences this could have for them. Setting up a central location on the website will help to keep the members optimally updated, where the club can also make protocols, help guides, and download links accessible. (Technogym 2020, 21.)

Everybody will be able to advertise in masse as soon as the clubs reopen and there will be a real fight for the customer. Clubs should already start marketing activation campaigns to be one step ahead so that they are noticeable and can build visibility and generate the first leads. (ibid., 24.)

4.4 Customer Relationships

Millennials and Gen Z expect the brands they do business with to align with their personal values and beliefs and act in an ethical and responsible manner. The data shows that these demographics will terminate a relationship quickly if they perceive a brand has violated a promise, acted unethically, or have hidden information from them. (ClubIntel 2020, 10.)

Greater transparency and consistent communication with members to instill confidence in the industry is a must. It will be critical to communicate and emphasize the enhanced safety measures being taken during the reopening process. (ClubIntel 2020, 2.)

When shutdowns began, it became important to reach out to members. There was the benefit of those clubs that were quick, straightforward, and direct in their messaging. All knew that closures were out of the operators' hands. Communication is a two-way street, and in seeking ways to retain memberships, those clubs that listened to their members were typically in a better position. The members of each club were also severely impacted financially by the pandemic, so it is important to collaborate with them through regular contact. (IHRSA 2020, 4.)

Members are currently looking for a reason to come back to the facilities, but many fear catching the virus in enclosed spaces. Clubs need to bring clarification to the safety messages. Health clubs have done an outstanding job by developing a uniform set of protocols for sanitizing and social distancing to keep their members protected from COVID-19 exposure. It would yield impressive results by providing them with a solid, informative message that would put them at ease. (ibid., 4.)

As closure periods extend longer, ClubInter assumes that member delight during the closure will become a stronger return predictor than it is now and will compete with the predictive value of pre-Covid closure delight over time. During the closure, operators would need to start evaluating their members' emotional commitment using various metrics. Delight is only one of several strong emotional engagement steps. As the study has shown, all-powerful indicators of a member's propensity to return are the likelihood to remain, the likelihood to recommend, and level of delight. It is important to understand what these steps are then adopted techniques to push emotional interaction upwards during the closure. A hospitality-driven service approach similar to what leading restaurants and hotels offer would be a strategic advantage for survival and success as long as closures are longer or more frequent. (ClubIntel 2020, 7.)

The future after COVID-19 would require the community to be seen as both brick and mortar and virtual by operators. They know that if the club really cares for members, it'll find a way to make it convenient for them to continue their physical pursuits for those operators who lent members equipment, free or for a fee. Such recorded improvisations all relate to a compassionate approach to members 24/7. (ClubIntel 2020, 50.)

While clubs are in a financial crisis, so are club members. Many have lost jobs and income. It is important to be flexible and work with members on dues and fees to keep them loyal to the club. (IHRSA 2020, 7.)

Providing competitions, free training classes, and other promotions is another tried-and-true way to draw exposure to the brand. Many clubs that reopened gave existing members and prospects a number of familiar offers. It's beneficial for all parties involved to find the best incentives for the member demographic. (IHRSA 2020, 6.)

4.5 Revenue Streams

Digital Content

Many industry observers have expressed concerns that the conventional membership of the health club would be cannibalized by on-demand fitness services, but the figures do not support the claim. In recent years, as the digital fitness movement has gathered momentum, gym memberships and penetration rates have continued to rise steadily, with record numbers of club members seen in 2019. (2020 vision: 10 trends set to shake-up fitness in the year ahead. N.d.)

Evidence shows that digital fitness actually brings more individuals into the world of workouts, helping them conquer some of the key barriers that have kept them from signing up in the past: perceived expense, convenience, and lack of time. Clubs can expand the fitness market through smart use of technology, reach new markets, and eventually bring more individuals into clubs. (ibid.)

During the closure, digital content emerged as a vital value engine. The distribution of value to members via on-demand and streaming content (ODSC) was in the early adoption stage across the globe (less than 16 percent of global operators) before operators were asked to close. The data reveals that ODSC is provided for community exercise and/or training and coaching by over 60% of respondents. Operators have found that ODSC helps them to involve members when the club is closed, and it provides a way to raise income while not collecting dues for most of those offering ODSC. This technique is being practiced by a greater percentage of workout studios than fitness studios. (ClubIntel 2020, 46.)

