

Npd – home gym

[Art & Culture](#), [Music](#)



Design, Implement, Represent and Manage a Research Project for a new Product or Brand of our choice. Forecast Demand for the same. -by Ashish Datta – 8 Ameya Gondhalekar – 14 Arshad Khan – 22 Bhushan Danani – 7 Manish Tripathi – Vinod Wiyypu – 60 Project Guide : Prof. Clyde Luis [pic]

New Product Development Taking into consideration , the fact that BodyZone Gym was already famous for its services in Mumbai, we decided that we decided to expand in the field of Health and Fitness itself. Hence, started the brainstorming for developing a new product.

Idea Generation: In order to come up with various ideas we ran informal sessions with groups of fitness enthusiasts and obese clients and asked them about the problems they were facing which made it difficult for them to follow a fitness programme . The various obstacles in the order of their frequency of appearance in the discussions were:

- I don't get time to go to the gym, I would rather workout at home
- I cant afford to pay the fees
- My profession doesn't allow me to go to the gym regularly
- I feel embarrassed to go to the gym I get no personalized attention at the gym
- I don't get a personalized plan that suits my requirements
- Even if I workout regularly, my diet goes for a toss
- I find working out with machines complicated
- The music at the gym doesn't make my workout fun
- I want to workout in a non air-conditioned room

Based on the above findings we decided to come up with a product that's solves the above problems for a fitness enthusiast. To provide innovative solutions we came up with the following ideas: A.

Providing resistance bands as a means of exercising at home and an instructional DVD along with it B. Providing a personal trainer at home , who could work with a client 3 times a week and create a personalized plan for

him or her. C. Providing the clients with an exercise DVD with an exercise schedule which they can follow independently D. Having a gym which is open 24 hours a day, seven days a week Idea A , though a good idea, however it did not cover the vast spectrum of clients in need of a fitness programme. It catered only to clients with a low budget or who were constantly on the move (example: Flight attendants, Pilots, Sales Professionals etc.

) So Idea A was eliminated because it was not compatible with the company's objective of providing a fitness solution to a vast spectrum of clients. Idea B catered to the other end of customers who were ready to spend and are hardly ever on the move. For them , a personal trainer is an ideal option, however if this idea were to be taken up , we would again fail to provide our services to a large number of clients.

Idea C had problems similar to those of Idea A. Idea D was not feasible as , even if we did get the permission and license to keep the gym open 24 x 7, it would result in a wastage of a lot of resources to keep a few clients happy. Also, only the clients interested in going to the gym would use the gym at night.

This wouldn't solve the most frequently appearing problem of " I don't get time to go to the gym, I would rather workout at home. " However, a product which catered to the entire spectrum of clients , embarrassed, lazy, affluent, frugal, clients on the move, diet conscious etc. was conceived. The Holistic Health Home gym! The Holistic Health Home gym was a combination of equipments and services designed individually for each client according to

their own needs. Thus it was a Home ...Gym. Home + Gym = Convenience + Fitness.

This idea was rated using the weighted index method as follows: | Product Success | Relative Weight | Product Score | Product Rating | | Requirements | (a) |(b) |(c = a x b) | | Unique or Superior Product | 0. | 0. 8 | 0. 24 | | Good Returns on Investment | 0. 2 | 0. 5 | 0. 10 | | Lack of Strong Competition | 0. 1 | 0.

4 | 0. 04 | | Presence of need | 0. 25 | 0.

8 | 0. 2 | | Development Cost | 0. 5 | 0. 7 | 0. 105 | | Total | 1.

00 | | 0. 685 | Rating Scale: 0. 00-0. 30 Poor 0.

31-0. 60 Fair 0. 61-0. 80 good Minimum acceptance rate: 0.

61 Concept Development and Testing: Concept development is very important because consumers don't buy product ideas they buy product concepts. Before developing the concept, there are some important questions that need to be answered. 1) Who'll use the product?) What primary benefits can the product provide? 3) What's the range of money that people are willing to spend on the product? The answers to these can be as follows: 1) People of both the sexes, from the age group of 18-60.

The product is simple to use and will be aptly demonstrated before the sale happens. The main target is the class of people who are working professionals as they have to juggle a lot between different roles in life. Most of them are seriously short on time and fitness is the first thing that is

sacrificed to make up for lost time.) This product will help the user increase or maintain fitness levels even though he/she might not have the two of the most important resources in adequate amount i. e. time and money.

