

Fitness Deep Dive - May 2021

Many pessimistic predictions were voiced about the future of gyms at the height of the pandemic. The fitness sector's future seemed bleak as [memberships were frozen and/or canceled en masse](#), and surveys showed that most Americans didn't [plan to renew their gym memberships after the pandemic](#).

But, as we know, the best-laid plans of mice and men often go awry - and in this case, gyms look to be the beneficiary.

A deep dive into the sector's location data reveals a far more positive picture. Foot traffic data shows an ongoing and impressive recovery pattern across many major gym chains. On top of a remarkable increase in unique visits, the sector also experienced a rise in the average number of monthly visits per visitor and in the reach of different target market segments prioritizing their health in light of the pandemic. How then is the fitness sector beating the odds and slowly nearing its pre-pandemic numbers of visits?

The answer is an agile and innovative approach that's enabled key players to adapt to pandemic-driven shifts in consumer behavior. From adopting new hybrid models of online/in-person classes to emphasizing physical and mental health to making fitness more affordable to other socio-economic population segments - leading gym chains have been working relentlessly at staying relevant in a dramatically changing environment.

This whitepaper uncovers the major changes in fitness consumers' behavior patterns and examines the impact of these shifts on the sector's overall performance during the pandemic. The report then drills down into the foot traffic performances of specific brands to investigate how well they adapted to these pandemic-driven changes. Finally, based on the findings, we analyze how these trends could affect the fitness industry's post-pandemic future.

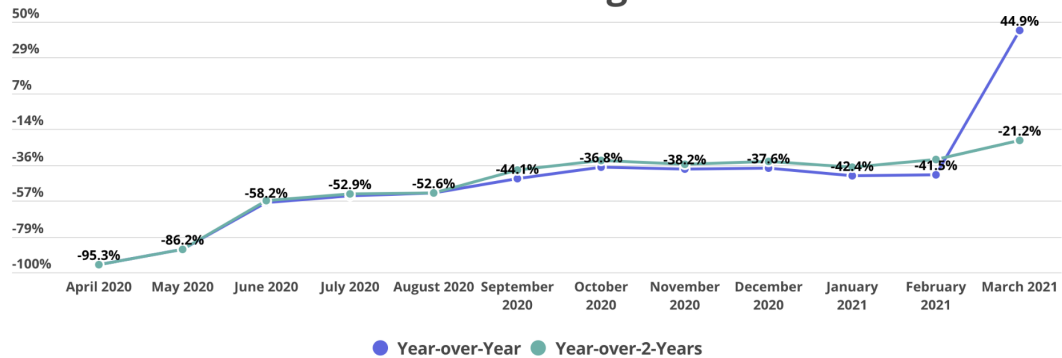
Investigating the Industry

Comparing the numbers of monthly gym visits from the past year to the number of visits from April 2018 through March 2019 and from April 2019 through March 2020 shows a clear recovery pattern.

March marked a significant rise in foot traffic, when comparing to 2020 year-over-year and in a year-over-two-year perspective. While the impressive 45% year-over-year jump in foot traffic seems remarkable, it is also a very limited indicator as many of the analyzed gyms were already closed by mid-month in 2020, thus challenging the effectiveness of the metric.

