



2020

FITNESS & WELLNESS BUSINESS TRENDS AND PLAYERS IN ASIA

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THE NEW NORM IS ABNORMAL FOR FITNESS & WELLNESS



Consumers are driving wellbeing (purchasing behaviour, consumption patterns, mediums of engagement and expectations)



Current mega trends include: Fitness, Connection, Health-Care, Wearable, Digital, Nutrition, Mindfulness



Exponential demand growth for hyper-personalisation (Whoop) and digital experiences



Accelerated digital transformation of fitness, wellness and hospitality companies



Continued market consolidation/attrition expected throughout 2020: ~30% of gyms/studios/clubs will not survive two months post-COVID (if similar to F&B industry)



Many companies having focused on revenue protection are now refocusing on revenue generation (via new offerings and/or re-openings)



Industry marketplace becoming hyper competitive, with more products and services available, more easily accessible and more affordable to the consumer



The unknown aftermath of offering too much free content and services through COVID



A NEW DAWN BRINGS NEW OPPORTUNITY



Population has become more physically distanced but more socially connected.



Overall demand for health, fitness and wellness will rise to all time highs driven by multiple stakeholders: individuals, family/friends, employers, governments and insurers, as well as, the industry itself



Huge increase in the demand, adoption and consumption for 'at-home fitness' – including online, home equipment and connected. Launch of F45's at home equipment pack – Lite and Lite Pro.



Consumers now shopping for and paying for digital fitness and wellness, especially best-in-class



New investments flooding into fitness and wellness tech and across multiple vertical. Deals in 2020 include Aaptiv, SARVA, FITTR, Echelon, ClassPass, Glofox, CXA



Release of pent up consumer demand – higher than expected number of members returning sooner. Some gyms in China up to 60-80% capacity vs pre-COVID. Taiwan gyms still going strong. Vietnam, HK and South Korea reopened this month to strong demand (albeit under restrictions)

DIGITAL FITNESS & WELLNESS – INSIGHTS & TRENDS

INSIGHTS



Throughout COVID Les Mills on Demand had increased from 20 to 100 countries using their service and in March 2020 had over 10 million views on their platform.

Technogym's Mywellness platform now has over 15 million users in over 15,000 facilities connected world-wide. In April, 2,000+ of these used Mywellness to train customers at home (including Virgin Active, Rosewood HK, Babel)

Wexer, a global leader in virtual fitness, working with 25 of the world's biggest operators, has seen an increase of 780% user increase on their platform since the start of the COVID crisis

Several operators seen an increase of 400% in members using digital. EW has now had over 7 million views of their free content in 2020.

Smart application of gamified digital fitness competitions, such as MYZONE's MEPS challenge, for customer engagement and the accumulation of good will capital through the crisis.

TRENDS



Saturated market will become hyper-saturated in the coming months: ClassPass survey indicating that of their studio partners offering digital offerings, 70% will continue to offer digital post COVID

Established apps and content providers to capitalise further on growing market as consumers gravitate towards the largest and most marketed/successful platforms (Nike Training Club, Sweat, Keep, Centr, AloMoves, AsanaRebel, Freeletics, Les Mills, Motosumo)

For studio owners and operators a blend of live and pre-recorded (on-demand) content is key to ensure ultimate customer experience, engagement and retention

A migration of classes off Facebook TV, Instagram Live and Zoom onto more customizable and effective lead-gen platforms like Uscreen, BrandBot, FitGrid and Snap (by Intelivideo)

Look out for national champions – such as India's Fitternity and Cure.fit expanding across Asia with their strong digital offerings

