

Gym, Health & Fitness Clubs in Canada

GoodLife Fitness



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# **Industry Analysis**

## **Brief description of the industry in Canada**

The Gym, Health and Fitness Clubs industry in Canada consist of “fitness and recreational sports facilities” that allow consumers to exercise and participate in other physical activity, such as, conditioning and recreational sports (Buchko, 2021). These include swimming, basketball, or even skating (Buchko, 2021). The facilities also include customer service representatives, as well as, fitness instructors (Buchko, 2021). The primary activities of the industry also include operating spas, and operating body building studios for physical fitness (Buchko, 2021). The major products include membership fees, admissions, personal training services and even meals and beverages (Buchko, 2021). The industry works side to side with the Fitness Industry Council of Canada (Fitness Industry Council of Canada, 2022). They collaboratively aim to provide better health and fitness levels to all Canadians. The biggest player in the Canadian industry is Goodlife Fitness (Buchko, 2021).

Some of the key external drivers in the industry include leisure time, disposable income and adult obesity rate (Buchko, 2021). These are the factors that allow Canadian consumers to start going to the gym (Buchko, 2021). Hence, everyone’s situation will be different. The first-tier buyers are Canadian consumers. Second tier suppliers include sporting goods wholesaling and electrical goods (Buchko, 2021). The third tier consists of commercial building construction in Canada and electrical power generation and transmission (Buchko, 2021). These are basically the factors needed in order for the industry to operate.

## **Canadian market size (in $ sales) & growth rate (3-5 year preferable)**

The Canadian gym, health and fitness industry was reported to have generated $4.4 billion dollars in revenue as of May,2021 (Buchko, 2021). The annual growth from 2016-2020 was 1.6% (Buchko, 2021, p. 9). Its growth is directly tied to consumer trends and the “proliferation of public health campaigns (Buchko, 2021, p. 7).” The Canadian government keeps stressing the importance of a healthy and balanced lifestyle, as obesity rates also grew during this period (Buchko, 2021).

Over the next four years, the industry is projected to recover from the effects of the COVID-19 pandemic, while also growing at a similar pace as it has within the past few years (Buchko, 2021). The industry revenue is expected to grow “an annualized 3.3% to $5.2 billion dollars” over the four years to 2026 (Buchko, 2021, pg 7). The industry is also expected to be worth US $20.6 billion this year alone (Pandurov, 2022). The baby boomer generation happens to be the most “lucrative market segment for this industry” and they will continue to be a big part of the market revenue, as long as the current trends persist (Buchko, 2021, p. 14).

## **Canadian market needs**

One of the biggest factors Canadians look for when joining the fitness industry is budget flexibility (MarketLine, 2021b). What is meant by this is that even though there is statistical evidence which shows that the fitness industry keeps growing, Canadians want to be able to access it in different ways (MarketLine, 2021b). This largely has to do with the fact that everyone has different fitness goals. Some people may join the gym for their mental health, whereas others may be strictly focused on their physique. The MarketLine report explains that “not every consumer is willing to pay a premium price for extra facilities such as cafes, swimming pools and personal trainers” (MarketLine, 2021b, pg 23).

## **Market trends impacting the Canadian industry**

A trend that continues to influence the fitness industry in Canada is technological advances. Working out has become very accessible throughout the years through online fitness services. MarketLine (2021b), explains that working out like a pro athlete is now available to the public through cheap or even free mobile applications. It Is even highlighted that there are now devices that are able to monitor everything while someone is working out at home, such as heart rate and steps (MarketLine, 2021b). What this highlights is that the standard way of working out is no longer enough.

Technology continues to increase the expectations consumers have. It also has opened up the door to those who don’t feel comfortable working out in the standard gym, or those who don’t have time to (Kishchuk, 2021). David Thompson (2021), explains “providing you have access to a smart device and internet connection, there is an endless world of fitness resources at your fingertips”.

Relying on technology to work out was emphasized even more throughout the pandemic. One in five Canadians streamed some sort of workout class throughout the year of 2021. Those people who enjoyed going to the gym were forced to work out at home due to the lockdowns, but the pandemic also inspired many to join the fitness world (Kishchuk, 2021). The COVID 19 pandemic caused a 32.4% decline in revenue, while online fitness apps experienced a revenue increase of 40.61% (Toneguzzi, 2021).