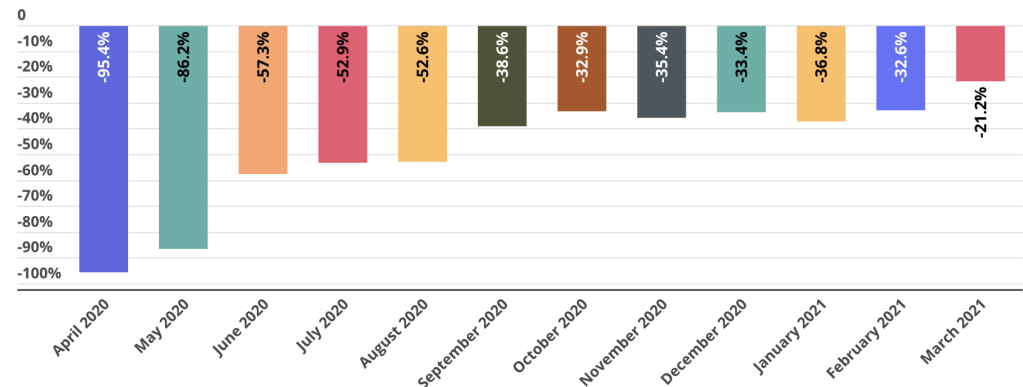
However, comparing 2021 numbers to 2019 levels also reveals a clear and marked step forward. In this comparison, the visit gap in March was down just 21.2%, the lowest since the pandemic began. This was buoyed by a 26.8% jump in month-over-month visits between February and March, further indicating that the return to gyms is in full swing.

Fitness Sector Foot Traffic Changes



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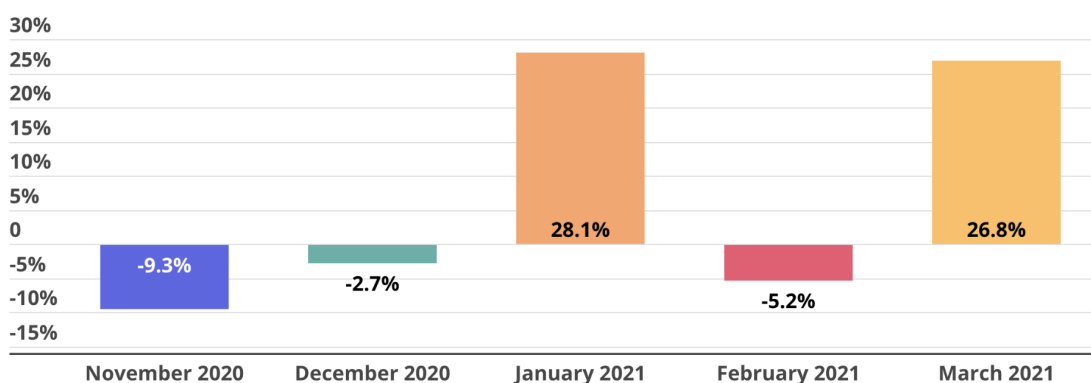
Fitness Sector Year-over-Two-Year Change in Foot Traffic



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Drilling down to month-over-month foot traffic showed that gyms experienced the same traditional January peak they always do despite COVID-related restrictions. With January's month-over-month visits up by nearly 30%, the month continued to be a boom time for gyms, as "get fit and healthy" New Year's resolutions were made across the country. According to [several leading gym chain executives](#), part of the sector's success at drawing in more gym members during this period could be tied to the widespread adoption of hybrid models of online-in-person classes and a move toward both mental and physical health.

