

# GYM MEMBERS HAVE THEIR SAY ...

## 2009 AUSTRALIAN FITNESS INDUSTRY SURVEY



AUTHOR'S BIO



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Simon is the marketing manager at direct debit service provider Ezypay. He has over 20 years fitness industry experience in the Australia, New Zealand and the UK. Simon has worked at all levels of club operations and management and spent the past seven years as the general manager for fitness at the YMCA. He also sat, as Chairman, on the Fitness New Zealand board.

Now in its second year, the Australian Fitness Industry Survey (AFIS), developed, conducted and published by direct debit service provider Ezypay, provides accurate data on the fitness club industry from the perspectives both of club owners and managers, and their members. This year saw the introduction of the club members' survey which provides additional data and establishes the real thoughts, feelings and perceptions of fitness club members.

Life Fitness CEO Paul McClure supports this year's survey, saying, 'In these times of economic downturn, it is most important that owners and managers seek as much information about the industry to assist them to make decisions in order to sustain and grow their business. The survey will give clubs an insight into the changes currently happening in the industry and will assist owners and managers to be better prepared for future decisions'.

The 2009 survey received 135 per cent more responses than last year. Like last year, 80 per cent of respondents were owners or senior managers of the facilities. Six hundred and twenty owners and managers of health and fitness clubs across Australia completed the 2009 AFIS, answering questions

on areas including club ownership, staff salaries, group fitness, club and industry concerns, sales and marketing, finance, membership agreements and pricing. The large increase in this year's response, which was about 16 per cent of the country's estimated 3,800 fitness facilities, confirms the continuing need for more accurate information especially at a time when there is so much uncertainty in the market.

Compared with last year, the structure of club ownership saw one of the largest variations. Single owned private clubs decreased from 48 per cent (2008) to 27 per cent (2009) of the market and franchise clubs increased from 11 per cent to 30 per cent of the market. This dramatic shift to a franchise model of self employment is not uncommon during times of high job loss as reported by the Australian Financial Review\*

In 58 per cent of clubs, membership numbers were slightly up or significantly up on last year. Does that mean that the fitness industry is recession-proof? The MasterCard Worldwide Index of Consumer Purchasing Resilience suggests that this is the case, reporting that fitness and wellness is ranked fifth in Australia as one of the categories that is most resilient to spending cutbacks. We may see the answer in next year's survey

however, as owners are taking no risks, with the majority (75 per cent) keeping joining fees and monthly direct debit fees the same as last year. One owner commented 'No increase anticipated for the next 6 months, and will assess economic climate at the time'.

The most concerning issue still facing our industry is the pending PPCA ruling. Recently a ray of hope was shone on this issue, when Fitness Australia put a great case to the tribunal and the judge's final statement at the hearing was '...at this stage the Tribunal is not convinced that proposed large increase in PPCA fees is the most appropriate course'. We still wait with fingers crossed for the final verdict.

The largest challenges identified by owners and managers were; being recognised as a quality provider; and the challenge of finding quality (well trained, customer orientated) staff. Their comments included:

*'The general public do not realise that exercise should be a part of their daily lives'.*

*'We need to be a genuine HEALTH and fitness industry, not just a simple fitness industry'.*

*'Under-experienced trainers lower the professional standards perceived by the community'.*

*'Lack of genuine regulation of personal trainers and many other instructors with regard to ageing and special needs members'.*

Over 20 per cent of all the individual comments made in the survey highlighted the concern about the quality of staff, RTO courses and the number of inexperienced staff in the industry.

Club concerns for the coming 12 months were very much the same as last year: membership sales and retention and finding good staff all ranked highly.

This year the club members also had their say and they did so in their thousands. The response was huge with 7,000 members completing the survey and over 2,000 members taking the time to make individual comments. We only had room to include a small percentage of these in the final report but the messages were very strong.

The year-on-year concerns clubs have with membership retention was backed up by the member survey. This showed that members initially have aspirations of more visits than they actually achieve and to stay longer than they actually do. Members reported that 74 per cent intended to stay for more than 12 months and 68 per cent

said they would work out more than three times a week. However, 60 per cent of members said they had been a member of a club for less than 12 months, with 40 per cent therefore saying they had been member for more than 12 months. This tells us that club membership retention is actually only 40 per cent.

Forty per cent of members are very satisfied with their membership. Ten per cent said that the cost of the membership was not as important as the benefits they received and 39 per cent of respondents said clubs were, in general, value for money. All these results, and numerous additional comments, show a very positive view of the fitness industry from a member perspective.

The survey reported that the local fitness club market is very competitive, with 20 per cent of clubs having ten or more local competitors within a 10-minute drive radius. Differentiation would be a key solution in such a competitive market and one way would be to offer a high customer service model compared with a no-contact model as used by some of the larger chains. The members reiterate this point with 51 per cent of members saying they reached their goals due to advice given by the club as opposed to

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What is the survey telling us? The industry is showing some positive signs of combating the recession; franchise chains continue to grow; and there is a need to focus on staff quality and member contact which will in turn improve retention and help members meet their own aspirations.

Clubs and individuals who took part in this year's AFIS receive a free copy of the survey. If you did not take part and would like to register your interest for next year's survey, or purchase a copy of the full 2009 AFIS and Member's Survey findings, e-mail [simon.hall@ezypay.com.au](mailto:simon.hall@ezypay.com.au)

\*The Weekend Australian Financial Review April 25-26 2009 – article 'Escape the axe: be your own boss'. 



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