

Title:

Increasing Health Club Profits Through Retail

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Summary:

If you're a health club owner and you are relying exclusively on membership sales to provide you're revenue, you're missing the boat. Nick Berry teaches you how to drive revenues through retail sales in a health club setting.

Keywords:

health club, profit centers, retail sales

Article Body:

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A common misconception in the fitness industry is that a profit center's only purpose is to keep the members happy. We all want to keep our members happy, no doubt, and do it at a reasonable expense. Having a multiple profit centers, that truly are profitable, can set your facility apart from the competition on the service and financial fronts, while still keeping the members interests in mind. When most people think of profit centers in our industry, they immediately think of the 'smoothie bar', or 'pro shop'. These centers can range from a drink cooler and a clothes rack, to a 3000 sq. foot retail store. Either end of the spectrum might be right for you.

To understand what to expect out of your retail profit center, you need to first understand exactly what your business is. You are a retailer whose life or death depends on creating an impulse to buy. Not to say that you are never a 'destination', because there is the occasional customer who will break from the office to get a smoothie at your place, but the majority of your sales will come from impulse purchases. With this in mind, you must be able to create those impulses at every possible opportunity. First and foremost, your retail center has to be near the front door. Near the front counter, if not between the counter and the front door. This is the prime real estate within the facility. If you are near the front door, and I mean within 30-50 feet, you are guaranteed that every person who walks through the front door will have exposure to your products. This is true for all of your profit centers, each need to have a presence upon entry into the facility. However, getting back my earlier statement, retail depends on impulse, you must be right in the consumer's face

in order to be able to create that impulse. Your drinks and bars should be out front, nearest the line of traffic in and out of the front door. This is done for the same reason the gum and candy are at the check out counter at every gas station. In your face, creating an impulse. These products are also very inviting. Bright colored drinks means flavor, and that draws the potential consumer in. An open cooler with drinks and ice is a very attractive presentation, especially after a long workout. Clothing, apparel, and tanning supplies are also colorful and look nice when neatly organized along walls and shelves. Organization and full racks and shelves give the appearance of a healthy store, and consumers find that attractive. Empty, unorganized shelves make items hard to find, nothing jumps out at you, and gives the perception that whatever is left has been picked over and is probably 'junk'.

While setting up your retail area, you must be aware of your promotions and the perception consumers may have. There are is an endless number of ways to do promotion, but only two basic types of promotion, passive and active. Passive is the most common, the least effective, and requires the least amount of effort and creativity. Passive is putting up a SALE sign on your clothes rack, or your drink cooler. Passive promotion does not require any interaction with your potential customer. Active promotion requires that the potential customer reacts in some way with the promotion. Having employees carry samples around the facility and offer them to members is a very effective active promotion. If you do a food drive for Thanksgiving, offer a coupon for a free smoothie for every canned food donation. Open up a pair of lifting straps and set a dumbbell out, let them try out a set of straps. There must be, of course, some limitations, but you can adjust your promotion according to your needs. Most, if not all, promotions will be better served by using some type of signs. Don't overdo the signs, they will lose effectiveness. The member base my already be desensitized to the effects of signs, so you need to be creative with design and placement.

Product promotion is an art form, and is vital to maximizing retail sales. Knowing your target market and being able to effectively appeal to them may be a simple science in itself. Do you know your customer base demographic?? Do you provide products that appeal to them?? Or do you provide what you think should be sold in a fitness facility?? You probably wouldn't find wrestling magazines in a Christian bookstore. The same principle applies to your retail center. Is the traffic primarily bodybuilders? Then you should have weight gainers, creatine, tanktops, etc. If the traffic is made up of a younger crowd, they prefer energy drinks and tanning supplies. Not to say you can't expand on those lines, but you have know your target market, or you're going to be trying to sell products to people who don't want them. You can get an idea just by watching members come and go. Certain traits are obvious, male or female, gray

hair, overweight, just to name a few. You can probably look at the members profile and get more information than that. It may require a little bit of extra work and time, but any information you acquire about your target market will be valuable.

Once you recognize your target market, then comes your opportunity to educate them. Retail centers cannot depend on monthly health magazines to properly educate their customers. You should provide credible literature in and around your center. A poster on the drink cooler explaining what drink is best at what time. An ingredient list and description for protein shakes. Most importantly, you have to educate the staff, because they will be the face of the center. They will interact with the customers daily, and you want them to know the products as well as you do. Over time, they will develop relationships with the customers, and those relationships translate directly into purchases. When an employee demonstrates a knowledge of products over time, the customer will go to that employee first when a need or question arises. Product education for employees is as important as knowing how to use the cash register.

You do not want to let your profit centers become financial drains on you or the club. Poor management, uneducated employees, bad marketing and promotions, and not knowing your customer are sure ways to have your center bleed financially. Each of these problems are correctable, but not until they are truly identified.