Fitness Sector Month-over-Month Foot Traffic Change



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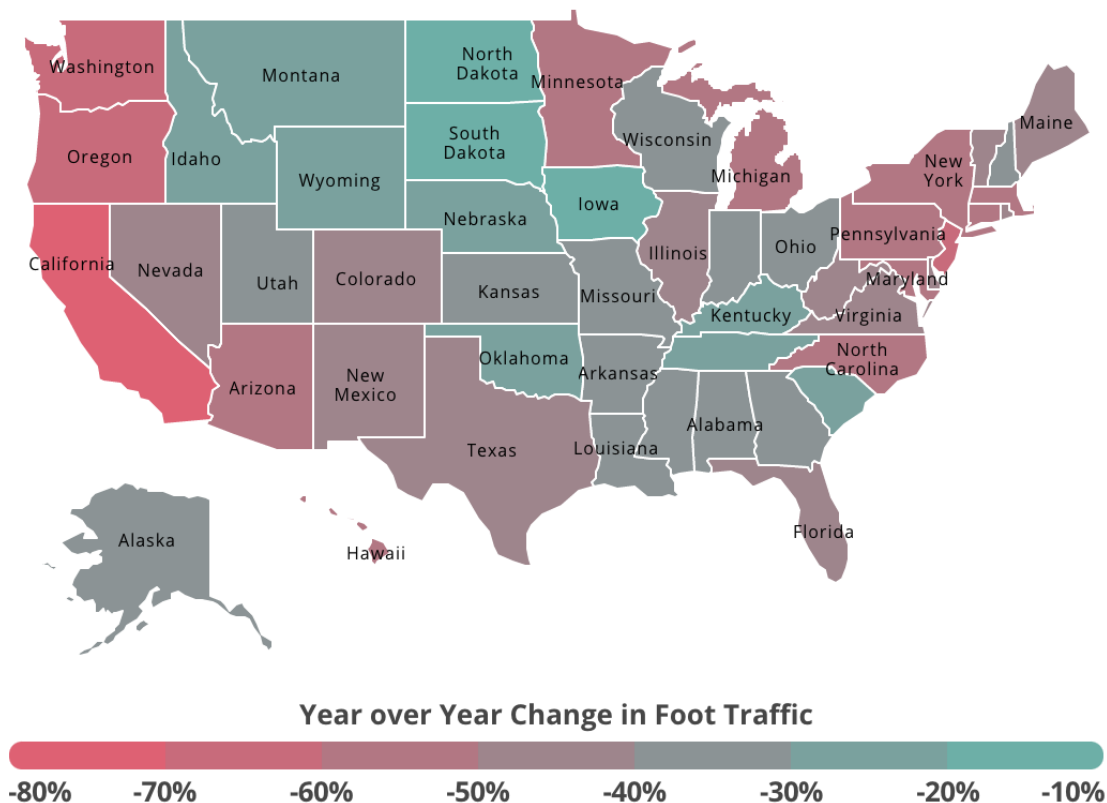
Which States are Bound to Get in Shape Faster?

While the fitness sector is undoubtedly progressing toward an impressive recovery, some states and regions are expected to reach it faster than others. From March 2020 through March 2021, year-over-year declines in gym visits have been highest in West Coast states. California saw the most significant drop in foot traffic throughout the pandemic, with a full year-over-year decline of 80% in visits. On the other hand, several Midwestern states had far smaller drops and are better-positioned for a fast recovery. North Dakota, South Dakota, and Iowa saw full year-over-year visits drop by only 7.0%, 14.4%, and 18.1%, respectively.

This information and even deeper county-level fitness statistics can be crucial for brands like [Planet Fitness](#), [Retro Fitness](#), [Puregym](#), and [EoS Fitness](#) that are planning on expanding to new locations during the next fiscal year. It could also indicate a second wave of recovery that comes as major states with large numbers of locations like California reopen more.

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Shifts in Consumer Behavior Patterns

