



SWEATING YOUR ASSETS

THE VALUE OF GROUP EXERCISE

**A WHITE PAPER BY EMD UK -
THE NATIONAL GOVERNING BODY FOR GROUP EXERCISE**



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1. Introduction

Group exercise, or group fitness classes as they are also known, are a familiar sight in gyms, leisure centres, studios, and village and community halls up and down the country. Currently 4.86 million people take part every week and this number is growing rapidly with over 1 million more weekly participants since 2016 (EMD UK National Survey 2018). Many businesses involved in the fitness sector will be able to tell you how much it costs to run their group exercise programme, but very few will know the true value of group exercise to the health of their business. This is the value in monetary terms and so much more – mental health, physical health, a gateway to physical activity, staff and member retention and customer loyalty to name just a few.

Many leisure and fitness operators are under pressure to reduce costs and offer cheaper services. Cuts to local authority budgets, the rise of the budget gym chains and growing competition for our leisure spend mean that the fitness market place is as competitive as it's ever been. Yet in that same space, boutique brands and studios are thriving, generating a cult-like following with consumers eagerly investing their hard-earned cash in the experience, coming back week after week for more.

Sweating your Assets: The Value of Group Exercise is the first white paper to be released by EMD UK, the national governing body for group exercise. It will shine a light on the vast benefits group exercise brings, the true 'value', and make the case why continued and increased investment into group exercise is the smartest move for your business.

Conventional thinking and business models will be challenged, and some fresh, disruptive and potentially controversial ideas presented. This paper provides the foundation for the wider 'Voice of Group Exercise' campaign which has four key themes:

1. Promoting the value of group exercise across all markets and supporting operators to make positive changes
2. Championing for better recognition for quality instructors
3. Challenging instructors to demand better recognition by delivering excellence every time
4. Supporting instructors to achieve excellence via qualifications, CPD, business tools and career advice.

2. Background

The specific problem we are faced with here is that group exercise is endemically undervalued across the fitness sector, health sector and in our communities. As a result, budgets are often diverted elsewhere – be that a gym or leisure centre budget or a consumer deciding to spend money on coffee or a cinema trip over a class. There is a need for the public and businesses across health and activity sectors to better understand the value and benefits of group exercise.

Here's a quick recap on some key stats and facts to set the scene:

- According to the International Health, Racquet and Sportsclub Association (IHRSA) Fitness Training User Report, 12.6% of health club consumers used a personal trainer in 2016, while 26.6% of club-goers engaged in small group training. Most importantly, the IHRSA Health Club Consumer Report shows that nearly half of club members (47.5%) participate in group exercise.

- Group exercise is great for member retention and customer loyalty. Members that attend group exercise classes are 26% less likely to cancel their gym membership than members who only use the gym (The Retention People (TRP) 2013)

- Group exercisers who visit your club just once per week are 20% more likely to be loyal members than those who visit 3 times per week and only use the gym (TRP Customer Engagement Academy (CEA) 2017)

"The more reasons people have for visiting clubs, the more likely they are to be a club promoter, especially if one of their main reasons for visiting involves group exercise." Dr Melvyn Hillsdon, author TRP CEA report 2017.

- Member retention is a big problem with clubs often losing 50% of members every year (Mintel UK Health and Fitness Club Report 2017)

- The potential market is huge. 4.86 million people already do group exercise every week. 11.5 million participate monthly and 16.35 million (36% of the adult population in England) have taken part in the last year. 29% of the 4.86 million were previously inactive. (EMD UK National Survey 2018)

- 78% of group exercise takes place in a private gym or leisure centre (EMD UK National Survey 2018)

- The average monthly fitness club membership spend in the UK is £29.68 per member (Allegra Strategies, Project Fitness UK 2018).

3. From cost centre to asset – making the change

So, what do operators need to do to better understand the revenue impact of group exercise? Once better understood, how can revenue be increased?

Challenge the norms and switch mindsets from 'cost' to 'value'. For example, how many gym memberships are sold 'with all these studio classes included for free'? What message does that give to customers on the value of the product? A simple change in membership sales process, mindset and terminology will have a big impact on customers' perception of what they are purchasing.

