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Insight



David Minton says encouraging participation through alliances, as pushed by the airline industry, could provide effective within the UK fitness sector

United we should stand

The top 40 major airlines, with some smaller regional carriers, are now working together to improve the overall value of the airline industry, reducing operating costs, providing expanded rewards for the customer and increasing participation. Grouped into three powerful alliances; Star Alliance, Sky Team and Oneworld, between them they carried half the total passengers handled by the air transport industry in 2006.

Although the airline industry is highly competitive, members of these alliances have, over a short period of time, between eight to ten years, seen the commercial advantage of being in an alliance. I'm a member of the Oneworld alliance through my BA member programme. This is the smallest of the three, although small of course is relative when you serve 700 airports in 150 countries, and carry 321 million passengers a year on a combined fleet of 2,400 aircraft.

So what's the benefit for competing companies to join an alliance and could 'alliances' work in the fitness industry? Well member airlines enjoy a high degree of co-operation behind the scenes, in areas like scheduling, ticketing and code sharing, which help them become more efficient. They reduce costs through bulk buying and sharing parts between one another. Then, front of house, the customer gets the benefits of frequent flyer rewards and shared airport lounges which help build and retain loyalty. Member airlines also co-operate in developing a common information technology platform and work to promote a consistent experience to the valued customer. So last year whilst flying to Japan with a change of airline in Singapore it wasn't by chance that I just had a short walk within the same terminal to catch my next flight which was leaving in 40 minutes. Member airlines group together in the same terminal for ease of passenger transfers and schedules are co-ordinated far more. It's like one (or three) integrated air transport systems and it's estimated by 2016 over 80% of all passenger journeys will be covered by an alliance.

The airlines' mantra is; 'get more people, flying to more places, more often' – sound familiar?

The industrial logic that drives airlines into alliances is now irresistible. Empty seats will affect 'load factor' – a key measure of how full the aircrafts are. So to keep load factor high every airline has developed reward and loyalty programmes aimed at increasing participation, even if they end up 'giving' the seat away.

In the fitness industry the concept of rewarding customers to increase participation hasn't really taken off, so to speak. Yet we have fixed costs and many clubs have lots of down time, so working out how as an industry we too can provide 'free' time on that empty machine or studio may be just one way the industry can help get more people to be more active more often.

Although you and I can only use one club at any one time, like we can only fly on one plane at a time, most groups discourage any interest we may show in increasing our participation. I'm particularly thinking here of the extra charges for using another site within the group, say at the weekend or whilst travelling. There are some notable exceptions to this, including JJB's 'join one join all' policy.

The concept of 'hub and spoke' (a full service club which has an alliance with smaller clubs so synergies flow for the wider benefit of the customer) has been around for some time in the fitness industry but I've yet to see a good example working.

Belonging is important, and members are proud to display the alliance logo, and back this up with the verbal reminder before take-off, "and a special welcome to our Oneworld alliance partners today". Do fitness sites display the same level of pride in the FIA, IHRSA or other membership plaques and do your members know, or care?

Of course if we're going to reward our loyal customers then we need to know more about them. BA, for example know that 2008 has so far included GVA-LHR, LHR-NCE, LGW-PRG for me. They don't know about the Eurostar train journey but as with any relationship, you can never share everything as the excitement will wear off.

I travel round this country too, and one industry alliance that will one day be able to track my movements in similar detail has just celebrated its third birthday. The first alliance of its kind in the fitness

industry has grown to include 95 sites with fitness, 52 swimming pools and over 3,000 classes per week, but with only one membership. The London Fitness Network has been a loose connection of trust sites and local authority sites run by trusts or not-for-profit organisations and is about to grow and change into the UK Fitness Network (UKFN). The launch is planned for the spring, with 250 fitness sites, and its estimated UKFN could grow to 1,000 sites by 2012. All sites will have inclusive membership of the FIA. Additional participation will be encouraged, recorded and reported on. Opportunities to build local and national reward and loyalty programmes will flow from the customer data that's gathered. If customers pay for convenience but want help to achieve increased participation, the bigger the network, the better able UKFN will be able to deliver more people more often.

In the commercial world what if, instead of re-branding, Virgin had created an alliance with Holmes Place, and LA Fitness with Dragons? Behind the scenes there's every chance to rationalise CRM, clean and build member data, drive down central and buying costs. Front of house, brands can be presented as an alliance, saving on re-branding costs and reducing any potential for customer resistance to new ownership. Opportunities to cross brand could multiply rather rapidly.

One company that could lead the alliance way is Next Generation. With its four brands of David Lloyd, Next Generation, Amida and Harbour Clubs. It has the opportunity, whilst spreading the individual brands across all brands both within and outside the group. This could just be the modernity of approach that we should expect of the youngest chief executive running one of the biggest (financial and membership) groups in the business.

David Minton is director of the Leisure Database Company.

Right to reply: a clarification

Sarah Miller, head of news at the Charity Commission, has written in to clarify points made in David's recent article 'A sporting chance for change' (Leisure Report, 1 February). The Charity Commission's recently published guidance 'Charities and Public Benefit' applies to all registered charities in England and Wales, not just independent charitable schools. Under the Charities Act, all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. Previously the law presumed this to be the case for organisations that advance education or religion or relieve poverty. The Charity Commission, as the independent regulator for charities in England and Wales, is responsible for explaining the public benefit requirement and applying it.