CONNECTED FITNESS – INSIGHTS & TRENDS

INSIGHTS

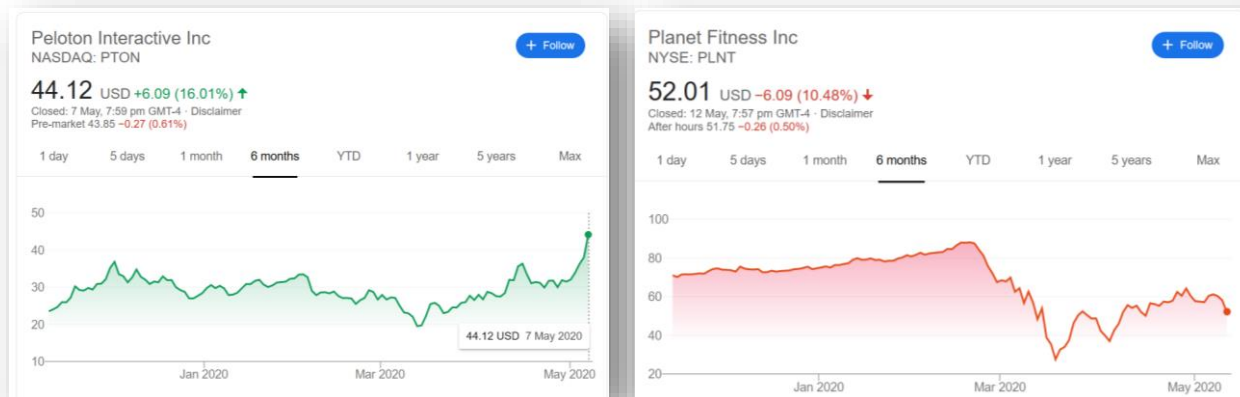


Peleton share price has now increase 75% since IPO, all time high
Peleton had 5 x their normal downloads in March 2020

Echelon has 5 x normal sales in 2020

Mirror 5 x normal usage

Tonal 3 x normal sales and all time high usage



TRENDS



Connected (and at-home) fitness is here to stay and will continue to compete for consumer \$\$\$

Huge demand increase in companies offering connected fitness experiences – such as Peleton, Echelon, Hydrow, iFIT, Mirror, Tonal, KARA Smart (OliveX), Soulcycle

More investment capital will be allocated here to grow both connected fitness and the ecosystem that serves it

Companies in Asia to produce specific solutions for the Asian market and for the Asian consumer (Absolute You & Stages Cycling)

Peleton Gym / Hydrow Row Club? Expect to see the continued investment from connected fitness businesses and technology companies into the physical world by investing in bricks and mortar infrastructure (gyms/studios/clubs)

OTHER TECH DEVELOPMENTS AND INVESTMENTS



DIGITALISATION CONTINUES:

Across Asian boutiques, big box, franchises, spas, hotels, resorts and recreation/leisure clubs (wearables, HRM, BCA, digital equipment, CRM/booking/payment apps) with keyless solutions (smart lockers, entry gateways) getting additional spike post-COVID for enhanced hygiene standards

AI AND VR:

Businesses such KeepMe, Club Automation/Conversica, Holodia (Holofit), FITTAR, FitnessAI and BlackBox VR continue to pioneer how business and consumers can use advanced tech to enhance customer experience, engagement and retention

