

Fitness plus marketing breakdown



Fitness plus is an organization that provides services of health and sports club. It provides three types of facilities to its customer's i. e. fitness, recreation and relaxation. Fitness activities takes place in four areas of club where as relaxation facility takes place through yoga classes and trained massage therapist. It was opened in 1991 and located in Greensboro, North Carolina. The progress of fitness club was low in first two years but as they recognized by people and play important role in their lives due to which rate of membership was increased. In 1995 an average of 15 members visits the club. In 2005 average number of members arriving per hour during particular day was reached upto 25 members. Due to the growth of club members start to complain about low space and unavailability of equipments. The owners began to wonder whether the club was too small for its membership so they wanted to expanded their capacity but it would take atleast four months for this process. Fitness plus reached to its maximum capacity so they have to make short term strategy to expand their business. The owners have also fear from its competitors who are providing full range of services at low price which is a threat to them. Now owners have many questions in their mind about the limited space of land at present. A new facility takes atleast six months to renovate but the owners have not much financial resources.

MAJOR ISSUES DISCUSSED:

A number of strategically focused issues include:

BUSINESS EXPANSION:

As Fitness plus is growing high the members also start complaining about the Fitness Plus services and the administration was facing many problems and they wanted to expand their business but due to shortage of time and

heavy competitors in market they are not able to do this all. Capacity management is needed to view and point out the maximum possible capacities in the current location and brings it to a maximum output. As the current managing of these factors will accommodate new customers in January as well as the finance problem will also be solved and thus in the next year a new location can be selected and further planning can be made. So the major problem Fitness Plus is facing is about the capacity management.

MARKET RESEARCH:

On the topic of market research Krajewski et al. (2010, p. 487) states:

“ A systematic approach to determine external consumer interest in a service or product by creating and testing hypothesis through data gathering surveys.”

As fitness plus wanted to expand its capacity it is very essential for them to survey the market first so they come to know about the mind of their customers. lack For they have to calculate the data and analyze the situation to what to do. market research will tell them about the strength and weaknesses they possess.

COMPETITORS:

The presence of one or more competitors can reduce the prices of goods and services as the companies attempt to gain a larger market share.

Competition also requires companies to become more efficient in order to reduce costs. Burger King and KFC are competitors, as are Coca-Cola and Pepsi.

Ahead of competition owner have to consider total quality management.

On the topic of total quality management Krajewski et al. (2010, p. 198) states:

“ A philosophy that stresses three principles for achieving high levels of process performance and quality: customer satisfaction, employee involvement, and continuous improvement in performance.”

Fitness plus faces the new competitors in market. New competitors in the area include: the YMCA which offers a full range of services at a low price than fitness plus and two others which are 10 to 15 minutes far away from Fitness Plus. The Oasis which offers to adults and restricted for children under 16 years old and Gold’s Gym which offers weight and cardiovascular training only.

COMPETITIVE PRIORITIES:

DEFINITION:

On the topic of competitive priorities Krajewski et al. (2010, p. 33) states:

“ The critical dimensions that a process or supply chain must possess to satisfy its internal or external customers both now and in the future.”

In Fitness Plus members are complaining about the low space and unavailability of equipments and they do not have enough time to expand their capacity. Process design and operating system need to be investigated further:

Customer complaints about unavailability of equipments: Members of fitness plus are complaining about the unavailability of equipments which lowers down the quality of service provided by fitness plus.

Low space area: Members of Fitness Plus are also complaining about the over crowding which is due to the low space area and owners cannot expand the area due to shortage of time and financial resources.

Shortage of time: January was always peak membership enrollment month and owners cannot think to expand the area because it may take time because it was already the month of May and they cannot think to expand because of shortage of time.

QUESTIONS AND ANSWERS:

Q. 1: What method would you use to measure the capacity of fitness plus?

Has fitness plus reached its capacity?

On the topic of capacity Krawjewski et al.(2010, p. 24) states:

“ The maximum rate of output of a process or a system.”

In general, there are two methods to measure the capacity of any system or process i. e. in output measures or input measures.