Online Coaching

Another problem is that training sessions are organized by appointment at the same time and a small number of participants are allowed in. In addition, a target group would remain that chooses not to come into public spaces and needs to get help and advice from home. Online coaching is becoming a must. Clubs can create the same added value and guidance when they extend their deal with online coaching, home workouts and diet plans. (Techogym 2020, 23.)

Technogym (ibid.) offers the following steps to build an online coaching audience:

1. Start among the current members and your ambassadors.
2. Define a number of target groups and create feeding schedules based on them that are easy to personalize.
3. Think about the content of home workouts.
4. Link to your online community.

4.6 Key Resources

Employees

Like most small business owners worldwide, fitness operators find it incredibly difficult to provide their employees with adequate economic security during the closure. When it comes to providing up to two weeks of paid sick leave, only 37% of operators reported offering this to their employees. When it comes to extending continuing compensation at a portion of full salaries, about 36 percent said they were currently doing this but if closure goes longer, particularly if closures stretch to 90 days or longer, only one percent said they would be able to do this. The number of operators currently providing expanded healthcare coverage is 23%, and those offering special incentives or severance payments are below 20%. This picture is likely to worsen if closures last 60 to 90 days. Many operators who find a way to expand healthcare benefits and have some form of employee payments during the closure are likely to cultivate a stronger relationship with their employees. The effect is a more seamless opening and a faster onset of operation. (ClubIntel 2020, 47.)

The health and wellbeing of operational employees is as critical as other users and customers, especially as they can potentially spend long periods in the club (EuropeActive 2020, 6).

Clubs should never forget to be loyal to their employees. Serving them, being attentive to their needs, is always the first step in cultivating a community that will translate into strengthened relationships between participants. A club needs a complete team effort to retain customer satisfaction during times of crisis. (IHRSA 2020, 5.)

For the development of a club culture that generates a group atmosphere and appeals to members, onboarding and continuous employee training are necessary. An optimal way to engage individuals is to get them to the highest level of the educational experience. After all the experience of a club member is more likely than anything else to be related to a private encounter with a staff member, mentor, or instructor. (IHRSA 2020, 7.)

IHRSA (2020, 5) advises to often remind club members that for their mental and physical wellbeing, health clubs are important. Among other advantages, daily

physical activity is important for maintaining immune function and improving the respiratory system.

Fitness Equipment

In 2020, ClubIntel (2020, 11) expects the market for heritage exercise devices (e.g., variable resistance machines and some aerobic equipment) to begin to erode, followed by continued growth in demand for fitness accessories that can be used in group settings and that can satisfy customers in the club and at home using SFVOD.

Artificial Intelligence

Artificial Intelligence might make a big splash among fitness operators, in particular A.I. platforms offering predictive analytics related to membership sales and member engagement. It is believed that A.I. will develop as rapidly as operational A.I. for prescriptive and coaching purposes. By offering human-oriented services through A.I., clubs, and studios, particularly budget operators, we will seek to replace the cost of human capital. (ClubIntel 2020, 9.)

Finances

ClubIntel claims that while shunning the thoroughly modern practice of comprehensive leverage, operators who have set aside capital reserves are prepared to better deal with the damage of temporary closure. The chances are that another crisis could occur in the future, resulting in the temporary closure of companies. Having at least a 90-day reserve will allow a company to be prepared to tackle a crisis like the one we are having now at least over the short term. (ClubIntel 2020, 50.)

4.7 Key Activities

Key activities during the time of COVID-19 for most fitness clubs are related to handling the closures and implementing sanitation measures to prevent the spread of

the virus. This subchapter will provide key recommendations as well as present the Four-Pronged Framework developed by the IHRSA.

Key Recommendations

Clubs must be mindful of all public health authorities' local guidance, such as additional cleaning practices, the location of sanitary hand cleaning dispensers and physical distance measures to ensure that customers stay healthy and active, wearing masks, etc. (EuropeActive 2020, 2).

It is important that public health advice is available to all members, users, staff, and personnel of all relevant stakeholders (e.g. external group hires of areas of the facility/club). It is also recommended for each club/facility to appoint a COVID-19 liaison/official who is responsible for keeping the club and clients up-to-date on local, national, and WHO guidelines (ensuring that workplace and/or sports/fitness facilities meet any local/national regulations on this). (IHRSA 2020, 5.)

