

# [Marketing analysis for a spa and fitness centre](https://assignbuster.com/marketing-analysis-for-a-spa-and-fitness-centre/)

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OJAS is spa and fitness centre that is concerned with physical health and also the mental well being of our customers. It believes in giving our customers a pleasant and an unforgettable experience by providing excellent customer service with a touch of Indian ambience and developing a strong brand value. At OJAS, our main intention is to combine spa and fitness facilities under one roof, to convert our fitness centre customers to spa customers and vice versa as both is related to health. We at OJAS, feel that ‘ pampering our clients’ leads to the health and well being of the greater society, therefore, we address the special health concerns of our clients with exercise, yoga and meditation.

The report analyses and provides detailed statements of our product, market analysis, strategies, staffing and financial projections of our OJAS Spa & Fitness Centre. OJAS intends to take the opportunity to utilise the growing market of health spa and fitness clubs in UK (Mintel). We propose to position well in the market in order to capitalise on the potential market. There is an increase trend in the rate of poor health and disease in the UK. The levels of obesity are forecasted to increase from 25% in 2006 to a third of the population by 2010. The World Health Organisation has anticipated approximately 2. 3 billion adults as overweight and 700 million to be obese by 2015. UK is one of the highly obese effected countries, even though they are not leading in the world. Mintel report suggests that it is only a matter of time, before obesity dominance in the UK matches those levels recorded in the United States (Mintel). OJAS is a health and fitness oriented company, providing excellent services to the people to improve the quality of their healthy life. Following is a summary of the company’s operations and its future projections.

## 2. Aim of OJAS

Our aim is to provide best quality of service to the customers by being socially responsible. The aim of our company is to set high standards in health maintenance practices

## 2. 1 Vision Statement

To become a successful and leading Spa & Fitness centre in Liverpool, by the third year by providing the best service, gaining customer satisfaction, loyalty and enthusiasm to remove stress and tension and help to re-energise people physically and mentally by giving the value for money.

## 2. 2 Mission Statement

Ojas believes in offering a world class spa and fitness experience through our professional staffs and authentic ambience with the best standards in knowledge and safety to create an excellent and refreshing experience. We offer variety of massages – traditional Indian Ayurvedic massages, Swedish massages, Hot Stone Massages, Body Treatments and Therapies. Our goal is to ensure comfort and satisfaction of our client’s and to boost business.

## 2. 3 Objectives

To be established as a one of the major spa and fitness destination by end of the first year

To publicize various health benefits that can be obtained from Indian Ayurvedic therapies and massages

To provide one of the best services in the industry by recruiting professional staff

To build our competence by ensuring financially strong and long term feasibility

To continually improve the knowledge base of the company and to employ best practices to have a cutting edge in the market

## 2. 4 Introduction to Our Company

Our company is situated in the heart of Liverpool city. At OJAS we specialise in providing INDIAN Ayurvedic massages and also provide other of Spa services and Fitness services to the 458, 000 inhabitants of the city. (Need to add address and little more about location)

Open Bank account         October 2010

Rent the building, get license         November 2010

Recruit staff         November 2010

Pre Launch Advertising         December 2010

Launch the Business       January 2011

Number of customers in first month         317

Number of customers in sixth month         2513

Achieve 15% ROCE         End of 2013

## 3. Product Description

Ayurveda is a holistic system of healing which evolved among the sages of ancient India for over 5000 years. This ancient health science helps us stay healthy by balancing the energies within us by connecting the power of our mind with the physical health of our body. Our individual dispositions require that we customize diet, massage and bodywork, yoga, self care and lifestyle routines to help us maximize life force.

While maximising the energy within, we also need to achieve a level of physical well-being to maintain our life balance. Our daily activities may cause imbalances in the physical body structures, in turn which may cause pain or anxiety. This may reduce one’s body fitness.

## 3. 1 OJAS – Maximise your Life Force

‘ Ojas’ means the energy within the human body – that which invigorates. Ojas (energy) connects people and living things and is present in every aspect of life, from our emotional well-being to the food we eat.  At OJAS Spa & Fitness Centre we believe to offer the two essential aspects for leading a healthy life.

