

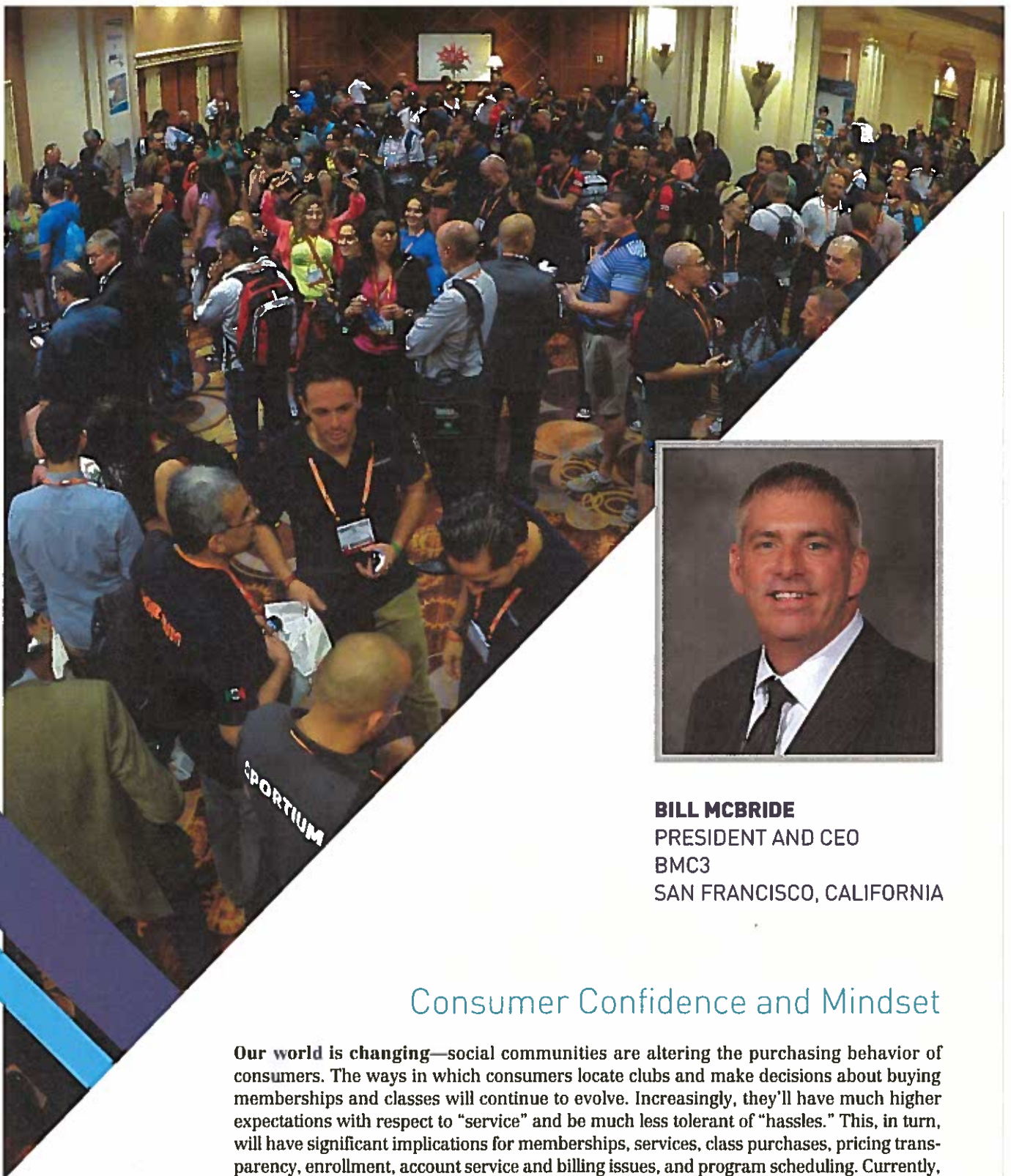


CBI looks to IHRSA '14 for thoughts on what the coming year holds for health clubs

fourteen on

By Jennifer H. McInerney

As we've done for a number of years, CBI has once more scoured the global industry landscape for some well-informed and thought-provoking insights about what the coming year might hold for health clubs. For the 2014 edition, we've turned to that Eldorado of industry intelligence—IHRSA's 33rd Annual International Convention and Trade Show, which will take place in San Diego, California, March 12–15. We've succeeded in tapping 14 of the authorities who, in one way or another, will be having an impact at the event, and asked them to comment on their respective areas of expertise: from consumer confidence, to new revenue streams, to the changing role of health clubs as healthcare evolves. You'll find the first seven of our contributors in this installment, and the second group in the February edition of CBI. →