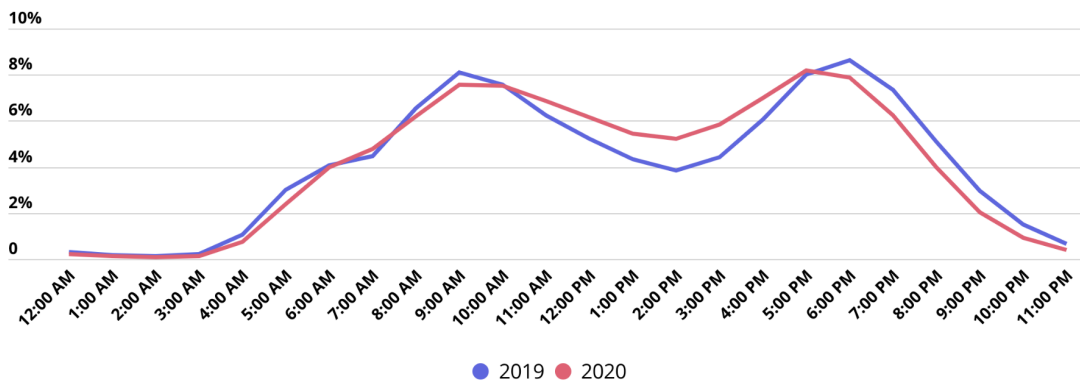
Workout Hours Have Shifted

Location data of 16 leading gym chains between January 2019 and December 2020 shows significant changes in preferred visiting hours between the two years. The most notable change was a substantial increase of 1%-2% in mid-day gym visits between 11 AM and 4 PM. This rise in mid-day visits seemed to have come at the expense of evening visits which have decreased by around 1% in each of the hours between 6 and 11 PM. There was also a small drop in early morning visits between 5 and 7 AM.

This data fits with the changing daily routines of many during the pandemic. As remote work became more commonplace and schedules turned more flexible, a considerable number of gym-goers transformed their early morning workout or their post-work evening visit to the gym into a short mid-day exercise break during work hours. With continued

limitations on gym capacity, gym chains must closely monitor the changes in their hourly visits. As the impact of COVID begins to dissipate and daily schedules shift back to normal, the time distribution of gym visits will likely continue to change and require ongoing monitoring.

Hourly Gym Visits



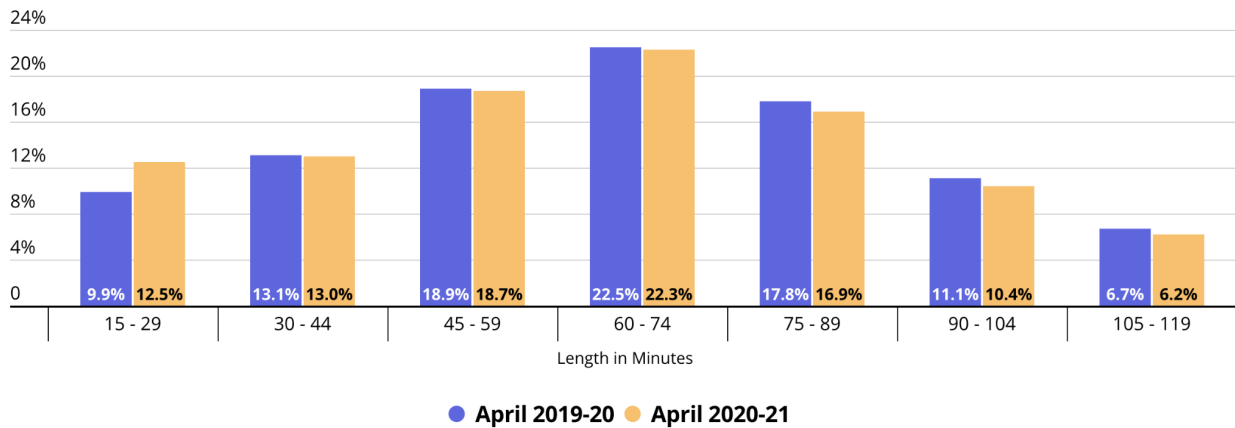
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Workouts are Slightly Shorter

An examination of the 16 leading gym chains' average distribution of visit duration showed a decline in the length of stay in most gyms. Data shows an increase of 2.6% in the proportion of short gym visits of 15-29 minutes compared to the previous year. On the other hand, there were minor decreases in the proportion of 75 minutes and up visits. This data aligns well with the rise in mid-day gym visits. Combining both insights strengthens the indication that the trend of short mid-day exercise breaks - in the middle of a workday or in-between errands - is growing.

Gyms that are better-positioned for more short mid-day jumps, by being located near co-working spaces, within malls, or suburban areas, will benefit more from this shift. If leveraged, this shorter-workout trend can answer capacity challenges by allowing gyms to rotate members faster.