Ayurvedic therapies help us maintain the natural balance of the energies within. It recognises that individuals are different from one another in all the aspects and reacts accordingly. Hence at the OJAS therapies, our therapists help determine your body type and recommend the appropriate massages. Also our professional trainers provide assistance to lose weight, gain muscle strength and tone and many other health and fitness goals.

## Services offered at OJAS Spa

Ayurvedic Massages

Kati Vasti (Lower Back)  Duration: 30minutes Price: £30. 00

Gandusa (Mouth) Duration: 30minutes Price: £30. 00

Shiroabhyanga (Neck Massage) Duration: 45 minutes Price: £40. 00

Netra Raksha (Eye Care) Duration: 30minutes Price: £50. 00

Shirodhara (Head Massage) Duration: 60 minutes Price: £50. 00

Padabhyanga (Foot Massage) Duration: 60 minutes Price: £50. 00

Choornaswedan (Bundle Massage) Duration: 55 minutes Price: £80. 00

Takradahara (Forehead) Duration: 55 minutes Price: £80. 00

Pizhichil (Back Massage) Duration: 75 minutes Price: 150. 00

Abhyanga (Full Body Massage) Duration: 55minutes Price: £180. 00

Chavutti Thirumal Duration: 120minutes Price: £200. 00

(Indian rope massage)

Other Massages

Swedish massage  Duration: 60minutes Price: £40. 00

Hot stone massage Duration: 60minutes Price: £60. 00

Nurturing (For Expectant Mothers) Duration: 85minutes Price: £220. 00

Packages for Spa Clients

Regular clients get 25% off on their next massage when they introduce a new customer to OJAS Spa.

## Services offered at OJAS Fitness Centre

Cardio Session (Student timing – 9am to 4pm)

Free Weights Session (Student timing – 9am to 4pm)

Aerobics (1hour session) Wednesday, Friday – 3 Sessions a day

Yoga (1hour session) Monday, Saturday – 3 Sessions a day

Meditation (1hour session) Tuesday, Sunday – 3 Sessions a day

Prices for Fitness Centre

Regular – £40. 00

Student – £25. 00

Occasional – £50. 00

Promotional Packages for Fitness Centre Members

Fitness centre members get a free trial massage, a yoga session, a meditation session, an aerobics session and also a personal training.

We give all the members 10 promotional guest coupons, with which one individual guest to fitness centre.

If an existing member of fitness centre introduces a new member they get another free massage session.

Members also can book a free appointment with the nutritionist and get advice.

We offer spacious basement car park for members.

## 4. Market Analysis

Purpose: In UK, the rate of obesity is more than doubled in last 25 years. In England approximately two-third of the population is overweight or obese and obesity is responsible for around 30, 000 deaths a year out of which premature deaths accounts for 9, 000. It is estimated that in UK by the year 2025, 40% of the population will be obese and by 2050 it is raising to 60%. Until 2007, 10% of the children were obese and 20-25% of them are overweight. According to NAO, in the year 2010 the projected expenses related to obesity problems will be £3. 6 billion. According to forecast, by the year 2050 the total costs towards obesity or overweight will be £50 billion. These reports suggest that, there is a great opportunity for Spa and fitness centres in UK.

Due to the recession in UK the levels of stress and anxiety has been increasing. Report by UK’s mental health foundation in the year 2009 suggests that there is an increase in number of people suffering from anxiety disorder. It also says that around 7 million people are suffering from anxiety problems. Spas can provide people with relaxation and healing therapies to reduce their stress and anxiety. This suggests that Spas can grow by providing preventive healthcare in the form of relaxation. According to Mintel 2009 despite of recession people never ignore their health and beauty.

According to ‘ The State of the UK Spa Report 2007’ there are 402 Spas in UK and approximately there are 6 million visitors annually to spas in UK mentioned in the research conducted by Leisure Data Base Company. The research also shows that the spa customers comprises of 76% women and 24% men.

In UK, spas with fitness clubs accounts for around 27% of people attracting 10, 900 customers a year on average. According to Berni Hawkins a leading Spa consultant, there is a great opportunity for Spa Hotels and Spas with fitness centres. He also says that companies who are investing in spas are likely to occupy biggest share in the market.

