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“What Does the Future Hold for
Boutique Fitness in Asia – What
Challenges Must It Overcome to
Increase Its Penetration, Success and
Long-Term Sustainability?”

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Emma Barry

Observer & Catalyst, World Renowned Consultant to the Fastest Growing Segments of Fitness: Budgets and Boutiques and Author of "Customer Engagement In Boutique Studios, Europe Active Retention Report 2018" by Blackbox Publishers (Global)

Boutique fitness is the new fashion. Asia is tech-savvy, western-facing and not short of investors so the future for the segment is bright. As witnessed in New York, Los Angeles and London, Asia will follow the pattern of boutique-boom, consolidation and price-point proliferation. The market will continue to grow as brands like Orangetheory Fitness, Barry's Bootcamp and F45 continue to expand globally and boutique fitness continues to be socialized by influencers, celebrities and avid fans. Key factors to consider are (1) One of your greatest opportunities is to create a sense of FOMO in your facility. The key components to success in this sector include hiring rock-star instructors, providing powerful programming, delivering high-touch service, using slick social-media, creating an intoxicating ambience and building deep bonds with members. The main challenge in developing the Asian market is to match the beautifully built studios with equally engaging staff and member experiences. (2) Content is king and consistency is queen. Long-term sustainability requires an engaged membership who enjoy a hyper-focused experience delivered uniformly across all time-slots and facilities. Boutique businesses will also need to withstand big-box clubs responding with up-levelled facilities "club-in-a-club" and improved member personalization. Financially, the freedom of the pay-as-you-go model needs to evolve back towards a membership model encouraging higher usage frequency and offering more business stability. Boutiques must also exercise their advantage of being small to pivot quickly on new market trends and customer feedback to deliver to these unmet needs. (3) The good ones will scale and the bad ones will fail.



Ross Campbell

Founder & CEO
FIT Summit (Singapore)

The greatest challenge we face in Asia is the large number of studio owners and managers who lack the necessary business acumen, operational ability or skill sets required to build and manage a long-term profitable boutique business. Too many boutiques have been launched as passion projects, hobbies, that fluff the ego of the owner but do little for their clients and lesser still for our industry. Investment capital and shareholder confidence is often destroyed, consistently and unnecessarily. Future boutique owners and investors need to be acutely aware of the risks, difficulties and complexities of running boutique studios in Asia. It is not easy. You can lose. Big. People do. Often. Boutiques need to be better conceptualised and structured with unique selling points and experiences. The reward is great for those who build successful and scalable models, backed by long-term investors who believe in the vision and value proposition of the business. We need to champion the leaders that can grow our industry, strengthen its reputation and raise the bar. In turn, we need to ensure future investment into our industry does not fall into the wrong hands. In combination, this is how we ultimately (re)build faith in our industry and positively impact the greatest number of people possible.



Sean Greeley
 Founder & CEO
 NPE (Global)

The future is bright for boutique fitness in Asia, as it is across the globe. While growth of big box gyms has flatlined, boutique studio growth is up 300%. Consumers continue moving from the big box “one-size-fits-all” experience to more personalized fitness journeys in every possible fitness modality within a studio environment (personal training, functional fitness, group training, wellness coaching, cycling, yoga, pilates, and more). For increased success and sustainability, studio owners must be careful to avoid using bad offers that can destroy fitness businesses. The wrong offer(s) attract weak clients that don't stay with your business (or don't attract anyone at all). This means hours of time wasted with “deal hunters” that use up available spots with free trials, exhaust you, and either won't convert or will rapidly turn over... requiring you to run faster and faster on a treadmill trying to find more clients. Unfortunately, too many fitness professionals and business owners must learn this lesson the hard way. If you want to grow a profitable fitness business full of long-term clients you love working with (not transactional ones), then you must align your ideal client, business model, fitness modality, offer, strategies, and lead sources – you must get all of them in a straight line. Focus on building experiences to serve the best clients; those who are motivated to solve a problem, achieve a goal, and have the income to invest in services that support and challenge them to become the best version of themselves they can be.



Belinda Koo
 Founder
 XYZ (Hong Kong)

Every studio begins with Founders having a passion for fitness and wellness, and see the gap in society for this need. They seek professional talent and expertise to help bring this passion to life. As the importance of wellness grows within Asia, we need to make sure our businesses are growing at a steady and sustainable rate. How do we instil confidence in our investors of the profitability and sustainability of the business so they can comfortably invest? Generating sufficient funding to maintain operations and ensure all efforts are compensated for, without compromising other factors in this equation, prove to be an ongoing challenge.