# **Company & Competitor Analysis**

## **Brief description of each company and its product/service offerings**

|  |  |  |  |
| --- | --- | --- | --- |
| GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| Founded in London, ON, in 1979. Largest operator with over 450 clubs in Canada, with many 24/7 branches. Over 1.5M members. Amenities include sauna, swimming pool, squash courts. Primary services: strength training, cardio, group classes for Zumba, yoga etc. (GoodLife Fitness, n.d.a). | Established in LA, California in 1984. Initiated Canadian operations 2007. Operates 700 fitness clubs in North America (Canada: 31). Provides multipurpose sports facilities: swimming pools, basketball courts, racquetball courts; alongside traditional weightlifting and cardio services. (Buchko, 2021, p. 30 | Started in St. Paul, Minnesota in 2002.  Has 4,700+ franchises in 32 countries with 3 million members globally. Canadian operations began in 2005 and include 224 clubs that are available 24/7 (Buchko, 2021, p. 30). Primary services: strength training, cardio, group classes for Zumba, yoga etc. (Anytime Fitness n.d.c). | Established in 2012. Headquartered in New York City. About 6M members. Provides internet-connected stationary bikes, treadmills, weights, propriety cameras and equipment, accessories and apparel. (Peloton, n.d.) Sells subscriptions for access to live and on-demand fitness group classes at home. (MarketLine, 2021d) |

## **Size of each company (in $ sales), growth rate, and market share (in %)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company: | GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| Sales (global): | CAD 995.8 a | USD 900 a, c | (no reliable data) | USD 4,021.8 d |
| Growth Rate (3Y): | 7% b | -58% a | - | 340% d |
| Market Share (Canada): | 22.7% b | 2.7% b | 2.0% b | (no reliable data) |

**a** Figures are estimates, since company is private and does not release financial data.

**b** (Buchko, 2021) **c** (Kufahl, 2021, para. 6) **d** (MarketLine, 2021e)

## **Target market(s) for each company**

|  |  |  |  |
| --- | --- | --- | --- |
| GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| * Individuals 12 years and above (GoodLife Fitness, n.d.b). * Women through exclusive women-only clubs (GoodLife Fitness, n.d.a). * Persons with disabilities (GoodLife Fitness, n.d.a). * Corporations via corporate wellness program (Buchko, 2021, p. 12). * Middle to higher income groups. | * Individuals 13 years and above (LA Fitness, n.d.c). * Primary focus appears to be on attracting athletic adult males, roughly between 20 and 40 years of age, through sports, such as basketball (LA Fitness, n.d.b). * Corporations via corporate wellness program (LA Fitness, n.d.a). * Middle to higher income groups. | * Individuals 13 years and above (Wood, n.d.). * Corporations via Employee Wellness Program (Anytime Fitness, n.d.b). * Middle to higher income groups. | * Individuals 14 years and above (Peloton, 2021). Largest segment: 25-35 years (Statista, 2021). * Primary focus on affluent, health-conscious women (Sherman, 2019, para. 6). * Higher income groups – likely to invest in expensive exercise equipment. |

## **Unique selling points and competitive differentiators for each company**

|  |  |  |  |
| --- | --- | --- | --- |
| GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| * “Wide range of fitness offerings and extensive geographical presence across Canada.” (MarketLine, 2021b, p.2). | * Wide range of equipment and exercise machines (Schuler, 2018a, para. 4). * Access to sports facilities, such as basketball courts (Buchko, 2021, p. 30). | * Accessible 24 hours, 365 days in more than 4,700 locations worldwide (Anytime Fitness n.d.c). * Travel-friendly – Members can access any location, anytime (Schuler, 2018b, para. 1). | * Trendsetter for online fitness classes and coaching in home gym systems (Trend Hunter, 2021, p. 165). * Innovative products and services provide a seamlessly integrated fitness solution (Peloton, n.d.). |