Methods:

## 4. 1 Market size and Trends

As per the Mintel report, the fitness market is valued to be about £2. 5 million during the year 2009 and the spa market is valued to be about £1. 5 billion. The spa market has seen a steady growth during the last five years of about 15% per annum and the fitness market has experienced a differentiated market. All these market values are based on the consumer expenditure and socio economic group AB and C1. The demographics of Liverpool show that the socio economic group AB and C1 are the major part the Liverpool population, also the target market lies with the age group of 25-65 years as they influence the society and also have a high spending power. The overall UK spa and fitness market has increased by 23% over the past five years.

As per the Mintel report, the sales are forecasted steadily for the next four years (Mintel 2009)

## Year

## Members

## (in 000)

## Average Revenue

## Per member

## £m 2009

## Prices

2007

5. 18

483

2662

2008

5. 24

481

2575

2009

5. 26

480

2525

2010

5. 27

481

2467

2011

5. 55

482

2529

2012

5. 87

482

2555

2013

6. 05

480

2577

2014

6. 31

480

2593

There is a growth of market value by 23% during 2004-2008; the small dip in the growth of market in value is due to the decline in the regular revenue which in turn is because of the value end of the scale as well as the discounts provided to overcome the recession effects.

There are about 8million people across UK, interested in going to a Spa and Fitness centre those who have never been to one before. Attracting these consumers could raise the health and fitness market by another £740 million pounds.

## 4. 2 Consumer Behaviour

According to an article in the Echo – Liverpool daily newspaper, nine out of ten adults are obese in Liverpool and also predicted that two thirds of the children would be overweight by mid century unless they change their food and exercise habits. In spite of recession, about 32 million adults still use the spa treatments despite the fact that it is not a need. As per Mintel, the recession has not affected the want of look and feel good, as the consumers who use either spa or fitness services regularly know the experience and benefits on their health and therefore feel the effect of being healthy in other areas of lives like their jobs (Mintel, 2009). On an average the consumer expenditure is about £3500 during the year 2009 (Key Note 2009). This trend could help the Spa and fitness market, even during the times of uncertainty, as health products and services have an opportunity to grow. There are about 40. 1% of social economic group A, 44. 7% from group B and 42. 9%from group C1 people go to spa and fitness centres. In Liverpool the major population is concentrated with these socio economic groups (Appendix).

## 4. 2 Competitors

## DIRECT COMPETITORS

## Service 1

## Service 2

## Service 3

## Service 4

## Service 5

DAVID LLOYDS

Outdoor and Indoor pool, Sauna and Steam room

Gym and Personal Training and Studio

Children Area and Nursery

Tennis, Badminton and Squash

Hair, Beauty Salon and Sun beds

TOTAL FITNESS

Swimming Pool

Gym and Personal Training and Studio

Sauna and Steam

Packages for Family, Kids and students

## –

ARK SPA & FITNESS

Swimming Pool

Gym and Personal Training

Spa (beauty treatments)

Studio

## –

LA FITNESS

Swimming pool

Gym

Sauna, Steam and Jacuzzi

Studio

Beauty treatments, Sun beds and tanning

FITNESS FIRST

Gym, Personal Training

Dance classes

## –

## –

## –

DW Fitness

Swimming Pool

Gym and 2 Spas

Studios and Yoga sessions

Lounge and Bar

Free car parking

## 4. 3 Direct Competitors – their Strategies & Segment

## Direct Competitors

## Strategies

## Segments

David Lloyds

New branded gym classes – JUKARI Fit to Flex, power plate and ViPR

Exclusive

End number of services under one roof

High cost and more facilities

A class

Sports oriented customers

All ages

Total Fitness

Not so high cost and more facilities

Exclusive offers

Exclusive packages

C and C1 class

All ages

Family

Couples

ARK Spa and Fitness

Latest and sophisticated equipments

Nutritionist

Beauty experts

Younger people

Students

LA Fitness

Alesha Dixon has started an exclusive dance programme

Lots of services for affordable price

B class people

Women as they have beauty treatments, sun beds and tanning

Fitness First

Title sponsor for the stadium of AFC Bournemouth

Introduced new ViPR machine to make work out easier and effective

Low price

Dancing classes

Other studio classes as well

C, C1, D and E class

Younger people

Men and women interested in dancing

DW Fitness

Branded under the name JJB sports

Wigan Athletic Football club stadium is branded as DW

Special offers for sports and corporate people

Sports person

Corporate people

Students

## Indirect Competitors:

Since Ojas provides therapies and health massages, we have few indirect competitors as well. They are:

