E-business (COIY042H5)

Title of essay: Oasis

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E-BUSINESS STRATEGY: OASIS CASE STUDY

This paper will discuss the current status of e-business in the UK fitness gym market. An e-business strategy for Oasis Gym will be illustrated and discussed.

1. Introduction: How a new business model has disrupted the traditional UK gym market

1.1 In the UK, there was an over %5 increase of total number of gym memberships in between 2016 and 2017. "No-frills" gyms, which did not exist until a decade ago, now account for 35 percent of all gym memberships in the UK. Because of no-frills gyms, the market is becoming increasingly polarised, with low-cost gyms on one end and exclusive clubs on the other (Coleman, 2017). Neville (2015) argues that there are two main reasons behind the success of "no-frills" gyms: the lower membership cost compared to traditional gyms, made possible by having amenities such as saunas, swimming pools and Cafes removed; and the high flexibility offered by their pay-as-you-go contracts and low - or no - joining fees, charged to new members. Also, being able to join online and access the gym using a PIN code, that is sent to a member's email, reduces the number of staff needed, further reducing operating costs. In the past users would have to physically go to the gym to be able to subscribe; and membership was only available on a long-term fixed contract with high joining fees. customers can now join a gym from home for as little as one day or have their contract roll on from month to month. Customers can also book classes and sessions with a Personal Trainer online, from the gym's Web site or through a custom mobile app.

1.2 OASIS

Company Overview

Oasis is a gym that has been operating in London's Clapham since 2006. It is a small, independent business, owned by two partners, who share between themselves admin, payroll, contracts and marketing roles. A total of four people are employed, two of which work in the reception, one in the shop, and one as a caretaker. There are three self-employed Personal Trainers.

Services Offered

Two business models can be identified with Oasis: the selling of membership for the use of its facilities, and the selling of fitness clothing, equipment and food and health supplements -- through its physical shop. The gym's facilities include a free-weight room, two studios used for yoga, aerobics and pilates, changing rooms with showers, a small shop, and a stockroom for the products sold in the shop. The current capacity of the gym, excluding the two studios, is about 60 people. Its market is almost exclusively local and age ranges go from teenagers to middle-aged, with people in their twenties and thirties accounting for about 40 percent of its 250 members. There is little flexibility with memberships offered by Oasis: members need to pay a £39 joining fee and enrol on either a £249 six-month contract or a £399 one-year contract. Should members want to cancel their membership they cannot do so, but they are allowed to sell their membership to another person, who will be able to use it until its expiration. As the gym does not have any Web presence expect for appearing on Google maps, the process of joining Oasis requires customers to physically visit the premises, fill a form and pay the joining and memberships fees in order to get a card, which they will need to present to reception everytime they enter. Sessions with Personal Trainers need to be booked at the gym, and prices can be negotiated depending on length and number of sessions required by members.

Oasis's Current Issues

The issues identified are:
- In/Out ratio (which is the ratio between new joining members and the rate of attrition) has decreased in the last two years and is currently 1, meaning that for every new/renewing member there is another one who is not renewing their membership; for this reason the total number of members has remained unchanged for the past three months and should the downward trend continue, Oasis might see the number of its members decline and the business might ultimately incur losses. Because the gym is always operating under capacity, meaning that an In/Out ratio greater than 1 can be sustained until the gym is operating at its intended capacity of 450. Moreover, Oasis if failing to attract younger customers, who currently comprise less than half of Oasis's members. The owners believe the lack of flexibility with the types of memberships offered and the weak online presence of Oasis might be the cause behind this.
- The reception has high operating costs. Since Customer Relationship Management is not automated, two people are always needed to cover reception. New members cannot join online, existing members have to book classes and sessions with PTs, at the reception, and there are no automated barriers , that are working with RFID technology, that allow members in and out of the gym.
- The shop is underperforming, and currently incurring losses. The owners believe this might be due to the small range of products offered and due to the fact that many of Oasis members are increasingly using general e-commerce for their purchases.

We identified the benefits that e-business can bring in helping Oasis expand the number of its members and reduce its operating costs.This will include:

- Creating an online presence for Oasis, in line with a no-frills model, with a Web site that will enable customers to join the gym online, and for existing members to book classes and sessions with a Personal Trainers. This will be complemented by improving the membership fare structure in that customers won't need to pay a whole year upfront, thereby making it more flexible so as to attract new members.
- Installation of an automatic barrier next to reception; all existing and new members will be given a FRID membership card which they will use to gain access to the gym. An internal database will be created, so that members' unique ID could be linked with the stored relevant information about them. Reception staff members will be reduced from two to one.
- The physical shop will be replaced by an outsourced e-commerce store. Members will be able to either collect their purchase at the gym or having them delivered to their homes.
- Members will also be able to book at-home PT service for activities such as Yoga and Pilates, which do not require extensive use of equipment. PTs could promote food and equipment sold in the online shop.
- Partner up with a company, as part of its marketing, that serves as a middleman between customers and gyms to provide gym-passess in order to attract new members.
- Advertising on the Web by using Google packages.

2. CURRENT STATUS OF E-BUSINESS IN THE SECTOR

2.1 Examples of current involvement in electronic business:

What did they do better?

The success of the business model of "no-frills" gyms has been underpinned by recognising what customers want:

- <u>Main purpose:</u> Customers come to a gym for the main purpose of working out, all other services and luxuries should not be given to them unilaterally in a pre-wrapped package, with the overall subscription prices higher (often to everyone) as a consequence.
- <u>Flexibility</u>: Customers would prefer to be able do all functioning, like joining, ordering and cancelling - online; and by cancelling, we mean, suspending their prescription with no high penalties. Furthermore, with the irregular work patterns of today, people want facilities that are open 24/7. With no frills gyms, whose centers are unmanned, this is possible because entry is controlled with RFID technology.
- <u>Information symmetry</u>: Customers, want to be well informed before they enter into a deal. Gym customers, even if they view the gym, the first time, do not know what working out there will be like until they attend a few times. If viewing the gym can be done online through videos and photos, and that is combined with the possibility of a short membership, customers will be less reluctant to join a gym they have never physically been in before.

These three aspects contribute to the traditional gyms losing clients or potential clients, to the no-frills, because what in fact happened is, e-applications has made it possible, in the following two steps, to cater to the needs of particular groups that have the particular reservations and needs (and in our case, for eg, the three aspects mentioned above).

First step is to divide those coming across your products into what Schneider (2016) identifies three main types of people: buyers, shoppers and browsers. Second step is then, to even further segment the potential pool of customers according to variation in interest/liking/taste/preference for certain products/services/appearance etc. I.e. identify a subgroup within the overall group interested in the product/service you're selling, who are interested in an instance or a variation of the product/service, and cater to them. To put it in context, the products a gym may offer as part of it's 'way of doing business' are many; Gym visitors, and therefore a gym's websites visitors, are not alike; in that their preferences can be even further reduced, 'within' the overall product, which when identified , may put some of them together into a group large enough, worth targeting for making a profit. E-business allows to observe, and communicate with, different behaviour patterns of each visitor in great detail, so to establish and keep refining market segmentation.

Which companies, of those you investigated, performed 'better'?

Case study: PureGym

The Website of PureGym[1] will be analysed. PureGym is a successful gym chain that was founded in 2008 and has since expanded to more than 190 gyms and more than 800,000 members across the UK (PureGym Group). Although as it was reported[2] a year ago, it had planned to float on the london stock exchange and to raise a stock market launch of 190 Million pounds, it later dropped its plans, complaining at the challenging initial public offering (IPO) conditions, which would make it difficult to

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[1] https://www.puregym.com/
[2] https://www.ft.com/content/6ac5cd10-8f7a-11e6-8df8-d3778b55a923

raise that kind of investment. Its revenue, on the London Stock Exchange Group is currently declared as being between 75 and 100 million euro[3].

