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COMPETITIVE STRATEGIES OF FITNESS GYMS IN INTERNATIONAL BUSINESS ENVIRONMENT. EMPIRICAL FINDINGS THROUGH OBSERVATION

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Summary: Contemporary society faces various challenges arising from the refocus and redefinition of consumer mentality. Currently, an important goal for consumers is to lead a healthy and natural life. However, no matter how “healthy” the diet, a healthy lifestyle is not possible without regularly practicing team or individual sports.

Attentive to changes and current developments in the lifestyle, attitudes and preferences of consumers, small entrepreneurs in the sports industry are trying to benefit from this wave of amplified demand for sports activities. In Romania, this trend is apparent not only in the increased number of sports fields, but also in the growing number of fitness gyms.

This exploratory research aims to highlight the specific marketing strategies that gyms employ to gain market share. The secondary objective of the research, carried out through observation, is to determine the degree of differentiation among fitness gyms and their positioning strategies. In total, over 50 observation sheets have been collected, corresponding to the most important gyms in Transylvania.

Regardless of being part of a national or international chain, or independent, all businesses try, through specific means, to attract and retain their clientele. This approach highlights a number of practical and theoretical implications, emphasizing, among others, differences between the strategies used by leader, challenger or follower fitness gyms.

Keywords: competitiveness, competitive strategies, positioning, differentiation, fitness gyms

1. Introduction

Nowadays, private health clubs and fitness gyms are a huge global business, and fitness has become a folk movement (Andreasson & Johansson 2014: 91). In Romania, sports practice still records a low rate, with only 40% of Romanian practicing sports at least occasionally (ihrsa.org). This percentage is much differentiated between urban and rural areas. Orientation towards sport is growing in urban areas, 31% of people practicing more sport in 2014 compared to 2013 and the growth takes place in all age groups (20-65 years). The segment between 25 and 34 years old includes the largest number of sports practitioners. It remains, however, a fairly significant segment (37.9%) who do not practice any sport (Țone 2015).

Attentive to changes and current developments in the lifestyle, attitudes and preferences of consumers, small entrepreneurs in the sports industry are trying to benefit from this wave of amplified demand for sports activities. In Romania, this trend is apparent not only in the increased number of sports fields, but also in the growing number of fitness gyms. The total value of the private sport market is still unknown due to fragmentation among sports centres, facilities, clubs, fitness gyms or specialized sports halls (Mirea 2015).

2. Marketing strategies of fitness gyms

The strategies available to fitness gyms can be divided, according to the spectrum of the resources they refer to, into: generic (overall) and specific for marketing mix elements. The

first category includes the strategies differentiated according to the competitive position (relative market share) – for the leader, challenger, follower and specialist. Another approach belongs to Porter (1980; 1990) and refers to the strategies of cost leadership, differentiation or focus. Often encountered is Ansoff's (1965) product-market matrix with its four strategies. In what follows are presented the overall strategies used by the four categories of competitors, because there may be noticed differences in gyms' approaches to market according to their market position and the specific strategies.

Market leaders dominate the other actors and have the initiative to change prices, to innovate services and products, distribution, communication, promotion (Kotler & Kettler 2012, p.321) physical evidence, personnel or processes. However, they must remain alert at all times to competitors' actions that could threaten their market position (Dunning 2008, p. 72), especially in a business environment subject to the trend of internationalization of investors. They can resort to the expansion of the total market by attracting new customers who do not practice sports for various reasons, such as high prices, inadequate location or hours of operation, or to attract non-practitioners. They can increase the frequency of use through existing or new services and facilities. They may also try to protect the current market share through good defensive and offensive actions or to increase their market share - by introducing new services, facilities or locations and innovative ways of distribution, price adjustments etc. Among the strategies *challengers* can use are the attacks on the leader, on the similar size companies that have financial problems or of other kind (prices too high, obsolete facilities, amenities or services), or on smaller firms. *Follower's* strategy is to imitate the leader. The obvious advantage of this strategy is that it minimizes the costs with innovation and familiarization of buyers and the associated risks. *Specialists'* strategies refer to adequate management of the narrow market segments they approach. Thus, their tasks refer to the creation, expansion or protection of niches, taking advantage of the good knowledge of their consumers. Whatever position held, differentiation from competitors through any element of the marketing mix remains a key strategy for long-term success of any fitness gym.