Both clients and employees should expect the club to be kept clean and hygienic for its use, and a continuous cleaning schedule set against risk-assessed criteria will be needed. A visual demonstration that there is a strong and effective cleaning system in place would help create faith and trust with users. (EuropeActive 2020, 6.)

Adequate preparation and instructions should be introduced for the workers, as well as coaching them to promote the organization's digital transformation (ibid., 2).

All present in the club/facility should be registered, including members, customers, staff and other visitors through existing new computerized systems which record all arrivals at the facility (IHRSA, 5).

IHRSA Four-Pronged Framework

International Health, Racquet & Sportsclub Association (IHRSA 2020, 1) provides a framework for managing risks associated with COVID-19 within exercise facilities. It

was created with reference to the World Health Organization (WHO), USA Centers for Disease Control and Prevention (CDC), John Hopkins Center for Health Security, as well as in consultations with club operators and Federations partners worldwide. The following provides a four-pronged framework to mitigate risk and allow health and fitness clubs to reopen, provide a safe and supportive place for physical activity, and pursue mental health and physical wellbeing. (ibid.)

1. Minimizing COVID-19 exposure by implementing appropriate screening measures.
2. Minimizing the risk of spread through mitigation measures.
3. Recognizing everyone's role in minimizing risk through education and encouraging all members and staff to take all actions possible to avoid spreading the virus.
4. Minimizing exposure risk by implementing enhanced, evidence-based cleaning, and sanitation practices.

4.8 Key Partnerships

Digital Intermediaries

More clubs partner with on-demand fitness suppliers, allowing them to own the fitness journeys of their members while meeting increasing customer demands for a slick digital fitness solution. Those who can cross the gap and deliver an integrated wellness experience between the digital and physical worlds would get the best of both worlds. (2020 vision: 10 trends set to shake-up fitness in the year ahead. N.d.)

The number of fitness operators who entered into an agreement to promote and sell their value proposition with a digital middleman averaged 11 percent globally in 2019. These numbers reflect a practice that is clearly in the early majority phase of acceptance, meaning that customers and operators alike are adopting this approach. In 2020, we expect fitness customers to continue to move towards digital intermediaries, especially users of fitness studios. Corporations will also continue to pursue

partnerships with digital wellness intermediaries in an attempt to maximize employee benefits, reduce healthcare costs, and cater to Generations Y and Z. (ClubIntel 2020, 13.)

Community

Becoming part of the community is another way of developing the business after the COVID-19. In order to provide services to assist their community during the crisis, many clubs have worked closely with their local municipal and health authorities. Alliances with schools, senior centers, charities, health organizations, and other local groups are recommended. Being part of the community will make it stick with the club. (IHRSA 2020, 5.)

4.9 Cost Structure

23% of customers report being members of facilities that charge \$10 or less a month, and another 17% report being members of a facility that charges between \$11 and \$25 a month. The number of members suggesting that they are long for one of these two budget gym sectors has risen by significantly more than 120 percent in just the past three years. (IHRSA 2019.)

If the club membership costs \$10 a month, then it is a budget club. More budget-oriented buyers would not be drawn in by selling several new packages at higher price points. New plans can get a percentage of members to upgrade, but with 50 percent of users failing to show up at \$10 a month, it is “asking the tiger to change its stripes” to get these clients to upgrade their plans to \$21.95 or \$49.95. Since that is their value proposition, customers prepared to pay \$29 or \$49 a month are more likely to seek out one of the leading mid-market operators. (ClubIntel 2020, 6.)

Volatile economic forces challenge the mid-priced club. While customer service is increasingly critical, price is still a big motivator for consumers. Trapped between boutique studios and luxury clubs that offer a high-touch specialized workout

experience and high volume, low price (HVLP) clubs that use a pricing model that many can not fit, will continue to feel the pressure from multipurpose facilities. (IHRSA 2020, 8.)

Franchising is also going to be a force for growth in the industry. One reason why franchising for health clubs is on the rise may be start-up struggles and a fast-changing marketplace. In the United States, fitness franchises generate an estimated \$4 billion of the industry's annual revenue of \$34 billion. This segment expanded at an annual rate of 5.2 percent between 2013 and 2018, a figure the industry is expected to sustain until 2023. (IHRSA 2019.)