On the topic of output measure of capacity krajewski et al.(2010, p. 241) states:

“ Output measures of capacity are best utilized when applied to individual processes within the firm.”

For instance, in case of refrigerators manufacturing plant capacity would be measured in terms of the number of refrigerators produced per day. It depends upon the nature of processes involve.

On the topic of input measures of capacity Krajewski et al.(2010, p. 241) states:

“ Input Measures are generally used for low volume, flexible processes, such as those associated with a custom furniture market.”

For instance, the furniture maker might measure capacity in terms of input measures such as number of workstations or number of workers. If the furniture maker wants to keep up with demand for furniture into labor hours and number of employees required to fulfill those hours. So every process may have different way to calculate its capacity measure.

On the topic of utilization Krajewski et al. (2010, p. 25) states:

“ The degree to which equipment, space, or the workforce is currently being used, and is measured as the ratio of average output rate to maximum capacity (expressed as a percentage).”

Utilization= average output rate / maximum capacity x 100 %

To measure the capacity of Fitness Plus we use the method of input measures as we can calculate the capacity of equipments, space or the workforce is currently being used. Here we refer to maximum capacity as the greatest level of output that a process can reasonably sustain for a longer period.

No, Fitness plus has not reached to its maximum capacity as due to growth in membership and large shifts in demand because with the help of calculations as given below capacity cushion exists. Members of Fitness Plus are using more than one area during each visit which is the main problem of crowding and unavailability of equipments, by the survey from the data collected by the members of Fitness Plus shows that: 30 percent of the members do aerobics, 40 percent use the cardiovascular equipments, 25 percent use the Nautilus machines, 20 percent use the free weights, 15 percent use the racquet ball courts and 10 percent use the tennis courts. We know that approximately 80 members per hour visit the club during three peak hours i. e. 4: 00 p. m. to 7. 00 p. m.

We can calculate the total members visit the Fitness plus during peak hours and capacity cushions by the data collected from the survey of members as following:

Total Peak Members = Peak Members x Peak Hours

Total Peak Members = 80 x 3

Total Peak Members = 240

Aerobic Room:

There are 35 members capacity in each class. As the members are complaining about the over crowding particularly in this area so we will calculate the number of members in peak time in one hour.

According to the data collected by the survey from members:

80 members enter in the club at peak time. Usually members remain in the club for 1 hour. 30% of the members use the aerobics room so 24 members usually use the aerobics room in the peak time.

Utilization of aerobics room = $24 \times 100\%$

= 35

= 68%

This shows that the aerobics room has not reached its capacity. The cushion of the aerobics room is calculated as:

Capacity cushion of aerobics room = $100\% - 68\%$

= 32%

Workout Room:

As there are 24 pieces of Nautilus equipment in the room so that it can be assumed that one equipment can be used by a 2 members in one hour. So the capacity of the nautilus equipment has the capacity of 48 members at one instant.

According to the data collected by the owner

80 members enter in the club at peak time. Usually member remains in the club for 1 hour. 25% of the members use the nautilus equipment in workout room so 20 members usually use the aerobics room in the peak time.

Utilization of aerobics room = $20 \times 100\%$

$$= 48$$

$$= 41.66\%$$

This shows that the workout room has some capacity. The cushion of the workout room is calculated as:

$$\text{Capacity cushion of workout room} = 100\% - 41.66\%$$

$$= 58.34\%$$

Large Workout Room:

As there are 29 pieces of Nautilus equipment in the room so that it can be assumed that one equipment can be used by a 2 members in one hour. So the capacity of the nautilus equipment has the capacity of 58 members at one instant.

According to the data collected by the owner

80 members enter in the club at peak time. Usually member remains in the club for 1 hour. 40% of the members use the cardiovascular equipment in large workout room so 32 members usually use the aerobics room in the peak time.

$$\text{Utilization of aerobics room} = 32 \times 100\%$$

$$58$$

$$= 55.17\%$$

This shows that the large workout room has 55.17% capacity. The cushion of the workout room is calculated as:

Capacity cushion of workout room = $100\% - 55.17\%$

= 44.83%

Free Weight Room:

There is not valid information provided about the free weight room. So we cannot calculate the capacity of the free weights room. But we can calculate the member flow in the peak time in the free weight room area.