First, as an example of how PureGym divides its visitors: Some visitors, eg shoppers - who still need reasons to become a client of PureGym rather than another, will find attractive the flexibility component, which maybe no-frills' strongest selling point, whereas 'buyers', who know already they want to join PureGym or indeed 'browsers' who are unsure and are curious about products, can straight away click on 'Find your nearest gym' and check out their nearest gym. There are two "Join now" panels, a separate one for students, which seems to be a way to further segment those termed 'shoppers' - as it uses a more specific selling point to a subset of shoppers - i.e. students.
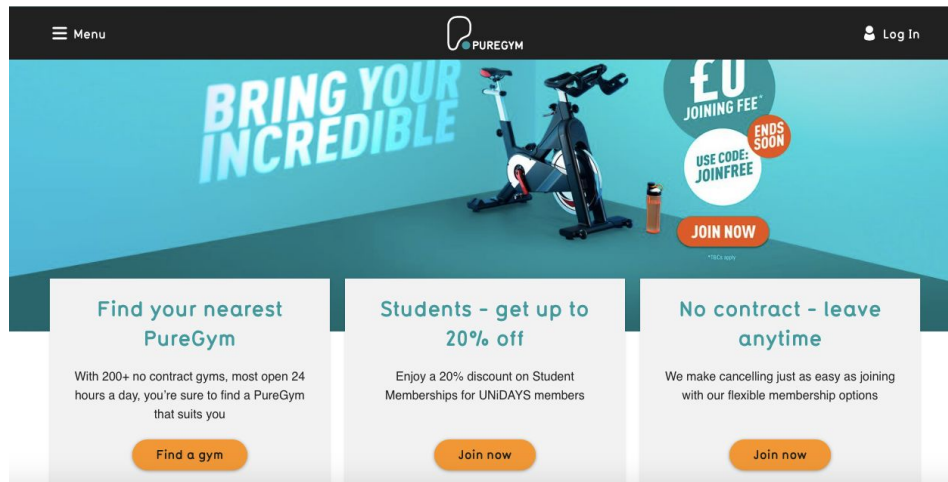
Interesting that on a different day, we noticed they've changed the most right panel to proclaiming a 3 day pass offer, another characteristic of flexibility, and on the banner behind, instead of having its previous '0 joining fee' announced, it now has its lowest joining fee rate announced.

[3] https://www.lseg.com/resources/1000-companies-inspire-britain/pure-gym
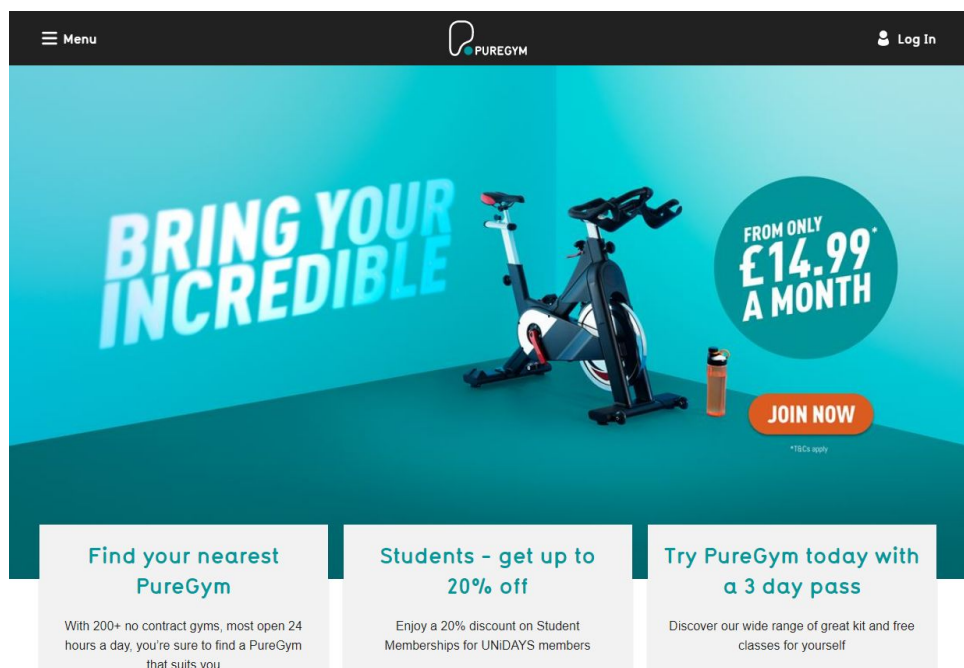
An example of how PureGym focuses on the Main Purpose can be seen when looking at their Membership Types and Subscription Customization:

On choosing membership based on term (in addition to a small joining fee), memberships are available from 1 day to 1, 3, 6, 9 and 12 months, and should you choose to cancel your membership, you'll be entitled to a refund of 50% of the pro-rotated amount, minus your joining fee.

And on choosing monthly membership based on products (excluding joining fee), the differences in types are peak times or off-peak and whether it's a single gym you want access to or multiple gyms. But between the 'standard' and 'extra' the only difference is a minor charge from £3-5 for 'Bolt ons' (additional small perks - like advanced class booking and a hydro massage sports chair) or/and multiple gym access or/and bringing a friend along occasionally. (if added to the standard) though they're not making it clear: Bolt ons available: 'from £3' or 'of £3'). There are no major luxuries - the kind we see in traditional gyms.

Likewise, Flexibility is also apparent here, the length of terms for which memberships is available and ease with which one can pay and cancel their monthly and even monthly+ memberships.

A further example of both flexibility as well the Information Symmetry point argued above will be shown by the following example. We will demonstrate the ease with which one can perform all necessary actions to join the gym via online and the plenty of information that's available to them beforehand.

After selecting a gym, visitors will be able to access information on location, PTs, classes, courses and reviews:

And take a 360-degree virtual tour, giving the potential client a chance of viewing the gym without the need to physically attend.
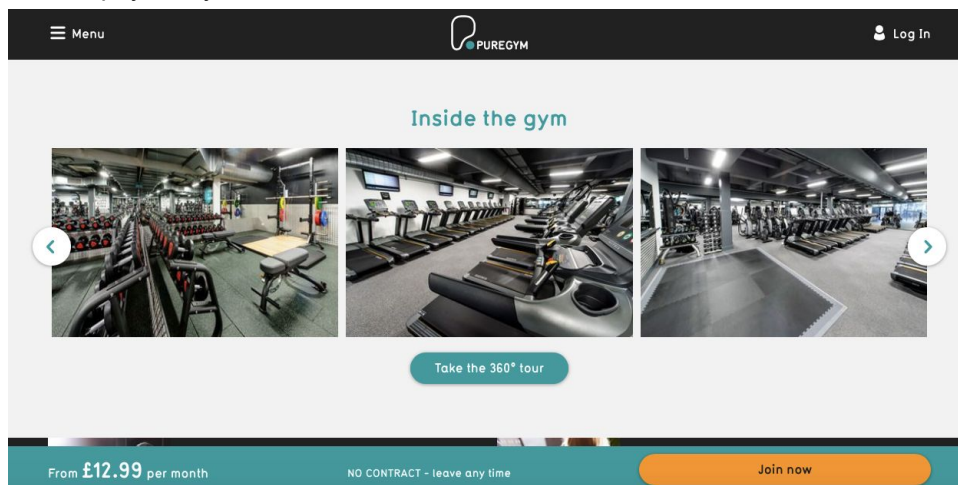
After clicking either "join now" buttons, the visitor is directed to another page where they can join a gym in four steps:

Step 1: choose a gym from a drop-down menu:
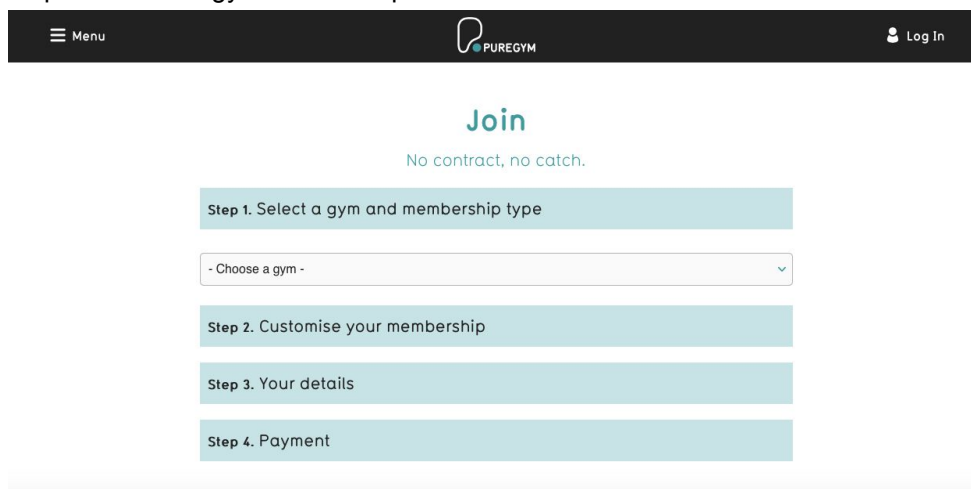
Step 2: select from different types of membership, from one-day passes up to a year:

Step 3: enter personal details:

Step 4: enter payment details:

Case study: The Gym Group

The Gym Group is another example of a "no-frills" gym that has been very successful. It was founded in 2008 and currently has almost 80 clubs in the UK (TheGym Group). As we've explained with PureGym, it can be shown that they've recognised the 3 principles, discussed above, that is what customers of today want.

