

Brisbane health clubs environmental analysis report sample

[Business](#), [Marketing](#)



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Brisbane Health Clubs: environmental analysis

Threats of new entrants

In Brisbane city, both the supply and demand for health clubs has been on the rise. According to a report by Deloitte, there are almost two fitness professionals per 1, 000 people in NSW and QLD. This increase in the number of gyms and health clubs is because new entrants can easily enter the market. New competitors therefore pose a huge threat in the industry there are systems in place which give them an advantage over the economies of scale enjoyed by large and already established health clubs. For instance, the existing and established health clubs incur huge costs by purchasing more equipment to meet their needs. This cost has to be spread over many patrons; while small new entrants do not have to make such huge capital expenditures. They can simply lease their new equipments or purchase already used equipments for their operations.

Bargaining power of suppliers

With regards to suppliers, there is an existing huge competition.

Nonetheless, the health clubs only get to acquire the equipment once after a long time. Their capital investment lies mainly on the equipments. This therefore gives the health clubs more bargaining power compared to the suppliers. The suppliers cannot be in a position to negotiate prices for any long term profits. Furthermore, there are also several personal trainers with little bargaining power over the health clubs. However, it is meaningless if a health club beats up suppliers for discounts and then fails to attract clients to subscribe to the club.

Bargaining power of customers

Customers have a stronger bargaining power than the health clubs. The clubs need customers more than they need the clubs. The reason why customers have a strong bargaining power is because there are several substitutes for them. The industry has numerous competitors for the customers to choose and the products are also undifferentiated. This implies that customers can easily quit one club for another to get the same product. There are also substitute products and services available for the customers such organized sports, recreational facilities, and home gyms. Some customers may simply be comfortable without working out or doing exercises at all. The only possible bargaining power over customer is when the health clubs get the customers to sign contracts. These contracts will bind the customers for a specific period of time. However, most customers prefer to go month to month and sometime may fail to honor the terms of

the contracts. In such cases, the health clubs find themselves in a position where they cannot be able to sue the customers for failure to honor the contracts.

Threat of substitute

Threat for substitute products is very high. This is found in the forms of organized sports, recreational facilities, and home gyms. Some customers can also opt not to work out at all. Basically, customers can exercise from wherever they want. They do not have to go to a gym.

Rivalry among existing competitors

The facilities are many and increasing in numbers within Brisbane city. This has increased rivalry among competitors. At the same time the small and new competitors can offer the services at a reduced cost thus creating a variation of prices among the gyms. There are also stores that supply facilities for home gyms further increasing the existing competition in the market.

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