The product package will make it possible for the user to have workout sessions right in the comfort of his/her home through simple exercise routines. 3) Through a survey that we've done people are willing to spend anything upto 1000 INR a year to remain fit so the product needs to be flexible enough to accommodate the people in all classes with different paying capacities. The combined answer to this is a package which is custom designed for the people depending on their age, sex, body type, fitness levels, motivation levels, time available, etc. Would help them understand the concept through PERCEPTUAL MAPS. Expensive | Gyms | Fraudulent Fitness products | | Smaller Gyms | Crash Diets, | | | | HOLISTIC HEALTH | Diet pills. Reliable Inexpensive Concept Testing: In concept testing the product concept is presented symbolically or physically to target customers and getting their reaction.

The concept that will present in front of them is “ Our product is a complete fitness package which is custom designed for you by our experts after a thorough analysis of your current fitness levels. The product will cater to all your health and fitness needs right in the comfort of your home or wherever you want. Material will be chosen for you as per your paying preference and fitness goals. The participating consumers will be made to respond to 1) Communication and believability: Are the benefits clear and believable to you? 2) Need level: Do you see this product solving a problem or fulfilling a

need for you? Stronger the need, higher the expected customer interest. 3)

Gap Level: Do other products currently meet this need and satisfy your need? Greater the gap, higher the interest.

4) Perceived Value: Is the price reasonable in relation to the value? Higher the value, Higher the interest.) Purchase intention: Would you (Definitely,

probably, Probably not, Definitely not) buy the product? The people who

answered yes to the 1st three questions will say definitely here. Marketing

Strategy Development: The goal is to prepare a cost effective and affordable marketing strategy. A 3 part marketing property is used for our product: 1)

Target market's size, structure and behavior, The planned product

positioning and the sales market share and profit goals in the initial years.

The target markets size will be people aged 18-40 as the marketing effort will be mainly focused on these working professionals.

The market is practically untapped for this product hence market share is not

a problem with us. The initial investment in year 1 will be lakhs which will be

spread across sales promotion, salaries for extra trainers, logistics, rent for

the warehouse and miscellaneous expenses. With a target of 20 sales from

our 15 branches each month @ 1500 per unit sold, the revenue will stand at

54, 00, 000 INR. Year 1 will result in loss of 16 lakh rupees. With an increase

of sales to 25 and average sale of 1800 due to increased awareness and

aggressive marketing, the revenue in year2 will be 81, 00, 000 INR and will

result in a profit of 11 lakh INR. The venture is estimated to be profitable

from year 2 onwards. There will be a slightly higher expenditure on market

research in the initial years to alter the marketing strategy as per the

findings of the marketing research, 2) The second part outlines the planned price, distribution strategy and marketing budget for the 1st year.

The range of the product starts from 200INR and goes upto 1, 00, 000+ INR. The current pricing with a 20% profit margin is as follows. a) Consultation fees : 200 Rs b) Resistance bands: 400 Rs c) Dumbbells: 30 Rs/Kg d) Ab machine : 2000 Rs e) Manual Treadmill : 4000 Rs f) Motorised Treadmill: 7000 Rs g) Treadmill (manual) with Elliptical : 12000 Rs h) Exercise cycle : 3000 Rs i) Full Blown Home Gym: 1) 6 station : 90, 000 Rs 2) 9 Station : 120, 000 Rs 3) 12 station : 150, 000 Rs 4) 16 station: 210, 000 Rs Also During the initial 2 months after the launch the consultaion fee will be waived off. The product will be distributed only through the branches of the gym for the first year and depending on the response additional investment will be made.

The marketing budget will be 10 lac INR for the 1st year and will be boosted by 20% in the 2nd year to 12 lac INR, the budget for the 3rd and 4th year will be 15 lac and 18 lac respectively.. The advertising will be done as follows, 50% in print (newspapers, corporate inhouse news papers, fitness magazines, BEST buses,) 20% in TV 30% on FM radio. 3) The 3rd part deals with long run strategy: The objective in the long run is to be the undisputed market leader with maximum market share.

The total revenue after 4 yrs is projected at 2, 07, 90, 000 INR with a net margin of 41, 58, 000 INR. • Increase revenue by coming up with exclusive stores which will store the products. • Open franchisees so that consumers can have easy access.

- Create a separate entity of Holistic health from Body Zone. Below mentioned is a table which lists out the estimated expenses over the next 4 years. All Figures are in INR.