<u>Main purpose</u>
Upon reviewing their membership details, they have two types, a difference of £5. The overall charges are on average slightly higher than PureGym but the products are similar. The more expensive deal gives you the option of bringing a friend, multiple gym access and minor perks added. All in all, you end up paying less than £30 a month (the exact amount depends on the joining fee cost of the location chosen) and you are not charged for a bunch of extras you won't use so much.

❶ Gym membership details

Choose your home gym

London West Hampstead ▼

❗ The Gym London West Hampstead is open for immediate membership

🕐 Open 24 hours a day, 7 days a week

📍 Unit D2, 41 Fortune Green Road, West Hampstead, London, NW6 1DR

Choose your membership

Monthly	Day pass

DO IT.

Brilliant basics

£22.99
PER MONTH
One-off joining fee of £20.00

○

LIVE IT.

Added extras to keep you on track

£27.98
PER MONTH
One-off joining fee of £20.00

✓

➖ What's included?

DO IT.	LIVE IT.
Unlimited 24/7 access & training	Unlimited 24/7 access & training
Free classes	Free classes
Free Wifi	Free Wifi
Bring a friend	Bring a friend
Multiple gym access	Multiple gym access
Unlimited Fitness & Body Composition measurements	Unlimited Fitness & Body Composition measurements
Discounts and perks	Discounts and perks

○ Do you have a promotional code?

Summary

LIVE IT.	£27.98
Joining fee	£20.00
Total card payment	**£47.98**
Future payments (Monthly direct debit)	£27.98

feedback

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<u>Flexibility</u>

Like PureGym, or rather PureGym has modeled on this, you can join and become a member in 4 simple steps. You're not binded to a contract as in the traditional model, you get access 24/7 and you can also get a day pass, in case you want to just try it out.
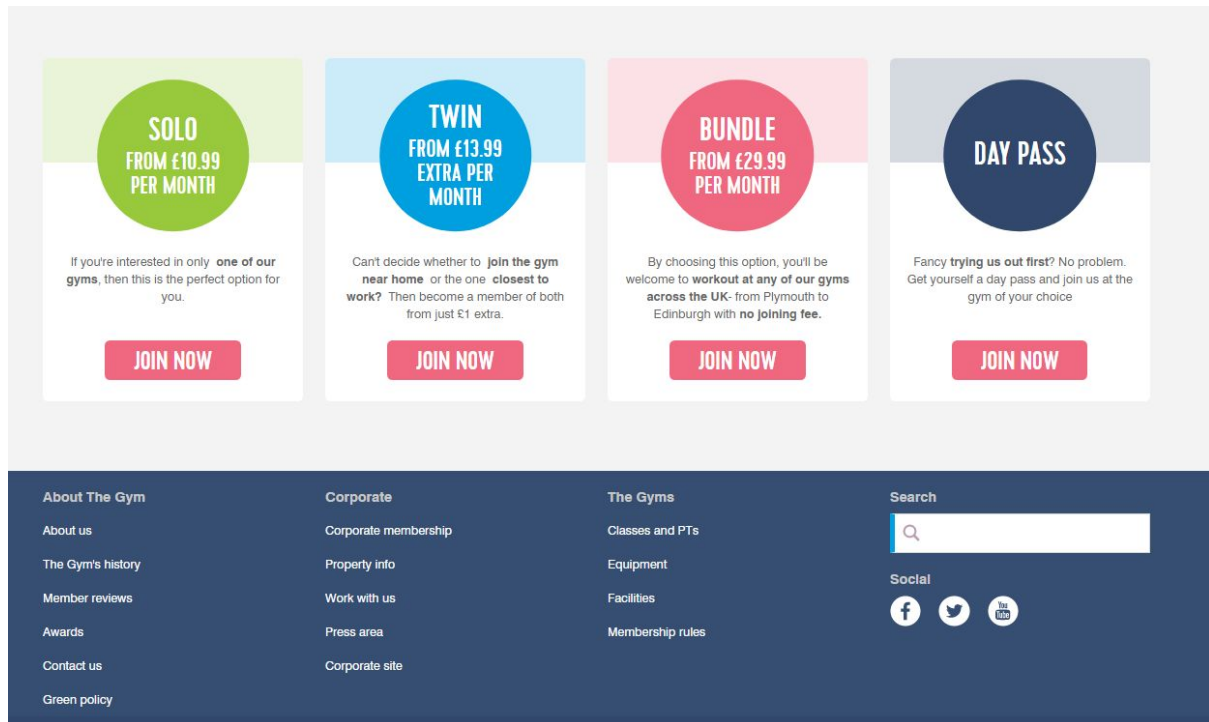
<u>Information symmetry</u>

Although not as dynamic as PureGym, after choosing your gym, the page allows you to take a look inside the gym, read reviews of users and watch videos of how to work the equipment. Although it promises an induction once you join membership.

On the London stock exchange[4], its EPS is £4.50 whilst its P/E, which tells us the amount of pounds people are willing to pay now, for one pound's profit in the future, (calculated by dividing the company's last year's profit by no of shares outstanding) is £30.80, which shows confidence of the clients and the market. It's share price at a median average is at £218, up from £170 in Dec of last year, and their market capital in outstanding shares is 281.5M. Their declared revenue, (assuming after reckoning liabilities, 'employee and privately owned shares' as well as cash float) as of end of 2016 was 73.5M. Its total assets worth 159M. When it went public last year, it managed to raise an astonishing 205M in IPO and for a time PureGym wanted to merge with them[5]. From the information available, we're assuming it means that it's doing rather better than PureGym.
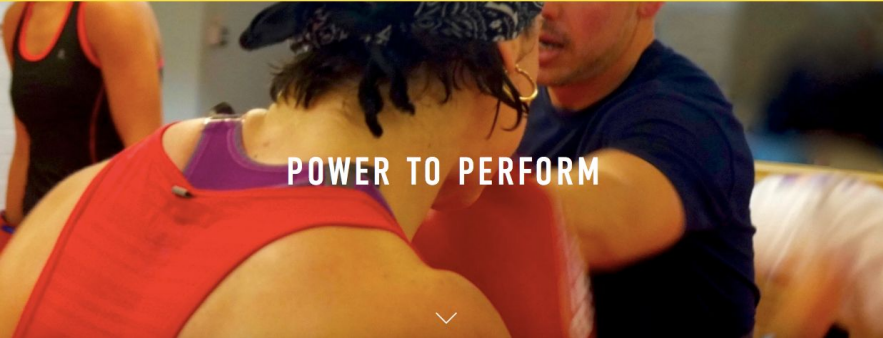
A case study: The Bunker Gym

The Bunker Gym is a gym located in northwest London that has a strong Web presence. Even though it is a small independent business, it has been successful in creating a strong client base. Its Website makes ample use of images, but is very simple in its structure, having only one page with links to the business's social media profiles on Facebook and Instagram.