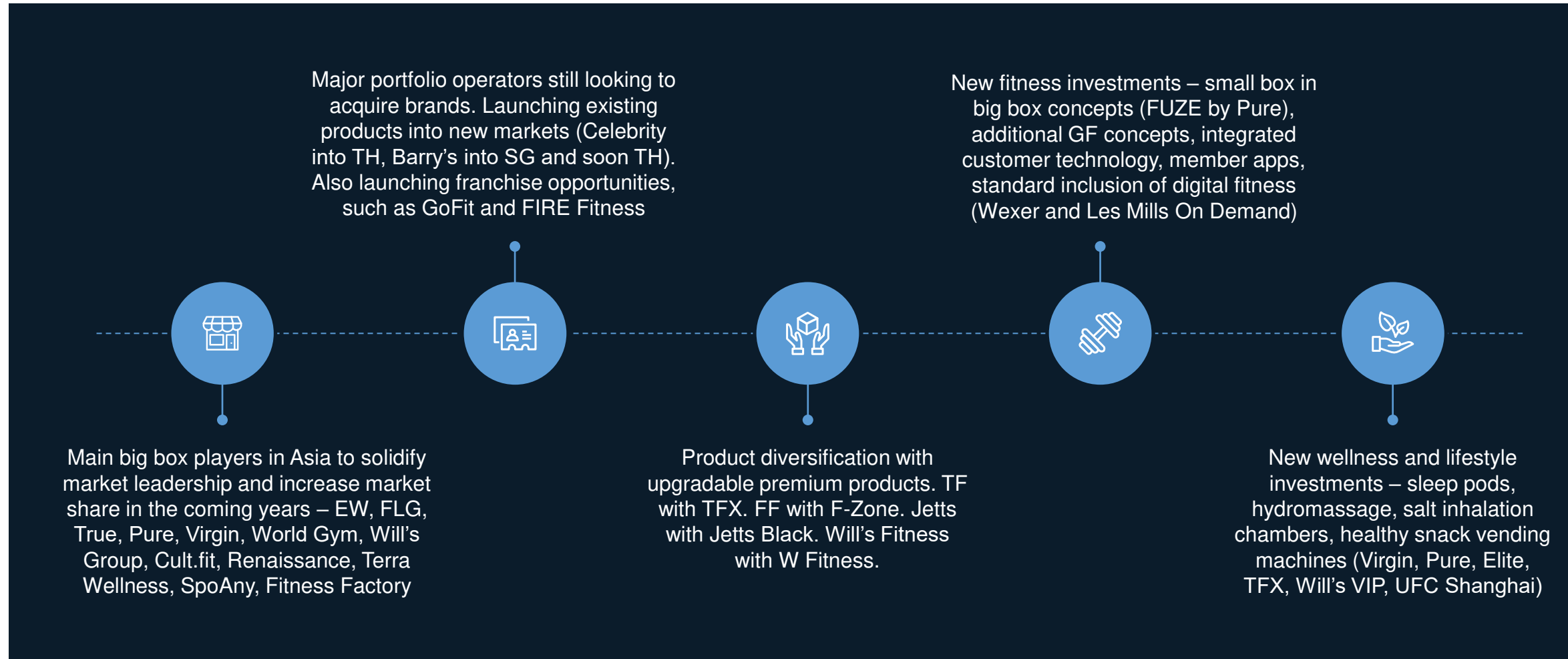
MINDFULNESS:

Huge increase in the number of platforms now focused on mental wellbeing, mindfulness and meditation. Market leaders (Calm, Headspace) continue to grow their customer base. New entries coming up fast: MindFi, Mobio, Waking Up By Sam Harris

CORPORATE WELLNESS AND INSURETECH:

New investment by insurers & HR in bespoke tech, gamified apps and reward-based market-places (AIA Vitality, ManulifeMOVE, Pulse by Prudential, CXA, Strike & Co [Cigna], Rewardz, PUML, WellteQ)

BIG BOX 2.0 – ADAPTING, IMPROVING (& GROWING)



THE RISE (AND STALL) OF THE FRANCHISE IN ASIA



Global growth strategies for franchises (especially in Japan) have stalled, impacted by delays in unit openings and declines in marketing, royalties and profitability (especially from struggling low margin franchisees)



Major franchise players with extensive franchise support teams (and who have kept those staff on) are best placed and resourced to recover their margins quickest – Anytime Fitness, Snap Fitness, Gold's Gym



Expect the roll out of new membership models to accommodate for customers seeking more flexible and affordable packages, i.e., 1/3/6 month memberships vs 12 month and hybrid options to include digital services/classes



In late 2020 and 2021, Asia will be a key battleground for large international franchises (9Round, 12Round/UBX, UFC, F45, Tapout, Snap, Orangetheory, Gold's Gym, Plus Fitness, PureGym and Planet Fitness)



Boutique franchises investing in Asia (Barrecore, Body Fit, Fit Stop, ZADI, Trib3, KX Pilates, Club Pilates), expanding across Asia (FightZone, P57, WeBarre, Spartans Boxing) and out with Asia (Ritual)



THE FUTURE IS (NOT) BRIGHT FOR (ALL) BOUTIQUES?