Area of Expense	Year1	Year2	Year3	Year4
Promotions	10,00,000	12,00,000	15,00,000	18,00,000
Logistics	4,00,000	2,00,000		
Salaries	2,00,000	3,00,000	3,00,000	4,00,000
Rent	24,000	24,000	30,000	60,000
Miscellaneous	50000	50,000	50,000	50,000
Expenses year 1 -4	16,74,000	15,74,000	20,80,000	23,10,000

Also let's look at an estimate of the Revenue targets Estimation over the next 4 years.

Units-a	Branches- b	Months- c	Average Amount	Revenue (axbxc)
15	12	2200	79,20,000	25 15 12 2600 1,17,00,000
12	2900	1,56,60,000	35 15 12 3300 2,07,90,000	

As mentioned earlier the profit margin is going to be 20% because of purchase agreements with the suppliers. The net profit can be estimated as follows over the 4 years.

Revenue	Margin	Net Revenue	Profit (Expenses-Net revenue)
79,20,000	20%	15,84,000	-90,000
1,17,00,000	20%	23,40,000	7,66,000
2,07,90,000	20%	41,58,000	18,48,000

The maximum loss in this venture is the total investment for the 1st two years i. e. 32 lac INR. Market ResearchMarket research is the process of systematic gathering, recording and analyzing of data about customers, competitors and the market.

Market research can help create a business plan, launch a new product or service, fine tune existing products and services, expand into new markets etc. It can be used to determine which portion of the population will

purchase the product/service, based on variables like age, gender, location and income level

Research Objectives

1. Is there a need for such a product?
2. Whether people are interested in buying the product?
- 3.

Analyze market competition. Research Plan

The research starts by working on secondary data. The secondary data consists of the databases that are maintained by the various branches of the gym. Customer information & behavior is extracted, analyzed and stored in an organized manner. This helps to reduce the costs associated with collecting primary data. Primary data is collected via observational research and survey research.

Keeping in view the research objectives a questionnaire was prepared. It mostly consists of close-end questions. Our motive was to extract information from the customer, understand his needs, opinions, and in the process make him aware of our product.

By interviewing people belonging to different age groups we could categorize the products to suit their specific needs. For example most of the people in the age group of 18-25 were interested in building a 6 pack whereas people in the age group of 26-30 were more interested in cardio.

Contact Methods:

The contact methods used for the survey were telephone interview and personal interview.

Contact via e-mail was avoided since we needed to personally interact with the subjects and understand their needs, opinions and views on the concept and product.

- Sample Size 180
- Age Group 18-40
- Income > 1.5lks

Name: Gender: Age: Contact:

1. Are you satisfied with your current fitness level? o

Yes o No 2. Would you like your fitness level to be put to test? o Yes o No 3.

Do you suffer from any cardiovascular disease? If yes please mention.

_____ 4.

Have you visited a Gym before? o Yes o No 5. Have you exercised before with weights or machines? o Yes o No 6. How committed would you be to a

fitness program? o Very o Moderate o Unsure 7. Do you think you can stick to a fitness program without a personal trainer? o Yes o No 8. Is it possible

for you to workout at home for 30-45 minutes, thrice a week? o Yes o No 9.

Rate the following (1-4) Personal Trainer Equipment Nutrition

Counseling General Counseling 1 _____ 2 _____ 3 _____

4 _____ 10. Do you have a place at home to conveniently keep and access plates/weights (min 2x2 ft.

) o Yes o No 11. How much are you willing to spend on your fitness goals? o

0-1k o 1-5k o 5-10k o 10k + 12. Would you be interested in a product that

will allow you to work out at home? o Definitely Yes o Probably Yes o

Probably Yes o Probably No Thank you for your patience. Major Findings •

Around 25 % members of any gym do not turn up. (New Globus Gym). •

Around 35% members of any gym are not regular. (New Globus Gym). • Most

people cite work pressure/ lack of time as the main reason for not going to the gym.

- Some people do not have the motivation to go to the gym. 132 out of 180 are not happy with their current fitness levels. Most of them are over-weight and many suffer from hypertension, diabetes or high cholesterol levels. • 84 out 180 of the people have visited a gym • 117 out of 180 are willing to

spend anywhere between 1k-5k on their fitness Causes of death in India: At some point in life 80% of people accost, any one or worse a variety of health problems, Topping the list is the most common one-obesity, which more often than not leads to high blood pressure, diabetes, back ache, arthritis, and most dreaded heart disorders. 1) Over all non-communicable diseases are the leading causes of death in the country, constituting 42% of all deaths.)The urban areas have a lower number of deaths from communicable, maternal, prenatal and nutritional conditions but a higher proportion from non-communicable diseases (56%).

