

Sri Lanka's Gyms & Fitness Market: New RIU report sheds light

By Roshan Madawela, CEO, RIU, Colombo.

Maintaining a balanced and healthy life-style based on physical and mental fitness as well as spiritual well-being is one of the most important challenges of modern human life. Nowadays people perceive gym fitness in multifarious ways. Some go to gym in order to maintain their looks, others to gain a healthy body and some do so upon doctor's orders. Sports and health have been part of the Sri Lankan culture for centuries but gyms and gym fitness are a comparatively new phenomenon that has emerged concurrently with the global trend towards living healthier life-styles.

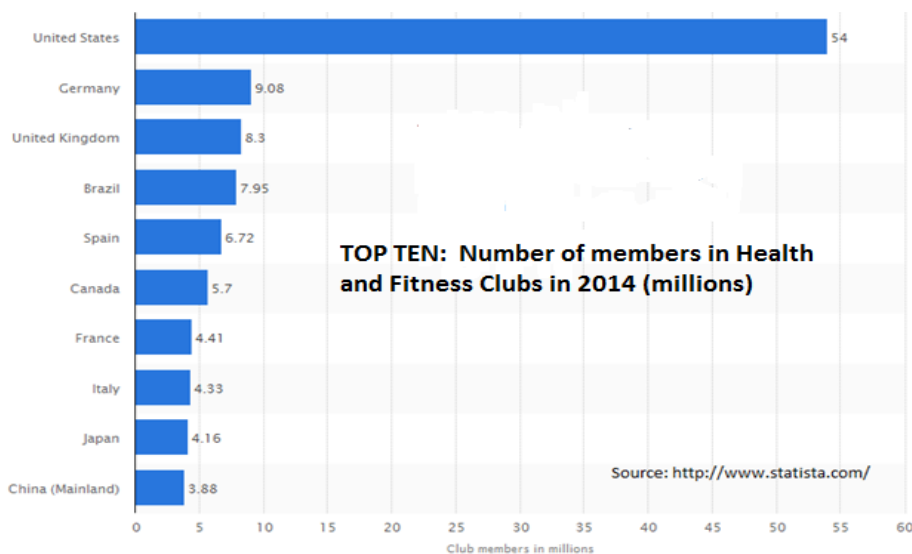
Market overview

In order to fill a void in data and information in the industry, RIU in collaboration with Quantum Fitness recently released a report on the Sri Lankan Gym and Fitness Market for the very first time in Sri Lanka.

It is important here to distinguish between the concepts of 'body building' which has a longer history, particularly in the West, and the trend towards life-style fitness gyms which is more relevant for this study. Moreover, an observed trend in this industry has been the shift from the male dominated image of gyms in the 1970s, 80s and to a lesser extent the 90s, to an industry that now has a mass appeal that covers youths, professionals, retired people and increasingly house-wives and working females. In a south Asian context, this industry is still at a comparatively nascent stage in its development. Essentially, we can observe that as an economy develops and increases its per capita GDP, spending on gym memberships and health increase. According to available data the wealthier nations led by the USA, lead the world in terms of memberships at health clubs. This is also true of cities within a country where the wealthier cities have a higher density of gyms than the less well-off. Colombo, recently ranked 1st by Master Card as the fastest growing city, is a good case in point.



In this regard, South Asia and Sri Lanka have a strong growth potential in this industry given the promising economic growth forecasts for the region. One estimate for India place the annual growth rate for the fitness industry at 15%, which is led by the market in suburban India, where people are keen to improve their fitness and have high spending power for health. The growth rate for fitness equipment has been estimated to be as high as 50% per annum, according to a study by one research group. Of this, the home gym equipment segment accounts for around 25% of the share whilst the institutional segment accounts for the balance 75%.

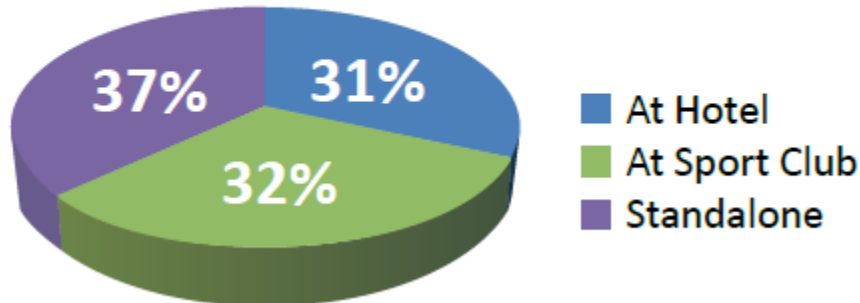


Based on the ratio between GDP per capita and gym membership numbers given in the international comparison illustrated above, RIU estimates that Sri Lanka has a total gym membership of 278,715 at all levels of the market. This represents a ratio of one in 71 people in the island's population at the national level. By 2020, total membership will grow to an estimated 500,000 which will represent a ratio of around one in 45 people. We can compare this ratio with that of Japan, Asia's most developed country, which has a current ratio of one gym member for every 30 persons in the population.