(1 / 2)



Community and member engagement remain paramount to the survival of boutiques



Estimated every boutique business will lose 45-100% of their annual profitability (EBITDA) in 2020



Huge constraints on cash flow and balance sheet; zero revenue businesses become restricted revenue businesses, coupled with higher costs on digital, marketing and cleaning/hygiene



Must focus on rent reduction/subsidies, member retention, marketing (prospects) and new service developments (PT, boot camps, digital) to relaunch quickly and reopen successfully



Major players and those considered 'best in class' are best placed to weather the storm (i.e. Yoga Movement, WeBarre, Absolute You, Base, Space Concepts, H-Kore, Flyproject, Ritual, Babel, Physique57, Supermonkey, Shine Cycle/X, SANA)



THE FUTURE IS (NOT) BRIGHT FOR (ALL) BOUTIQUES? (2 / 2)



Investments in tech could prove vital to differentiate market position to consumers: Yoga Movement (YM App), Ritual Gym (Ritual Anywhere App), Base (Baseline tech)



Established niche players now diversifying their offering such as Electric Studios (PH), boOm (Singapore), Ride (Indonesia to become R Fitness), FlyProject (Malaysia)



Urgency towards brand alliances to create economies of scale and survival (shared location, material resources, marketing channels and budgets, staff, digital classes, CRM systems)

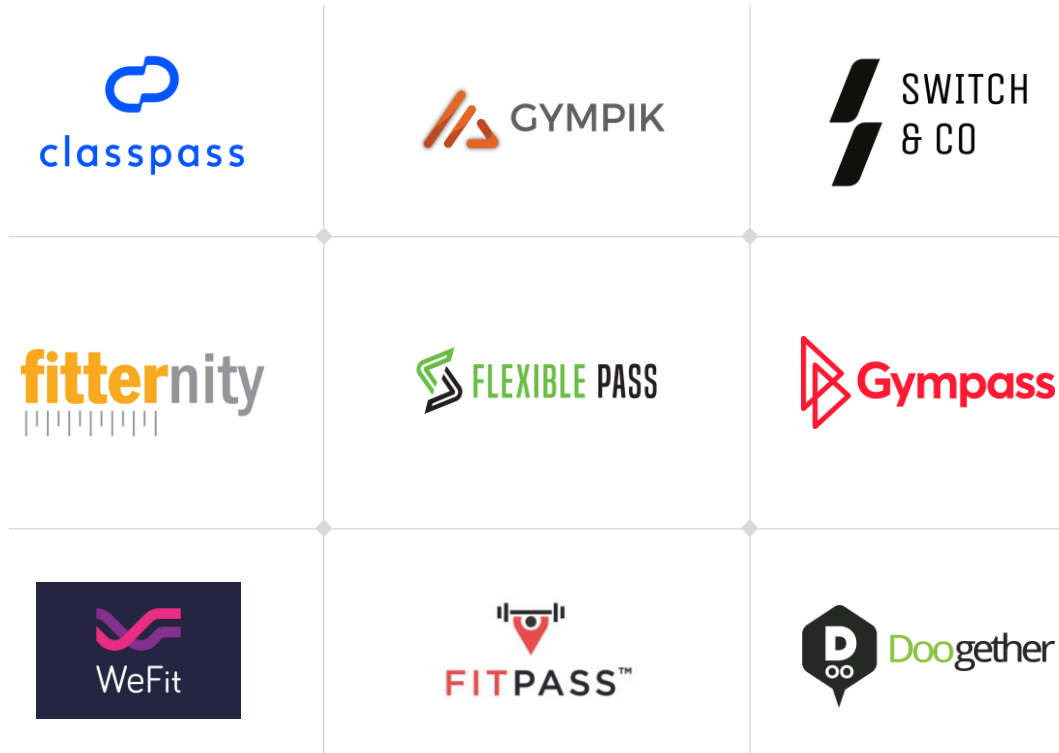


Pivoting towards digital - huge question marks on sustainability / profitability / value creation / competitiveness / brand affinity