3) Overall, the leading cause of death is cardiovascular disease (19%), followed by respiratory diseases (namely chronic obstructive pulmonary disease or COPD, asthma, other respiratory diseases. 4) Cardiovascular disease is the leading cause of death in all the regions of India In the age group 25-69, the mortality rate rises sharply. Respiratory diseases also account for a substantial proportion of deaths in the city. Market

Competition: Market Size in 1999: Rs 100cr Market Siz0e in 2009: Rs

2900crThe pressure to look good has been felt by everybody -which led to the boom in the fitness industry and especially in gyms.

There has also been an overall rise in awareness levels regarding leading healthier and fitter lifestyles. In some ways, this is a reaction to the way things are. The declining physical activities - thanks to modern amenities - and the increase of junk food made people more prone to obesity which raised the need to work out at gyms. While youngsters want to look and feel confident, seniors want to keep fit and healthy. All these factors combined

with the large and growing disposable incomes have led to cash registers ringing at gyms across the country. Working out at gyms has also become more affordable in some cases – many gyms offer annual family and couple packages starting from as low as Rs 9, 000 a year.

While there are no exact figures, the overall fitness industry in India is estimated at around Rs 2, 900cr, which includes, gyms, home fitness and the fitness products business (gym equipment suppliers). Of this approximately Rs 700cr comes from the gym business. The oldest of them all is still the biggest – and still growing strong. Talwalkar's was launched in 1932 and today has 77 branches across the country in B and C towns such as Kolhapur, Amritsar and Satara besides 17 in Mumbai. The company calls them 'value gyms' which are affordable and compact. Q's Fitness Studio which was originally started in the year 1999 brought an international brand Powerhouse Gym to India in 2005 with the first branch of Powerhouse Gym in Juhu, Mumbai. As on May 2009, Powerhouse Gyms India claims to have 25, 000 members at their seven branches. UK-based Fitness First launched its operations in India in 2008.

The True Group also made its way into India in November 2008 launching a sprawling gym with about 400 treadmills and spa in Mumbai. The service for the same comes at a pricey Rs 1lakh membership per year and it includes a cafeteria, health food, drinks, a library and a DVD library. California-based Gold's Gym started its Indian operations in November 2002 with the opening of its first gym at uptown Napean Sea Road in Mumbai and has now expanded to 33 branches. Besides these, a lot of mid-sized and smaller

players have also got into the fitness and gym business over the last decade. While the existing Indian chain of gyms have tried to become more and more affordable to people with gym memberships at the rate of Rs 12, 000-15, 000 per year, the newer super gym chains coming to India are taking the premium route, going super expensive and offering members things they had never seen at an Indian gym before. Other international gym chains like Virgin Fitness and California Fitness are also eyeing the Indian market. Jakarta-based Celebrity Fitness also tied up with real estate developer JMD to launch its first gym in Gurgaon.

However there is still untapped potential and latent demand for fitness zones in the country. In the US, 12-16 per cent of people workout at gyms, while in India, the fitness hub – Mumbai – sees a penetration of only about 2 per cent, which means there is still a huge upside for fitness industry in India. Business analysis Business analysis is important because the management needs to prepare sales , cost and profit projections to determine whether they satisfy company objectives .

If they do the concept can move to the development stage. Estimating total sales: Total sales = first time sales + replacement sales + repeat sales In case of our product there would not be any repeat sales as it is not a consumer non-durable product. In first time sales , sales rise at the beginning , peak and approach zero as number of potential buyers is exhausted . In replacement sales, sales will rise sharply but not fall rapidly as the sales will not go down as quickly as the previous one as there will be replacements. Estimation of product expenses: Below Mentioned is a table

which lists out the estimated expenses over the next 4 years. All Figures are in INR.

Area of Expense	Year1	Year2	Year3	Year4
Marketing	10,00,000	12,00,000	15,00,000	18,00,000
Logistics	4,00,000	2,00,000	-	-
Salaries	2,00,000	3,00,000	3,00,000	4,00,000
Rent	24,000	24,000	30,000	60,000
Miscellaneous	50000	50,000	50,000	50,000
Expenses year 1 -4	16,74,000	15,74,000	20,80,000	23,10,000

Estimation of revenue: Units-a | Branches- b | Months- c | Average Amount | Revenue (axbxc) | | 20 | 15 | 12 | 2200 | 79,20,000 | | 25 | 15 | 12 | 2600 | 1,17,00,000 | | 30 | 15 | 12 | 2900 | 1,56,60,000 | | 35 | 15 | 12 | 3300 | 2,07,90,000 | As mentioned earlier the profit margin is going to be 20% because of purchase agreements with the suppliers.