5 Conclusion and Discussion

This chapter aims to illustrate the author's ability to synthesize what was contained in the theoretical framework, highlighting the most relevant aspects.

The main objective of this chapter is to demonstrate that adequate answers are given to the research questions, thereby demonstrating the accuracy and usefulness of the analysis. Since each study has limitations justified by the limits of the research situation, methodological problems, time available to examine the research problem, and limited resources, it is important to consider the limitations of the study to identify more possibilities for research.

Qualitative research was carried out as stated in the previous chapters, through content analysis of secondary data derived from research, papers and reports from world-renowned and trusted sources. Moreover, the collected data was split into smaller sections and grouped according to the building blocks of the Business Model Canvas.

5.1 Summary of the main findings

The purpose of this subchapter is to gather key insights from the Results and answer the research questions which were presented in the introductory part of the thesis. Findings presented under each block appeared among most of the datasets studied. Under each question, the answers are presented according to building blocks of Business Model Canvas to facilitate the comprehension of information by the reader. At the end of the section, Business Model Canvas was created based on the results of the research.

The first research question was: **“What are the global trends in the fitness industry after the COVID-19 pandemic?”**

Customer segments. Baby Boomers are now being replaced by Millennials and Generation Z. By 2030, they will account for over 80 percent of the global population, and more than 80 percent of consumer sales will be driven by the same two generations.

Value proposition. The key trend is that fitness clubs are associated with increased recognition and faith in the industry as a leading provider of long-term health.

Channels. Mobile applications will become an important business tool, whereas messaging apps and social platforms are the future of personal communication.

Customer relationships. Millennials and Gen Z expect the brands they do business with to align with their personal values and beliefs and act in an ethical and responsible manner. Another key insight was that member delight during the closure will become a stronger return predictor than it is now and will compete with the predictive value of pre-COVID-19 closure delight over time.

Revenue streams. Evidence from the research shows that digital fitness actually brings more individuals into the world of workouts, while online coaching is becoming a must for the future prosperity of fitness clubs.

Key resources. ClubIntel expects the market for heritage exercise devices to begin to erode, followed by continued growth in demand for fitness accessories. Another trend would be Artificial Intelligence platforms offering predictive analytics related to membership sales and member engagement.

Key partnerships. More clubs will partner with on-demand fitness suppliers, while fitness customers are expected to continue to move towards digital intermediaries. Corporations will also continue to pursue partnerships with digital wellness intermediaries in an attempt to maximize employee benefits, reduce healthcare costs, and cater to Generations Y and Z.

Cost structure. High volume, low price (HVLP) clubs will continue to feel the pressure from multipurpose facilities. On the other hand, franchising is going to be a force for growth in the industry.

The second research question was: **“What are the strategic changes fitness companies should implement?”**

Customer segments. Clubs can forge long-term relationships with canny customers and establish member-lifetime value only by approaching them by segment and by the target. As a result, there must be a leading-edge digital strategy for operators seeking these younger millennial audiences. When targeting Gen Z, it seems like the safest way is likely to be a combination of personal and small group training activities, as well as a combination of a formal gym and studio schedule to encourage a higher participation level.

Value proposition. Fitness operators aiming to harness the millennial audience's dynamics must be prepared to deliver live and on-demand content from trainers or third-party suppliers. Clubs must also continue to campaign for the physical and mental benefits of daily exercise to make healthy living synonymous with their brand. The introduction of wellness services to the club will be another suggestion.

Channels. Social media must become the hub of the strategy of communication. Another move to be taken is the increase of streaming and on-demand content and linking it to in-club services. Additionally, it would be beneficial for clubs to get an app to make it intuitive and attractive for Gen Z and Millennials to interact with brands.

Customer relationships. Greater transparency and consistent communication with members to instill confidence in the industry is required, which might as well result in clarification of the safety messages. A hospitality-driven service approach similar to what leading restaurants and hotels offer would be a strategic advantage for survival and success as long as closures are longer or more frequent. It is also important to be flexible and work with members on dues and fees to keep them loyal to the

club. Providing competitions, free training classes, and other promotions is another way to draw exposure to the brand.