Noel Nocciolo

Fitness Consultant and
Founder

Boutique Fitness Talks
(Global)

I see 4 key challenges that need to be overcome. 1) A desire, or lack thereof, to collaborate with other brands to deliver best in market. Overcoming the mind-set that other studios are threats, instead of an opportunity to encourage clients to cross-train, or, potentially as a vehicle for collaboration, is crucial for sustainability. At Boutique Fitness Talks Berlin, I posed to the three Hamburg studio owners; “why not eliminate the aggregate booking platform and create an internal class series for clients to purchase for use at all of your (very different) studios?” 2) Is the Founder(s) an enthusiast or a professional? With some studios acting as pet-projects for enthusiasts, it’s like someone creating a cute line of t-shirts. We enjoy wearing t-shirts, but not everyone is a clothing designer. Asia’s long-term sustainability for boutiques and their legitimacy as a “real business” will suffer if Founders are not viewing it as such. Is there a human resources department? Onboarding? A mission? 3) Mergers/Acquisitions: if this is standard in other industries, why should boutique fitness be unique? 4) Lack of continuing education for trainers. We must offer more continuing education in all fitness modalities for studios. Whether the brand position is “lifestyle” or “workout,” there should be senior-level fitness trainers giving training workshops rooted in kinesiology and exercise science. If not, the likelihood of injury increases. Medical doctors attend professional conferences and read medical journals to stay cutting-edge with their profession. So should fitness trainers. Seeing a move in class elsewhere does not make it automatically correct. Seeking out professional development and relevant certifications should be mandatory and budgeted for annually by studio owners. I have been in the industry over a decade and have ran trainings globally since 2014. If I continue to seek workshops from others in the industry, junior trainers have no excuse.



Jack Thomas

Founder and CEO

BASE (Thailand)

Host

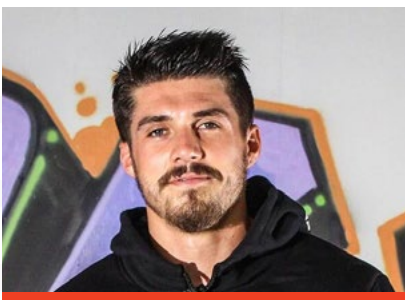
Fitness Business Asia Podcast

In 2015, IHRSA reported that consumers in the US spent more on fitness studios than they did on traditional, commercial offerings. This signalled a worldwide shift towards high-end, more personalized experiences in fitness. Since then the shift from big box to boutique has spread to Asia. In this region we’re seeing an explosion in small studios and a newfound appreciation for boutique fitness. However, if you think the world’s top gyms are going to lie down and admit defeat, or that the rise of the boutiques means opening one offers guaranteed success, then you’re setting yourself up for hard times. Chain gyms are upping their game so boutiques must double-down on all the things that make them special and unique. Do your staff know your clients’ names? Do your coaches live and breathe your values and are massively invested in what you offer? Are you building a community amongst the clients and staff? The answer should be a resounding yes, as this is what boutiques can offer that’s very hard to recreate when you’re operating a huge gym chain with thousands of staff and clients. Once you’ve got this right, create a payment model that sets you up for long-term success. More consumers want unlimited or subscription offerings and this helps create a more sustainable business over ‘pay as you play’. Invest in getting your pricing right. Finally, run your boutique business as a business, not a hobby, and everyone wins – you, your clients and the wider industry.



Alex de Fina
Founder & CEO
Pherform (Hong Kong)

