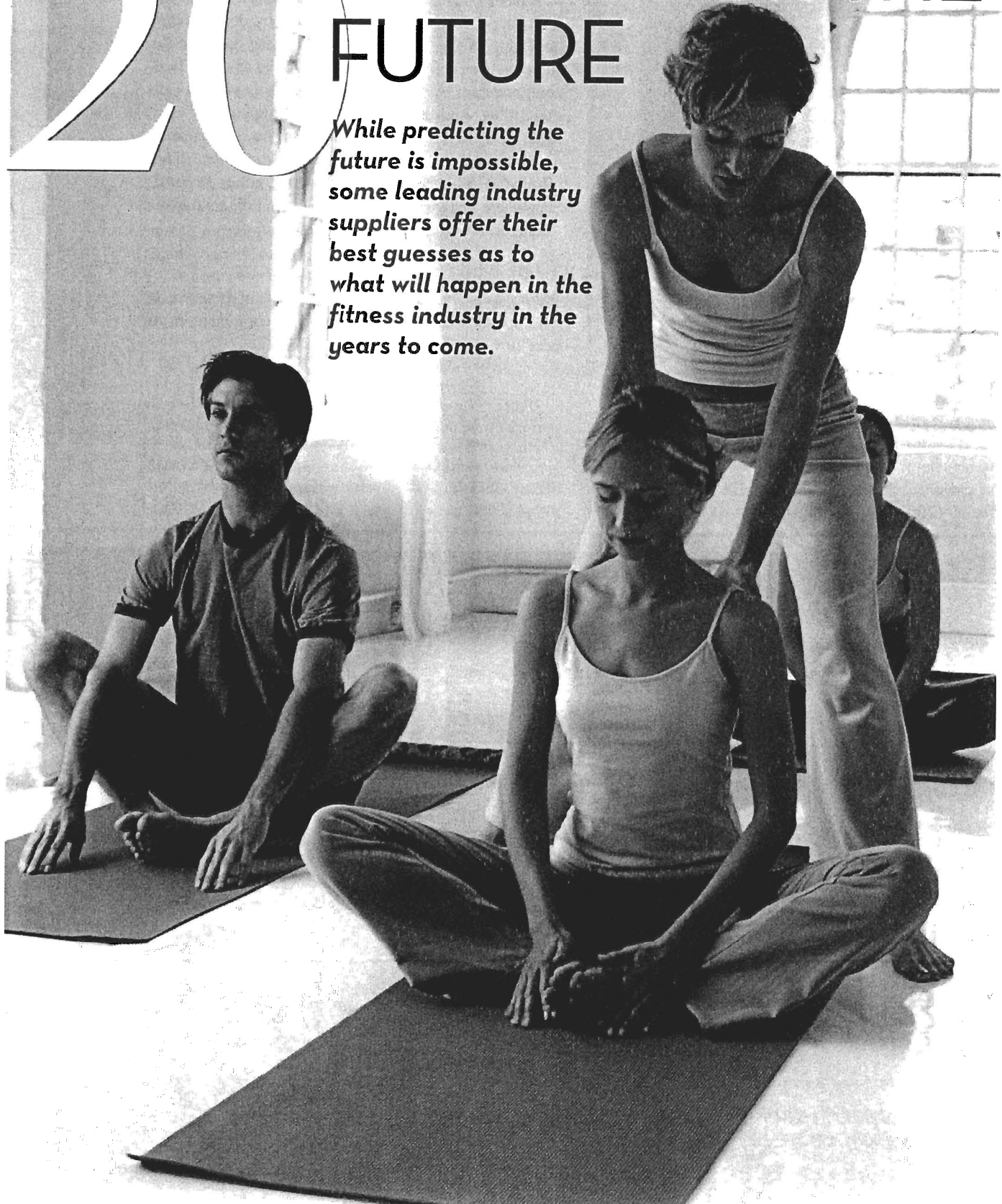


20 TRENDS FOR THE FUTURE

While predicting the future is impossible, some leading industry suppliers offer their best guesses as to what will happen in the fitness industry in the years to come.