Revenue streams. Operators have found that on-demand and streaming content (ODSC) helps them to involve members when the club is closed, and it provides a way to raise income while not collecting dues for most of those offering ODSC. In addition, clubs can create the same added value and guidance when they extend deal with online coaching, home workouts and diet plans (Technogym offers its steps for creation of online coaching product, which might be found in the Results chapter).

Key resources. Clubs should never forget to be loyal to their employees. Onboarding and continuous employee training are especially necessary. From the financial perspective, having a 90-day reserve will allow the club to be prepared to overcome a repetition of the crisis in the short term.

Key activities. Clubs must be mindful of all public health authorities' local guidance and have it available to all members. IHRSAs Four-Pronged Framework, which can be found in detail under the Results chapter, provides general guidelines for opening facilities after the COVID-19 pandemic.

Key partnerships. Becoming part of the local community is a suggested way of developing the business after the COVID-19.

The following Business Model Canvas was created based on the answers provided to the research questions. Topics related to the “trends” are colored yellow, while “strategic changes” are colored blue.

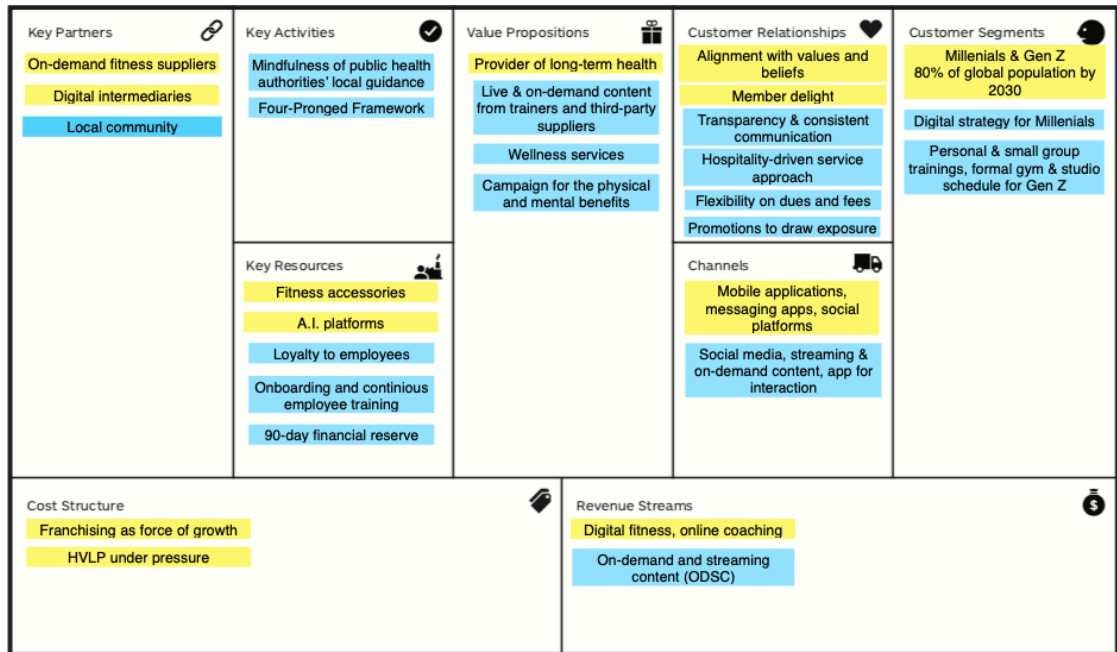


Figure 6. Business Model Canvas for Fitness Industry during COVID-19

5.2 Limitations of the research

The limitations section separately explains the limitations of answering all the research questions, as various procedures and implications were involved in the process of providing adequate answers to these questions. It is necessary for the researcher to be aware of the study's shortcomings that merit discussion and to be able to properly define, formulate, and proceed. (Creswell 2007; Miles, Huberman, & Saldaña 2014.)

Several limiting factors relevant to the research process were identified by the author. First of all, some reports were outdated (2019) due to the lack of access to the recent editions (2020). Data and research based on that data, even though it is considered applicable worldwide, also might not represent a specific market.

Second, the topic of the fitness industry during the times of COVID-19 contains multiple factors that are bound to change due to the global uncertainty. Different time periods may require different strategies from fitness clubs due to the changes in

COVID-19 related situations. Different countries' regulations may imply a different approach from the research paper to handling the COVID-19 impact.