BILL MCBRIDE
PRESIDENT AND CEO
BMC3
SAN FRANCISCO, CALIFORNIA

Consumer Confidence and Mindset

Our world is changing—social communities are altering the purchasing behavior of consumers. The ways in which consumers locate clubs and make decisions about buying memberships and classes will continue to evolve. Increasingly, they'll have much higher expectations with respect to "service" and be much less tolerant of "hassles." This, in turn, will have significant implications for memberships, services, class purchases, pricing transparency, enrollment, account service and billing issues, and program scheduling. Currently, consumers are exposed to an average of 10.4 pieces of information about every purchase they make, and the vast majority conduct online research before making a major buy.

Simplification will be the order of the day. We must rein in our offerings, because people, with more choices than ever before, are beginning to suffer from information overload. Having too many choices can lead to "paralysis analysis," and may result in no decision, no purchase, being made. Giving people two or three choices, in a given product or service category, may prove more profitable.

McBride will speak on "Trends, Technology & Changing Consumer Behavior" on Friday, March 14, 1:30–3 p.m.





HANS MUENCH
DIRECTOR OF EUROPE
IHRSA
MUNICH, GERMANY

The European Market

The *IHRSA 2013 European Market Report* informs us that this market now encompasses over 48,000 clubs, serving more than 43 million members, and generating nearly £25 billion (\$34 billion) in revenues a year. The market is robust in some countries and stable in most, but, in several others, continues to grapple with the effects of a temporary economic downturn. In 2014, the troubled economies of Ireland, Spain, and Portugal should experience modest improvement, while mature markets should continue to see stable growth.

The member penetration rate is solid in a number of countries: Norway leads the pack at 15.7%, and six other countries—the U.K., the Netherlands, Spain, Sweden, Denmark, and Finland—are above 10%. However, the average penetration rate for Europe as a whole, 6.26%, suggests that there's much room for growth. Four developing countries—Slovenia, Turkey, Slovakia, and Bulgaria—have rates of less than 1%; as a result, Eastern Europe will continue to grow faster than other areas, playing “catch up” with Western Europe.



ROGER SARGENT
GENERAL MANAGER
COOPER FITNESS CENTER
AT CRAIG RANCH
MCKINNEY, TEXAS

New Revenue Streams

Health and fitness organizations across the country are constantly trying to drive revenue by introducing appealing fitness programs. Today, in the industry, success depends on new revenue streams, and internal offerings are among the most important. What classes, programs, and other services would prove most popular? Most profitable? Let your members' interests and needs serve as a guide to what you provide. Survey them to find out.

Wellness offerings also represent a significant opportunity to develop new, compelling, non-dues revenue options. Many members would jump at the chance to participate in activities designed to prevent or treat injuries, enhance emotional well-being, or serve as a substitute for medical prescriptions. Clubs can deliver convenience and value by creating and managing such programs in-house or in leased space nearby. They also can partner with businesses that already provide such services.

Regardless of which revenue streams you might decide to tap in 2014, remember to safeguard consumer confidence in your business practices. It's critical to the success of any new endeavor.

Sargent will speak on “Look Outside the Box (CLUB) for New Programs & Dues Revenue” on Friday, March 14, 1:30–3 p.m.

JOHN HOLSINGER
DIRECTOR
ASIA PACIFIC
IHRSA
SYDNEY, AUSTRALIA



Holsinger will moderate a panel discussion on "Australian & New Zealand Forum: Thriving in the 24/7 Economy" on Friday, March 14, 1:30-3 p.m.

The Asia Pacific Market

During the coming year, many countries in the Asia Pacific market will continue to see an increase in small-footprint express facilities and small-group personal training locations. Mid-priced clubs are finding it more difficult to differentiate their offerings in crowded markets, and the budget-type, "lower-price-with-lower service" models will gain traction in greater numbers. The growth of 24-hour-specific clubs won't be as widespread, except on the part of franchises predicated on this model, because of legal or governmental restrictions in some countries.