Predicting trends is a tricky business, but it's one every fitness facility owner and manager must be in to stay ahead of the game. To offer a little help, Fitness Management asked industry suppliers to dust off their crystal balls and voice their predictions for the next 20 years.

1 Existing fitness centers will expand

Owners and operators of fitness facilities that are active today will have the opportunity to expand, says Frank McDuff, senior vice president of CSI Software, Houston, Texas. "I think there will have to be a vast expansion of facilities," he says. "The climate will be right for small and mid-sized club operators to grow their businesses." Paul Schaller, president of ABC Financial Services Inc., Little Rock, Ark., agrees: "I think we'll see more and more of the medium-sized operators become larger operators, and the larger operators become even larger."

2 Small facilities will open

"I don't see much movement in the progression toward truly national chains, like Bally's already is and like 24 Hour Fitness will likely become," says Michael Rojas, president of Iron Grip Barbell Company, Santa Ana, Calif.

"I think what we'll see is more of these facilities being smaller," says Robert Riches, president of ASF International, Highlands Ranch, Colo. "The majority of independent clubs in the future are probably going to be opening at 10,000 [square] feet and less."

3 Competition will heat up

With the numbers of fitness facilities increasing, competition for new members will be fierce. "Competition, especially for the smaller independent clubs, will increase, as the major chains grow their numbers and the chains themselves are acquired by investment

companies, such as the recent acquisition [of] 24 Hour Fitness by Forstmann Little," says John Aglialoro, president of Cybex International, Medway, Mass.

4 Location will become more important

One way fitness centers can beat the competition in the next 20 years is to narrow their focus to a small community, Aglialoro of Cybex says. Fitness facilities will have to "take fitness closer to where the customer lives as opposed to waiting for them to come to the club," says Aglialoro.

"I think society, in general, will be looking at location, location, location," agrees Ken Reinig, president of Association Insurance Group, Lakewood, Colo. "As we get busier and busier,



we'll need a place to work out that's close. If [people] have to drive more than a couple of miles, [they're] just not going to go."

5 Niche markets will open up

In the future, fitness centers will also target niche markets on both ends of the age spectrum. "As people move more toward fitness being a lifestyle, I think there are two areas we're going to

be continually gaining on," says Riches of ASF. "One is the older, sedentary group ... but also the younger group." Bruno Pauletto, CEO of PowerSystems Inc., Knoxville, Tenn., concurs: "We see the future of fitness being focused on the elderly and youth markets," he says.

"I would recommend the club owner ... focus on the needs of an older population with various function levels, and on the deconditioned young, so they will be prepared to be a leader in the health and fitness industry of the future," says Steve Sarns, vice president of sales and marketing for NuStep Inc., Ann Arbor, Mich.

6 Entertainment options will be imperative

To attract and accommodate young exercisers, fitness centers will have to make efforts to keep them interested. "Younger people joining earlier — whether it's in high school or college — expect, in some ways, entertainment value in the membership," says Riches of ASF.

"I believe we will see a dramatic

The consensus is that the **future** is a rosy one for the fitness industry.

increase in virtual reality/interactive exercise products," predicts Aglialoro of Cybex. "The demand for exercise entertainment is growing, as is the influence of video games on fitness."

7 Educated members will look for results

Fitness facilities should be prepared to serve better-informed members in the next 20 years. "We're going to see that the members are more educated,"

20 TRENDS FOR THE FUTURE

says Riches. Thanks to media awareness and good publicity, there is a lot of information about exercise available today — and that will continue in the future. “Consumers are quickly becoming much more discerning when it comes to their own health,” says Lindsay Merrithew, president and CEO of Stott Pilates, Toronto, Ont., Canada. “Not only do they want to take control of their body and how it functions, they also want to be well-educated about doing so.”