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[4]http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GB00BZBX0P70GBGBXSSMM.html

[5] https://www.ft.com/content/6ac5cd10-8f7a-11e6-8df8-d3778b55a923

The Bunker's camaraderie makes it easy to stay motivated, whatever your goals or fitness level.
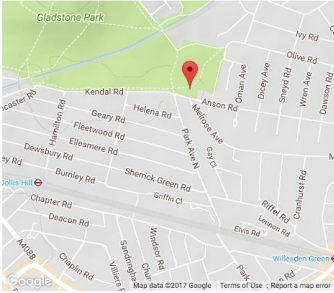
Hidden in a restyled WWII bunker, the gym is a few minutes walk from Dollis Hill and Willesden Green tube stations.

Find us at 162 Anson Road, London NW2 6BH or call Dusty on 07792 579 334.

Open Monday to Friday 5 - 8.30pm and Saturday 11am - 2pm.

GET SOCIAL WITH THE BUNKER

Hit us up on Facebook for the latest news, Spotify for our workout tunes, or Instagram for the latest snaps and videos!

Main purpose

With a slangish lingo and very attractive deals, packaged in various ways, starting from as little as £5.50 for a set of classes or £8 for a single class, it process its orders quite slickly, through an outsourced online, payment and booking, processing provider, called MINDBODY®, a company that provides business software for small businesses in the fitness sector. Alternatively, a £60 pass can be purchased for an unlimited monthly pass. Classes include Weight lifting, HIIT, spinning, and Strength and Conditioning. Bespoke sessions are also available for £35-£45. Another deal is to buy per hour: ranging from £60 to £80. A fourth option is to pay a flat rate of £40pm for unlimited gym time. Perhaps flexibility could be pointed out in the variety of deals they're offering. However, what's missing really is a clear hint to customers/site visitors, as to which model this gym is operating on?; and therefore flexibility in the sense we've argued for, is totally absent from their website.

Information symmetry

They may not have the cheapest subscription but if the variety/detail they display/describe their products is what makes them attractive, this seems yet another way one can exploit the usefulness of e-business applications in the fitness industry. A strong effort is also apparent in giving the visitors a

feel for what's like inside the gym, with photos and videos and their strong presence on social media.
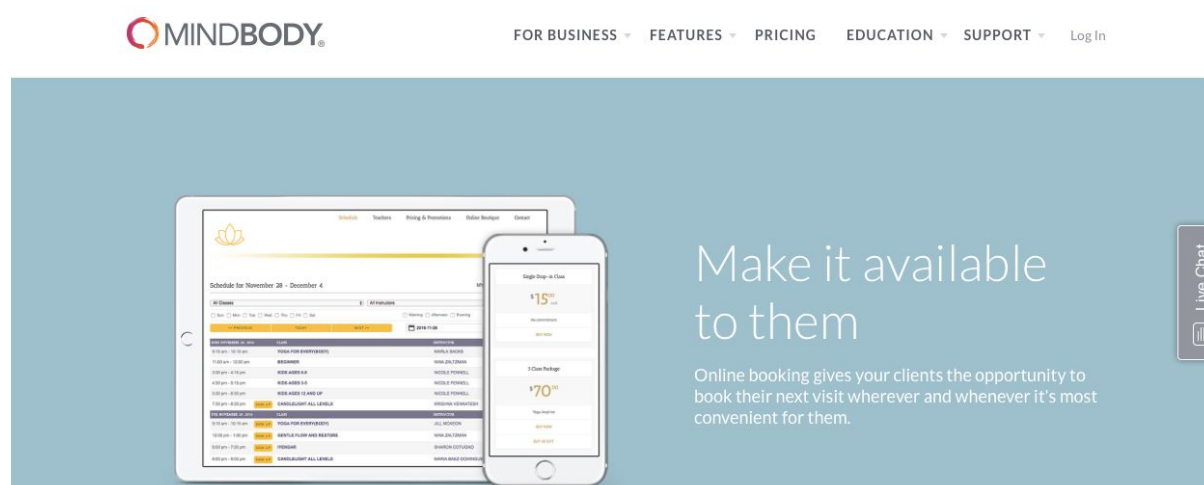
In terms of its profits, it's hard to tell as on Company House it was listed under Real Fitness London Limited but it's been dissolved since and listed with no earnings on its accounts[6]. Possibly they're now sole trading or they're in the process of setting up again. But from its reviews by people on google and facebook it looks like their customers are very happy with them.[7]

How could the rest of the companies improve their sites?

In our findings, after elaborately analysing three websites, we spotted some differences, positive as well as negative, from which others could learn.

Products and flexibility
Whilst PureGym says it asks for no joining fees, in fact it looks like they're going to stop that soon (maybe this explains the change we noticed in their homepage) and also it is then confusing that when searching for gyms, a joining fee appears prominently next to the rates per month, for each gym differently, ranging from £15 to £50. Even at a location such as Edgware, out of the centre, the monthly rates + joining fee + 'bolt ons' (the 'extra' option)', come to about £40pm, not far off from the traditional gyms.

On the other hand it must be said, their terms and conditions[8] are much simpler and straightforward and sometimes more flexible than TheGymGroup[9]. Eg, whilst PureGym allows you to cancel a monthly membership, any time and presumably get a refund for the days remaining; and for fixed term memberships it promises a 50% refund for the days remaining , TheGymGroup, offers you a refund, on 'standard' or 'annual', only if you cancel before the 14 day period of placing the order. Not as flexible as the former.

Web Design and web functionality

PuregGym and TheGymGroup:
Although, PureGym's site looks to a user as having a more modern touch to it, allowing users a far more advanced functionality (eg when searching and viewing gyms) consistency and clarity across its

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[6] https://beta.companieshouse.gov.uk/company/07211395
[7] https://en-gb.facebook.com/The-Bunker-Gym-960417167307482/
[8] https://www.puregym.com/membership-terms-conditions/
[9] https://www.thegymgroup.com/legal/membership-agreement/

site (eg same background & colour everywhere; making it easier to return to the homepage by clearly displaying a link, mid page, on the primary nav), still to a keen eye, poor structure in some places is recognisable. Some very important navigation lay at the bottom footer nav, barely spottable. Eg a link to the app, site map, gyms by city and pure gym shop; the fact that they're offering 10% for Corporate employees is also almost intentionally little mentioned and some important bits of information are found spread across separate pages.