Lack of time may also have a major effect on this study, as the subject and sector being studied are very dense and may require a longer time period to collect a greater amount of data and its changes throughout the time.

5.3 Verification of findings

Assessing the consistency of the study is an important aspect of research. Quantitative research is often judged by its measurability, generalizability, validity, and reliability. Study assessment criteria can depend on the researcher's own perception of the study.

According to Creswell and Plano (2018, 279), qualitative research standards should use an agreed inquiry methodology, concentrate on a particular phenomenon, emphasize comprehensive data collection, use validity techniques to confirm the account's accuracy, perform multiple data analysis levels, and write a convincing study that engages the reader.

The validity of analysis refers to how well an instrument tests what it is supposed to measure. Mason (2002) mentions that it is an indicator of how solid the research is and relates, in particular, to the design and methods of research. Validity is also used to prove that in the way you say they can, your ideas can be defined, observed, or calculated. (39.)

Reliability is the degree to which consistent results are generated by data collection techniques or analysis procedures (Saunders et al. 2009, 156). A source's reputation for assessing its reliability and trustworthiness and the appropriateness of data collection methods are a sign of secondary data reliability. Reliable data is more than likely to be generated by broad and well-known organizations, while problems of reliability can arise from improper use of data collection methods. (ibid., 274-276.)

For the present analysis, the restriction of access to data was limited. As for the secondary data, it was obtained by the researcher from globally renowned and trustworthy sources, e.g., IHRSA, ClubIntel, EuropeActive, LesMills, Technogym, etc. As the research issue is still very narrow, there was a small amount of scientific evidence available on the subject. It resulted in a theoretical framework consisting of numerous fitness industry reports, journals, and other related sources found online.

During the analysis, the data collection techniques were justified for their suitability, and the results and indications of the data sources were reliable at the time of collection. If the research with the same objectives had been conducted, the same results would be achieved with the same data and within the same time period. Due to the influence of COVID-19, the conclusions derived from the surveys conducted by the aforementioned sources might be altered mainly due to the problem of generalizability of the global uncertainty that has been so far only partly studied.

The choice of methodology and its implementation was carefully thought out and justified for this research's intent and aims, resulting in accurate and relevant results. As there might be the researcher bias during the data collection and analysis processes, the correct choice of the sources, research methods, and the relation between different sections of the study were required to ensure the internal validity of the findings that provide the research questions acceptable answers with as little error as possible.

5.4 Recommendations for future research

Despite the fact that this study did not concentrate on only one field, country, and section within the fitness industry, it is possible to conduct research variations. For example, focusing on questions such as "What is the best strategy after the COVID-19 pandemic for fitness studios in Russia to profit?" This report could be completely based on future studies, showing findings that could be repeated in the same sector and could also serve as a legacy of the study. In addition, the prediction of how the

actions of clients would change after the end of the pandemic could become a major research subject.

If any organizations perform the study later on, the subject may be more limited and selective as well as provide guidance to particular markets. Other data sources, e.g., interviews or webinars, may be used for such research to add new knowledge to the field.

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Appendices

Appendix 1. The 2019 IHSA Health Club Consumer Report (IHSA 2019)

- 52% those who have not returned to their gym since it reopened are having a harder time getting motivated to work out compared to 42% of those who have.
- 68% say they are prioritizing their health more
- 59% say they are eating healthier than they did previously
- 77% members say they have more time to exercise now
- 65% are spending more time focusing on their own health and fitness than before
- 68% of those who canceled their gym membership due to the pandemic report feeling more stressed now than they did at the start of the year versus 61% of current members
- 69% of gym members are confident in the protocols their gym is putting into practice
- 88% of those who have returned to their gym since it reopened are confident in the safety precautions their gym has taken versus 55% of those who have not
- Millennials and Gen Z now represent 38% of U.S. health/fitness club members, a percentage that will likely rise to over 50% in the next decade.
- In 2018 26% of Millennials were members of a fitness facility and 12% of Generation Z were also members of a health/fitness facility
- Millennials represented the largest segment of fitness facility members in 2018 at 33%, while the percentage of facility members identified as Gen Z was 11%
- Among Millennials, females comprise a larger percentage of the membership (55%) than males (45%). For Gen Z the mix of male to female skews slightly more male at 52% compared to female at 48%.
- When it comes to how often they visit a fitness facility, older Millennials (25 to 34) are the most active segment of Millennials and Gen Z, visiting an average of 101 times a year. Figure 7 shows the usage levels for the youngest and oldest segments of Millennials and Gen Z.
- Young Millennials (18 to 24) are the most likely to hold multiple memberships, with 34% belonging to two or more fitness facilities. Generation Z is the second most likely to be in possession of two or more memberships with approximately 29% belonging to multiple fitness facilities.
- Among Millennials the three most popular in-facility activities are running, yoga and HIIT. For the younger members of Gen Z (6 to 12), running, dance, step and other choreography, and walking are the three most popular pursuits. Among older members of Gen Z, running, walking and swimming are the top three activities they pursue in fitness facilities.
- Millennials are most likely to belong to a nonprofit (29% of generation) or a commercial fitness-only facility (28% of generation).