The boutique fitness sector has incredible “opportunity to create opportunity”, however this will not be a guaranteed home run. The challenges we face in emerging markets throughout Asia is varying degrees of consumer awareness – in training modalities, trainer qualifications and professionalism, and some ignorance to models or methods which have previously had their integrity questioned in more developed markets (like six-minute abs or skinny tea). The “elephant in the room” is that fitness concepts have a rare ability to sell a “promise to serve in the future”. Restaurants, retailers, and almost all other services must look at our industry with astonishment, as we can sell “air” with long-term contracts in exchange for upfront revenue. This makes large equity groups intoxicated with the ability to open clubs, aggressively sell, and then flip the business before the cashflow lines crash (think of all the failed globo-chains). Therefore, for boutique brands, I believe that we must differentiate our service provisions clearly (not just “doing fitness”) and build business models which are clearly leaning towards relationship-building and customer service. Consumers segments will mature, and there will always be an ability to charge a premium by obsessive focus on solving the unique problems of target demographics that each boutique cater to. We can leverage technology, consumer trends, and pivot with the dexterity that large commercial chains do not have. In this regard, our small size can be our strength. To do this, there must be more collaboration and transparency between studios. The similarity between our challenges is much greater than our differences, and the more unique brands which prove themselves as a secure and viable concept, ultimately benefits the end consumer better. Which is why we all got into this in the first place.



Dayle Hallam
Co-Founder & Owner
Unit-27 Group (Thailand)

As far as boutique fitness is concerned the future is extremely exciting, not only in Asia, but also globally. As the industry breaks away from the traditional ‘Globo-gym’ and more towards the ability for those who were once intimidated to attend the gym now partaking in group classes and benefiting from doing so, the fitness industry in Asia has never been better in my honest opinion. The challenges we as industry leaders must overcome are not to lose track of our “why”. By this I mean why we started our businesses, and why we work day-in and day-out to provide our clientele with the service they deserve. If you lose focus of your why, your clientele will lose focus with your product. Ensure that everyone in your business is driving in the same direction, ensure that each every single one understands the ethos the business is built upon, and ensure that they portray this to your clientele each and every time they step out onto that gym floor. That’s what I believe will continue to develop the boutique fitness industry in Asia.



Kevin Rushton

Founder & Managing Director
Optimum Performance
Studio (Hong Kong)

We're often asked about this new segment in the fitness market known as "boutique fitness". These studios are generally small, specialised, and customer focused and have exploded throughout Asia disrupting the "norm" of traditional commercial fitness. These studios are challenging the commercial fitness sector with their high energy approach, specialised training protocols and client focused services. This is not to say that commercial fitness is unable to provide this "formula" to its members, but it appears that the boutique operators are more flexible and focused in creating an exceptional customer "experience". Boutique studios seem to attract very passionate entrepreneurial operators. The question is, can passion and creating an exception customer experience be enough to succeed? Is this passion or drive sustainable? In Hong Kong, we have witnessed the rapid growth of independently owned or franchised operated studios embrace the market, offering specialised small group training such as Orangetheory, F45 and CrossFit, or spin studios like TORQ and XZY, and 24/7 franchised boutique studios such as Anytime Fitness, SNAP Fitness and Utime Fitness. The catalyst for these boutique studios not only to "survive" but "thrive", is dependent on a number of factors: (1) passion and commitment in what you offer; (2) foster an environment where members become family; (3) build a community; (4) identity, pursue and track Key Performance Indicators (KPI); and (5) maintain high standards of service. However, the key to being successful in business, in fitness and competing in a very competitive Hong Kong environment is PEOPLE! I'm sorry, there is no magical formula to ensure your success, it doesn't matter how much money you spend and the fixtures and equipment you buy. There are two things that differentiate you from your competitors – "you" and your "people". Inspire, motivate, and believe you can.



Kristina Sy

Co-Founder & CEO
Electric Studio Indoor Cycling
(Philippines)

As the fitness market in Asia continues to boom and more players enter the market, fitness companies need to strengthen their product, brand identity, and community to ensure long-term success. As clients have more options to choose from – business owners need to step up their game to ensure their product offering is strong and continues to evolve as client needs begin to change. When Electric Studio first opened in Manila in 2015, there were so many clients who walked into our door who have never worked out in their life. Fast forward to today and the new riders we meet are already involved in at least one fitness activity and are looking for something else to accelerate their fitness goals. It's an exciting time to be in the industry. As a boutique fitness owner, I definitely feel the extra energy in the market. As more players join the market and as client needs change, it's a time to step up your product offering (providing different class types or changing up your existing classes), invest in technology (to strengthen your digital experience and make it stickier), and strengthen your community. At the end of the day it is the relationships with our clients that matter the most.