How many leisure centres or health clubs offer a 'Studio only' membership? Why not? 'Gym only' and 'Swim only' are commonplace and we know that circa 30 – 50% of most club members do group ex – so the market is out there.

Charging and paying for personal training as a premium service in the gym is usual practice and this model can be replicated in the studio. Classes with high occupancy or specialist classes can be charged for and a mixed economy approach to timetabling can be applied – ranging from virtual/on demand, gym floor classes through to premium classes taught by the best instructors. Tear up your current pricing model and start again from the opposite direction; applying value to all your group exercise assets as the foundation.

Knock down some walls – literally and figuratively. Bigger studios are more profitable per square metre according to research by Les Mills published earlier this year. This same study also showed that group exercise was more profitable per square metre than the cardio or weights areas in the gym. (Les Mills 'Group fit: Raise revenue, reward instructors 2019').

"At our Les Mills clubs in New Zealand we put group exercise front and centre by building large studios of up to 8,000sq ft which can accommodate 200 people per class." (Les Mills International CEO Phillip Mills).

This may well be out of reach for most clubs in the UK, but the principle remains the same. Bigger studios drive higher revenue. Consider also 'a club within a club' – group exercise zones or rooms

with a specialist focus can target more specific demographics whilst keeping the excitement and competitive edge to the offering.

Think wider than the studio. Group fitness can happen in many types of space – most obviously the gym floor but also the pool, squash courts, sports halls and outside spaces like tennis courts, pitches, parks and even car parks! What space does your centre or club have that could drive additional revenue via group activities? In addition to space optimisation, consider the atmosphere created to encourage the experience that will encourage return visits. Mirrorless, darker spaces have proved much more popular than the traditional bright space with mirrors that can leave people feeling overly exposed and intimidated. Going back to the gym floor, are all the spaces and kit being optimised? Are your PTs doing any work with small groups? Small group training is a massive revenue opportunity. Rapidly rising six places in the 2018 ACSM top 20 fitness trends report, group training is currently second only to wearable tech in popularity.

Tune up your timetable. We fully empathise with the burden of placating irate members unhappy with timetable changes, but is your timetable doing the best it can for you and your members? There are a range of smart ways to maximise occupancy, reduce downtime, attract new members and spend less money on license fees. Ideas to consider include:

- *Running more shorter classes.* We know that HIIT is as popular as group fitness gets but there is much more to shorter classes than HIIT. More and more we are all pushed for time so squeezing in a 20, 30 or 40-minute class is more attractive to many. It also means you can service double the number of members in an hour. Smart timetabling can also cater for people who prefer a longer workout e.g. HIIT then core, strength and conditioning then trigger point release classes back to back. Shorter classes don't have to be high intensity. At the other end of the HIIT spectrum are beginner participants who make up on average 30% of group exercisers. Shorter, lower intensity or beginner only sessions will appeal to this market, not to mention the potentially huge market of currently inactive people. According to a British Heart Foundation study last year, there are 20 million inactive people in Britain.
- *Do it yourself.* Many operators that we have spoken to are frustrated at the expense of licence fees. An increasing trend is the rise of the signature programme where clubs design and develop their own group exercise products and train their own instructors. The success or not of these programmes generally comes down to quality (of the product) and quality/skill of the instructors delivering. Make your signature programming part of a career pathway for your workforce. Support instructors and trainers to understand fitness programming, work with music curators to design a bespoke experience that is home grown and that your team feel that they have been a part of the process to develop. Raise these people up and offer a reason for instructors to stay loyal to you as they recognise genuine opportunity for career development and personal growth. Getting your team of instructors to deliver their own freestyle choreography is a great option if your budgets don't stretch to licences or signature programmes. This forgotten art of choreography is a real skill and one we should strive to maintain and support.
- *The time and place for virtual.* On-demand fitness is on the rise and presents a massive opportunity. Just as the paperback has survived the rise of the Kindle, instructors will survive the rise of virtual classes. There is a time, place and role for both. Virtual classes are brilliant for off-peak slots where class numbers are low and are a useful back up in case of instructor illness. They can also play a role for beginners or those intimidated by the thought of being judged or corrected by an instructor. Research has also shown that working out 'on demand' at home actually has a positive impact on studio class numbers. However, virtual fitness is just

part of the solution. When a national panel of participants was asked if virtual fitness classes would meet their needs, 72% responded negatively citing lack of rapport, no feedback and no social aspect as the main reasons (EMD UK National Survey 2018).

