

Survival of the fittest

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As Hong Kong people crave for a healthier lifestyle and shedding more pounds, fitness centers have mushroomed all over the city. Key industry players see the SAR as a growth hotspot for fitness but warn that smaller ones could get squeezed out in a tough contest.

Chen Zhewei had been unnerved over her weight, and joined the vast crowd flustered by the incessant media and advertising blitzes against obesity.

The 24-year-old local student made up her mind and entered into a four-month contract with a fitness club, going there twice a week for her workouts.

“I had put on a few pounds in winter and just wanted to get rid of some of them,” she explained.

Chen chose a gym that runs a fitness chain across Hong Kong, with one of their outlets being close to her home in Kowloon Bay.

However, she finds the hard-sell tactics the gym often adopts rather annoying. “They always try to force you to hire a personal trainer. They just would not leave me alone every time I’m there. It’s really irritating. I just cannot afford it. It costs more than HK\$2,000 (\$258) a month. It’s a rip-off,” Chen told China Daily.

Chen’s contract with the gym is due to expire this month, but she said she would not bother to renew it in view of the embarrassment it has brought her.

“The salesperson offered me lower monthly charges if I would renew my contract and keeps telling me I’ve to sign up immediately since the offer is part of a promotional campaign that would last only a few days. I’m definitely not going to do it. I’ve had enough and want to move on and try some other place,” she vowed.



Smashing, swinging, pulling and running ... it's all part of the game to cut down obesity.

Chen is a classic case of a growing number of people chasing after a healthy lifestyle in Hong Kong which, despite its renowned stressful work environment, still boasts the eighth-highest life expectancy worldwide for both men and women.

"Hong Kong people have the desire to lose weight and keep fit," said Simon Lee, a senior lecturer at the Business School, Chinese University of Hong Kong.

He noted that the fitness industry has undergone a revamp in the past decade. "It used to be a big market among ladies who want to look better and slimmer. But now, it's also the men who want to look better," Lee said.

A recent health survey shows that 18.8 percent of those between 18 and 24 years old in

Hong Kong are obese. Fitness companies, both local and from overseas, have cashed in after spotting the huge potential in the fast-growing sector.

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Currently, there are five major fitness companies operating in Hong Kong — Fitness First, Pure Fitness, California, Physicals and Seasons Fitness — which manage a total of more than 40 clubs in the city.

The facilities offer various categories of services to clients with varying charges.



Colin Grant, chief executive officer of Pure Fitness, says the awareness of the importance of having a healthy life is getting stronger in Hong Kong.

“I think people are becoming more aware of the fact that you need to look after your body and your diet if you want to live a long and healthy life.”

Pure Fitness offers special courses, such as boxing and yoga. It now has five branches, one of which opened last year.

On expansion trail

Grant said the company planned to double the number of branches in the next three years, with two new clubs due to open this year.

“We still have plenty of room for new members. We still have much more to do. We haven’t scraped the surface yet. Our clubs in Hong Kong serve some 7,000 people a day, and 7,000 is nothing. When people are ready and interested, we’ll welcome them,” he added.

At Fitness First Asia, Chief Executive Officer Simon Flint said Hong Kong remained a promising market for the fitness industry and the company will invest heavily in the city.

“This year is a year of investment and growth for Fitness First in Hong Kong, with planned investment in clubs running into \$7 million across the market, more than nine times the amount invested here in 2013,” said Flint.



Since the group’s first club came into operation at Sheung Wan 13 years ago, Fitness First now runs seven clubs in the SAR, serving up to 18,000 members and holding about 2,000 classes per month.

Two new clubs opened this year alone and the groups plan to expand in a big way.

Over the next five years, Fitness First aims to fork out \$20 million to open between five and eight clubs in the SAR, increasing membership by 20,000 and creating 200 new professional fitness roles.

In addition, a further \$5 million will be used to upgrade existing clubs.

The company has also done well in Hong Kong over the past two years, with revenues growing at a compound annual growth rate of 12 percent to \$24 million for the year ended October 31, 2013.

“We’re excited about making rapid progress in our Asian growth strategy with further expansion plans for Hong Kong, a key market for us,” said Flint.

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Quality of facilities

Physical also has big plans on the horizon, having stepped up its expansion in the past two years.

It now has 56 branches in Hong Kong, Macao and on the mainland, covering a total area of more than one million square feet and serving more than 500,000 members.

The quality of a gym, without saying, depends largely on the qualifications and services of personal trainers and its overall environment.

But gym regulars said they felt repelled when trainers tried selling them courses or attempted to extend their contracts.

What drives operators' sales strategies, undoubtedly, is the urgent need for steady cash flow for the upkeep of their operations.

"Their fixed costs are very high — rentals and depreciation of property. Thus they need to hard sell to cover all these costs and capture a bigger slice of the market. In terms of staff quality, it's not regulated in the market and the quality varies," said Simon Lee.

Flint likened the fitness industry to the hospitality industry.



"Just think about hotels. We want clients who'll come back again. We have to pay attention to every detail, such as food, bed and other stuff."

Fitness First recorded a 5-percent compound average growth rate in membership between 2011 and 2013 along with growth in revenue from personal training. Member retention rates in Hong Kong are among the highest for all of Fitness First's clubs globally — at 66 percent for the 12 months up to 2013.

Flint says the company also has an internal quality control process to ensure every staff member is qualified for fitness services.

Grant says they conduct plenty of internal training for staff and work closely with PTA Global — a leader in professional fitness development — to make sure that its personal trainers are up to the mark.

Expressing optimism over the industry's prospects, he said: "Hong Kong can be a very stressful city. People work very hard here. I think exercise plays a very important part in shaping their well-being."

In the longer term, Fitness First projects Hong Kong as a growth hotspot for fitness, as many developed regions, such as the United States and Europe, have a high penetration rate of nearly 20 percent and 15 percent, respectively, while Hong Kong's rate stands at only 5 percent.

Flint said that in addition to growing individual health and fitness consciousness, rising incomes and government efforts to promote healthier lifestyles to combat obesity and inactivity also reinforce the strong growth prospects for the region's fitness industry.

Lee agreed that Hong Kong had great potential as a fitness industry hub due to its status as an international financial and food center and its people not having adequate exercise. "There's a big demand for health and physical education in such a market full of middle-class workers who are concerned about their health and appearance," he said.

However, he warned that rising rentals and lack of regulation posed challenges to the industry, while smaller operators will face more difficulties as they lacked sufficient cash and scale.

"Big companies could provide better marketing and advance equipment with their abundant cash, and have a strong bargaining power with landlords over rentals."

Apart from rentals, Lee said intense competition fueled by the increasing number of small and medium-size operators entering the market will squeeze the smaller ones out.

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