Also, the contact medium provided in case a customer does need to contact them, is very poor compared to what The Gym Group offers and unlike the latter, its mobile display is also poor, lots of scrolling down and the photo of Sir Chris Hoy after his quote. Whereas The Gym Group, although on desktop view it could do more to improve, on mobile view, it hasn't just rendered the flow of the containers on the page from vertical to horizontal, it has actually limited and changed the way you see the content, depending on the size of your screen on your device.
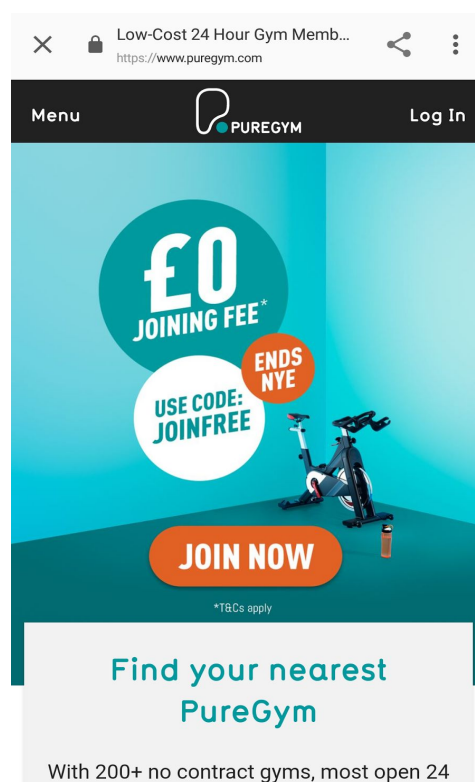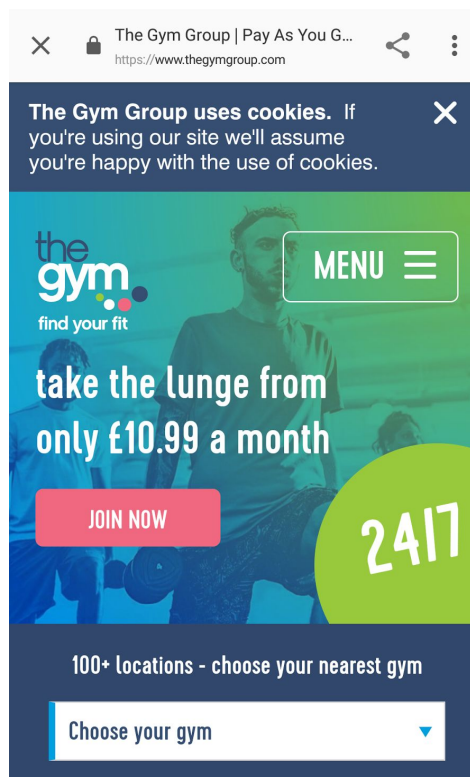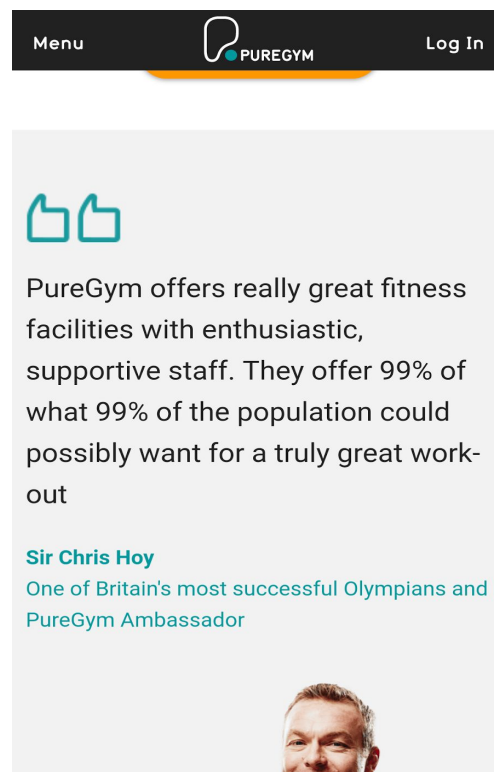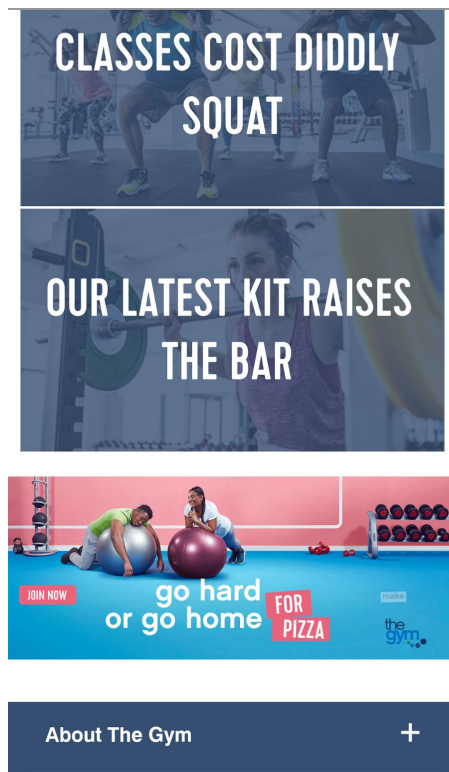
The Bunker Gym

In the case of The Bunker, when it comes to details on different types of membership and packages on the Web site, although very simple in its structure once there, is hard to find where it is, when first visiting the site as there is a lack of navigation that directs the visitors to the the page dedicated for joining the gym and to the listings of the different packages; rather the user has to skim through the page to click on red hyperlinks with terms such as 'sign up' or 'classes' in order to get to the page that displays them in detail. Also, booking bespoke personal training sessions can only be done over the phone and not online, and this may be due to them not having a big option of personal trainers and so their available slots quickly run out and therefore this service might not be a major channel of revenue.

Do the best developed sites belong to larger companies?

An interesting example of how far some have taken the No Frills model is The Bunker Gym. Even though it is small and independent and its membership prices are, on average, twice as much as PureGym and The Gym and even though its facilities include so little that not even showers are provided, it has built a strong online presence with a Web site, Facebook and Instagram profile, and its own app.

2.2 E-business model(s) adopted (or proposed)

Identify E-business applications and roles of actors involved in the organisation.

The no-frills business model is typically characterized of having and laying a focus on:
- Low prices
- Fewer extravagances
- Fewer gym commitments
- Fewer employees on site
- More locations
- Cheaper equipment
- Very flexible membership options
- Everything can be done online

E-applications

As we've seen, the following are some of the ways in which e-applications are applied when exploiting the No frills business model:

- Online listing and detailed descriptions of available packages and deals
- Online enabled viewing of physical locations, equipment, merchandise and trainers
- Online payment, and delivery processing for booking gym products and merchandise
- Viewing Calendars, schedules and time slots online for availability to book group classes, private training sessions and availability of particular people at specific times
- Online selection of gyms with integrated geographical mapping
- Site provides app to provide same functions of website
- Exploit of online tools technology such as cookies, web authoring tools etc to analyse (and tailor to particular) consumer behaviours
- Exploit of e-technology such as RFIDs, GPS etc to automate seller/consumer interaction
- Splitting essential processes of business in order to operate on scale bigger than what the business can manage (eg Outsourcing MINDBODY®)

Revenue models and actors involved

Examples shown included, The Gym Group and PureGym: their e-business revenue model is primarily Fee for service (The Bunker gym also incorporates the Fee for Transaction model, with MINDBODY® using it by being the intermediate between the client and the gym) and Web catalog. No advertising, and no stickiness required. Although in relation to the fitness equipment and nutritional packages, they may also have to use Fee for Transaction in the process, with the gym being the intermediate to facilitating a transaction between the fitness or nutritional or equipment manufacturer/wholesaler and the client.

From the examples above, the following actors can be identified. As part of the model itself: 1)The gym facilitating the context in which the 2)Personal trainer or group/class leader operates. 3)The clients who receives the service from the gym and 4)The distributor who may distribute equipment or nutritional packages to the client from the 5)the wholesaler who takes orders from the gym. (Alternatively, the gym maybe making orders from a retailer who themselves deliver it to the client.)

As part of enabling the new model: 6)The business analyst who proposes and analyses the business strategy and (in our case) decides the functionality of the site, 7)the site Graphic Designer who decides the design and aesthetics pleasing to the user and 8)the Web Developer who writes the html, css and java functionality and who maintains the site. (And in our case) 9)The product and payment management company who serves the intermediate between the company/client and the bank, to carry out exchange of payment for service/product.

Present and analyse e-factors: which factors (either technical or organisational or individual or industrial or societal can be identified in the case and how are they manifested?

Technical: Technical factors include buying a domain for the website and naming it like its physical name, buying hosting space, understanding visitor needs eg the group/age/class/geographical type of users we want to attract, what will be their main want when visiting? To make links to those information easily visible immediately when loading the mainpage; that the information is clear, consistent and in one place. Keep monitoring the load of both traffic and content of the site. Monitor expenditure for the actual development of the e-business development and how/in how much time, that's going to be recovered

Organisational: Includes for eg being aware of Cannibalization: if we offer a physical subscription to the gym also to the clients online, imagine the number of subscriptions from clients coming through the web, exceed the number of subscriptions to the physical gym and thereby making redundant those employee/s that still serve the purpose of selling subscriptions at the physical gym/s. Aso, if the business coming in online far exceeds that coming in from physical space, is it still worth holding on to the old model too, where clients can physically come in to buy a subscription?

Individual: Could relate to finding out individual differences in receptance of our products or the way they're implemented; To questions like: Are there differences in the way people think about their payment process being outsourced? How big is the percentage of people who after all need some point of contacting a real person on the phone in case of emergency eg losing an item at the gym. what's the best way of finding that out? Review ratings online? Better offers for those who give feedback? Or different offers for people who come through different channels? Eg PureGym discounting joining fee for those who mentioned the code seen on the online website. How do we gather qualitative data for individual differences in the preference of our implementation of our website or business policies?

