

# Fitness club industry and marketing analysis



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Zone Fitness established as partnership of three friends based in Huddersfield, making success over the past years. It offers different range of health and fitness facilities to only its membership holders, they have multiple fitness facilities ranging from individuals to a group. To give best service and facilities, they are working on customize programs for its individuals and group membership holders. Zone Fitness is charging according to age and time duration and emphasis on customer needs, as owners and founders try to talk to the customers about their views and suggestions. Zone fitness is going through some change regarding managerial and marketing. They are undertaking some marketing strategies regarding pricing, competitive advantage, Integrated marketing communication strategy and for marketing purpose Zone fitness is going for segment the market and its positioning strategy.

### **An overview of industry**

The UK brags that it is the second highest market penetration of private health and fitness clubs in the world, next to the US. Especially when the International Olympic Committee announced that UK has won the host of 2012 Olympic, health and fitness has become a national activity and a kind of life style. What's more, poor food choice, unhealthy diet and not doing enough exercise to burn off the calories consumed contribute directly to overweight and obesity, so people need gym. Nowadays, General professional gyms own advanced equipment, elegant environment professional coach and personalized services. But at the same time, the price is relatively high. Fitness gyms are running the fitness club to gain profit, therefore, the competition in Health and Fitness Marketing is intense.

While making any decision, every company needs analysis of internal and external factors which are key performance indicators. These factors influence an organization, as these include all the stakeholders, (Competitors suppliers, financial institutions). These internal and external factors drag opportunities for the business and are also associated with risks and threats (Jack 2007).

### **Internal Environment:**

Zone fitness is operating as a fitness and exercise centre where they cater all ages of people, they are providing multiple facilities to its customers, to accommodate all of their customers they have 15 staff members, all are very enthusiastic and hard working.

Zone Fitness is investing on their infrastructure to get high success growth results.

They are service provider so the material for them is their extra supportive and fitness activities, to achieve this they are going under some managerial and marketing change for the current business environment. They are based in Huddersfield covering area with hardworking staff members.

They are paying considerable time on the planning of the facilities, as the founders themselves get involved in the planning and try to ask the customers about their experience and suggestions, how they can improve their whole infrastructure.

They are working on new ideas and also developing their fitness centre according to market trends, they have multiple exercise machines which

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include: rowing machines; exercise bikes, weights, and some other facilities also, like steam room and sauna, tanning rooms, massage services, and Jacuzzis.

### **External Environment:**

Marketing strategies identify customers' needs, and its main objective is to see market trends and what are the challenges that company may face in future or in current scenario (Xardal, 2009). The market environment talks about Macro and Micro factors to influence the consumer market. As UK has won the host of 2012 Olympic, the UK is in the process of building up lots of venues. It can increase investment from the operation of sports industry, to a certain extent which promotes the development of the fitness industry.

- Economic:

In the recent years, the Health and

Fitness Industry has enjoyed significant expansion and become more accessible for people from all walks of life. Therefore, more gyms and health clubs are sprouting up across the UK. Even with the economic depression of UK and with people unemployed for last 2 years, the industry seems to be weathering the storm quite well.

- Socio-culture:

Health consciousness is a social factor that is sweeping across the world. Fat was considered beautiful before, but nowadays more and more people start paying attention to their figures and healthy diet. The change in their life style leads them riding a bicycle than driving a car. The population growth

rate is another social factor, so it can help strategic planning decide when and where to go.

- Technology:

With the development of science and technology, continuous innovation and development of fitness equipment industry, it builds up much bigger fitness industry. The application of treadmill, rowing machines, exercise bikes etc. creates more convenience for consumers.

## **Micro environment**

- Competitors:

Since there are many health and fitness clubs here like Fitness first, Total Fitness, Huddersfield sports centre, the marketing strategy and changes of marketing activity of competitors will directly influence the marketing of organisation. Many fitness clubs don't have innovative Concept and just follow or imitate other clubs' run mode blindly, that means the phenomenon of fitness clubs sameness will become serious. On the other hand, competitors can also be organisation itself. Comparing to before, organisation only keeps on making innovations and by surpassing itself , can improve the organisation..

- Suppliers:

For the analysis of suppliers, we focus on four aspects: equipment supplier, estate business, the gymnastics trainer and cleaning company.

- Distributors:

There are lots of well known international brands for fitness equipment, to choose the international or domestic well-known brand, it helps club image setting up.

- Consumers:

Customers are the most important actors in the microenvironment. The aim of the entire value delivery system is to serve target customers and create strong relationship with them (Kotler, P. 2010). Fitness club organisation should focus on what do consumers need and what is the change they need in the future. So they can take effective measures to meet their requirements.

- Marketing Segmentation

Marketing segmentation is widely used for targeting a smaller market and is useful for decision makers to reach all customers effectively with one basic (Misra 2009) marketing mix (LIU, H & ONG, C. 2008). The first step of selecting target market is to do market segmentation. Zone Fitness is segmenting the market into following and trying to make action plan according to that:

- Geographic Segmentation:

This fitness centre is located in Huddersfield, so it is capturing the customers of this town.