- *Mix it up and keep it fresh.* A healthy group exercise timetable is like a healthy diet - everything in moderation. A mixed economy of licensed classes, signature programmes and freestyle will both serve to keep costs down but also provide variety and choice for members. Also consider maintaining a balance across all the different styles and keep an eye on emerging fads and trends. For example, more men than ever are doing group fitness (300,000 more a week compared to 2016). Does your timetable deliver for the male market?

- *Know your brand and target market.* Given this, have you considered the scope and opportunity of potential participants that fall outside of your brand? If you are not offering mixed experiences to a general or wide-ranging demographic, decide on a range of class experiences and do them well. This means creating or purchasing tried and tested programming that has sound exercise science behind it that maps to principles of fitness. If we are offering a fitness or exercise experience, we have a duty of care to ensure the programming is safe, effective, backed up with research, tested, endorsed and that the instructors delivering it are qualified to do so.

Learn from the boutique model. According to IHRSA, over the past few years, memberships of boutique fitness studios has risen by approximately 70% whereas memberships to traditional fitness clubs meanwhile haven't kept up, growing by just 5%.

The Welltodo 2019 Consumer Trends Report puts the success of boutiques down to *"Providing convenience, flexibility and immersive experiences, the boutique model allows for longer lasting and more authentic relationships to be formed by cultivating a sense of belonging often lost at larger scale establishments. For consumers, the boutique model's USP revolves around its disruptive dynamic, the challenge for operators is to keep that disruption moving."*

Several of the 'big box' gyms are making moves to adopt a more boutique approach. David Lloyd Leisure recently got in the game by investing £15 million to roll out their Blaze programme across 49 clubs. This HIIT class combines cardiovascular training with strength and combat exercises and mirrors those found at the likes of 1Rebel and Barry's Bootcamp.

The boutique model will also help future-proof your offering by meeting the needs of millennial consumers. Dubbed 'Generation Active', millennials and Generation Z participants now make up 80% of the fitness market according to the Les Mills 2019 Global Fitness Consumers Survey.

Make it an experience. A key thread that runs through all successful group exercise interventions – be they programmes, brands, training or events - is the 'experience'. Shifting thinking from 'activity' to 'experience' cultivates a positive association and demands a higher value from consumers. This experience can be created in several ways. Great instructors can create an experience in every class and often just adding the element of a team teach or theme has a big impact. Other ideas include running group exercise events such as a 'Spinathon', 'Zumbathon' or Dance the Distance® which can also meet fundraising or charitable objectives as well as attracting new customers. These charitable events make a class more than a transaction and allow people to connect with something beyond themselves. It's not solely about their own goals, there is an altruistic element, a feeling of doing something more for the greater good.

On a day to day level, ask yourself, where does the customer experience begin and end? Does it begin when the instructor presses play on the playlist or has it started before that when they book on the class or walk through reception? Do you have a customer journey in principle that hasn't yet translated to reality in your centres and what steps are needed to make it come to life?

4. Use your secret weapon – your instructors

Despite being loyal, dedicated group fitness experts, responsible for the health, safety and enjoyment of large groups of people, group exercise instructors are widely undervalued.

Instructors have the power to make or break a member's activity experience, and a single 'superstar' group exercise instructor can pull in multiple loyal followers to a club every week – substantially impacting on membership revenue and retention. Conversely, poor instructors can have the opposite effect – potentially damaging businesses and individuals.

Again, the boutiques provide a strong case for an effective business model by heavily investing in their workforce and understanding that they do much more than just lead the classes.

From budget to boutique and everything in between, here are some ideas to challenge the status quo and get your instructors really working for you.