Industrial: Does it look like no frills will take over? How are the traditional Gyms coping with it? For example, do we see them moving towards the high end of the clientele, with even more luxuries and fancier facilities? Or do we see them turning to other forms of e-business applications? Do any of them change their entire structure also to no-frills? How easy will it be for them to do so and does that pose a treat to an independent gym like Oasis, with limited resources and capabilities? Are there even furthur initiatives that can be identified which may in the future render no frills 'traditional' eg corporate in-house gym studios/trainers provided by big gym chains?

Societal: Societal factors can be identified as consideration to the languages and cultural needs of the clientele it is serving, relating specifically to the health and fitness industry. Ways they're manifested in our country are for eg, which fitness trends are now popular in the UK? How can we market them in line with a no frills model, using e-application, making it affordable with low cost etc? For example we've seen the lingo used by The bunker Gym and also the links to certain hip hop songs on spotify, clearly with the awareness of the type of visitors drawn to the genre of fitness training they are offering.

Also, when considering which kind of classes to offer and which kind of personal training background and expertise to seek out, it might be worth considering that apart from the fact that there is certainly a bigger awareness in society today more than five decades ago, about the importance that keeping in good shape and maintaining a healthy diet plays on our health, It's also fair to say that it has become much more widespread, especially for young people, to even just pursue crude bodybuilding and crossfitting as a life hobby and interest. Similarly, modalities that used to be associated as being popular only with certain geographies and cultures or age groups, with globalization, this is not true anymore and the boundaries between schools of fitness practices have become much more blurred, often being packaged in hybrid.

2.3 Summary: which factors contribute (currently and which in the future) to the success of e-business in the case.

All of the three businesses analysed make ample use of images on their Web sites and have a simple layout. The Web sites of PureGym and The Gym are a lot better at dividing different types of visitors (browsers, shoppers and buyers), and in having a structure to their site (primary nav, secondary nav, consistency across multiple pages, sophisticated functionality). Also, they provide a personal page that can be accessed by users by logging in with a password. Shoppers can take a 360-degree digital tour that allows them to view the gym from home.

Upon validating their sites with on their use of HTML: whilst The Gym Group turned up with 11 errors and 2 warnings, PureGym flagged up 4 warnings and 25 errors, the last one being a fatal error and therefore not being able to detect any further errores or fatal errors. (Css validation (level 3): whilst PureGym flagged up 50 errors, The Gym Group showed 220 errors.)

On Alexa, PureGym[10] turns out to definitely be more popular, having a global ranking of 29,800 and a UK ranking of 1,300, whereas The gym[11] group has a global ranking of 59,700 and a UK ranking of 2,800. Both are on decline, though the graph for the latter is generally more spiky. Also, the Gym Group's top search keywords that send traffic to its site have a much higher percentage of being non-specific to their company or their services as opposed to PureGym, which may indicate that PureGym is better known or it may indicate that the reason to them being specific terms is because they've come through google paid results. It may also indicate that in the long run, when the news about PureGym is forgotten, (if google's algorithms are not working against them) the gym group will gain more traffic because of the name they use.

Top Keywords from Search Engines
Which search keywords send traffic to this site?

Keyword	Percent of Search Traffic
1. the gym	8.43%
2. gym	3.62%
3. gym near me	3.19%
4. the gym group	2.82%
5. gyms near me	2.01%
🔒 Subscribe to view more keywords for thegymgroup.com	

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[10] https://www.alexa.com/siteinfo/thegymgroup.com
[11] https://www.alexa.com/siteinfo/puregym.com

It seems that, being a larger businesses with many clubs around the UK, PureGym and The Gym have a lot more capital to invest in their online presence, although it should be noted that the inclarity of The Bunker Gym's model, with uncertainty of the rights or commitments required on the client's side, is unlikely to be the consequence of it being a small business with limited resources. Still, The Bunker Gym shows how a small business can be successful even in an environment that is increasingly competitive because of low-cost gym chains.

A revenue model used in all example is Web catalog, even for the online shop of The Gym Group. Though the Gym Group could improve its 'online shop' by having a more responsive UX. There is no advertising model for any of the Web site. Why? Because the objective of these Web site is not stickiness, they just want visitors to join the gym and purchase a membership, and they actually do it very efficiently and actually joining the gym and entering personal and payment information is extremely quick and efficient. These Website get no revenue from advertising, therefore this is a model that would not be suitable to our gym's website.

Because The Bunker Gym charges a lot more than the low-cost gyms, if we are to assume they are one, the success of no frills gyms might not only be the fact they charge low prices, but also the fact that joining them online is very easy and membership is highly flexible, something that it is not always the case with traditional gyms where information on prices is not readily available to see - as for example David Lloyd Gyms[12].

What factors contribute to the success of this business model?
- Most people don't care about sauna and other extra luxuries at gyms
- People want to know how much a membership gym costs before going there
- People want to be able to book classes online
- People do not want to commit for longer period of times
- People want to find out about the gym as much as possible online without much need to view it physically
- staff levels reduction to the minimum (reduction of fixed labour costs)
- With e-business, the pressure on gyms to compete, even with the gyms not locally, is much greater

3. DEVELOPING YOUR E-BUSINESS (40% OF THE MARKS)

3.1 Brief description of the envisaged website

What will the Website look like?

Divided to cater for different kinds of visitors (mainly local 'shoppers' searching the web for a gym and members from before) with primary navigation links from left to right, at the top of the homepage for:
- Find us (that uses google map services)
- Join now (page redirects to Creating Profile page and consequently to outsourced provider of online payment)

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[12] https://www.davidlloyd.co.uk/memberships

- Online shop redirects to page serviced by external online provider of shop - management of this will be run by gymbag.co and customers will be able to either have things delivered to address of their choice or to the gym for collection.
- Member login (from here, after they will have already created an account, people will be able to log onto their profile and book classes)
- Reviews, allows users and members to rate and review their experience at the Gym or the website
- Search for key terms found in any of the pages on the website (third party search filter)

From the Join now page, users will be able to create a personal profile with details of their subscription, classes and personal training sessions they've booked, and messages with their personal trainer.

After clicking "Find us", people can see a map, with their nearest gym, and a "Join now" button with it. They can customize how to search the map, with different addresses; home or work; by popularity or size etc.

Center of the homepage will be used for banner across to promote special offers or focus on one of the business' services that is most in trend currently. At the bottom of the page, there will be images of the activities at the physical location.

On the top-left corner of the homepage there will be secondary navigation (burger dropdown Menu on Mobile view) dedicated to visitors for:
- List of equipment available, which will lead them to a page with photos, descriptions and videos of the equipment and people using them[13].
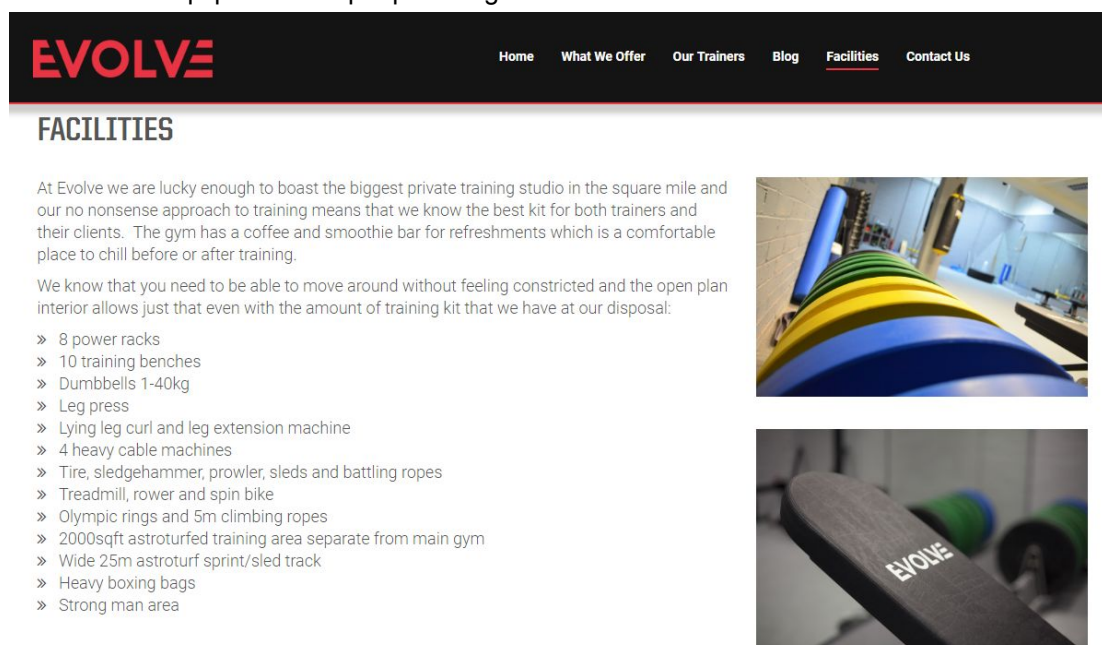
- List of PTs, which will lead them to a page with profiles, photos and personal statement of the trainers, with different fields of expertise and from there a link to a schedule/rota of availability. (latter functionality outsourced)