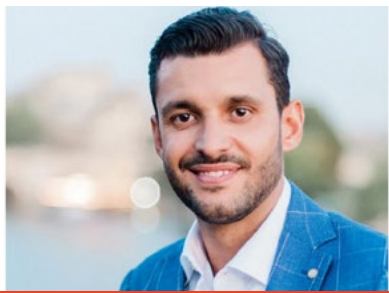


Desmond Menon

Founder & CEO

R3Gen (Australia)

The success of boutique fitness stems from catering to a wider audience through a diverse range of health and fitness options, that offer its members a unique sense of belonging and a pleasurable health and fitness experience. Despite their diversity, the underlying emphasis of these specialised experiences is ultimately the promise of a more personalised approach for clients, delivering results where main stream fitness centres have failed. It is to this end that the boutique fitness industry has readily adopted the use of genetic testing. By presenting their clients with a greater understanding of their own predispositions to nutrition and physical attributes, it is hoped that a novel service such as this, will add to the value and attractiveness of the boutique fitness industry, to not only meet the consumer demands to build customer loyalty but also increase their clients through more tailored experiences. As a medical science researcher providing genomic and metabolomic analyses and consultation to sports medicine and health and fitness studies, what is obvious is that, there is a lack of information, and general misunderstanding surrounding what current genetic testing for fitness provides to the individual. For novel innovations like genetic testing, maintaining scientific credibility and meeting consumer demands through delivering the expected results is key to its contribution towards success, long-term sustainability and growth in this industry, as falling short would invariably result in the loss of customer confidence. As such, the proper application of genomics, coupled with upskilled trainers and medical research personnel is timely.



Yannick Dedigama

Co-Founder & Executive Director

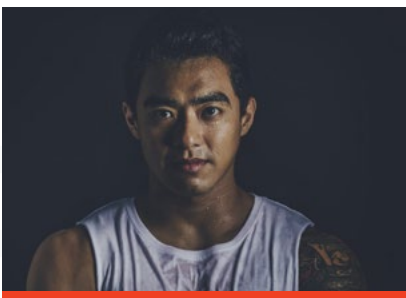
Aquaspin (Singapore)

Firstly, we need to understand what differentiates boutique studios to larger gyms. For us at Aquaspin and what I see elsewhere, boutique studios were created by founders with an extremely strong purpose, our WHY. "Why you do what you do is more important than what or how you do it" – Simon Sinek. This is what sets boutique studios apart from larger gyms. By having a strong purpose, boutique studios tend to attract employees who resonate with that WHY. They are willing to work harder, and care more for clients because they have a purpose which is in-line with the ethos of their team. Thanks to this, a very close relationship with clients is established, which makes for happy customers. Which brings me to the challenges... and it comes down to CASH IS KING. Scalability of boutique studios is tough, because much of the success of the studio comes down to the great company culture created by the founders and their first employees. Significant market penetration can only happen at a certain scale. Owners need to be savvy, they need to shift from fitness enthusiast, to business development role. A whole new skill set. What I love about fitness, is you continually learn and upgrade your skillset to remain relevant, the same is true for business. Success and sustainability of boutique fitness studios comes down to our own ability to keep learning the skill sets needed to grow our business.



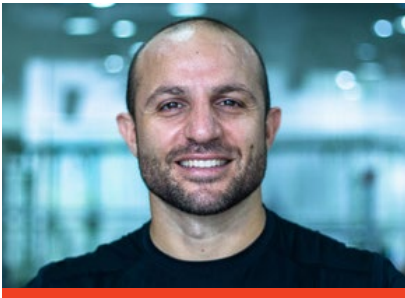
Dave Wright
Founder & CEO
MYZONE (Global)

Boutiques face many challenges, but they must focus on five key elements to ensure their long-term success: (1) Sound & Lighting: great sound and lights, aligned with music tantalizes the visual and auditory senses – a must for a great experience. (2) Music: quality music is a fundamental aspect for your boutique offering, not to be underestimated. Whether the programming is high or low intensity, the playlist (the tracks, the tempo, the beats, the crescendo and diminuendo) needs to accompany that to really ‘move’ people. (3) Programmes: successful boutique franchises have a systematic, scalable and proven methodology to their training. Considered planning in the modality, exercises, progressions/regressions and rest periods, are essential parts to make sure any experience is physiologically effective. (4) Feedback and Data: boutiques that utilize the science of client telemetry and data points into their programmes, increase their level of credibility and professionalism, in turn justifying the extra investment made by their client. (5) Great instructors: you need your staff to focus on technique and to provide personal motivation. It’s the glue that brings it all together. With systemized programming, this provides the flexibility and greater choice of staff if they are qualified to deliver those exercises and provide that exceptional motivation. All that said, here is a final thought. If you want to improve your business by 10% then you learn from the best in your industry... but if you want to improve your business by 110% then you learn from the best in bigger industries (hospitality, entertainment). Being aware of what success versus failure looks like in these industries will put you on a great footing for your boutique offering!