According to the data collected by the owner

80 members enter in the club at peak time. Usually member remains in the club for 1 hour. 20% of the members exercise in the free weight room. So 16 members usually utilize the free weight room in the peak time.

If the number of the equipments is known then the capacity of this area can be calculated. Moreover this area is not of so importance in capacity management because the members are not complaining about this area of the fitness plus.

Racquetball Courts:

There are 8 racquetball courts in the recreation centre of the fitness plus.

Assuming if 2 members use one racquetball court at a time then the capacity of the courts will be 16 members in one hour.

According to the data collected by the survey:

80 members enter in the club at peak time. Usually members remain in the club for 1 hour. 15% of the members use the aerobics room so 12 members usually use the aerobics room in the peak time.

Utilization of aerobics room = $12 \times 100\%$

= 16

= 75%

This shows that the racquetball court capacity is 75%. The cushion of racquetball court is calculated as:

Capacity cushion of aerobics room = $100\% - 75\%$

= 25%

Tennis courts:

There are 6 tennis courts in the recreation area of the fitness plus. If two members use 1 tennis court in a hour the capacity of the tennis court is 12.

According to the data collected by the owner:

80 members enter in the club at peak time. Usually members remain in the club for 1 hour. 10% of the members use the aerobics room so 8 members usually use the aerobics room in the peak time.

Utilization of aerobics room = $8 \times 100\%$

= 12

= 66.66%

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This shows that the tennis court utilization is 66.66%. The cushion of the tennis court is calculated as:

Capacity cushion of aerobics room = $100\% - 66.66\%$

= 33.33%

Outdoor Pool:

The member using the large pool area is not given. Moreover this area is not complaint by the members. So the capacity is not an issue for this area.

Whirlpool tubes:

This area is present in the locker rooms of the fitness plus. The data is unavailable and also customer is not concerned about this area so this area can be left.

As above discussed the capacities have been measured by the utilization tool. Neither of the areas has reached their capacities. Every facility has a suitable amount of cushion present in it.

Q. 2: Which capacity strategy would be appropriate for fitness plus? Justify your answer.

There are two types of capacity strategies:

Long term strategy

Short term strategy

For present situation Short term strategy would be appropriate for the Fitness plus because they want to expand their business but not have much

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space and time and neither have much financial resources and long term strategy wants more time and financial resources. We can implement short term strategy by doing market research, taking ideas from employees, by making time table and scheduling and by providing improved equipments.

Administration of Fitness plus should make higher contact with the members of the club and make sure to provide best services to their customers. They have to collect the feedback from their members that what thing is missing in their services it will made high contact with the customers. By taking in mind the strategies of the competitors Fitness Plus can provide better services.

On the topic of constraint Krajewski et al.(2010, p. 284) states:

“ Any factor that limits the performance of a system and restrict its output.”

Constraints can occur up or down the supply chain with the firm suppliers or by customers. Bottleneck is a special type of a constraint that relates to the capacity shortage of a process.

On the topic of bottleneck Krajewski et al.(2010, p. 284)states:

“ A capacity constraint resource (CCR) whose available capacity limits the organization’s ability to meet the product volume, product mix, or demand fluctuation required by the marketplace.”

It is the duty of the employees of the Fitness Plus to understand how to identify and manage bottlenecks in all types of processes and how to provide

firms best services by the information determine from the capacity and performance measures.

Fitness Plus has waiting problem for its customers which leads to bottleneck. Members are waiting for their number to get service which creates chaos among them. Members who come first should be served first. The employees should need to increase their efficiency level. This procedure may increase the space, equipment, and peak capacity of some areas, and can reduce or even eliminate them. The owners need to make benchmark so that they can know in which way they are going and can compete with their competitors.

On the topic of benchmarking Krajewski et al. (2010, p. 159) states:

“ A systematic procedure that measures a firm’s processes, services, and products against those of industry leaders.”

With the help of the benchmarking Fitness Plus come to know about its strength and weaknesses and where they lie in the market.

