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The last recession provided the opportunity to sow the seeds of today's health & fitness market, writes **David Minton**, but is some pruning now required?

Through the pain barrier

The final remark from Sir David Michels at the British Hospitality Association (BHA) luncheon in June was very telling. Michels has worked through two previous recessions and understands how difficult business life can be when money is short. He did after all arrive at Stakis Hotels in 1991, making 5,000 people redundant in the first three weeks. Those were the days when hotels were feeling it in the revpar. Michels was reminiscing about how short breaks, annual holidays, eating out, arts and sports events all suffered in the rush to reduce personal expenditure. Now, as president of the BHA, he wondered out loud if he's about to experience his third recession and if so, whether the hospitality industries will fare better this time round.

Back in 1991, when Michels was rescuing Stakis from bankruptcy, the hotel sector was suffering from a confluence of low valuation, low yield and low average room price. Yet some hoteliers, Stakis included, decided to see the recession as an opportunity and to expand into new areas. The aim was to make their properties more attractive than the competition. The concept of the 'leisure hotel' was developed and expanded, with fitness suites, spas and pools opening at a faster rate than any time before, or since. Over the recession years of 1990 and 1991 a total of 220 private sites with fitness opened in the UK and almost half were in hotels. It may be a cliché, but the health and fitness industry really did go from strength to strength during the last recession.

Boddingtons, the brewer, had opened its second Village Hotel and Leisure Club concept at Cheadle in 1989 with immediate success and a third site opened in 1991 on the Wirral. Marriott were developing their own bigger, more swish Leisure and Country Club concept, with both Hanbury Manor and Sprowston Manor opening in 1991, while their Breadsall Priory and Forest of Arden sites had been open less than a year when the recession hit. The leisure manager at the independent Jarvis Hotels was rolling out two clubs a year under the Seb Coe banner.

Many hotels keen to expand into this new, health, wellness, fitness arena decided to take on a management company to help develop and run their sites. A small company in Norfolk called Fitness Express not only opened its second site at Park Farm Hotel in 1991 but the partners David Courteen (former chair of FIA) and Steve Taylor moved into the new area of corporate wellness on two sites. Harm Tege-

laars (former chair of FIA and current president of European Health and Fitness Association (EHFA)) had already sold his company to Queens Moat House Hotels (QMH) to provide investors with an exit, but was able to lead a management buyout five years later when QMH ran into financial difficulties. By 1993 Tegelaars had 25 sites open. The partnership of Frank Reid and Matthew Bucknall had introduced the LivingWell brand into the UK and opened 11 in Hilton Hotels between 1989 and 1991, while Spirit Health Clubs opened no less than 14 hotel sites in two years.

Meanwhile, in the M3/M4 corridor, an unknown property company, Insight Securities, run by Graham Thomas, had been developing a site which was to set the standard for the industry at the time. The Royal Berkshire Racquets and Health Club (RBRHC) opened in the autumn of 1990. The first MD was Patrick Henchoz, who, with Graham, took the premium membership to a staggering 4,700 by the end of 1993. Round the M25 David Lloyd opened two clubs, Bushey and Enfield, in 1991 while Finchley and Raynes Park were less than a year old. Also in 1991, the original LA Fitness opened in Isleworth, Topnotch opened in Brentford, while Fred Turok (current chair of FIA) opened his first club in Victoria.

Investment was also being made by the public sector throughout the recession years of 1990 and 1991, with 159 sites opening, including some very big venues like the now internationally-renowned Ponds Forge in Sheffield.

Of the 379 total sites that opened in the last recession, 90% are still operating and many of those individuals who are passionate about our industry are still around. For those wondering how our industry might cope in a downturn, go ask some of the industry stalwarts who experienced the last one. From the A-cup to the D-cup, The Leisure Database Company (TLDC) has been lucky enough to support both small and large across all sectors since the early 90's. Figures in the early nineties weren't so robust as today, so it meant more leg work, and the company employees were out there monitoring and recording these developments as they happened.

The wider media are monitoring and reporting the changes to society right now. In a downturn people have to make choices and we're seeing evidence of this already. Spending priorities are changing, people are 'sated' with consumption

Be flexible – many of your members may not have seen a recession before

that's unfulfilling, so conspicuous consumption is 'out', and back to basics is 'in'. I've replaced my herbaceous border with vegetables, herbs and fruit bushes. In *The Independent's* 'Save and Spend' section, Alice-Azania Jarvis wrote how she has stopped spending on new clothes and items like Kit Kat so she can keep her gym membership at the local leisure centre. Another journalist has been saving on his daily Starbucks habit so he too can maintain his slightly less expensive gym habit. Another compared the price of two bottles of beer consumed in a hotel bar in ten minutes at a cost of £9.56, which equates to a quarter of his monthly gym membership. Even Lenny Henry on Radio 4 admitted to listeners he needs to do something and having a female personal trainer from Virgin Active, Tower Hill branch, in the studio was all the encouragement he, and maybe some listeners, needed.

Ask yourself... Over the next twelve months will you: drink more alcohol than normal, buy more premium branded coffee, increase the number of times you eat out at lunchtime or evenings, or even, buy a new car or white goods for the home? Your answer, like mine, is probably 'no'.

So while a day, a week, or a month, doesn't necessarily create a trend, it appears a recession is the time to re-evaluate what's important to you and the people around you. It's a time to get close to your customers and be flexible to their needs; remember many of your members will not have seen a serious slowdown or recession before.

I don't know what's around the corner, but as a sex therapist friend once told me, travelling can be better than arriving. So while we're travelling through this slowdown of 2008 let's be creative and innovate as these qualities will drive the industry, not the accountants or box tickers. After all, when the going gets tough, the tough get going. I think history will show us that a combination of being in the right place, at the right time, and offering the right product will have acted as a catalyst in re-shaping and growing our industry during the slowdown of 2008.

David is director of The Leisure Database Company.