Average Gym Visit Duration



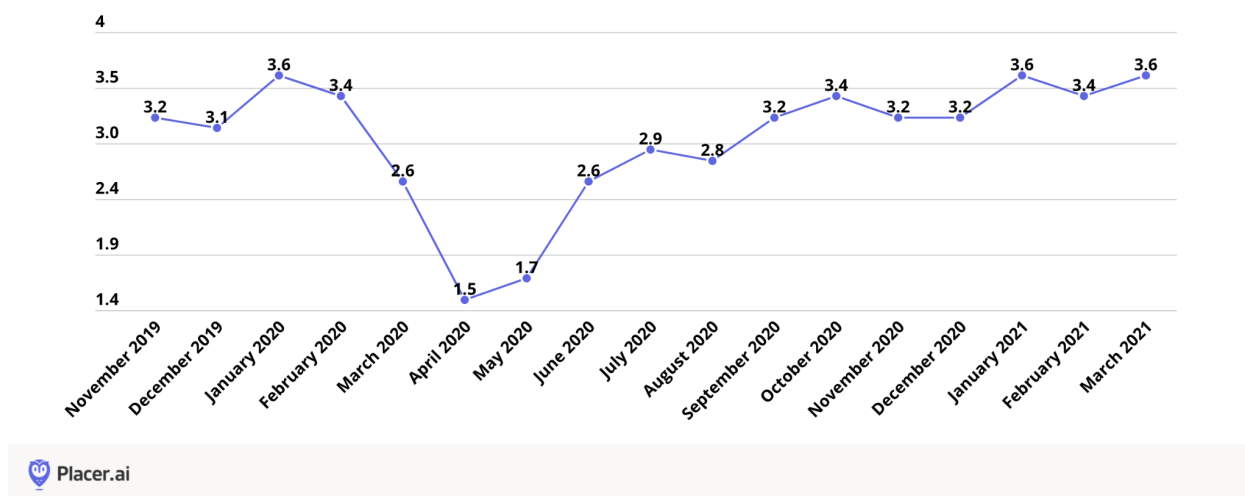
Persistence is Returning

The rise in the average number of monthly visits per visitor is another encouraging sign for fitness recovery. An analysis of 16 leading gym chains showed that after the average number of monthly visits per visitor had significantly dropped due to gym closures and restrictions in April of 2020, the metric has since gradually and consistently climbed back up. In January and March of 2021, gyms saw their members visit an average of 3.6 times a month, the same number of average visits in January of 2020, pre-pandemic.

The fact that the growth in visits per visitor outpaced the increase in overall visits indicates the return of consistent visitors. The return of regular visitors is critical as it shows that core audiences for gyms were quick to come back once the doors reopened. Gyms now have a golden opportunity to attract more frequent visits and retain more regular customers by leveraging the “going back to pre-pandemic routine.”



Average Monthly Gym Visits per Visitor - Fitness Sector



More Affordable Fitness

According to a [survey by online broker TD Ameritrade](#), the top reason most Americans do not plan on renewing their gym memberships after the pandemic is their finding of “more affordable” ways to get exercise and live a healthier lifestyle. The pandemic has driven many Americans to turn to [cheaper fitness apps, take on more outdoor activities like running, and buy their own home workout equipment](#). Have gyms been able to adapt to this shift and match the new competition by branding their fitness services as more affordable?

Data suggests that the answer to this question is - yes.