Pay them well. Yes, we know budgets are tight but hopefully some of the content so far is starting to change your thinking on the group exercise revenue potential. It's widely acknowledged that instructor pay hasn't kept up with inflation and in many cases has been static for well over 10 years. Group exercise budgets haven't changed much either, only now they also need to cover higher programme licence fees and higher PPL fees as well as paying freelance instructors. We get it. Later this year, EMD UK will be publishing a pay matrix for operators to use as a guide. In broad terms the matrix suggests three pay bands for freelance instructors and provides a tool for scoring them on criteria such as qualifications, CPD, class occupancy, member feedback, reliability and experience. Communicate regularly with the instructor team and be honest with them about pay. Give them an insight into the costs of running the centre or studio and the effort that goes into marketing to new participants to get them into the facility.

Reimagine your sales team. Group exercise instructors interact with multiple members and we have already covered the power of group exercise on member retention. Great instructors generate a tribal following and pack out studios. Most are also very active on social media and proactively draw in new members. Paying them by results along the lines of the commission usually given to membership sales teams is one way of keeping hold of your great instructors. Also consider tracking referrals made by instructors. Track any intro offers and conversions to further purchases due to class attendance with an instructor and look to use this as a tool to incentivise and reward them. At the very least, communicate with them to build loyalty and trust to encourage them to teach at your facility as opposed to a local competitor. In a recent survey by EMD UK, class goers cited the instructor as the second biggest driver in their choice of group exercise class (day and time of the class being number one).

Train to gain. Paying more just may not be an option in some cases but there are other ways to reward, incentivise and motivate instructors. Training has a huge impact both on the member experience and on instructor retention. In 2017 the Village Gym chain that has 29 sites across the

UK took a bold step and put all their 90 instructors through the Les Mills advanced instructor (AIM) training. This investment (of circa £22,500) soon paid off. In just three months, average class occupancy rose by up to 40% in some clubs, with the rate at the pilot Bournemouth site growing from 78% to 96%. Member retention went up by an average of 5-10% per month and referrals also grew significantly. This revenue growth funded a pay rise for the better-qualified instructors which in turn led to better instructor engagement and an increase in demand from talented instructors wanting to join the Village team.

Village Gym Leisure Director Chris Southall said of the project *"We always knew the benefits a great group ex offering would bring our clubs in terms of member acquisition and retention, but ultimately the classes are only as good as the people delivering them, so we wanted to ensure there was top-tier quality across our entire instructor team to ensure we deliver great classes every time and in every club. We set ourselves a goal that every Village Gym would have best Instructors in town – the real rock stars that pack out every class and bring members by the dozen."*

With budgets again in mind, more and more classes are being taught by gym instructors and personal trainers whilst on shift. Without the right training, this undoubtedly has an impact on quality which in turn impacts on customer satisfaction and retention. Whilst excellent at 121 training, many gym instructors and PTs simply don't have the group management and class formatting skills needed for a high-quality group fitness experience. The good news is that there are now some affordable training solutions to help, including the new Level 2 Group Training qualification (developed by Active IQ and EMD UK) and Group Training CPD course that can be delivered bespoke or white labelled to operators. This training gives established gym instructors and PTs the skills to effectively create classes and deliver a quality experience to groups. Consider focusing on a smaller volume of instructors that you choose to invest in and potentially employ. Change the model from a self-employed transactional, hands off approach to a more collaborative, integrated one to build more loyalty, commitment and genuine passion for your facility that will lead to more referrals and positively impact your bottom line.

Motivation made simple. Often the little things can go a long way. Passing on and publicising positive member feedback is a very powerful motivator as well as thoughtful touches like 'Instructor of the month' awards and recognition for long service or covering classes at short notice.

5. Promoting the value of group exercise

In order for the general public, especially anyone considering starting or stopping exercise, to fully understand and appreciate the value group exercise can bring them, there is work to be done across the board promoting all the benefits. This can also help operators with marketing content to drive footfall and memberships.

Inherently social, non-competitive and with a huge menu to choose from, there are a plethora of reasons why people take part in group exercise. Most class goers will know that it's good for them, but they may not appreciate just how good.

Many current participants started from scratch, with 29% stating they were previously inactive (and 55% of those were inactive for over 3 years). Group exercise provides an ideal pathway to activity and is an attractive option for many just starting out. This is one reason why group exercise is featuring heavily in Sport England's highly successful This Girl Can campaign.