## **Strengths and weaknesses of each company**

### **2.5a – Strengths**

|  |  |  |  |
| --- | --- | --- | --- |
| GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| * Dominating market share (Buchko, 2021, p. 8). * Strong local Canadian brand. * Most accessible network in Canada. * State-of-the-art facilities and equipment (Buchko, 2021, p. 12). * Reliable customer base – helped sustain profitability during coronavirus pandemic (Buchko, 2021, p. 30). | * Large market share relative to number of locations (Buchko, 2021, p. 30). * Strong brand awareness across North America (Buchko, 2021, p. 30). * Consistent standards across locations (Miller, 2021). * Customer loyalty evidenced by “low customer churn rates” (Buchko, 2021, p. 30). | * Strong brand recognition. * Extensive global reach – more than 4,700 locations in 32 countries (Buchko, 2021, p. 30). * Huge customer base – about 3 million members globally (Buchko, 2021, p. 30). | * Resilient business model – protected against effects of disease outbreak. * Strong brand recognition. * Growing customer base (MarketLine, 2021a). * Strong technological and innovation capabilities (MarketLine, 2021a). * Highly accessible services via the Internet. * Rapid revenue growth (MarketLine, 2021a) |

### **2.5b – Weaknesses**

|  |  |  |  |
| --- | --- | --- | --- |
| GoodLife Fitness | LA Fitness | Anytime Fitness | Peloton Interactive |
| * Dependent on physical infrastructure for delivering services – susceptible to losing business to online/home-based fitness providers such as Peloton. * High fixed operating and maintenance costs. * Slow revenue growth (Buchko, 2021, p. 30). * Declining profitability (Buchko, 2021, p. 30). | * Dependent on physical infrastructure for delivering services – susceptible to losing business to online/home-based fitness providers. * Limited locations in Canada (Buchko, 2021, p. 30). * Limited operating hours versus competition that offers 24/7 access. * Declining revenue (Kufahl, 2021, para. 6). | * Dependent on physical infrastructure for delivering services – susceptible to losing business to online/home-based fitness providers. * Inconsistent standards – high variance in size and quality of clubs (Schuler, 2018b, para. 2). * Limited amenities compared to rivals – no swimming pools, steam rooms or saunas (Anytime Fitness, n.d.a). | * Dependent exclusively on technology for delivering services. * Quality control issues leading to product recalls (Thomas, 2021). * Product safety concerns – equipment considered unsafe for pets and children (Thomas, 2021). * Cost management – Despite increasing sales, company has consistently accrued losses during 2018-2021 due to high operating costs (Yahoo Finance, 2021). |

# **SWOT Analysis & Opportunity Identification**

## **From your research above, and in a 2x2 grid, provide 3-4 of the MOST IMPORTANT bullet points per quadrant, that will drive the development of your marketing plan.**

|  |  |
| --- | --- |
| Strengths   * Dominating market share * Most accessible network in Canada * State-of-the-art facilities and equipment * Reliable customer base | Weaknesses   * Services dependent on physical infrastructure * High fixed operating and maintenance costs * Slow revenue growth * Declining profitability |
| Opportunities   * Diversifying into online fitness services * Targeting underserved age brackets * Rising obesity rates * Expected increase in consumer spending e | Threats   * Rising trend towards online fitness services f * Disease outbreaks * Membership cancellations * Rising wages g |

**e**(Bank of Canada, 2021), **f** (Thompson W, 2021), **g** (Gordon, 2021).

## **Provide 2-4 opportunities or challenges that you will tackle with your marketing plan.**

### **Diversifying into online fitness services**

American College of Sports Medicine survey results reveal that online training jumped from #26 (2020) to #1 fitness trend in 2021 (Thompson W, 2021). According to our analysis, increasing consumer preference for online platforms poses a major threat to the company’s long-term market position. However, it also offers a great opportunity for the company to grow. It would enable them to expand their business by reaching out to much wider audience. Besides, the resulting diversification would help mitigate risk of financial loss in case of a disease outbreak. Moreover, as home-based fitness services gain more popularity, the company may not have a choice but to adapt quickly before its competitors respond.

### **Targeting under-served and un-served age brackets**

Canada’s aging population (Statistics Canada, 2021), their health challenges and decent purchasing power (Buchko, 2021, p. 20), offer ideal growth opportunities for fitness clubs. Online service delivery channels can provide a convenient and effective way to reach out to this sector. In addition, having an online services platform provides opportunity to fill a market gap: children between 6 and 12 years old. Research shows that “there is a significant correlation between childhood nostalgia and brand loyalty and that early age brand exposure has a notable influence in brand loyalty in adulthood”. “Individuals can develop affectionate relationships with brands early in childhood and these bonds are preserved during lifetime (Ruiz, 2021). This phenomenon, coupled with prevalent child obesity (Government of Canada, n.d.) and parental concerns thereof, may provide viable economic opportunities in this segment.

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