

Marketing Assignment I - Report

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INTRODUCTION

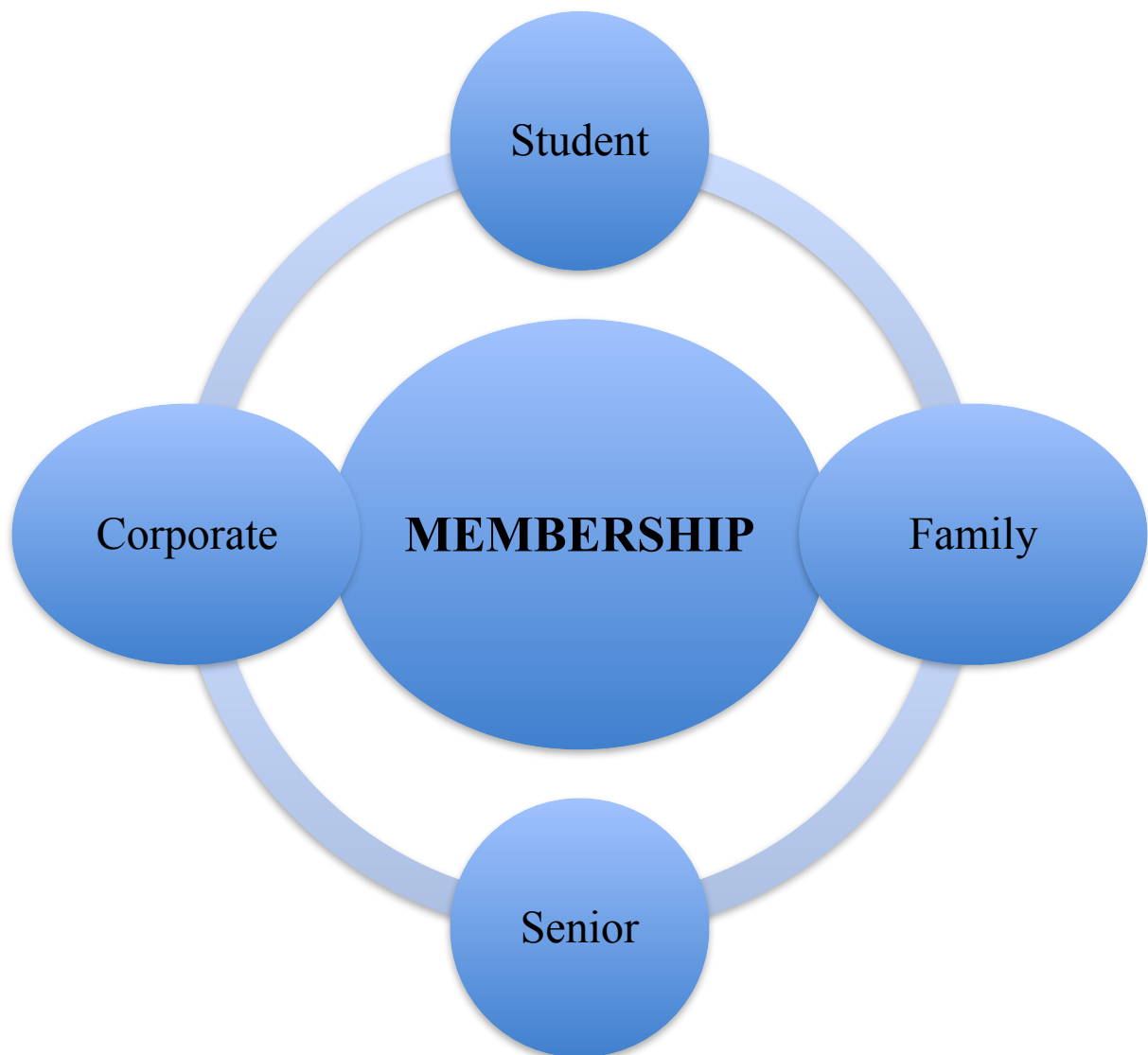
This report is based on various product markets involved in gym memberships and how they can be segmented. In the UK it is estimated that the market for health clubs, both private and public sectors was worth £3.8bn in 2011 (AMA Research 2012). The gym industry in the UK has grown within the past years and competitions between various memberships in gyms have also grown in terms of diversity in packages. The list below consists of some of the top most popular gyms in the UK that are competing with each other:

- Nuffield Health
- Fitness First
- David Lloyd
- Virgin Active
- Livingwell Health Club
- Esporta
- LA Fitness

Gym memberships are a mixture of both consumer market and business market. This is because of the options and demand in types of gym memberships. For example a gym organization engages in producing a variety of packages to suit a customer's needs. It can therefore be business-to-business market because it deals with emotional buying decision based on desire, price and status. However in some cases, a company can choose to invest in a gym to be a part of their company, making it a business-to-consumer market. In this situation employees of the company have access to gym facilities in their workplace building, the gym brand identity created on personal relationship between the company's employees.

