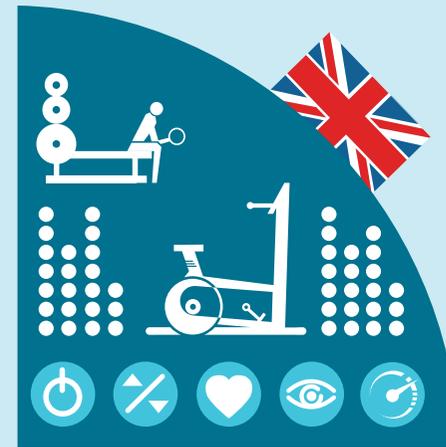


2012

UK Low-cost
Gym Sector
Report



A Strategic Investigation into a Disruptive New Segment



Researched and written by Ray Algar, Managing Director, Oxygen Consulting, UK

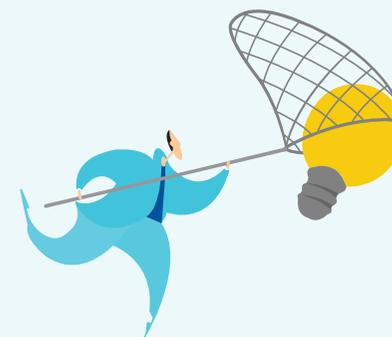


Ray Algar MBA

Managing Director
Oxygen Consulting



I am the Managing Director of UK-based Oxygen Consulting, a company that provides compelling strategic business insight for organisations connected to the global health and fitness industry. My entire career has been connected in some way to the health and fitness industry. I will probably still be connected to it when I am eventually called to undertake a 'higher' project.



Until very recently, I was the Chairman of Wave Leisure Trust, an organisation that operates eight leisure centres in the South East of England. I was involved for more than six years and experienced its transition from a start-up to a highly influential leisure organisation making a significant social impact on the communities it served.

Several years ago I had an epiphany. I am not Isaac Newton, so it was a tiny epiphany, a sudden recognition that I should combine my passion for research with writing. You are now reading the result. This is now the fourth report in the series which runs as follows:

- 2010 UK Low-cost Gym Sector Report
- 2011 European Health Club Industry Web and Social Media report
- 2011 Global Low-cost Gym Sector Report

I love writing, which explains why these reports are so long! Thankfully, these are digital reports so mercifully no trees have been sacrificed. I also love the web and launched one of Europe's first leisure-related blogs in 2005.

Since then, the new 'social web' has emerged, giving all consumers an influential online voice. Recently, I decided that the health and fitness industry needed to capture the voice of gym consumers more effectively, which led to the development of LoveTheGym.com, a website that enables consumers to review, rate and recommend health clubs. LoveTheGym is at an early stage but expresses the fact that I want to focus on projects that can genuinely make a difference. '[Start something that matters](#)', the book by Blake McCoskie of TOMS shoes, comes to mind.



When not writing, I spread my time between consulting assignments and conference presentations in the United States, Latin America and Europe. The topics tend to span strategic marketing, technology, research, health and web-based themes. 'Thought-provoking', 'challenging', and 'forward-looking' are the sort of comments I receive. If it does not elicit a significant response, what's the point?

Ray Algar MBA

Managing Director
Oxygen Consulting



I have three University degrees, which is actually quite a lot by UK standards. I have an MBA from Kingston Business School, a Masters degree in Marketing from the University of Greenwich and an honours degree in Sports Studies and Psychology, awarded by the University of Kent. Why three? Well, I love learning and it should also reassure you that I take real care when I write, especially when I am trying to convince readers to take some action. 'Insight with action' is how I sum this up.

If you are inclined to know more about me and my work, then browse over to my website – Oxygen-Consulting.co.uk

A handwritten signature of Ray Algar in black ink on a light blue background.

Platinum associate



v

Harlands aim to remain a market leader in providing efficient and flexible Direct Debit administration and management. We treat every client equally, regardless of size, and strive to provide a first-class service at a low-cost price. Never has it been so affordable and accessible to make a life change through regular exercise. We have not only embraced this change, but facilitated and driven it through our policy of paperless innovation and at a price that all businesses can take advantage of. We welcome our responsibility to keep on innovating, to the benefit of all our clients, large or small.

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MATRIX

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uk.matrixfitness.com

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Caburn Hope drives businesses to INSPIRE their audiences with thought-provoking marketing, ENGAGE them with the benefits of their product or service, ENTICE them to buy and DELIVER maximum profit. All the benefits of an in-house marketing department without the overheads: a team of professionals brimming with ideas, who understand what drives businesses to make an impact and succeed. The projects we complete, results we deliver, and feedback from long-standing clients speak for themselves: 'This is not the first time I have used Caburn Hope to help launch a business: truly creative thinking, striking brand work, and above all, measurable results.' John Treharne CEO, The Gym Group.

caburnhope.co.uk

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The logo for Closewall Ltd. consists of the text 'Closewall Ltd.' in a white, serif font, set against a dark blue rectangular background.

V

Closewall Ltd is a specialist design and build contractor to the leisure, health and fitness sector specialising in new construction, alteration and refurbishment projects. A comprehensive turnkey service can be provided where necessary, from architectural design cost planning and programming through to the successful completion of the entire project. Our maintenance service then ensures your building is always fit for purpose. Projects are always completed in a timely and cost-effective manner because our team is highly organised, efficient and motivated. The bottom line is that you can always depend on us to deliver your next project.

closewall.co.uk

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At Jay City Finance we provide our clients with a complete corporate finance solution to their purchasing requirements and do so in the knowledge that finance of varying types represents a highly effective way to grow their business.