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[13] http://www.evolvefitnesslondon.co.uk/what-we-offer/facilities/
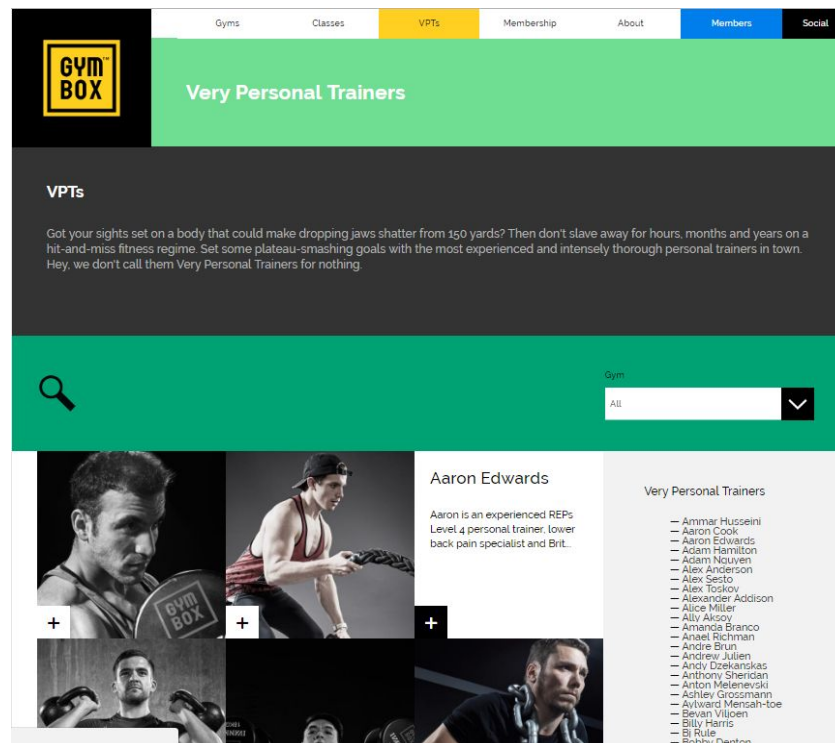
- <u>List of classes</u>, which will lead them to a page, describing all the different classes. Upon selecting a class, this will lead them to another page, listing the times of the coming instances per week and places available (outsourced).
- <u>Details on gym memberships</u>, listing of different types of membership eg which times of day? what classes/personal trainings are available, at what price, for what length etc. (component of product management but which can be dealt with on the business' site itself.)

- <u>FAQ's</u>, listing a number of questions that would replace the need of customers talking to someone prior to subscribing or booking a class/session; they'll be searchable in an internal search filter from the main page. (again by third party search engine provider such as google)

The list in the secondary navigation pane will also appear in the page footer, at of the bottom of the page, together with a couple of more links such as: Social media; Accessibility; Get involved and Terms and conditions.
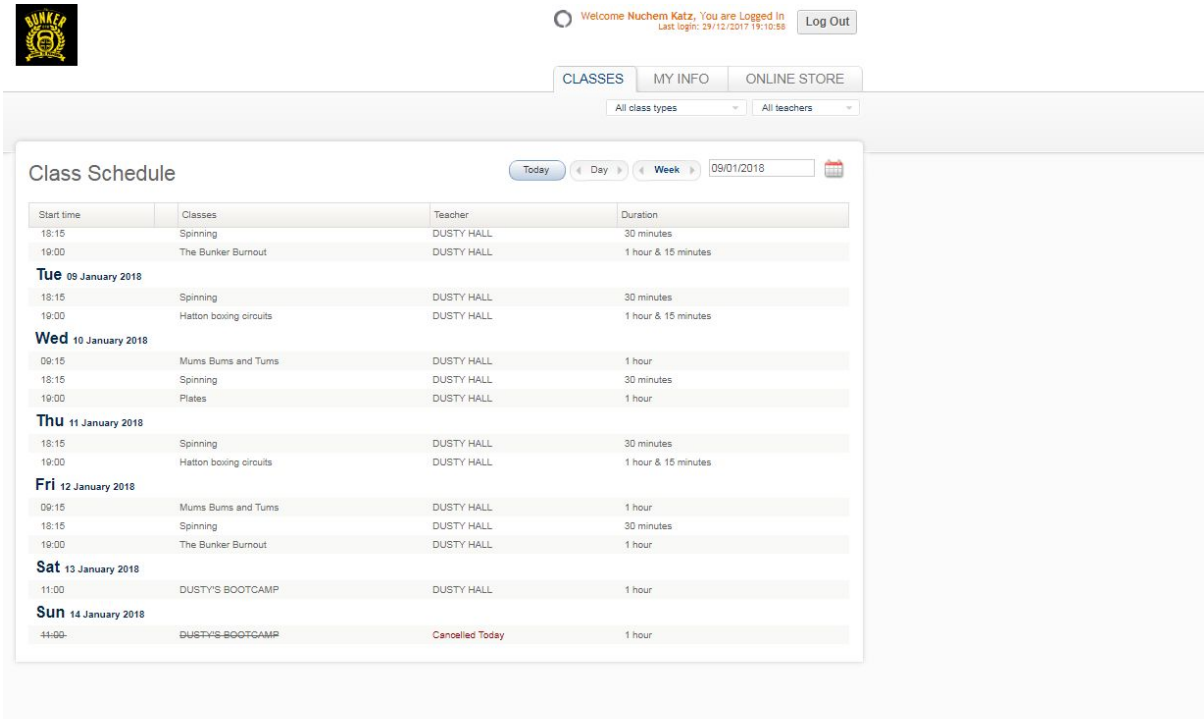
3.2 Explain the technologies involved

<u>Site Structure</u>, text and markup will be implemented with HTML5; Positioning, layout and appearance, with CSS and functionality which will mostly be outsourced, with javascript.

Search Engine Optimization for best <u>External Searches</u> coming through public search engines. (google AdWords)

<u>Internal Site search</u> will also be using google's services albeit with limited control over indexing frequency (as site content changes and updates) and relevance weighting - once results come back, but arguably affordable prices available for size of our business. (and complemented by the help of an XML created sitemap)[14]

<u>Orders</u>, product management and payment management can be done by either of the two companies, one of which, we've encountered before in one of our case examples, which does payment, booking and procurement management for The bunker Gym: MINDBODY®. Another company that does the same would be gymbag.co, which we're going to use for the online shop. Scalability will also be possible with those companies because they provide such services.