Estimation of net revenue: Revenue | Margin | Net Revenue | Profit (Expenses-Net revenue) | | 79,20,000 | 20% | 15,84,000 | -90,000 | | 1,17,00,000 | 20% | 23,40,000 | 7,66,000 | | 1,56,60,000 | 20% | 31,32,000 | 10,52,000 | | 2,07,90,000 | 20% | 41,58,000 | 18,48,000 | The maximum loss in this venture is the total investment for the 1st two years i.

e. 32 lac INR. Product development: Here the company will determine whether the product idea can translate into a technically and commercially feasible product. Quality Function Deployment (QFD) The job of translating target customer requirements into a working prototype is helped by a number of methods known as Quality Function Deployment (QFD). The methodology takes the list of desired customer attributes generated by the market research and turns them into a list of engineering attributes that engineers can use. For example, in our product, customers might want certain specifications for resistance bands, dumbbells, treadmills et al.

Those changes will be incorporated by the manufacturers. Physical prototype: The web provides rapid prototyping and more flexible development processes.

Sophisticated virtual – reality technology and computer simulations will be used to design and test the product. It would save both time and money. The goal is to find a prototype that has the key attributes and one that performs safely under normal use and conditions and that the firm can produce within budgeted manufacturing costs. Market Testing: After the management is satisfied with the functional performance, the product is ready to be dressed up with a brand name and packaging, and put into a market test. The new product is introduced into an authentic setting to learn how large the market is and how consumers react to handling, using and purchasing of the product. Alpha testing: It will be done by the technical team and the trainers at the manufacturers' store. A thorough quality check will be performed and defective units will be discarded. Beta Testing: The technical team and the trainers will observe how test customers use the product.

This practice often exposes unanticipated problems of safety and servicing and alerts the vendor to customer training and servicing requirements. An effort will be made to invite some of the 25% members who pay the fees at the gym but don't turn up. Also people who come to enquire about membership at all our branches and don't revert due to affordability will be invited. The product will be introduced at a few events & malls. A demo will be provided by the trainer. People can try the product and their feedback will

be recorded. This method often yields customer preferences, their views and needs.

The advantage of using this method is that in addition to testing it also serves the purpose of understanding customer needs. If the results are mostly negative then the product will be sent back to the development stage or the idea will be dropped. The disadvantage of this method is that customers may want to place early orders that cannot be filled. Test Markets: Will be rolled out in the region where the memberships are highest as that represents more fitness consciousness. The company will launch an advertising and promotion campaign to make people aware of the product. The length of the test will be 3 months.

Information about customer responses and purchase rates will be noted. If the trial and purchase rates are high then the product will be launched throughout the city. If the trial rates are high but purchase rates are slow then the product will be redesigned or dropped. COMMERCIALISATION: When: In commercializing a new product, market - entry timing is critical. So we have considered following timings for launching our product- • During the month of Jan. Many people take resolutions on the new year. Some of them may want to become fit and they even challenge their peers. This is the perfect time to attract the customer with the offers.

Though some of them lose the impetus there are chances that they reconsider their decision by looking at our offers. • During the winter season. Where many people prefer to be at home and work out. This is also a perfect time to launch the product with attractive offers. Where: The company must

decide whether to launch the new product in a single locality, a region, several regions, the national market, or the international market. As we are concentrating only the Mumbai and its suburbs, so branches will be put up in all the stations in Mumbai. Customers can access any of these branches once they get registered. To whom: Initially targeting the best prospect groups generate strong sales.

As far as over product is considered we are going to target working professionals. These are the people falling into the group 25-40. These people find it difficult to take out time to go to gym. Youth can also be attracted as some of them who are busy with their studies may not find time for gym.

How: The company must develop an action plan for introducing the new product into the rollout markets and it also should see whether the sales are meeting the expectations. Some of the strategies to promote the sales are like this:

- Conduct workshops at malls where we would demonstrate about the product and its services. We would conduct healthy salad/sandwich competitions
- Conduct competitions like perfect BMI . Where person having perfect BMI will be the winner
- Conduct obesity seminars
- We would provide 20% discount on gym equipments to those customers who make others aware of this service and should give their identity as reference and even these people taking others reference will also get 20% discount.

- We would provide free music dvd's, video dvd's, voucher's, bag and tracks for newly joining people.
- There will be 40% off on consultation fee during

jan and winter seasons. • We would form strategic alliance with health magazines.

----- [pic] [pic]