

6	Opinion – David Minton
7	Insight – Scotland the brave
8	Insight – 2012 legacy
10	Legal – Staff dismissal
12	Insight – Binge drinking
13	Behind the headlines
22	Sharewatch
23	Appointments, Diary dates



The Fitness Market Monitor is set to transform the way the industry collects and uses its membership data. **David Minton** looks at the benefits it will bring

Vital statistics

In September 2005 I began my column in *Leisure Report* with the now-fabled comment that: “If we worked in the pornography industry we would all know what a ‘member’ is but because we work in the fitness industry, there’s no hard and fast rule, so to speak, to this basic question.”

Although it’s second nature to enquire of one another: ‘How’s business?’ particularly in the current climate, interpreting the answers can be difficult. Well-known industry phrases like; ‘fine’, ‘good’, ‘great’, ‘we’ve hit our numbers for the last six months’, ‘pre-sale has gone through the roof’, ‘yield has improved’ and of course the classic, ‘like-for-likes are up’, are baseless when there’s no agreed starting point.

Since some of my best friends aren’t bankers now, I’ve decided to add to the confusion by giving the industry a new acronym, EBFITDA. Yes EBFITDA can be used by fitness companies when reporting earnings before fitness, interest, tax, depreciation, amortisation & rent.

This historical mixture of farce, laced with posterous observations, whilst adhering to a strict code of Omerta, where vagueness replaces reality, has pervaded our industry from day one. The reality is that vagueness is the only way of answering a direct question, without knowing if you share the same methodology. Exact definitions of what constitutes a live member, a leaver, like-for-like financial, and yield have not existed before. This has left some investors confused by the smoke and mirrors environment - who can blame them?

Well all this is about to change with the Fitness Market Monitor (FMM). It’s taken three years and the industry is now making progress not only in understanding what a member is but also how many of these appendages, or customers, join each month, how many leave, what revenue is generated, the yield and other key metrics associated with running and understanding any business.

To create the FMM, the industry will need to share some common ground. Definitions and core matrices will be a requirement, not a luxury. These new definitions will lead to disclosure requirements that will concentrate general managers’, directors’ and owners’ minds. The results will enable all involved to focus on the fundamental health of each site in these difficult times. Launching any new scheme where buy-in is required across all sectors is difficult at the best of times but is essential when times are hard and real benchmarks are required.

Being able to track trends compared to the market, region and sector will provide the intelligence to respond, adjust spending and direction, support the successes and cut losses early. After all benchmarking, which was originally invented as a formal process by Rank Xerox, has been adding value to other industries - so why not ours?

During the boom period the industry could do no wrong and investment flowed on past and future projections, but in straightened economic times, the banks and financiers need more comfort. The fitness industry, we’re told, is on the brink of becoming one of the delivery partners to the government’s health of the nation initiatives. We’ve put forward the partner argument well – backed with industry data that has already been shared by operators; but robust evidence of delivery and success will be an essential part of initial investment and re-investment.

Primary Care Trusts (PCT’s) are beginning to invest substantial sums in our industry and again results-based evidence will be a firm requirement. It’s not just Jamie Oliver that’s going to Rotherham but I’m going so I can report on one of the biggest investments by a PCT into our industry. Agencies like the Audit Commission have been known to talk down participation figures across the sports and fitness industry, they say, for lack of any real alternative and credible data. And possibly the biggest abuser of misquoting our industry is the media at large. *The Evening Standard* in London quoted gyms as being amongst the losers of the credit crunch and that “one recent study showed that 21% of Britons have scrapped their membership”. Of course there’s there’s no factual basis to the 21% figure but as an industry we don’t have real-time data for the rebuttal.

The above examples, from what should be key partners, show there’s a real need for industry data at all times, but when prominent household names hit the wall and sectors outside the fitness arena are suffering, we should be able to put our success in context. We’re not, for example, in the pub industry where around 200 sites are closing each month, we’re in the fitness industry where 10 sites have opened each month in 2008.

It’s no good just me knowing these figures, you need to know them along with key partners. Partners like the Fitness Industry Association, SpORTA and BISL all see the need for the initiative and how real data will help support and professionalise the

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industry. It’s in this context that the all new FMM has been born. The FMM will fill a vacuum by agreeing industry-wide definitions, providing benchmarking performance where you can track membership numbers, joiners, leavers and revenue on a monthly basis. From this you’ll see ratios, yields and trends on national and sector-specific scale. It’s part of growing up, that any industry begins to share data, collectively showing good times and the bad.

Operators will use the intelligence to evaluate various aspects of their business in relation to best practice. The data provided could be used in business cases for innovation or continual service improvement. The FMM will be a powerful management tool, used to challenge existing business models and seek innovation in our industry. The guiding principles for the FMM are that it will be robust, representative and inclusive where truly comparative trends and ratios can be relied on to represent the whole industry and can demonstrate the micro climates of the individual sectors too.

The commitment is building. In three days at LIW the FMM team signed letters of intent with over 650 sites and this has grown to over 750 at the time of writing. The target for the December launch is to have 1,000 sites, which approximates to 50% of the UK membership base, participating. The support comes from hotels, leisure management, trusts, in-house teams and main brands. And with three further meetings planned to assist operators who haven’t had the opportunity to evaluate the service, every fitness operator in the UK will have been given the chance to gain the most cost effective and crucial market intelligence that will help steer them through the forthcoming times. For details of FMM, the additional meetings, and operators who have committed visit www.theleisuredatabase.com/marketmonitor. It’s a new dawn, not only for our banks, but for our industry too. I won’t be sad to see the end of the bar-room bullshit that we’ve all been guilty of spreading for so long, and I’ll rest in peace knowing what a member is.

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