8 New ways to profit will be implemented

Better-informed members can mean booming business for fitness centers, says Rojas of Iron Grip. “I think that, in the future, new members will come more prepared and more informed about fitness, and, therefore, be more open to the kinds of non-dues-based profit centers that will help make clubs more profitable,” he says. “Club owners will continue to pursue profit centers within their own building, which will dramatically increase the profitability of each unit.”

“More clubs will create additional revenue streams through typical pro-shop products, as well as unique, private-labeled apparel, supplements, water and even ‘home-grown’ workout CDs and DVDs,” says Art Rothafel, president of MediCorp PNT, Villa Park, Calif. And, according to Aglialoro of Cybex, “more interactive, home-based workouts will partner with the club-based products and services.”

9 Specialization will set fitness centers apart

To differentiate themselves from other facilities, fitness centers will expand specialized offerings, says Rothafel of MediCorp. “Clubs will continue to offer more and more specialized services and programs, such as weight-management, group programming, sport-specific training, yoga, Pilates, nutrition, etc., to accommodate their ever-diversifying memberships,” he says. This trend will

converge nicely with the holistic approach, which is already on the rise, according to Ken Endelman, president and CEO of Balanced Body, Sacramento, Calif. “Fitness is going toward ... more mind/body-type stuff,” he says.

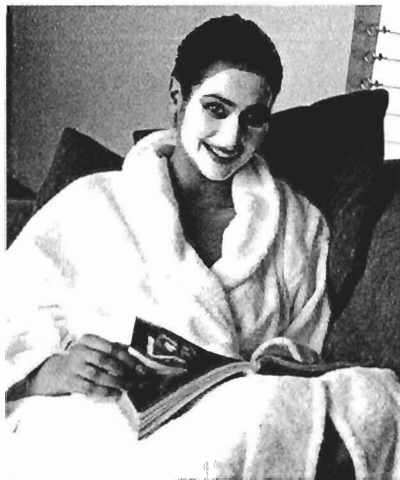
10 High-quality staff will be mandatory

It goes without saying that fitness center staff will have to be more knowledgeable and skilled than ever. Bob Palka, president of Jacob’s Ladder LLC, North Tonawanda, N.Y., says that this requirement will be increasingly difficult, thanks to advancements in the science of exercise. “The industry itself will ... get more scientific than it already has,” says Palka.

“The quality of staff will have to increase,” asserts Riches of ASF. “[There will also be] more organizations ... certifying.” Merrithew agrees: “I believe instructors, clubs and their associations will ... have to raise the bar on fitness education and the level of professionalism in our field.”

11 Regulation will increase

Fitness centers are already faced with new laws regulating how their business is run, and that trend will continue, says Riches. In fact, he says, “there’s probably going to be *more* regulation as time goes on.” Staying on top of laws and keeping liability waivers strong will be imperative for facilities in the future.



12 Spa services will raise the bar

Fitness centers will offer more spa services to members, says Reinig of Association Insurance Group. He predicts that “very high-end clubs that offer spa services,” will be popular.

“Spa-based facilities [will] continue to grow in numbers, [along with] similar facilities focused on relaxation activities,” says Aglialoro of Cybex.

13 Paperless billing will be here to stay

In the next 20 years, most facilities will be on their way to going paperless when it comes to billing, says Ron Polisenio of CheckFree Health & Fitness, Dublin, Ohio. “The customer of the future will expect the ability to manage their membership, from dues and fee payments to scheduling activities and contract review, from home via the Internet and in the club on Internet-connected kiosks,” he says.

“To a large degree, the success of the health club will depend on its ability to meet the expectations of the available member market with respect to online services,” adds Reg Berka, president of Aphelion, Houston, Texas. “Member-centric services for workout tracking, personal training, diet/nutrition and other health advice will be expected [by] members through the club’s website.”

14 Insurance companies will incentivize fitness

The rising costs of healthcare will encourage insurance companies to offer more exercise incentives, says Aglialoro. “The average member will be in need of health solutions,” he explains. “They will be encouraged and rewarded by HMOs and insurance companies, perhaps even by the government through tax breaks, to change unhealthy living habits and to incorporate fitness and wellness into [their] lifestyle.”