For future perspectives, they need to work on long term strategy as the growths of their members are increasing. Long term capacity plans deal with investments in new facilities and equipments at the organizational level because they are not easily reversed. These plans cover at least two years into the future but construction lead times can sometimes take longer and result in longer planning time period. In future they have to buy new building to expand the area and determine the economies of scale.

On the topic of economies of scale Krajewski et al. (2010, p. 241) states:

“ A concept that states that the average unit cost of a service or good can be reduced by its output rate.”

There are two strategies for expanding capacity:

expansionist strategy

wait-and-see strategy

We can adopt expansionist strategy as it stays ahead of demand and fear of insufficient capacity will finish.

On the topic of expansionist strategy Krajewski et al.(2010, p. 243) states:

“ The expansionist strategy which involves large, infrequent jumps in capacity.”

They have to expand their business in such a way that the members will not effect from it and reduce their construction cost and spread their fixed cost.

Q. 3: How would you link the capacity decision being made by Fitness plus to other types of operating decisions?

For the expansion of Fitness Plus two capacity decisions takes place short term strategy and long term strategy. As the members of Fitness plus are growing the members are going to complaint about overcrowding and unavailability of equipments so owners have taken capacity decisions to expand their business. Capacity decisions are closely interrelated with the processes throughout the organization. When owners of Fitness Plus make

decisions about the new facilities and about flexibility of their resources they must consider its impact on capacity cushions.

On the topic of capacity cushion Krajewski et al. (2010, p. 243) states:

“ The amount of reserve capacity a process uses to handle sudden increases in demand or temporary losses of production capacity; it measures the amount by which the average utilization (in terms of total capacity) falls below 100 percent.”

The owners have to consider about the other operating decisions that are linked with the process. First we discuss about the short term planning, by using short term strategy we come to find a solution that was scheduling and process of first come first served, and effective management. Administration of Fitness plus have to keep in mind that it will not affect the other operating activities otherwise it will be in more trouble than before. They have to keep in mind about the competitive priorities like if they want to expand the club they have to make sure that it will not effect the time scheduling of the members and they have to keep the quality maintain.

On the topic of quality Krajewski et al. (2010, p. 198) states:

“ A term used by customers to describe their general satisfaction with a service or product.”

For instance, the company has to carry the House of Quality even they wanted to expand their club. The house of quality is a kind of conceptual map that provides the means for interfunctional planning and

communications. By economies of scale, we can reduce our cost but keep in mind about the quality assurance as it plays vital role.

The whole process should be design in a way that it will not effect the other operating decisions.

As, for long term strategy we have to plan in such a way that it will not effect on competitive priorities, quality and process design. As we use expansionist strategy which involves large and infrequent jumps and which removes insufficient capacity members are using aerobic room, nautilus and cardiovascular more than others but to keep in mind the expansion in aerobic, nautilus and cardio vascular room we have also keep in mind about the capacity cushion in racquetball, tennis, yoga rooms and outdoor pool that as capacity of members are increasing we also keep in mind the capacity of these rooms which not cause any problem in future regarding capacity. We are also concerned with the relocation of new building which can also cause some problems and effect other operating decisions. We have to plan our process design in such away that the capacity would expand in such manner that addition to aerobic room, nautilus room and cardiovascular room the capacity of other rooms also increase so that in future if membership grows in the same way then there should be no problem regarding capacity expansion.

CONCLUSION:

Fitness Plus needs to work on short term strategy as they can overcome the present situation and they can face their competitors in market by without expanding their area and use of their financial resources and can maintain

their memberships in January by using scheduling method and with effective employees. Owners must take feedback from their customer once in a month so that they can work on their weaknesses and come to know about their strengths and opportunities which they can use against their competitors and serve their members in utmost manner. They need to provide improved equipments so that the customers who are making complaints can be satisfied. By this they can create competitive edge from their competitors. With the help of continued market research they can control their capacity requirements. By having more profits and as they stable financially they can expand their area in future they can adopt long term decisions by constructing a new building this will increase their capacity and can build their more name in market. From this more customers can attract towards them and the customers who are dissatisfied with them can also return back and satisfied with them. This will lead Fitness Plus into the light of success and they can achieve their goals.

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