Specific strategies account for the elements of the marketing mix or for a combination of them. Regarding basic and complementary services, fitness gyms can count on the introduction of new products and services or on the imitation of the strongest competitors. No matter what, it is advisable to try to differentiate themselves from competitors. Customization and adaptation of services, quality or assortment are measures commonly used by market leaders. The price levels of subscriptions to gyms tend to be correlated with the quality of physical evidence (machines, equipment, interior design, staff training), but also with the image they want to convey to the outside (Cheben 2006). Finding the best price - offer ratio and its right level is not easy, and often the price has to be established especially against the competition. Fitness gyms, depending on their overall strategy, their costs, the profit target, the market context, may fix the price at the same level, above or below the competition. If large halls, those that are part of a national or international chain can afford to set prices at a higher level, the local and smaller ones are forced to rely on price and location to attract customers. Thus, they can try to offer the best price-service ratio or the lowest price on the market. Distribution strategies refer to facilitating the sale of subscriptions to the gym, the booking or cancellation of a place in training sessions, the visualization of occupancy in sports programs etc. For this purpose, during recent years, gyms have started using computerized reservation systems, in addition to the existing staff. The promotion budget of fitness gyms is linked to their size. The small, local sports gyms must rely on word of mouth promotion and other guerrilla promotion activities (flyers, social networks pages, visibility brought by a good commercial venue, own webpages, sports TV shows), point of sale advertising, promotions. Sports gyms are trying to acquire professional equipment, to design a pleasant and functional space, to provide proper ambient conditions (temperature, lighting,

humidity, smell, sound), to properly signal internal and external spaces. The “servicescape” is decisive in defining quality (Nickson et al 2002, p. 17) of a fitness facility. In the area of personnel, gyms must first recruit qualified personnel or provide it with the necessary training. Young, energetic people are preferred, even at the risk of a high fluctuation of employees. Training should also refer to customer relations and orientation towards teamwork, to active involvement in formulation and implementation of quality policy (Sharma & Karub 2014), to transmitting company's expectations for employees. However, studies in the field (Fawcett, Rhoads, Burnah 2004; Lloyd 2005) did not find a correlation between personnel's skills and positioning as a high-quality gym, ambience and amenities being considered most important. Rubio & Aragon (2009) conclude that SMEs managers must focus on personnel management and technology, innovation and quality to get the estimated results.

Strategy decisively influences the performance of small and medium enterprises (Payne, Kennedy, Davis 2009). Whatever the strategy chosen, or whether it is independent or a combination, gyms must constantly monitor the market situation and adjust, if necessary, their strategy. The chosen strategy must be supported by the available resources. According to Leitner and Guldenberg (2010), combined strategies are a better alternative for SMEs, and the alteration of the generic strategy can lead to results as good as those when strategy is not changed.

3. Methodology

The research was carried out between November 2013 and May 2014. It was based on the completion of an observation form regarding fitness gyms. The main objective was to highlight the best training offer, taking into account both the technical equipment and the experience and qualification of the personnel, and the accessibility of price respectively. A secondary objective of the observation was to determine the degree of differentiation among the fitness gyms and their positioning methods on the target market.

Fifty observation sheets were collected in total, from gyms in various cities of Transylvania. In order to ensure a better representation of the research, the gyms included in the sample belong both to national or regional chains (World Class, Gimmy, Fit Life), and some are independent (U - Bodybuilding Fitness, Power Point Gym); some of them are large, with a large number of customers, while others are small. The observation sheet was structured into eight distinct chapters, namely: general data on the fitness gym; services (base, complementary, ancillary); price; distribution (tickets/ subscriptions); communication; personnel; physical evidence (specific equipment in the fitness room, free weights, dumbbells, cardio equipment - treadmills, bikes, number of changing rooms, showers, toilets).

4. Data analysis

An important factor taken into account when carrying out the research referred to the services offered by the fitness gyms. According to literature (Vorzsak 2006), three categories of services can be distinguished: basic, complementary and supplementary. For all gyms, the basic service provided is the actual fitness room, equipped with various devices for performing bodybuilding workouts and exercises. To attract customers and achieve a better differentiation, some gyms provide recreational fitness facilities as well (tae bo, aerobics, zumba, pilates, fitball, rebound, body combat, combat) or swimming pools. The surface of the fitness gyms varies between 200 and 700 m², with a modal value of 250 m². As it may be noted, larger sports gyms (eg. WorldClass, Gimmy, Big Fitness) tend to organize other types of activities as well, such as dance, martial arts, individual sessions with a personal trainer,

nutritional advice. In most of the sports halls, the additional services consist of solariums, saunas and massage rooms.