- Demographic segmentation:

People ranging from 3 to 60 years are mainly segmented. Consumers spending are going up with the new concepts of living and it is £10 to 12

million (expected) in 2010 (source: MINTEL, 2009) so people with average income are segmented.

- Socio-Cultural Segmentation:

**Gym lover:** This group person loves sports. Fitness industry segmentation has been traditionally targeted at males or females. Usually associated with basketball, males tend to find places to play, practice, or just hang out. Compared to the limit climate outside, they prefer the atmosphere better in health and fitness club. Besides, steam room and sauna, tanning rooms, massage services, and Jacuzzis will be a lovely choice for those beauties who love beauty.

**Families:** This is small but important market segmentation for the health club. Successful marketing to families really requires a two - pronged approach: first create an image in the consumer's mind that projects a family image; and second, properly advertise and sell each individual program to generate revenues.

**Students:** As this fitness centre is located in middle of town of Huddersfield, and university of Huddersfield is quite near to this place. All large number of students will use this fitness centre to groom their body shapes.

**Ladies:** the most important part of segmentation is middle aged ladies, as the working class ladies are more conscious about their figure and their health issues.

## **The Target Market:**

According to the market segmentation ladies are the target audience. Ladies from 25 to 40 are mainly target market of Zone fitness. Working class ladies are more health conscious and enjoy their exercise in health and fitness centre as they get relax in the environment. These facts show that there still can be growth in the target market. We can offer these ladies special packages after job and same as Christmas and Easter holidays by which ladies will get attracted more to Zone Fitness (Misra, 2009).

- Positioning Statement:

For the health and fitness conscious, Zone Fitness provides an:

“ excellent environment” to exercise and spend “ quality time”.

- Product:

Its main service is exercise and health & fitness packages to the target audience. This service will include some promotional plans too; seasonal packages, special events packages and late night offers.

For better facilities and quality service to customers it is also made sure that the environment and work out in fitness centre is ideal time for the membership holders.

For the better quality and services it will make sure that furniture & fixture of the centre will be improved.

Track suits and sports bags will be provided to the customers so that it will create a brand image, in addition this will also create awareness within the targeted market.

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Circulation and booklet saying, all the positive and improved health plan will also be provided to the customers, so that they will come to know what is their perfect shape.

- Price:

Membership and day service will depend upon the length of workout the customer wants.

Day work out in week days: 3 Per Hour (Peak Hours)\*

2. 50 Per Hour (Off Peak)\*

Day work out on weekends: 4 Per Hour

Membership 500 Whole Year

Membership 300 semi annually

Joining Fee 100 Per Person

Family (Includes 4 members)

\*Peak Hours: 7 -11 am, 5 – 8 pm

Price line is quite competitive and (targeted) customers and members of the Zone Fitness will afford this surely.

- Promotion:

Followings are the most important aspects of positing strategy.

Awareness of brand and ZONE Fitness will be more prominent campaign for this.

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To increase sales figure.

On regular basis circulations and pamphlets within Huddersfield Town centre and in the areas of HD1, and HD2.

For promotional activities, track suites, sports bags, towels are enriched with the name of Zone Fitness.

Adding more to promotion, face book page will be maintained for the customer awareness. This will definitely influence the target audience.

Internet marketing is always best for the target audience, a number of ladies use internet in their daily routine (Alexander, 1997).

Later on, value added services will be offered to the loyal members, so they can enjoy the facilities and spend quality time.

Seasonal and occasional offers will be main aspects of promotional packages.

- Place:

Zone Fitness will come up as good as the other fitness centers are in town by its value added products, it will increase number of customers and allow Zone fitness to increase its sales. Web presence, (Strauss, D. (2008) these days is elementary role in the marketing and expansion of any business. Web presence always makes business more authentic and customers are loyal with the organization.

## **Integrated Marketing Communication Strategy:**

Michael et, al. (2008), Integrated marketing communication strategy aims on the strategic coordination, that delivers the message of the organization to its audience through media and it gives a collective influence on the targeted market.

Zone fitness is making its Integrated Marketing communication strategy by following steps.

### **Objectives of IMC Strategy – Considers the 3 C's:**

**Communicate:** The first objective is to communicate the target audience in an effective manner. Advertising and proportion (Positioning Strategy) are the parts of effective communicational tools. Zone Fitness is communicating with its customers with the circulations and pamphlets.

**Compete:** Zone Fitness has second objective to compete in the market effectively and consistently, competitors may have the same services as the Fitness Zone has but, value added services will make it stand to handle rivalry.

**Convince:** The final Objective of Zone fitness is to make sure that all the target market is listening to their campaign and responding to it and persuade them to be a part of Zone Fitness.

### **Components of Integrated Marketing communication:**

Zone Fitness is trying to emerge all the integrated strategies to fulfill the objectives of promotional campaign. There are some important elements of IMC strategy which can be defined through a diagram and the linking table.