Hunts Cross Physiotherapy: They have an experience of 25 years in this field. They do manipulation therapy, Acupuncture, Shoulder, back, neck, knee pain and sports injuries.

Crosby Physiotherapy: They are in the field of physiotherapy past 20 years and they provide variety of treatments compared to other clinics. Few of them are:

Back/neck and shoulder treatment

Electrotherapy modalities

Ergonomic assessment

Manipulation

Post-operative rehabilitation

Soft tissue massage

Taping and strapping

Stress relief

Hydrotherapy

Woolton and Victoria Physiotherapy: Established in 1990, they are one of the oldest and best physiotherapy clinics in the Liverpool. They are expert in Physiotherapy, Acupuncture and Chiropody and Podiatry.

## 5. Strategy Formulation

## 5. 1 Target market

The initial market for OJAS is Liverpool, United Kingdom. In Liverpool, 68. 1% of the population was comprised of people in the age group of 15 to 64 years. This is a key factor for Ojas as this age group is the main visitors of Spa and fitness centres. 52% of the population in Liverpool are female. This is a positive figure for spa as the major visitors are females.

According to Mintel, in UK fitness centres mostly attract people in the age group 25 to 34 years. The report also says that this age group and age group of 45 to 54 years is growing. This suggests that it is going to be profitable if targeted efficiently. Despite recession people do not intend to cut their expenses on being fit, because they consider being fit is much important when compared to any other leisure activities.

Mintel also projects that there is raise in the percentage of people in Liverpool in the age group 25-35 between 2009 and 2014. The growth rate in Liverpool is more, about 11. 4% according to the Liverpool NHS trust. It is a great advantage, as this is the core target group for fitness centres. The projection also suggests that retired people grow; Ojas can capture this group as well for growth opportunities.

For spa target market is mainly between age group 30 to 65 plus years. High class to upper middle class people are majorly in this age group. These people prefer lavish and exclusive services and they do not hesitate to pay extra money for such services. According to Leisure Database Company, 76% of the spa visitors are women and remaining 24% are men. Recession has not affected Spa visitors as people give importance to looking good and feeling good as well.

Product

At Ojas , all our fitness equipments are of latest technology and user friendly. We have trainers and instructors to help our customers to use these equipments. And at our Spa we are mainly concentrating on Indian Ayurvedic massages which is unique in Liverpool and no other Spas are providing. We also offer regular massages like Swedish and hot stone massages. Young working class people who are constantly subject to stress and strain will benefit from our Yoga, Meditation classes and massages which will act as much needed stress buster.

Place

According to Mintel, in spite of recession a convenient location will always be an advantage from well known brand. So we chose Bold Street as our location which is in the heart of the Liverpool. There are many well known small and large businesses are located in this street.

Promotions

Ojas has effective promotional strategy to build its brand value. The different promotional strategies are discussed below

Pre launch

During this period our focus is mainly on introduce our services to our customers.

Advertising

During pre launch campaign, we will implement aggressive advertising as we are new to the market and the sector. We want to advertise through local newspapers like Liverpool Echo, Daily. Advertising on train stations and coach terminals helps us to attract tourists and people who are new to the city. We also are planning to organise promotional events around the shopping malls and city centre. This will help us to create initial publicity we need.

Public relation

We need to create awareness among the people of Liverpool about the benefits of Ayurvrdic massages. By conducting seminars and talks will help us to make people understand about the Ayurvedic massages. We will organise exhibitions and seminars where our professional trainers and therapists demonstrates the services and it benefits offered by Ojas. This creates awareness and among our clients and gives them confidence to use of our services.