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[14] https://thoughts.duoconsulting.com/blog/how-internal-site-search-works

Advertising and marketing policies: The business will be using Google's local search ads on google maps to push the gym local high in the results, when people search for a gym in the area, together with location extension used with google AdWords account -- that is, when people search for one of the list of keywords that the business will have provided to google, it will bring up our business in more detail in the results returned, with options like a Call button, link to directions and website + address and opening hours.
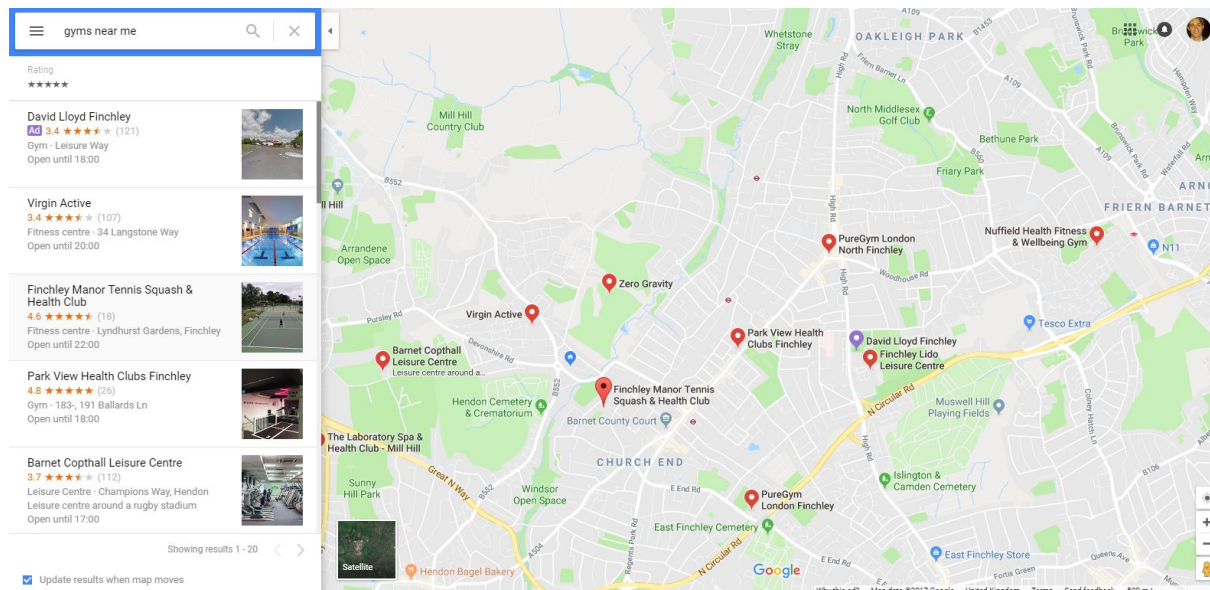
Another idea, is what we mentioned above, partner up with a marketer that sells pay as you go gym passess for a range of gyms belonging to different businesses, to promote our business. An example is the company payasugym.com.

Sales analysis could be assessed by reviewing the results of traffic coming through from google paid search ads, in particular by finding out the cost for acquiring a client. That is done by dividing the cost per click by the percentage of visitors, of those who clicked, who actually turned into paying customers (conversion rate). The lower the resulting figure, the better as this tells us the extent to which our marketing investments (cost per click) pays out. Then, by comparing the amount of revenue generated by e-business as opposed to off-line revenue.[15]

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[15] http://www.7websolutions.com/ECommerce/Online-Sales-Analysis.aspx

3.3 Discuss usability methods for evaluating the website.

Website usability and approach to evaluate user satisfaction

Gathering adequate user requirements to begin with, prototyping, following the Lean UX model when developing the site, validating the implementation of up to date web markup, layout and formatting, functionality and cross-browser supportability and compatibility (provide alternatives if not - eg description of vid/photo in case it doesn't appear), validate website's accessibility, making website consistent with brand image, user testing, consider key performance indicators for both qualitative and quantitative data. Analysing the reviews and ratings from customers and browsers along with the traffic reports from tools like google analytics and alexa etc. Engage with clients to get feedback on social media.

In addition, after people have paid for their membership, before they can make orders and book trainers, prompt them to fill out a questionnaire of their experience of the site and another one after a couple of times using it, in particular, what their experience is using some of the features of functionality, eg booking classes/trainers, shop and searching the FAQ resource.

3.4 Explain the critical success factors for your overall plan to work in practice

Virtual Commerce

Statistics
Mintel, a privately owned london based research firm had reported back in 2011 that since 2006, the fitness industry market had grown by 17% (to £2.66b) and gym membership by 13% (to 5.33M), 80% of its revenue coming from membership and 'joining fees', although, already then, it has given most of the credit to the 'growth in the sector' to the new then phenomenon of no frills gym who use e-business applications. (They're actually mentioning The gym group and PureGym.[16]). Interestingly, in then predicted that it's worth would continue to grow to 10% more (£2.9b) by 2016.

In its July 2017 report, although it has shown that by the end of 2017, the market's worth will have grown overall (to 3.1b) it falls shorter than the growth/time we've witnessed between 2006 and 2011: from 17% in 5 years vs 16% in 6 years. In addition membership has only rizen to 5.7, which is less than was expected[17]; with a with a drop in expected memberships per site. And here, this was again credited to the use of e-application. It then advises on how gyms can also make use of e-application in their physical spaces eg Virtual Reality and Video On Demand (Important to stress that we assume, when it reports on overall growth in fitness industry sector, this doesn't exclude the revenues generated by e-application in the fitness industry. So we don't think there is a discrepancy between drop in gym membership and report on overall growth in industry.)

So what this tells us is that whilst the future definitely lies in the application of e-technology, and whilst it's true that some instances of it will potentially reduce the number of gym subscribers (eg fitness

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[16] https://www.campaignlive.co.uk/article/sector-insight-health-fitness-clubs/1082799
[17] http://www.healthclubmanagement.co.uk/health-club-management-features/Mintel-UK-Health-and-Fitness-Club-Report-2017/32014

apps and celeb-endorsed exercise DVDs and the Wii Fit) it also has the potential to enhance the experience at the gym and make joining one, more attractive than before (eg no frills, VR and VoD).

So, returning to our business, broadly, the critical factor to success of our business model, will be adopting those instances of e-application that go well together with our change in model, i.e. from a traditional model to no-frills; thereby moving to a more safer future for our business as an entity within the fitness sector. At the same time, more specific gains will be made by way of, using some of the consequential e-business practices to also raise revenue or operate the business in ways less convenient up to now. (eg RFID tags, online shop, nutritional packages and marketing, payment and booking outsourcing etc).

- So some of the broader benefits put in broad terms will include: the chance to re-launch company image, cut costs, increase efficiency and attract customers which relates to main purpose discussed above
- Measurable gains when put in business terms will include better customer information, promoting loyalty and 7/24 service which relates to flexibility discussed above
- Virtual commerce benefits will include easier publishing of detailed product information which relates to information symmetry discussed above

4. CONCLUSIONS

4.1 Provide an overview/summary of the overall project and your findings.

In summarizing our project for developing an e-business model for Oasis, we return to the issues Oasis is having at the moment, to see whether we tackle them with our e-business no-frills solution.
- Main purpose: The in/out ration should increase for any of the following reasons.
  - Attrition will drop because customers will look positively at the new changes in membership policies and not think they'll be made to spend again unfairly.
  - The gym's web launching will reach a higher audience and the chance that potential clients living geographically close will find our and join our gym, will increase
  - Clients ending their subscription at traditional gyms locally, will join our gym
- Flexibility : Through online provided Pin, customers could do all functionality online and rarely need assistance at the physical location that will serve them round the clock. In addition they could also order things online and get them delivered to an address of their choosing.
- Information symmetry: As the client can now know more about us, before actually joining us, in the same way, by using the various e-business tools available (i.e. marketing and analysis) we can also know more about the client before we actually do business with them, so to best know how to serve them and sustain a long lasting business relationship and economic stand

4.2 Identify areas for improvement of the e-business in the sector you investigated.

From reading reviews online on social forums, on both, PureGym[18] and TheGymGroup[19], what seems to be the biggest challenge to no-frills is how to deal with increasing automation, staff minimisation and in-house cost reduction but yet keep up a good customer service. Most complaints were about

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[18] https://uk.trustpilot.com/review/puregym.co.uk
[19] https://uk.trustpilot.com/review/www.thegymgroup.com

low facility/equipment quality and about unrightfully being charged when joining, with many saying how difficult it was to get that right afterwards.

A number of complaints were also made on the quality of their personal trainers and about joining fees being a big stopper for them from joining. While quality of facility/equipment and trainers aren't necessarily a side effect of increased automation (e-business), bad customer service could be an effect of it. Also, since flexibility is a horse, no-frills are riding on, it will be interesting to see how the 'joining fees' feature will develop in the future.

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