Observation revealed, regarding the price policy practiced by gyms, a large variety of subscriptions and tickets offered. Thus, it must be mentioned that payment of individual sessions and monthly subscriptions can be made both in cash and with card. All the gyms studied discriminate price based on labour market status (employed or not), with students discounts between 10% and 25%. Certain sport halls (e.g. Fit for Life) practice the same level of prices for both bodybuilding training and leisure one, while others (Big Fitness) discriminate among them. Most fitness gyms address exclusively individual consumers, express their prices in lei, while others - the market leader in terms of sales value, World Class, aim at companies as their favourite target segment, and express prices in euros. Some gyms resort to granting bonuses to larger groups of people joining together (friends, family, colleagues, etc.), while others do not.

In terms of distribution policy, it is found that subscriptions, individual or multiple tickets can be obtained directly by paying cash or with the credit card inside the fitness room. Exceptionally, some gyms provide online offers from time to time, which allow them to obtain discounts or the ability to purchase subscriptions from a particular partner shop.

Promoting fitness gyms is carried out both through traditional advertising: brochures, newspapers (7seri, Zile și Nopti, 24FUN, Men's Health, Diva), own magazines (B-fresh for World Class Romania), radio (Radio Zu, Impuls) or even in some TV shows (e.g. TVR Cluj, Transylvania Live, Alfa TV, TVR 1, Prima TV for Big Fitness; Digi, Realitatea TV, Transylvania TV for Gimmy etc.), or through online advertising: own web pages or social networks (Facebook, LinkedIn, Twitter etc.). Of course, fitness gyms promotion uses street billboards around the area where it is located or in the means of public transportation (buses, taxis, etc.). In some cases there can be noticed an increased interest of the management of fitness gyms to participate in specialized fairs (International Fitness Convention Bucharest, Rimini Wellness Convention, etc.) and in national competitions with their own athletes (Fit For Life). Additionally, gyms resort to sales promotion measures, providing family packages, discounts for subscriptions on a longer period of time, price discounts or bonuses on customers' birthdays, on certain holidays, during low season, etc. Among the implemented promotion measures is the use of opinion leaders (Jojo (actress), Andreea Răducan (gymnast) for World Class Romania, TV presenter Carmen Brumă for Gimmy).

Regarding personnel policy, it appears that gyms usually appeal to instructors specialized in fitness, aerobic, martial arts, dancing etc. The instructors engage in customers' exercises, advising and carefully watching them. The experience of instructors varies by gym and from person to person. Those with at least six months of work experience, certified and/ or specialized in the field are usually preferred. In addition to instructors, fitness centres employ administrative and technical staff, represented by managers, team leaders, cleaning and maintenance staff.

Fitness rooms are quite well equipped with various facilities and training gear for various muscle groups. Thus, they hold, depending on size, between 1 and 11 apparatus for legs, back, chest, shoulders, arms, abdomen or lower back, and equipment that allow joint exercises. Meanwhile, gyms have chest benches, free weights, disks, dumbbells, etc. and a complete range of cardio equipment, such as ergonomic and elliptical bikes, treadmills, steppers or rowing simulators (for larger rooms).

5. Conclusions

To ensure profitability, all businesses need to adapt and respond to the dynamics and competitiveness of their market. This is especially challenging for SMEs, and the majority of

fitness gyms belong to this category, due to the scarcity of financial and time resources (Jones 2007). For this reason, managers or owners must be creative in adapting traditional marketing theory to market and their companies' realities (Gilmore 2011, p. 139). Literature evaluates that one of the most valuable resources of SMEs is innovation (O'Dwyer, Gilmore, Carson 2009; Luo & Chang 2011). The observation made lead to the same conclusion, since the equipment in gyms are new and extremely well maintained.

The research shows that gyms follow a complex strategy that focuses on the synergy between a carefully weighed service policies, friendly and caring personnel, attractive prices accompanied by special offers for different target customer segments, sustained communication, and the participation in various events, contests and/ or fairs. Providing customized training tips, combined with a balanced nutrition are relevant elements that gyms use to enhance their image, to attract customers and to keep them loyal.

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