Post launch

Advertising

For maintenance campaign we will use most of the launching campaign strategies like advertising through newspapers, radio and bill boards. Here we will also include promoting through health magazines include Natural Health, Flex and Soul Sport.

Internet marketing

Internet marketing is one of the efficient ways of marketing because, it is an inexpensive way of passing the messge to our target audience. Ojas has its own website through which we can convey our message. We also use social networking websites to promote our company.

Pricing

We have set our prices at affordable levels. At our fitness centre we are offering discounts for students to attract more student crowd. We give value for the money spent by our clients. We provide excellent services for which our clients should not bother about spending extra buck. All our Yoga, Meditation and Aerobics classes are been priced very affordable

Pricing strategy

LOW HIGH

LOW

HIGH

Pricing strategy of a company is generally subjective to market base strategy. Ojas stands in between premium and penetration level that is high quality and mid range price. Ojas is not competing on price with its competitors; we chose to set our prices at affordable levels to our clients. We are using both penetration and skimming pricing strategy because, as we are new to the market and the sector, we chose not to set high price as we want to capture market share. We have competitive advantage over other premium range companies like David Llyods as they offer only regular massages and we offer Indian Ayurvedic massages which none of our competitors do.

PEST ANALYSIS

Political Factors

Ojas will be operating in United Kingdom. The United Kingdom government is responsible for health care which is done by the Parliament at West Minister. (LSE Health, 2008). The political influence on businesses functioning in UK is positive as UK is a very stable country. Ojas’s operation would be managed by policies that would support it with government rules and regulations. The products and services in the fitness centre and spa would be globally recognized as well as suggested by experts. Ojas will be fully registered with local associations.

Economic Factors

Due to recession in the UK, the unemployment rate is very high. This in return has reduced the buying power of people in UK. Ojas will be hiring the required staffs locally. The fitness centre trainers, receptionist, spa trainees, managerial and maintenance staffs will be hired locally. The professional staffs for the Spa will be hired from Kerala-South India Ayurvedic Association.

Social Factors

Since most of Ojas spa customers are going to be younger women and older people there is a chance to create a ‘ Niche’ in the market. These are the people who have the money and time to spend in certain luxuries like spa. The fitness centre is expecting customers of all age but more of younger working class men and women and students.

Technological Factors

Ojas cares for the health of the people and hence all the equipments from office to fitness centre and spa will be the latest and trendy ones available in the market. Some of these products are as follows:

Fitness centre Equipments – Tread Mills, Exercise Bikes , Cross Trainers, Steppers

Spa Equipments – Sauna machine, Steam rooms and Jacuzzi

LCD Televisions

Music Systems with good quality speakers

All the staffs hired will be educated with these latest technologies and they will have the ability to handle these equipments.

PORTER’S 5 FORCES

diagram of Porter’s 5 Forces

Threat Of New Entrants

The barrier to entry in the spa and fitness market is low and due to this there is a swift growth in this market. Since there is an opportunity for this market, new companies would want to invest their money in this market. Ojas is going to compete in this market by providing product differentiation, quality services and customer satisfaction.

Bargaining Power of Buyers

This market is not majorly differentiated as most of the spas and fitness centres provide almost the same services/products. Hence it is easy for the customers to switch from one company to another with minimum switching cost. Ojas is going to overcome this problem by launching a combo of spa and fitness centre and by providing variety of spa services which are not offered in other spas. This product differentiation will help Ojas dominate the market and attract existing customers in the market.

Bargaining Power of Suppliers

There are many suppliers for both spa and fitness products in the UK, but for Indian Ayurvedic Spa products, the suppliers are very limited as they have to be imported from India. Ojas intends to build up a jovial relationship with their suppliers and Indian government in order to reduce the cost and to get the product as we need it. The supply of these products will be outsourced to the Indian suppliers to reduce cost and better quality.