The prevalent trends in Asian clubs will be ones that focus on implementing new programs, attracting new members, and retaining existing customers. Functional training and fun-type, group exercise concepts, such as those offered by Zumba and Les Mills, will continue to lead the way in satisfying member demands. A move toward increased use of social media and smartphone customer interaction is also emerging.

Other likely developments: Clubs will face pressure to maintain the number and quality of staff at all levels. Industry leaders who are committed to customer service and the member experience will be best positioned for long-term success.



JOSH GOULD
OWNER
EXERCISE EXPERTISE, LLC
BROOKLINE,
MASSACHUSETTS

Fitness Programming

Last year, we saw boot camps, CrossFit, themed road races, and obstacle-course contests continue to grow in popularity. I believe that 2014 will bring even more and more-varied options.

When programming for health and fitness, we often tend to focus on creating the optimal formula of equipment, exercises, sets, repetitions, etc. But emotional and psychological engagement in exercise, in physical activity, is a critical factor in developing a healthy lifestyle. People want more than simply to work up a sweat on a club's cardio and circuit machines. They're looking for fun, adventure, and a challenge. And I believe we'll see more programs, equipment, and competitions designed to offer just that. Whether people are striving to finish a Spartan Race, improve a personal CrossFit benchmark, or complete a weekend, military-style training program, these programs will help them achieve the aesthetic and body-composition changes they're hoping for.

The primary concern, for club operators, will be ensuring their members' safety.

Gould will speak on "From Trainer to Coach: Build Comprehensive Programming to Produce Better Results & Generate Additional Revenue" on Wednesday, March 12, 7:30-8:30 a.m.





Siena will facilitate the 5th Annual Women's Leadership Summit on Wednesday, March 12, at 8:30-11:15 a.m.

DEBRA SIENA
PRESIDENT
MIDTOWN HEALTH
CHICAGO, ILLINOIS

Impact of Women's Leadership

With baby boomers aging, healthcare reform a reality, and technology still not a substitute for physical activity, our industry stands at the forefront of a very exciting time. This year and in years to come, women will play a major role in leading the way.

Women have unique skills that are among those required to be a successful leader and businessperson. Because they have better listening skills, women are hard-wired to be better negotiators than men. They're natural connectors, comfortable with talking to and bonding with others, and able to quickly assess the emotions of others in conversation. They're natural negotiators in all areas of life, whether it's a matter of getting a child to go to bed, planning a family vacation, or driving a company's growth.

In any discussion, it's essential to understand the other individual's needs in order to arrive at a creative, win/win solution, and women excel at doing so. Their innate abilities, coupled with their acquired skills and expertise, make it possible for them to foster positive, cooperative, and supportive relationships. Those traits also ensure that they're going to have a tremendous impact on the future of our industry.



MICHAEL RUCKER
DIRECTOR OF DIGITAL
PRODUCTS
CLUB ONE, INC.
SAN FRANCISCO, CALIFORNIA

Health Clubs and Healthcare

Two significant developments pose major opportunities for health clubs. Obesity continues at epidemic proportions in the U.S. and, increasingly, worldwide. And the healthcare community continues to move away from treatment and toward prevention.

The fact that exercise is potentially as effective as drugs in treating certain diseases is gaining growing acceptance. This is something the fitness industry has understood anecdotally for years, but it's now supported by empirical findings from prestigious universities and institutions. Other related factors: Activity-tracking technology is improving and becoming more ubiquitous. The Affordable Care Act is providing monetary incentives for physicians to deliver positive patient outcomes. And primary care physicians are beginning to regard allied health professionals as part of the treatment continuum.

As these trends align with advances in consumer health technology, electronic medical records (EMRs) will be populated with data from exercise modalities, as well as from medical visits. As the concept of care shifts from doctors to empowering the individual, the role of traditional health clubs will likely expand.

Rucker will facilitate a roundtable discussion on "The Role of Health Clubs in the Era of Healthcare Reform" on Friday, March 14, 1:30-3 p.m. —