Definition and scope

In terms of definition, RIU has considered only certain types of gyms to fit into our criteria of a 'Grade A' gym. These are based on a filter that includes the onsite features, availability of modern equipment, location of gym, and the membership fee as well as member profile. According to the RIU's primary research, it has been confirmed that in Sri Lanka, the grade A gyms are all located within Colombo district and belong to one of three categories; stand-alone gym, part of a hotel or part of a sports club. The geographical spread also reflects this categorization, whereby the city center areas are dominated by the hotel based gyms whilst the Colombo 07 area, hosts most of the up-market sports clubs. The stand-alone gyms are dispersed over a wider area of Colombo. It's also the case, that the gyms and gym equipment industry in Sri Lanka is closely entwined with, several other industry actives, that are part of the broader health and well being sector.

Types of Gym

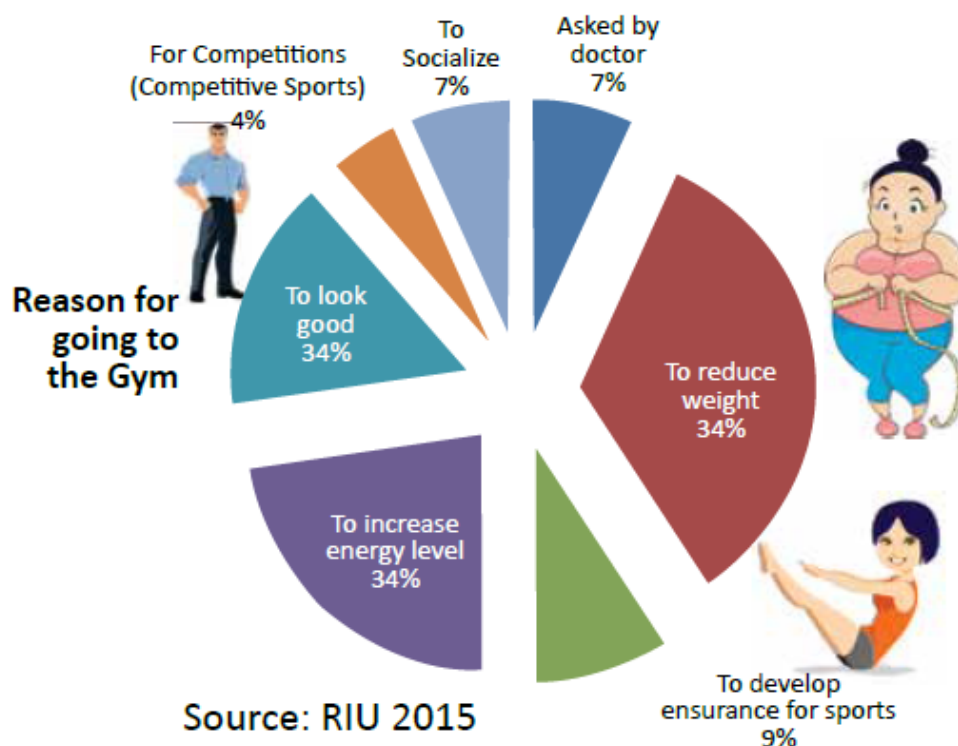


Our primary surveys have confirmed that many of the top gyms also conduct classes in a variety of areas that include yoga, Zumba, karate and many also offer the services of a personal trainer. Furthermore, RIU has learned of new ventures that are now seeking to offer a one-stop complex proposition, that will have a gym, but also introduce a variety of other value additions including the following;

- Medical Consultations and complementary treatments
- Yoga and meditation / Yoga teacher training
- Spa treatments – Ayurveda, Shiatsu, Deep tissue, Thai, hot stone, scrubs & body wraps
- Energy based therapies
- Lifestyle education workshops / Self Development and life coaching

Motivation and value proposition

According to the findings of the primary research, the most important feature of the gym from the customer's point of view was for clean changing rooms. This was closely followed by the need for ample car parking and air conditioning. Other important considerations include a personal trainer, physio-therapy, availability of water for sale, cable TV and music. Where the equipment is concerned, the high end customer is most keen on the multi-gym, treadmill, yoga mat and free weights. Other important items of equipment include the abdomizer, bicycle, cross-trainer, abb-wheel and sit-ups bench.