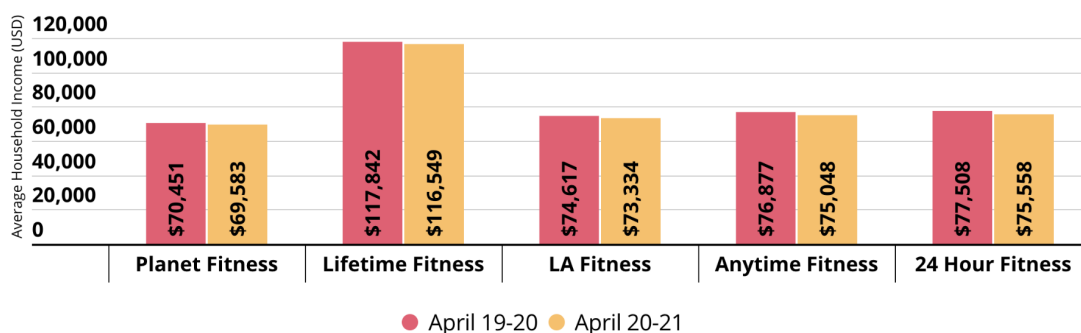
Looking at location data of five leading fitness brands from April 2020 through March 2021 showed that the average household income of their visitors has declined by \$1,444 in comparison to the previous year. This can indicate that these gyms were able to retain and attract customers of lower household income, either by lowering prices or branding their gyms as more affordable.

With that said, there is a question of whether this is a product of the pandemic that could quickly reverse. For example, did shifts in work routines limit some higher earners from visiting their favorite gym after work, or did the more severe declines in higher-income states like New York and California have a larger short-term impact? In the short term,

value-oriented locations should have an advantage, though this could shift back as the year progresses.

Planet Fitness is the brand that is best-positioned for the shift towards more affordable fitness. This brand has been positioning itself as high-quality fitness at affordable prices long before the pandemic when it charged a [\\$10 monthly fee](#) in comparison to the [average monthly membership fee paid across all U.S. gyms of about \\$50](#). Accordingly, the average household income of its visitors is significantly lower than that of other leading gyms.

Gym-Goers Average Household Income



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Brand Drill Down - A Star on the Rise

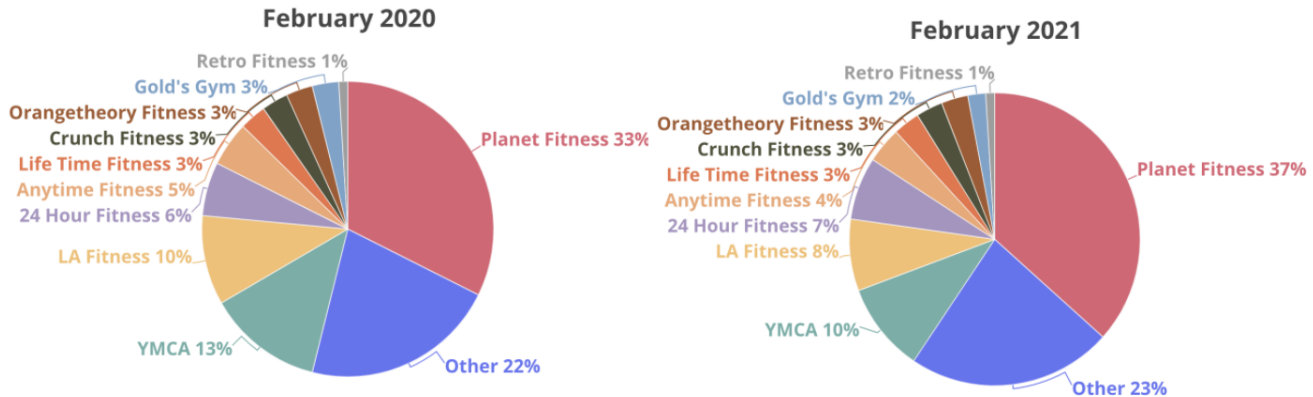
Not only did the pandemic increase the competition between gyms and other rising sources of exercise like outdoor running and fitness apps, but also among leading fitness brands. And while the entire sector could be seen making a slow but steady recovery - there was one brand that strongly thrived while others struggled to keep up.