However, this trend could pose a challenge for fitness centers, particularly smaller ones. “It will be important to

members, club owners, physicians and membership underwriters (government, employer, HMO, etc.) to track each member's attendance, performance and goals achieved while at the fitness facility," explains Benson Fine, CEO of Conexion, Baltimore, Md.

15 Information will increase the power to sell

In the years to come, fitness centers will want — and be able — to collect more information about their members than ever before. "Member information is becoming more and more critical, as

The rising costs of **healthcare** will encourage insurance companies to offer more exercise incentives.

owners and operators want faster ways of communicating with their members," says Schaller of ABC Financial Services.

16 The Internet will enhance communication

The Internet will be used not only to inform, but also to keep in touch with members, say Berka of Aphelion and Riches of ASF. "The landscape of the future includes further development of the specialized community that arises around the health club. Software is a key component of the glue that ties members, employees and suppliers to the club facility. Through the Internet, the connection to this community provides more efficient supply chains and enhanced member services."

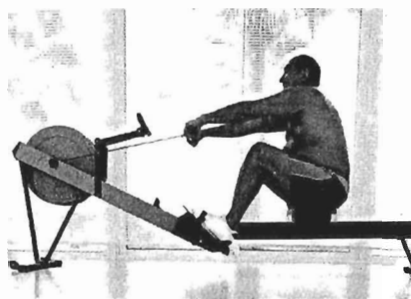
Says Riches, "More and more tools will be provided to facilities to be able to really follow up with the members,

whether it's through emails, whether it's through one-on-one contact — ways to keep in touch with the customer."

17 Consolidation will continue

Palka of Jacob's Ladder says he believes the industry's suppliers will continue to consolidate. "What I see happening is price competition of light products getting much stiffer. Product differentiation getting much tougher," he predicts. "Because of those two things, a consolidation of the industry [will occur], to some degree."

Agialoro of Cybex thinks the indus-



try's suppliers will continue to consolidate. And, in his opinion, that might not be such a good thing. "I ... have concerns [about what effect] this consolidation will have on the ultimate cost to the club," says Agialoro. "[I'm] not sure if this will stabilize pricing, because equipment providers may continue to compete with price rather than product differentiation and performance results."

18 Equipment innovations will stall

In terms of the equipment of the next 20 years, Agialoro believes what you see is what you get. "There will be less equipment choices due to consolidation," he says. "I have concerns this will stifle innovation. There will be less focus on innovation and more on 'follow the leader' in product development."

Rojas agrees: "I'm not sure we will see the same pace of functional innova-

tion in equipment in the next 20 years that we have seen in even the last 10 years."

19 Technology will be less intimidating

Many fitness facility owners and operators already use technology in their facilities. The bells and whistles that accompany many software programs for fitness centers usually go unrun and unblown. But a new era is on the horizon, predicts Polisenio of CheckFree. "In the future, club owners will leverage technology to improve both their operating performance and their customer's satisfaction," he says.

Sid Nelson, president of Affiliated Acceptance Corp., Sunrise Beach, Mo., predicts that fitness centers will "integrate technology with their mission statements to become more involved in their communities."

20 Business will improve

Though there are some potential pitfalls, the consensus is that the future is a rosy one for the fitness industry. "[Club owners] will be helped enormously by what will be continued and increased positive emphasis placed on fitness by the media, the medical and scientific communities, and, increasingly, the government," says Rojas of Iron Grip. "This emphasis will evolve into more of a traditional market force, and should drive demand."

Looking ahead

Thanks to renewed media attention, making people aware of the health benefits of exercise just isn't your job anymore. You're faced with a new responsibility: to provide cutting-edge services and facilities to an informed public. Taking note of these 20 trends of the not-so-distant future can only help your fitness center achieve this. It's true, what they say: The future is now.

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