One of the fastest growing sectors of our business is the provision of finance for the UK Health and Fitness Industry. In the past year alone we have successfully raised in excess of £7 million of gym-related equipment for our clients.

Our ability to give advice and efficiently provide you with proposals, combined with our extremely strong portfolio of funding lines, makes Jay City Finance a business worth taking seriously.

jct-finance.com

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Matrix Consult is a project management and cost consultancy for the construction sector with extensive experience in leisure, health and fitness. Established in 2003, we offer a range of project management, cost consultancy and bank monitoring services, which ensure that projects are built on time, on budget and stress-free.

We customise our services, either dovetailing with an existing team to add bolt-on services, or leading the entire development process. Our highly-trained professionals are on hand to advise and support with all aspects of the construction process, from appointing the design team to facilitating a maintenance strategy for your completed project.

matrix-consult.co.uk

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Nomical Networks works in partnership with their clients to deliver innovative solutions through the application of technology. Our team of IT certified professionals offer a diverse and distinctive range of expertise, providing access to the most up-to-date technologies within the IT industry. An all-encompassing approach underpinned by service excellence ensures we understand the requirements of our clients. Specialising in software development and new technology platforms, we build the foundations required to increase and maintain business capability. We have excellent relationships with all our clients including those within the health and fitness industry. Constantly delivering cost-effective solutions, we pride ourselves on our exceptional reputation and ability to succeed in meeting expectations for the benefit of our clients.

nomical.com

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VISTEC
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Solutions Through Experience

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Vistec Systems, the UK's leading independent security systems specialist, offer cutting-edge security to businesses, including the fitness industry. Every client, large or small, is given the same dedicated service – independent advice tailored specifically to their requirement; on time and on budget. Committed service from planning, design and installation to after-sales care means enviable customer loyalty. Highly regarded engineering teams offer advanced solutions to each installation, delivered with outstanding service. Installations include a nationwide contract with The Gym Group, offering state-of-the-art security. Their 24-hour membership access control solution, with unique 'Portal and PIN' entry, ensures a safe environment, in line with The Gym Group's ethos and operational strategy.

vistecsystems.co.uk

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Click to read: all page numbers, arrows, links to contents page and web links throughout this report are interactive.



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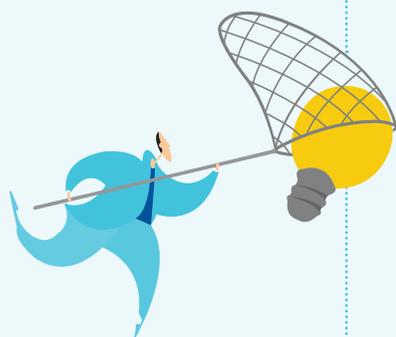
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Welcome to the 2012 Low-cost Gym Sector Report



Ray Algar MBA

Managing Director
Oxygen Consulting



Welcome to the 2012 UK Low-cost Gym Sector Report. This report represents a significant update on my 2010 UK report. The UK low-cost gym sector is gaining both momentum and considerable attention from a diverse section of stakeholders connected to the industry and so warrants a closer inspection.

Although 'UK' appears in the title, this report should be beneficial to any overseas reader seeking a deeper understanding of the low-cost gym phenomenon. I was delighted by the reaction from overseas readers to my last report and so have written with an international readership in mind.

As well as the report content itself, you will find many footnotes that link to external websites. These are all active hyperlinks that work so long as you have an Internet connection. If you do click on an external link, please remember to return to the report!

Report scope

This report's primary purpose is to assist the reader in understanding 'why' low-cost gyms are gaining popularity in the UK and provide a summary of the leading operators. Several of the UK's leading low-cost CEOs contributed interviews, which I hope readers will find informative. The report also contains a significant amount of consumer insight gathered from more than 14,500 completed online surveys. The report also seeks to be forward-looking and assesses how this segment is likely to develop over the next two years.

Neutral perspective

I wish to put on record that I always attempt to write with a 'neutral' perspective. Using 'net promoter' terminology, I am a 'passive'. My aim is to strategically examine and provide evidence about an emerging business model. I urge readers to do the same even if you're not a 'fan' of low-cost gyms.

Join the discussion

As always, I encourage readers to visit the Oxygen Consulting¹ website to participate in the lively discussions that take place following the publication of a new report.

1. Oxygen-Consulting.co.uk

Three years ago I had an idea about how I could research and publish informative strategic reports where the reader would not have to pay. 'Free-to-read' matters to me because I believe in 'information symmetry' and love the idea that industry insight can be liberated to flow freely and get into the hands of people that value it and act upon the contents.

This publishing model therefore only works if organisations with a commercial connection to the health and fitness industry step up and agree to financially support my reports. Therefore I wish to thank the following companies who ask nothing more than some recognition:

- Caburn Hope
- Close Wall
- Harlands Group
- Jay City Finance
- Matrix Consult
- Matrix Fitness Systems
- Nomical
- Vistec Security

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IHRSA² Europe Director.

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Board Member at European Health & Fitness Association.

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They are always very enthusiastic when I discuss new reports and generous in facilitating introductions and advising on report content.

2. International Health, Racquet & Sportsclub Association

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CEO, The Gym Group

Who supported my request to survey current and previous members. John never asked what questions I was intending to ask or applied any constraints on the research. What I take from this is that the brand has a strong sense of belief and confidence in its service delivery.

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Who along with Caburn Hope allowed me to effortlessly send survey requests to 150,000 current and previous members. My thanks also to [Megan Hurst](#) PhD researcher at the University of Sussex, who helped with data analysis and helping to draw out key insights from the member surveys.

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