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Insight



David Minton says the new breed of Russian entrepreneur couldn't be less like Roman Abramovich; and they are taking the fitness market by storm

Russia's fitness revolution

This month I've been thinking a lot about Russian women. No, not the tall, blonde Russian, bride, girl, date or wife found on countless websites, but the more well known and successful. There's a saying in Russia that the man is the head but the woman is the neck. In other words, man couldn't survive without his formidable woman.

I'm old enough to remember those Russian athletes who had that crack-you-like-a nut approach to competitions and - who knows - life in general. This historical formidable woman existed both on and off the playing field and all that's changed since the fall of the USSR 16 years ago is that they've become more feminine. In life, love, sport and business these women know what they want - and - often achieve it while modelling La Perla lingerie.

The Russian sportswomen of today are more svelte, graceful and poised. So poised, in fact, that the women's team are ranked number one in the world in both Volleyball and in Rhythmic Gymnastics. But it's in tennis where these women, literally, tower above other countries. The average height of a Russian female tennis player is 177cm and this compares to just 171cm among western female players. Russia has more women tennis players in the WTA top 20 than any other country and currently has no less than four in the top 10. They produced a Wimbledon Champion at the tender age of 17 years and now Sharapova makes around \$2m from her grunts and talent on court, while her face, legs and body make another \$20m off court. Last year she became the world's highest paid female athlete.

In all walks of life Russian women dominate and most men are very happy with the status quo. The fitness and healthcare industries have bred some great success stories including the top three fitness brands. These clubs were created by and are still run by great women. Planet Fitness, with 40 clubs in Russia, Ukraine, Belarus and Sweden has a projected turnover of over \$100m in 2007 and is run by Irina Razumova. Irina has recently told those private equity guys not to keep bothering her as the preferred exit strategy is to go down the IPO route in a few years' time.

Meanwhile, at World Class Fitness chain (WCFC), Olga Sloutsker did sell a substantial stake in her business in 2006 to Alfa Capital Partners. Olga had just over 20 clubs at the time. WCFC is not to be confused with World Class International, the chrome and mirrors fitness brand that has been the

SAS of fitness by going into immature markets very early on. Founded by Ulf Bengtsson in 1983 in Sweden, World Class International operates in nine countries and was once Olga's brand partner in Russia. That was up till 1995, when Ulf lost out in a hostile takeover. On a more amicable note the Russian Fitness Group, owner of WCFC, recently announced a merger with MaxiSport club chain which now takes the number of open clubs in their estate to over 40.

Another major force in the fitness industry is Anastasia Yusina, CEO of Strata Partners, who has grown two brands rapidly. Orange Fitness is the premium family- oriented brand where all clubs have a pool. To encourage regular use competitions with prizes motivate members. While I was there the swimming pool prize went to a member who had done over 70km over a four month period. At the same time a second brand, City Fitness, has been created for the more mass market aiming for more people, more often with more basic facilities. The brands are only five years old, yet Anastasia has just opened her 29th club split between 14 Orange and 15 City. Anastasia's work ethic, company growth, business acumen - not to mention dress sense - came to the notice of one of Belgium's largest investment companies and last year GIMV took a 49% stake in the group.

The well-travelled Anastasia has been trying to induce a more western-style level of service into her clubs, including teaching people to smile. No mean feat in Russia where every club has one or more security guards who are paid to look the part and receptionists often act as a second line of defence. Two clubs where I did get a warm welcome were X fit and Fitness Mania. Both have a number of things in common, including fitness trainers who could easily move to Hollywood tomorrow on looks alone. Both clubs also have a cleaning policy which should be employed by our NHS hospitals. The clubs were not just spotless but constant reassuring cleaning was taking place, the like of which I haven't seen since Japan.

X fit have 14 clubs open at present with plans for 40 and the Senator Fitness Club is the top of the range. Dina, the PR manager, is on a mission to educate her members in English as a second language while they visit the club. So for me it was the most user friendly club I visited, just simply because I could understand everything. It seems all members, adults and children, want to improve their

English so what a great win-win situation.

Fitness Mania took over a failed cinema to open their first club eighteen months ago which has not only become the main feature in the area but is about to double in size. Last year the Russian government decided to move casinos out of Moscow in an attempt to make it more difficult for people to gamble and launder money. So Fitness Mania are expanding into the former casino, betting that the enlarged 75,000 sq ft club with massive frontage on to one of the main roads in and out of Moscow will be a winner. I for one can't wait to be invited back to see the finished product, which will include three pools, one of them 25m with eight lanes; full size boxing ring; separate studios for pro-spinning bikes; yoga, dojo and a 4,000 sq ft studio that caters for 80 classes a week. In one of these studios a child was tackling balance and hand eye coordination skills on a one to one basis with a specially qualified personal trainer, something I hadn't seen before.

I've been in Moscow as a guest of the 5th Moscow International Open Fitness Festival (MIOFF), where the conference sessions were very well attended by those who had travelled from far and wide. Attendees were hungry for knowledge and no wonder, Russia and the CIS states covers a very big area which is split by 11 time zones. No one even attempts to try and keep track of what's happening across such a vast area, so annual gatherings like MIOFF are important and women speakers outnumbered the men by two to one.

Yet Russia is a paradox. Unlike most European countries the Russian government seemingly has no interest in the health of the nation. Average life expectancy for a male is only 58 years, so it was little wonder that I personally was viewed as a miracle of modern science. Smoking is actively encouraged everywhere, along with some very, very heavy drinking, as both provide taxed income for the government.

The double hit of car fumes from the constant traffic jams and cigarette smoke is quite an assault on the senses. At the same time I'm told of the endemic corruption and I experienced the treacle defying bureaucracy, yet internal and external investment is pouring into the industry like never before. Two new fitness brands opened while I was there and everyone talks of expansion plans like we did in the UK in the late 90s. Anyway, to Moscow now, as Olga and Maria are waiting.

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