In February 2021, Planet Fitness's visit share was 4% higher than it was in February 2020, when it already accounted for a third of all gym visits for the measured group. During that same period, other leading fitness chains like YMCA, LA Fitness, Anytime Fitness, and Gold's Gym all experienced drops in their visit shares of 3%, 2%, 1%, and 1%, respectively. Planet Fitness's outstanding performance can help validate its announcement of an [expansion plan for 100 new locations](#).



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Gym Vists Share



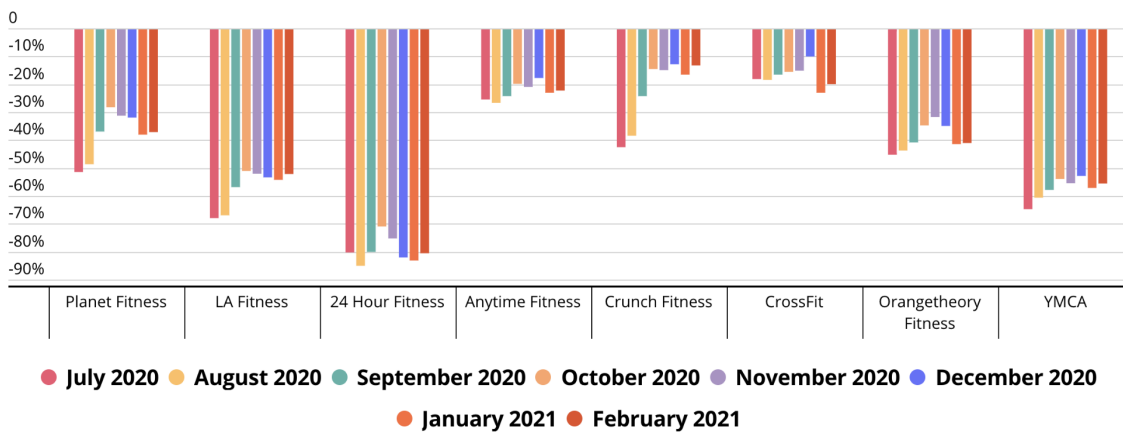
Size is Not Everything

While Planet Fitness experienced the most significant rise in visit share, other smaller brands saw higher growth in year-over-year and year-over-two-year visits. The most remarkable jump in that perspective was made by Crunch Fitness which experienced a gradual monthly increase, seeing a year-over-year visit decline of only 12.9% in February 2021. In comparison, other leading brands like LA Fitness, and 24 Hour Fitness saw year-over-year declines of 51.8%, and 80.2% respectively, in that same month.

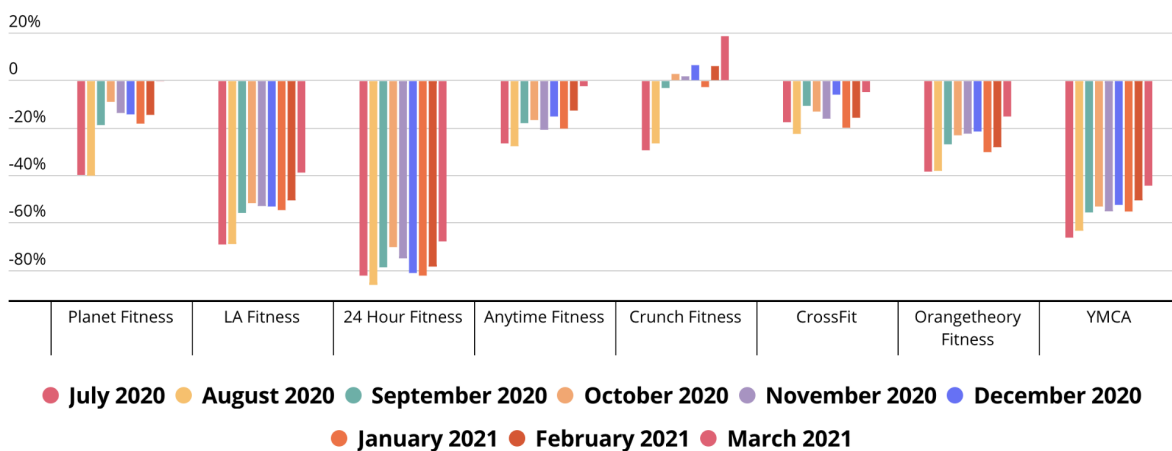
An even greater sign of Crunch Fitness's impressive performance was its positive year-over-two-year 5.9% jump in foot traffic in February 2021, followed by an 18.5% jump in March.

