

Read the case study and then answer the questions that follow.

Business Activity

Today more than 3 million people in Britain belong to a gym – about 5 per cent of the adult population. Mintel market research has forecast this will rise to 8 per cent of the population by 2003 and peak at about 18 per cent. Many experts argue that physical exercise and a workout in a gym are increasingly popular at a time when people want to live healthily but find themselves in a car or in front of a computer most of the day. Others disagree. They say that gym membership is expensive and when people have money problems one of the first things they cancel is their subscription. This happened in the North East when the Corus steelworks closed. They also argue that there are now so many fitness centres, gyms and health clubs that it will be impossible for them all to survive. One club struggled to stay in business when it couldn't recruit members quickly enough. Others use strategies such as reducing joining fees, running competitions and giving discounts to members who introduce friends to the club to attract more members. There are more health and fitness clubs than there used to be, and more are opening every month. These are divided into two types – premium clubs and budget clubs. A membership subscription for a premium club will cost between £40 and £100 a month, whereas budget clubs cost £30 or £40. At the David Lloyd club in Southampton you can play racket sports, use its spas or saunas, swim in one of two pools, shop in its Lilywhites sports store and eat in the restaurant. There is also a crèche, a nursery and parking for 275 cars. Ninety per cent of revenue, however, still comes from subscriptions and only 10 per cent from providing other services or selling merchandise. At the other end of the scale, you simply get gym equipment, free classes and free soft drinks! If the trend for healthy living continues, there should be room for both types of club in the future. If not, experts are divided about which clubs will have the most problems.

1 Why have health and fitness clubs become popular?

2 What does Mintel, the market research group, forecast will happen in the future?

3 Why did the closure of the Corus steelworks in the North East affect the membership of local fitness clubs?

4 What is the danger of opening too many fitness clubs across the country?

5 What is the core business activity of fitness clubs? Is it:

a providing fitness facilities

b providing services such as a crèche or restaurant

c selling sports goods?

Give a reason for your answer.

6 a Why is it important that fitness clubs recruit members quickly?

b What tactics do some clubs use to do this?

7 Is the David Lloyd club a premium or a budget club? Give a reason for your answer.

8 What do you think are the main differences between the members who belong to each type of club?

9 Which type of clubs do you think would suffer most if the trend changed? Give a reason for your answer.