Pivoting towards monetising at-home and connected fitness: Absolute You's new partnership with Stages Cycling

AGGREGATORS. DISRUPTORS. WHITE KNIGHTS.



Hit hard (95% drop in revenue), survivors well placed to help accelerate consumer consumption post COVID and drive new customer acquisition. WeFit just declared bankrupt

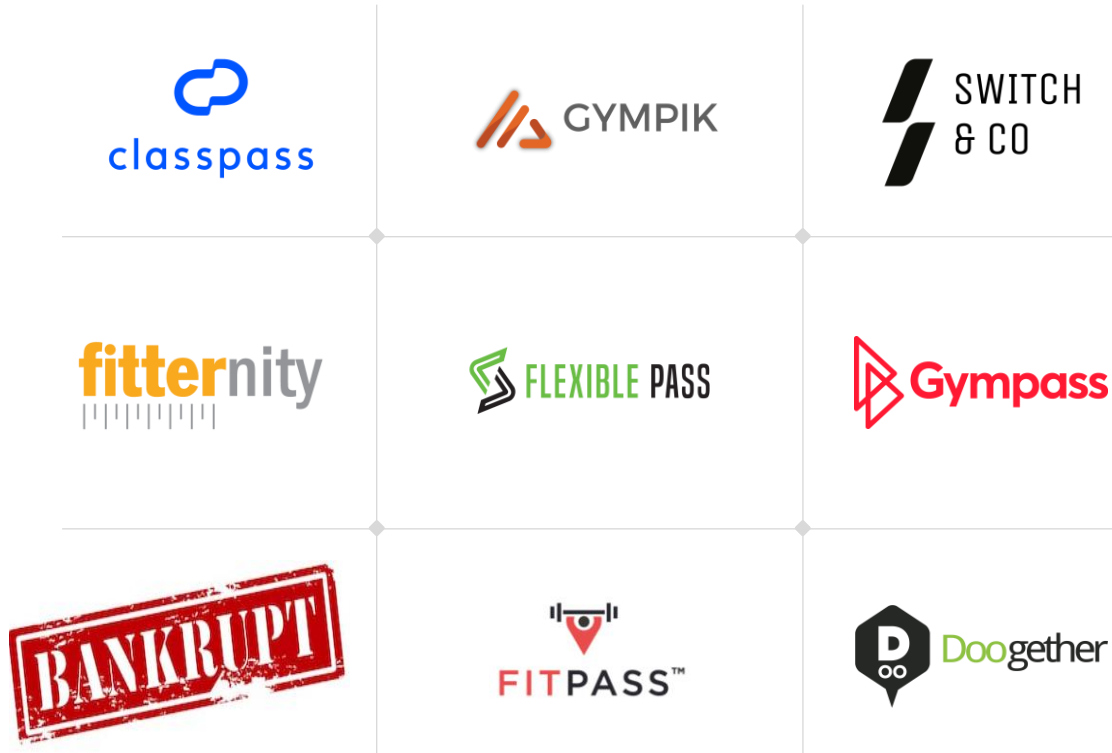
Already transitioned from fitness (GF, PT) to wellness (meditation, massage, chiro) to lifestyle (beauty, spa, nutrition, retreats) and now to sports

Larger future revenue potential from b2b clients and corporate wellness spend (ClassPass, Gympass and Switch & Co)

ClassPass dominates the APAC marketplace 2,400+ studios (now spanning across fitness and wellness), 21 cities and facilitated to a whopping 2,500,000+ class bookings on their platform.