Reagan Kang
Co-Founder
Haus Athletics (Singapore)

The boutique fitness market is still very young in Asia. The potential for growth is huge and sustainability will come from people who are good at what they do and they listen to their customers’ needs. They are the people who are not in the business of fitness but in the business of motivation. This will be the differential point between boutiques and the big chains. The future will be just like any industry, stay relevant, be innovative and boutique concepts will prosper.



Richard Cohen

Founder & CEO
The LAB (Thailand)

There's no doubt that HIIT, SPIN and LIFT have all become well known household names. The motivation to go to a 'boutique gym' is as much now to gain a positive social experience as it is for weight management and good health. I have been in the industry for over 15 years now and I see this as a huge shift towards the gym being a place to (again) seek pleasure. It reminds me of the rise of group exercise back in the 1980's, when step aerobics and dance classes took off in a huge way. You cannot underestimate the primal instinct of people to gather in clans and connect significantly with others, especially those who have similar interests to them. As much as we have seen a rise in boutique gyms, we have also seen a rise in online fitness and coaching programs. Chris Hemsworth is the face of a new online product that bridges fitness, nutrition and mindset practices, at a fraction of the cost of a boutique gym membership. Does this mean we are going to see an Amazon style take-over of the bricks and mortar business model? Personally, I don't see that happening in the foreseeable future. I believe however that there is a huge opportunity for boutiques to embrace technology and overcome many of the pain points they encounter, without losing the human touch and interaction that sets them apart from the rest.



Andrew Cox

Director & Co-Ownership
Joint Dynamics (Hong Kong)

My first response was social media "experts" and online programs. However, I quickly realized that our greatest challenge is meaningful connection. There are so many reasons why we should see meaningful connection as our greatest asset and our greatest challenge. As animals we are innately tribal. It's our DNA – social isolation will kill us long before carbohydrates will! Friends on social media are not nearly as salubrious as those you can commune with in person. In nature when you frustrate a need you pay a price, the absence of daily meaningful movement (exercise) comes at a cost. For many, meaningful interaction with another is a challenge, and therefore ours to own. With that as our inspiration, our challenge is to know who we serve, their needs, and how we can help. A substantial part of our community lacks the nutrition from movement, and a growing number lack connection. This is our largest target market. They come to our facilities lacking movement, then stay and refer as they build trust, get results, and experience community. We must never forget it's harder to get a new client than it is to keep an existing one – when someone has a bad experience, they tell 7 people, an average experience they tell no one, a great experience they tell 3 people! Therefore, we must create a culture within our organisations that fosters a great experience via educated, curious, communicative team members. A culture that is welcoming, dedicated, collaborative, and is always observing and learning from the current landscape. We then become that place where people want to go to when they have spare time, OR even better, the place where you create spare time to get to.