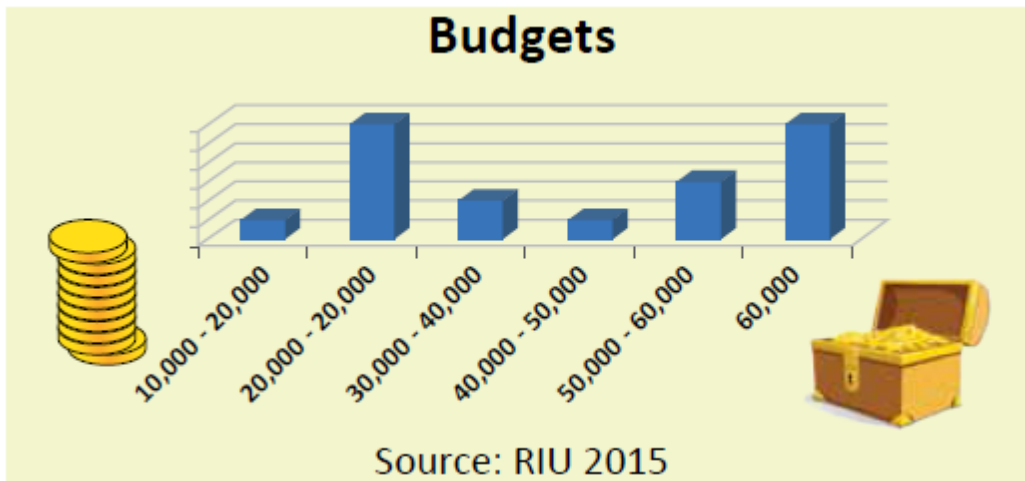


Those who frequent high-end gyms are also more interested in losing weight, looking good and increasing their energy levels and less concerned about competitive sports or developing endurance for their sporting activities. Therefore, we can conclude that the target group for these gyms is not the serious sportsman. A small number went to the gym to socialize or did so because they were asked by their doctor. The budget for gym membership varied across the board from 20,000 to over 100,000 per annum. The price elasticity of demand for gyms may not be significantly high, given that people will have less than a hand-full of gyms that fall into their geographical zone (close to work or home) and so choices are limited.

Supply of gyms

When we consider the supply of Gymnasiums in the local market, according to our primary research, the majority of the gym outlets (68%) are located on the ground floor of the host building. However, this is due to the fact that a large number of hotel based and club based gyms are included in the sample. A larger share of the stand-alone gyms is on the 1st floor or above. The study has also revealed that for the most part, the grade A gyms are between 2000-2500sq.ft. in usable area. A large number also fell into the 1400- 2000sq.ft category and none were below 1400sq.ft. A few were found to offer up to 4,500 sq.ft .

Where the on-site facilities are concerned, the RIU research found that almost all the gyms had at least one security guard on site. Once inside the gym, almost all gyms had music and cable TV as well as changing rooms with power showers, professional staff and water for sale.



Ample parking was to be found in most but not all of the outlets. The same was found to be true for the availability of a personal trainer and air conditioning. A juice bar was available at just over half of the outlets covered. The availability of on-site swimming pool, tennis courts, health supplements, physio-therapy, sauna and Jacuzzi was limited to a small number of gyms. According to the RIU primary research results, all the gyms have a multi-gym, rowing machine, bicycle, treadmill, free weights and a cross trainer. Most gyms have the air ball, abdomizer, yoga mat and abb-wheel. However, only a few of the gyms at the top end have the Roman chair, punching bag, stair master and wrist-rollers. With regard to membership fees, most gyms offer a range of options that include daily, weekly, monthly, quarterly, bi-annual and annual memberships. Daily memberships are typically priced at between Rs.500 and Rs.2000 whilst the monthly memberships are in the Rs.10,000 range for the most part. There was a large degree of variance found in Annual membership due to the inclusion of sports club gyms in the research study.

Outlook

The gym industry is showcasing a significant growth presently. The rising concern of health – consciousness and maintaining good looks have brought up the demand for gym fitness. Media attention on the benefits of fitness and the need to reduce obesity is opening up new angles for the target market of Gym Fitness.

The information contained in this report is highly useful to anyone who has an interest in investing in the gym and fitness sector in Sri Lanka.

For more information contact: Roshan@riunit.com

Source: RIU (Research Intelligence Unit / Quantum Fitness)