Threat of Substitutes

Major threats to the spa and fitness centres are do it at home products and equipments available in the market. The customers can use these products at home and can do it themselves. A sauna machine or a Jacuzzi bath are also available now in the market to set up at home. This could be a major threat and reduce customers. However Ojas intends to compete against this by providing health oriented therapies and massages which are available only at our company. For example Ojas provides variety of Ayurvedic Massages which is available only at our company and visiting nutritionist to help customers stay healthy. The Ojas Fitness Centre provides with a variety of equipments and personal trainers which most of the customers cannot afford to set up at home.

Rivalry Among Existing Competitors

This market is highly competitive with well known brand names such as David Lloyds, LA Fitness, Fitness First, Total Fitness and ARK Spa and Fitness. These companies are well recognized and trusted. Ojas intends to build up a brand name for itself by providing high quality health services and to position itself in specialised services such as combining the Indian Ayurvedic Spa and Fitness centre.

STAFFING AND RESOURCING :

Labour Supply:

The professional massage therapist for the Ojas Ayurvedic Spa will be recruited from Dhanwanthari Vidyasala – Kerala, India. This is one of the best schools which practise and train Ayurvedic massages in India. The trainees for massage therapist will be recruited locally from various Ayurvedic training schools in England such as HELEN NOAKES situated in London and AYURVEDA UK situated in Staffordshire. All these staffs will be graduated from the certified massage course of Ayurvedic Massage and Spa Academy.

The Ojas fitness centre employees will be hired locally. These are professional staffs who are graduated from the sports universities such as University of Liverpool, with a certified course completion degree. These staffs are hired through sports universities directly or training schools for fitness trainers such as Premier Training International. Ojas will also be placing an Ad in the Leisure Jobs website regarding vacancies for these posts. Staffs will be then hired through direct interviews.

Ojas will have a visiting nutritionist also who will be hired from the university such as University of Liverpool. The receptionists and maintenance staffs will be hired through Job Centre Plus.

Any two of the investors who are qualified will be appointed as managerial staffs, obviously to take care of the managerial issues. The Managing Director is going to take care of the administration, finance and the HR. The PR Manager is going to take care of the Marketing and Customer service.

Types of Staffs and their remuneration :

Type of Staff

Nos

Wage/hr

Professional Fitness Trainer

2

7. 49

Fitness Assistants

4

6. 00

Aerobics Trainer

1

6. 00

Yoga Trainer

1

6. 00

Professional Massage Therapist

2

9. 00

Massage Assistants

7

6. 00

Nutritionist

1

10. 00

Receptionist

4

6. 00

Maintenance Staffs

2

5. 80

Managerial Staff

Nos

Salary

Managing Director

1

35000

PR Manager

1

30000

Skills of Employees

Professionalism and Specialization

Meeting Responsibility

Customer Service excellence

Communication skills

Punctuality, Honesty and courtesy

Problem Solving

Positive Attitudes and Behaviours

Flexibility and adaptability

Friendliness

SUPPORT AND REWARD TO EMPLOYEES:

Ojas is considering on providing professional support and rewards to their employees as it’s a way of increasing productivity. This helps in improving the employees level of performance. When the employees skills need to be improved or in future if we need more employees, professional training can be used. The company will be providing English classes for staffs who needs help in improving their language skills. We will also give rewards to our staffs based on customer satisfaction in the form of employee of the month and a bonus. To motivate our Indian staffs we will be providing work permit and a two way air ticket once in 2 years.

Management Structure:

## PR MANAGER

## MANAGING DIRECTOR

## Agencies

## Team Leader

## Maintenance

## Nutritionist

## Trainers

## Receptionist

## Spa Staff

Managing Director: The MD of Ojas plays the role of an administration manager, finance manager and the HR manger. Hence he takes care of the finance of the company, staffing and resources and makes sure the business is running efficiently and smoothly.

PR Manager: The PR manager plays the role of marketing manager as well in Ojas and takes care of the marketing of Ojas and deals with the agencies. He also plays the role of PR and customer service.

SUPPLIERS:

Ojas has to import all the spa products such as herbal products and massage oils from India. These products are unique, good quality and pure. Ojas has contacts with a number of suppliers in India in order to get the best quality of products for the best price. Falcon Essential Oils in Bangalore, India will be supplying the essential oils and the other oils such as aroma oils, herbal oils and medic