

## In this section

- 13 Opinion – David Minton
- 14 Sponsor feature – Capitis Partners
- 15 Legal – Merton rule
- 16 Insight – Evolution of the fitness market
- 18 Insight – Glastonbury festival
- 20 Insight – ‘Green hospitality’
- 21 Behind the headlines
- 22 Sharewatch
- 23 Appointments, Diary dates

# Insight



Southern California's winemakers have some lessons to teach the UK fitness industry about customer management, suggests **David Minton**

## Dream of Californication

The global news media is full of woeful economic news – yet two conventions in California belie the latest reports of financial apocalypse.

Although almost 1,000 miles apart, the International Health, Racquet & Sportsclub Association's (IHRSA) annual convention held in San Diego and 'World of Pinot Noir' on Pismo Beach both attracted record crowds, convinced that the American dream is open for business as usual.

Whatever events in the real world may be doing to the wider economy, we will probably need to wait another year to understand the full impact on fitness businesses. This year, IHRSA, the world's largest non-profit fitness trade association, globally representing over 9,000 clubs in 73 countries, issued early estimates from their annual tracking study indicating that health club membership in the US increased by 3% last year. There was growth from 42.7 million members in 2006 to 44.1 million in 2007, while industry revenues increased by 5% to \$18.5bn (£9bn). Although not directly comparable, it's interesting to note that the combined like-for-like membership growth in the UK was 2.9% over the same period.

A record number of delegates, over 12,000 fitness industry professionals from 70 nations, were attending educational seminars and networking events, and the 413-booth trade show, which covered over 400,000 sq ft showed no signs of depression whatsoever. If I were to pick one word that best described the event, it would be 'passion'.

Around a five-hour drive up the Californian coast, just north of Santa Barbara, the eighth gathering of World of Pinot Noir was taking place. Full Pinot Noir immersion is what the event is all about. Thousands made the journey from all over the world to talk to and drink with over 200 dedicated vineyard owners and wine makers. Soon, famous sommeliers and consumers like myself were studiously and methodically working their way through thousands of different bottles of palate-pleasing nectar. We were all there for one reason: we are passionate about this grape variety.

'I'm not drinking any f\*\*\*ing Merlot!' is the now infamous line in the Academy Award-winning movie *Sideways*, where the central character, an incorrigible wine snob named Miles, extols the virtues of Pinot Noir whilst dismissing Merlot. The hit movie has inspired a cult following, boosting wine tourism around Santa Barbara and generating massive increases in sales. According to AC Nielsen,

a year after the film opened, sales of Merlot at 7.8 million cases in 2005 were static, while market share dipped from 12.4% in 2004 to 11.6%. Over the same period sales of Pinot Noir grew by 15% nationally and by 33% in California alone.

Over-supply and faltering demand of Merlot have cut into prices, leaving some Merlot grapes hanging on the vine. Meanwhile, Pinot Noir producers are having difficulty keeping up with demand and so prices are rising. At Hitching Post, one of the wines featured in the movie the owners need to buy in grapes from contract growers to keep up with sales, which have quadrupled since 2004.

It's not very often I sit at dinner tables with legends, pioneers and visionaries of the Pinot Noir world from California, Oregon and Burgundy so, when sharing a drink and conversation with the likes of Frederic Mugnier from Chambolle-Musigny and owners or wine makers from Melville, Sea Smoke, Williams Selyem, Flowers, Latitica, Pisoni, Paul Hobbs, Lynmar, Garry Farrell, Freeman and Cargassochi, I find that their industry and ours have more in common than I originally thought.

**The sooner the industry understands that one sticking plaster will not fix all its ills, the better**

The morning after the night before, I console myself that there is growing medical evidence that the health benefits of red wine are related to its non-alcoholic components. Doctors have discovered that red wine is a rich source of biologically active phytochemicals and particular compounds called polyphenols are thought to have antioxidant or anti-cancer properties. So Goji berries, eat your heart out. But the link and learning between this particular grape varietal and the fitness industry doesn't just stop at the health benefits.

Location is the number one priority for the viti-culturalists. The pinot noir grape has the reputation for being the most difficult to grow and so a cool, often foggy climate, where the grapes are hot during the day but cool at night, is essential. Where the heat of the day meets the cool waters of the Pacific the fog – or as one wine producer calls it, Sea Smoke, rolls in. So it's no accident that vineyards are con-

centrated up and down this part of the coast.

The vintage is also important. In 2006 the Willamette Valley in Oregon, which is on the same latitude as the Burgundy region in France, had the warmest summer this decade. Each vintage is different and needs special care to bring to maturity. Does the fitness industry apply the same special care over its new 'vintage' intake? The sooner it understands that the 'one sticking-plaster' fitness industry will not fix all its ills, the better. Just like the winemaker, we need regular free checks on progress for the 90% of our customers who don't take personal training. Research done by Paul Bedford of ReAim and presented to a packed audience at IHRSA proves that every customer is as fussy and sensitive as this difficult grape variety, so we need to look after them better.

I'm also sure we could learn something from the wine industry's direct and indirect marketing. The movie *Sideways* exemplifies the new reality of marketing today. Non-traditional methods such as product placement can be very effective at generating interest and introducing products that people may not have been familiar with before. Vineyards are also very good at the more traditional mailing lists and wine clubs. Williams Selyem from Russian River, for example, has over 15,000 names on their mailing list which, with restaurant sales, ensures the vineyard sells out of every vintage. Cult wines are when you can't buy more than three bottles at any price. So what do we, the customer, want? More cult wines. And that's exactly what the wine industry provides. I'm on a few wine club mailing lists and I'm very receptive to the drip, drip, approach to educating me.

I know the wine industry does have a head-start on the fitness industry; after all, ask the person in the street which they would rather do on a Friday night – drink wine or exercise – and we know which will win. Would the answer change say, on a Monday? What if the majority of fitness sites closed on a Monday, like in Japan? Would that make us more determined to go other days? Could Tuesday become the new Monday?

When master sommeliers genuinely describe a good Pinot Noir as 'sex in a glass', and when amateur and professional athletes describe the rush of endorphines after exercising as on a par with good sex – what are we waiting for? Cheers!

*David Minton is director of The Leisure Database Company.*