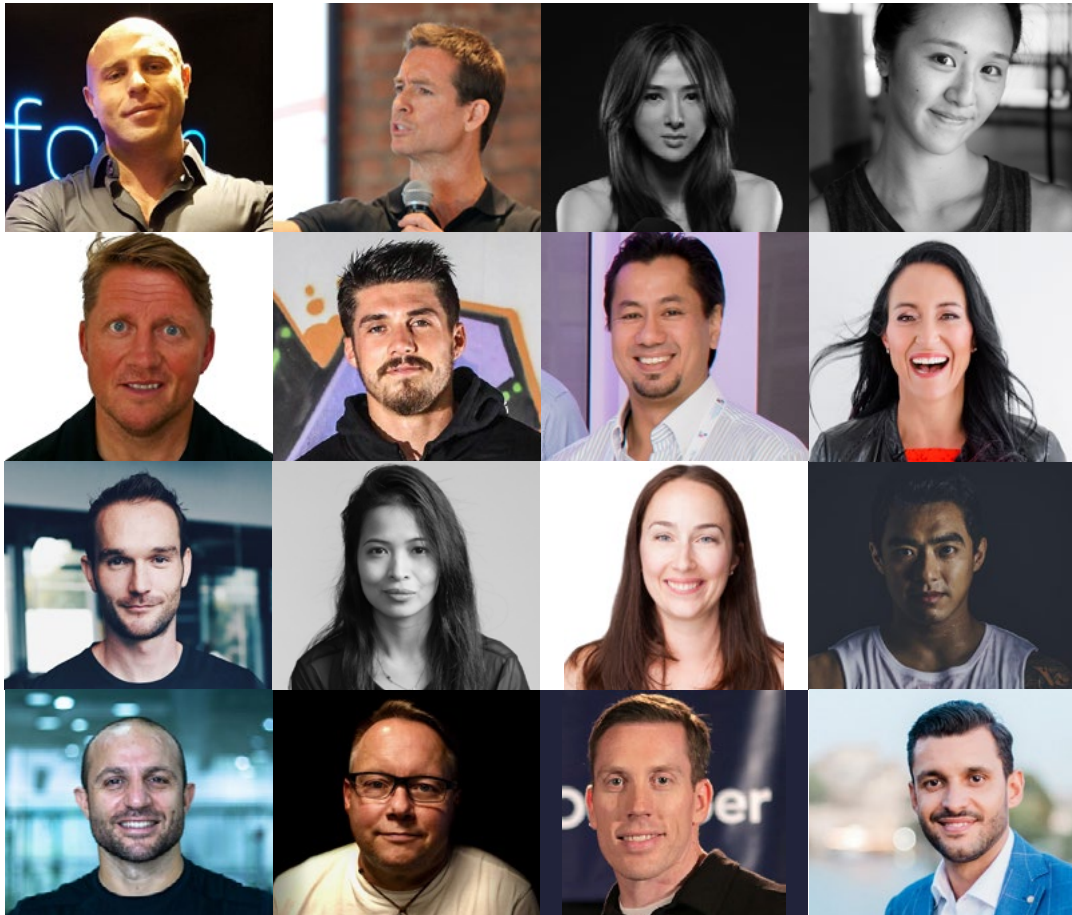


Clare Lim

Co-Founder & CEO
SharedSpace Movement
(Hong Kong)

Boutique studios can shine if they are clear about their unique selling points, and innovate, looking further into the future at the development of mobile, fitness, digital products and the growth of the millennial market segment, particularly in the luxury market. Point to consider include (1) CHAIN GYMS EVOLVING: Chain gyms are expanding to open sub-brand boutique studios. Goji Studios (in HK) has created Goji Elite – a boutique gym with higher price points, upped exclusivity and services compared to offerings in its other non-elite, regular locations. (2) BRAND: Boutiques must invest in their products, trainers' development and skill level, giving them the tools to handle more i.e. knowledge to innovate and diversify programs. Will a single skill boutique (yoga, spin, HIIT) be able to retain clients in the long run? In the future this will become harder. (3) RENT: As a fixed overhead cost it takes away from the opportunity to invest in brand growth, product innovation, marketing content and distribution. Local brands could share the burden of rent by coinhabiting a working space, multiple brands under one roof. (4) MOBILE FITNESS: Mobile fitness providers are able to teach at lower costs and are expanding now beyond Yoga, Pilates, HIIT and bodyweight offerings. Container gyms are now in development, and 'fitness pop ups' are on the horizon. (5) DIGITAL FITNESS: The next frontier. A digital experience cannot replace in-person guidance, but it now takes up substantial volumes of fitness instruction consumption. How do we make this work for us? We should invest more into branded digital offerings, to match our clients' consumption patterns. (6) PERSONAL BRANDS: Individuals who develop a public brand, persona, through social media, have a stronger ability to connect with people on an individual-to-individual level. A good example is Liv Lo of Singapore, with the explosion of her brand FitSphere, and the ability to fill classes in different cities globally. The development of stronger personal brands, of boutique studios' founders/directors, for a more relatable connection to brand. This is something that chain gyms cannot do. (7) MILLENNIALS; A membership at a boutique studio, compared to one at a chain gym, likely qualifies as luxury consumption. 45% of the luxury market, by 2025, will consist of Millennials and Gen Z. Are we clear about what Millennials want? Boutiques have the potential to make shifts, innovate offerings, in less time. We need to connect to them better (on multiple levels) to ensure we win their business before others do.

A big thank you to this month's contributors



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