## Promotional Element

- Advertising

Strengths: Capture large segment, efficient

Weaknesses: High Cost, not quick response.

- Public Relations

Strengths: Direct influence to customer

Weaknesses: Access to media is difficult

- Personal Selling

Strengths: Convenient, persuasive and quick

Weaknesses: Alteration in message by salesperson

- Sales Promotion

Strengths: Flexible, effective to communicate

Weaknesses: Easy replicable

## Communication Message:

While spreading the communication message, Zone fitness will consider the competitive edge, it has on the rivalry. Zone Fitness is offering value added services, which other fitness centers are not providing. Communication message will be “ Spend quality time while working out on your shape!”

- Communication – Organizational Identity:

Structural and reengineering will not be modified but the new shape of Zone fitness will be maintained.

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## **Communication – Product Mix:**

- Product:

Zone fitness is offering quality service to its target audience, but the new equipped training and work out machines will be offered to that target market so that is the core Product (Service).

- Price:

As mentioned in the Positioning strategy that price will be charged according to the peak and off peak hours, with segregation of week days and weekends, and the membership holders also divided on the basis of annually and by annually, with individual and family registration. All these prices and subscription fee are competitive with the market. These rates and fee will be communicated through the circulations and pamphlets.

- Promotion:

Zone fitness will do the promotional activities on the value added facilities to the target audience that will help it in competitive strategy.

- Promotion:

The communication will be done within the HD1 and HD2, main distribution areas of circulations and pamphlets will be train station (George Square), main Bus station, and the town centre itself.

- Communication through Promotion mix:

Integrated Marketing Communication finds issues in promotional goals and objectives. Here they need to focus on the supply chain, whether to go for Pull or Push Strategy. Here Zone fitness is going for Pull strategy as it needs

to the promotional campaign to force the final consumer towards the final product (service) that is fitness and exercise. In the Pull Strategy Zone fitness is stimulating the customer to become part of their supply chain to run the product (Service) they are investing on the advertising campaign on the websites, on the header and footer banners, face book site advertisements are also into the consideration. Sponsorships are another strategy to be followed, in the local area fitness and health seminar will be sponsored by the Zone fitness. By taking part in social networks, like Face Book, LinkedIn, Twitter, My Space, Hi5 are some of famous networks among the targeted market.

### **Budgeting:**

In the sensitive part of budgeting it will be closely under observation that major share of budgeted figure will be spent on promotional objectives, then on advertising in the local schools,

university, and organizations through circulations, some budget will be spent on publicity in the local area through sales persons, and in the sponsorship of local events in Huddersfield.

- Budgeting Evaluation:

At the end of the promotional activities it is mandatory to evaluate the budgeting and its effects on the business and sales figures of the company. This stage mainly comprises of financial and business analysis. The main task or question of evaluation will be “ has the message been conveyed to the targeted audience?”. This question will communicate the responses, either IMC strategy met or not.

- Pricing Strategies:

William et al. (2008) states that pricing strategies are made for meeting the pricing objectives. These strategies enable the business to resolve the issue and criticalities relative to product pricing.

Zone Fitness will be making choice of pricing strategies from the following different strategies. This pricing strategy allows Zone Fitness to meet the pricing objectives, to survive in the market, and also to achieve financial gains.

Figure 3 – Pricing Strategies – William et, al. (2008)

By keeping in view the different pricing strategies, Zone Fitness will be doing Psychological Pricing, where bundle pricing strategies will be followed. In the Bundle Pricing Zone fitness will offer to members not only exercise and fitness activities but also other passes and coupons for different fitness seminars in Huddersfield events. Another Pricing Strategy will be followed that is Special event Prices, on Christmas and Easter occasion Zone Fitness will allow its daily customers to prescribe the membership on low rates.

- Competitive Advantage Strategy:

For the competitive advantage, companies follow value chain, where it can define its suppliers, main operations, distributors, marketing and sales activities and its main customer services. These are some activities (Primary & Support) one organization can take competitive edge on other organizations. These activities are also called core competencies and the

organization achieves its expected financial gains through Unique Selling Proposition (USP) Porter, (1985).

- Value Chain Analysis

By using the value chain, Zone fitness will develop the competitive prices with market and its value chain will help Zone fitness to develop cost-Leadership and differentiation strategies. To gain the competitive edge Zone fitness needs to analyze its primary and support activities, where it can make its distinctive position. By keeping the view, the resources and its core competencies with effective capabilities it will create a low cost leadership and differentiation strategies that will lead Zone fitness to competitive advantage. To take more than one competitive edge Zone fitness needs to revive its value creation from up-stream to down-stream channel stakeholders.

It is to be noted that Zone Fitness will achieve this advantage through low cost and services to its customers.

### **Conclusion:**

By reviewing all the strategies this marketing reports concludes that Zone Fitness has potential to go for growth and success. Internal & external marketing analysis shows that present situation is suitable for Zone Fitness to go for new marketing trends and strategies and future prospect is also bright. By flowing some models and techniques Zone fitness can actually make improvements in the marketing department.