Product Mix

There are various types of product involved in gym memberships. They are designed to fit your personality, lifestyle, or social status. Most big UK gyms have a number of their branches widely spaced across the country. It is very rare for a big gym company to have just one branch that facilitates the needs of the consumers. They are widely spaced because of the diversity in products and the region in which the focus/target group is located. The bellow chart shows some of the product types involved in gym memberships:



The following give brief descriptions of the types of product within the market of gym memberships:

Student Membership

This type of membership is marketed towards students, it has the lowest discount to offer among all other individual packages, but the time usage for the gym is limited but flexible in this packages.

Senior Membership

This package has a limitation of the types of facilities to be used. This is because of the target group, which consists of senior citizens that may not be capable enough to use some of the heavy gym equipments. Members of this package are watched closely and encouraged the most.

Family Membership

This package from the name indicates that its cause. It is for the family and it could be for couples or couples and their children. It has the most variety in terms of facility use. It includes actives for children also.

Corporate membership

This membership is packaged for businesses that want to keep their employees fit and active outside work. It also is a way of forming a social environment for the employees. Health assessments and physiotherapist are popular in this group.

Product Line

Student Membership	Family Membership	Corporate Membership	Senior Membership
<ul style="list-style-type: none"> • Short-term (Off-peak) • Long-term (Full Access) 	<ul style="list-style-type: none"> • Couples Only • Large Family • Average Family • Holiday Package 	<ul style="list-style-type: none"> • National Corporations • Local Corporations • Small Businesses • Flexible Package 	<ul style="list-style-type: none"> • Weekends • Monthly • Annually

Product Depth

Student Membership - Long-term (Full Access)

This package is designed to appeal student who are willing to dedicate most of their time to going to gym. It includes (LivingWell Heath club):

- Discounted food and beverage at the gym
- Free personalized one-to-one sessions.
- A Personalized plan that's designed to help you achieve your goals.
- Heated indoor swimming pool, plus sauna, steam room and spa.
- Free group exercise classes to keep them inspired.
- Ongoing expert advice and support from friendly helpful staff.
- Complimentary towel, toiletries and hairdryers.
- Complimentary use other braches of the gym

The table below illustrates the types of consumer each product type is aimed at.

Gym Membership Segment

Membershi p Packages	F a m i l y Membership	S t u d e n t Membership	S e n i o r Membershi p	Corporate Membership

Age	Popular among newly weds and families that enjoying going to gyms with their children. No age restrictions only proof of being a family.	16 and 17 year olds, or any adult with relevant student identification	Age 65+	Between ages 21-50 working employees.
Income	Families that have a high income.	Low income. Package always has a high discount anyway	Lower income	High income paid jobs or financed by company
Lifestyle	Health conscious and active families. Mostly families that enjoying doing things together	Athletes or students that plan on staying in shape.	Mostly in groups of unhealthy adults that depend on staying fit to be healthy.	Flexible working environment.
Spending Patterns	Frequently	Rarely	Quite frequent	Rarely

Usage	Quite Frequently, it forms a habit between families, usually not an everyday package, it goes for weekends only or a few times a day	Majority hardly take advantages of gym memberships as they attend to other priorities like School work	Frequently.	Frequently, as it forms a social environment for employees to mix and get to know each other outside the working environment.
Size	Medium	Large	Small	Large
Socio	Group B - Middle Class	C1- Lower Class	Group B- Middle class	C1 or C2- Lower middle group or skill manual works

“Other methods” and “location” do not apply to gym memberships because it is service and not a tangible product. The designs and packaging of the memberships appeal to the different target groups as follows:

Student Membership

- Gym use only
- Locker room

Senior Membership

- Limited use of gym
- Classes
- Swimming pool
- Locker room

- Personal trainer

Family Membership

- Swimming pool
- Classes
- Locker room
- Limited use of gym
- Close Supervision

Corporate membership

- Gym use
- Swimming pool
- Classes
- Locker room

Classes include Zumba, yoga, karate, pilates and variety of different dance classes. The equipments in most gyms include (Patterson 2011) :

- Treadmill
- Elliptical Trainer
- Weight Training Equipment
- Exercise Bike

Conclusion

Social and economic factors have caused the most trends affecting gym memberships. According to Key Note (2011) the rise of gym budgets impacted the fitness market. The economic recession hit the fitness industry, as members could not cope with the pricing. Gym memberships start at two weeks, to monthly or annual payments, and what are the odds that the members are able to visit the gym facilities everyday? Key Note (2011) “estimates that the growing number of budget gyms will enable struggling consumers to maintain fitness in their health routines, while keeping the fitness market afloat”. Gym memberships are only growing more popular in

the UK, especially with London hosting the Olympic games this year; there would be a massive out burst of sports encouragement and availability of facilities. With obesity looming as an even bigger issue, fitness centers should use that period as an opportunity to redesign their program, encourage citizens and make profit to invest back into the company. “Over the next 5 years (2011 to 2015), it has been estimates that expenditure on participation in sports and fitness activities will increase by a modest 4.4%, from £3.4bn in 2011 to £3.55bn in 2015” (Key Note 2011). The social factor affecting the gym industry is the raise in obesity in the UK. With 60% of men, 50% of women and 25% of children predicted to be obese by 2050 (Key Note 2011). While trends for leisure activities many differ, the public sectors are more likely to struggle with austerity than the private sectors.

References

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