- Boutique fitness studios are the domain of Millennials. Just over 6% of Millennials report having a membership with a boutique fitness studio and 41% of the boutique fitness studio membership is comprised of Millennials.
- Members of Gen Z participate in small group training activities more than any other generation. The youngest members of Gen Z (6 to 12) participate in personal training more than any other generation.

Appendix 2. What Members Say Matters (ClubIntel 2020)

- 68% of consumers exercised outdoors (jogging, cycling, or walking).
- 59% exercised on their own at home
- 30% exercised at home using digital fitness content provided by their club and 24% exercised at home using digital content obtained from a third party (e.g., Daily Burn and Peloton).
- 41% of Millennials reported they used digital on-demand/live workouts offered by their facility, 39% said they participated in digital on-demand/live group exercise classes, and 39% said they participated in online hangouts and social activities sponsored by their facility. Among Gen Z those percentages were 26%, 29% and 37%.
- 65% of Members Indicate they are Very Likely or Fairly Likely to Return.
- While 65% indicate they are likely to return, 19% of members are sitting on the fence when it comes to returning, while 16% say they are unlikely or very unlikely to return.
- 34% of members indicated they would return within the first week, another 34% indicate they will return between one and four weeks after their facility reopens and 25% indicate they will not return until one to three months after reopening occurs.
- 42% of men reported being very likely to return compared to 33% of women.
- 74% of Boomers and those older say they were very likely/fairly likely to return compared to 59% of Gen Z and 61% of Millennials.
- 52% of members who visited their facility on average 12 times or more a week indicated they were very likely to return compared to only 37% of those who use their facility 8 to 12 times a month and 22% who use it four or fewer times a month
- 82% of those who reported they were very likely to remain a member pre-closure indicated they would be very likely to return at reopening, nearly 6x more predictive than if a member indicated they were fairly likely to remain a member pre-closure
- Members of fitness studios are less likely than members of health/fitness clubs to indicate they are fairly likely/very likely to return to their former facility (59% compared to 68% respectively) and more inclined to join another studio when things reopen (25% of studio members compared to 19% of health/fitness facility members).

Appendix 3. Dawning of a New Era (ClubIntel, 2020)

- 31% of members indicated they resigned during mandated gym closures. This percentage jumps to 50% for Gen Z and 45% for Millennials but drops to 12% for Boomers.
- Member cancellations were the highest (55%) during the first month and second highest (53%) for members whose facilities were closed at least three months.
- What members did during closure, as well as how they engaged with their facility during closure, is heavily influenced by **one's generation**. Millennials and Gen Z were the most likely to use the digital content provided by their facility or provided by a third party, especially digital workouts, digital events and digital social gatherings. Boomers, and to a slightly lesser degree Gen X, preferred to pursue physical activity on their own rather than click and connect.
- Member delight, especially among members who rated their experience during closure, has a favorable impact on the likelihood of return. While not as powerful a predictor of return as the level of delight pre-Covid 19, it remains a relatively influential driver of member return.
- Members who participated in digital fitness content (on-demand/streaming) delivered by their facility were more likely to indicate they were very likely to return at reopening compared to members who did not participate in facility sponsored digital content during closure. Interestingly, the members who engaged with facility sponsored digital content were also more likely than non-digital participants to say they were very likely to join another facility or pursue exercise on their own.