Indigenous platforms growing (Flexible Pass in MY [100+ gyms], Fitpass [3500+ gyms]), Fitternity and GymPik [5 Million monthly users] in India, DOOgether and GoFitness (Gojek & DOOgether JV) in Indonesia

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Gyms/clubs/spas adding in **complimentary wellness services** to become more holistic (physio, massage, chiro, performance, nutrition, genetic testing, BCA) – Ultimate Performance, ATP, Joint Dynamics

Growth of co-habited ecosystems with multiple fitness and wellness services under one roof (Core Collective in SG, Supacity in HK, Wellstrong in Aus, Unite in Indo)

New integrated health, fitness and wellness facilities (LifeHub in HK, Octave/Sangha in China, UFIT Hub in SG, BDMS in TH, SOL Int. Wellness in MY and Xiong'an City in, China)



INTEGRATED WELLNESS TRENDS & INVESTMENTS

Personalised wellness – growth of DNA/genetic testing and BCA – now b2b and b2c mainstream with fitness, medical and wellbeing offerings (Prenetics, AGS, Imagen Labs, Tanita, Dexafit, InBody, AGS)

Personalised wellness – growth of boutique offerings – Fatty Acids (PUFApro), Iron Levels (The Iron Suites), Microbiome (Atlas Biomed) and Muscle Oxygen Sensors (Humon)

Get Fit Fast / Get Well

Fast: Transformational lifestyle services will spike for those wanting a 'quick fix' to return to pre-COVID levels of fitness/wellbeing

Cascade of Capital:

Investment funds will chase distress and undervalued companies. New funds (Atlas AM) will launch to focus on wellness and fitness

New Membership

Models: Creation of digital only memberships and hybrid memberships to offer consumers maximum choice and flexibility

Nutrition: will become an integral part of many businesses as they look to build holistic lifestyle brands. Vegan and plant based will continue their rise in popularity.

The Power of

Celebrity: expect stars and influencers to be used more to help rapidly scale platforms and distribution channels of products/services

OUTLOOKS & GROWTH MARKETS POST COVID

Employee Well-Being:

all time highs expected in commitments to corporate wellness programs – employee facilities, experiences, allowances and overall group budget

Mindfulness Bricks &

Mortar: more mental health, mindfulness and meditation studios to launch in Asia (Enhale in HK, SPACE 2B in SG, Como Shambhala in SG)

Rehab & Recovery:

continued demand growth for rehab and recovery: aided manipulation (Theragun and Hyperice), floatation tanks, hyperbaric chambers, infrared, hydromassage, heat/cold therapy

New Powerhouses:

well capitalized, mid-sized brands will expand leveraging pre-COVID momentum (Jetts in TH, GO24 in HK, UFIT in SG, Paradigm Fitness in Indonesia)

Growth of Community

Fitness: other players in the ecosystem to grow larger and more influential fitness and wellness communities, such as lululemon and their and community classes

BECOME A BRAND OF CHOICE POST-COVID

Start the planning TODAY to make your brand is relevant post Covid-19

Go through your customer journey critically (digitally & physically)

Evaluate where and how you should use technology, look to utilise existing solutions (in full or in part)



Be cognizant of the qualities tomorrow's leaders must have: Resilience, Presence (Visible), Authenticity, Communication, Empathy, Engagement, Inclusiveness, Motivation, Positivity (to Customers), Optimism (to Employees)

Be confident of the value you are offering and price accordingly – a race to the bottom benefits the consumer but damages our industry

Focus on your customer experience – what are you and where you need to add value – 24/7/365/anywhere?

Think out of the box – literally – especially for sustainable new revenue streams

THANKS TO OUR KEY INDUSTRY PARTNERS





QUESTIONS & CONTACT DETAILS

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