Crunch Fitness's foot traffic performance cannot be separated from its impressive marketing efforts. In a [recent interview](#), Crunch's EVP of Marketing has stated that only about 10% of the brand's marketing was dedicated to getting former members to re-sign before the pandemic. Now, it's about 25%. In addition, the brand targets ads to potential members with creative that reflects where they live. So while coastal cities see messaging about cleaning standards, inland and more conservative areas, like Texas, Georgia, and Florida, get messages focused on the range of workout equipment.

Year-Over-Year Change in Foot Traffic



Year-Over-Two-Year Change in Foot Traffic



Key Takeaways

A dive into the fitness sector's location data shows it is experiencing a gradual and steady foot traffic recovery as more and more members return to gyms. And while the sector's recovery pattern can undoubtedly be tied to an accelerated pandemic-driven health and fitness trend, there is another significant contributor to its impressive growth in visits. Fitness brands are internalizing and quickly adapting to new challenges and shifts in consumer behavior patterns, including:

Changing Exercise Preferences - Like many other sectors, the fitness sector has also been impacted by pandemic-driven shifts in the daily routines of millions of Americans. Data has shown that gym-goers' preferences for exercising hours had shifted during the pandemic. There was an increase in the proportion of mid-day visits to the gym at the expense of early morning and evening workouts.

Continued tracking of hourly foot traffic can be game-changing for gyms dealing with challenging limitations on gym capacity. And with the time distribution of gym visits likely to continue to change as daily schedules and work-life routines shift back to "normalcy," close monitoring of these changes and ongoing hourly foot traffic regulation will be key to success.

Persistence is Returning - After the average number of monthly visits per visitor dropped alongside gym closures and restrictions in April 2020, it had gradually and consistently climbed back up, reaching its pre-pandemic number in January 2021. The growth in visits per visitor outpaced the increase in overall visits, indicating that as the sector's recovery proceeds, gyms are showing in drawing back their core base of regular visitors.

Gyms now have a golden opportunity to leverage the 'going back to pre-pandemic routines' of many by attracting them in more often, thus retaining and potentially expanding their base of loyal customers as the effects of COVID slowly begin to dissipate.

Affordable Fitness For All? - The pandemic has driven many Americans to discover new and cheaper fitness alternatives for the gym. In response, many gyms understood that they had to focus on affordability in order to deal with this new form of competition. This concept has been borne out by a decline in the average income for gym-goers to many top chains.

The real question is whether or not this is a product of the pandemic that could quickly reverse. Did shifts in work routines limit some higher earners from visiting their favorite gym after work, or did the more severe declines in higher-income states like New York and California have a larger short-term impact? In the short term, value-oriented locations should have an advantage, though this could shift back as the year progresses.

On-Target Marketing - While there is no doubt that Planet Fitness remains the sector's leading player, owning around 37% of the total visits share for a group of dozens of brands, and preparing for an [expansion of 100 new gyms](#) - other smaller brands have also had impressive growth during the pandemic. Crunch Fitness is an example of a brand that benefited from location-based on-target marketing efforts, witnessing some of the highest year-over-year and year-over-two-year foot traffic growth along with an increased target audience of former gym members. This shows that what matters most is the ability to leverage accurate location data and to reach strategic target audiences - not just size.

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