Physical Health

The wide range of group exercise formats means that there is a correspondingly impressive range of physical fitness benefits depending on the classes undertaken. In addition, class duration and frequency help many participants reach the Chief Medical Officer's guidelines of 150 minutes of moderate intensity exercise a week. In 2016, 36% of regular group exercise participants were meeting the CMO guidelines.

In broad terms, group exercise as a collective can claim all the well-known health benefits of exercise in general – weight loss, fat loss, lower blood pressure, increase in lean muscle mass and bone density to name a few. More specifically, numerous academic studies have been conducted. Here are a few headlines:

- A 2012 study published in the Open Journal of Preventive Medicine found that group fitness is effective in reducing cardiovascular disease risk factors in healthy adults and suggested that group fitness may be an ideal method to maximize health benefits in a comprehensive manner.
- In 2015 the American Journal of Health Behaviour published a study by the University of Georgia that found women with type 2 diabetes doing dance fitness classes three times a week lost an average of 2.5 pounds in weight and lowered body fat percentage by 1%.
- Closer to home in 2015, the University of Kingston carried out an intensive study into the health-related effects of Zumba® fitness and found that "Large magnitude enhancements were observed in the health-related quality of life factors of physical functioning, general health, energy/fatigue and emotional well-being. When interpreted in a community-based physical activity and psychosocial health promotion context, our data suggest that Zumba® fitness is indeed an efficacious health-enhancing activity for adults."

Mental Health

As with the physical benefits, in broad terms group exercise can demonstrate all the positive effects of general exercise. Regular exercise can have a profoundly positive impact on depression, anxiety, ADHD, and more. It also relieves stress, improves memory, helps people sleep better, and boosts overall mood. Research indicates that modest amounts of exercise can make a difference and that regardless of age or fitness level, exercise is a powerful tool for people to feel better. The social aspect of group exercise is a massive plus in terms of mental health, providing a support structure and feeling of belonging that can aid many conditions.

A study published in The Journal of the American Osteopathic Association in 2017 found that working out in a group setting lowers stress by an average of 26% compared to those who exercise alone. Overall, participation in group fitness classes led to a decrease in perceived stress and an increase in physical, mental, and emotional quality of life compared with participation in exercise individually or not participating in regular exercise.

A study conducted in America between 2011 and 2015 looked at the association between physical exercise and mental health in 1.2 million individuals in the USA between 2011 and 2015. Published in The Lancet, the researchers found that mindful exercises such as yoga and tai chi were associated with lower mental health burden than walking or other exercises. Data also suggested that all exercise in groups, including social and non-social forms, were associated with a lower mental health burden. More exercise was not always associated with better mental health and there was evidence for optimal ranges of duration (45 min) and frequency (between three and five times per week).

Social benefits

The positive impact of group exercise goes wider than health. The social benefits are also significant. There's been a lot of press coverage recently about how the UK is in the throes of a loneliness epidemic – and it's not just the elderly who are prone to feelings of isolation or being alone.

Figures published in April from the Office of National Statistics (ONS) revealed that more than 5% of adults in England felt lonely “often” or “always” between 2016 and 2017 (that's one in every 20 adults), with 16% enduring feelings of loneliness sometimes, and 24% occasionally. Group exercise classes are more than just loud music, fast movements, and shouts of encouragement from an instructor at the front of a class. They also offer fantastic social inclusion opportunities, health benefits, and psychological support – all of which are imperative for combatting the feelings and consequences of loneliness.

The group setting really helps people develop a sense of community. Participants truly feel like they are a part of something by being surrounded by like-minded, encouraging people, many of whom have will have similar ambitions and reasons for joining as their own.

The latest EMD UK Participant Survey recently found that while getting fit and losing weight were the top reasons most people gave for taking part in group exercise, social aspects also ranked very highly. More than 40% of respondents said they enjoyed group exercise because it was fun, while a third said that they sought stress relief or relaxation from taking part.

Group exercise also has a key role to play in active ageing. In the ACSM 2018 Survey of Worldwide Fitness Trends, fitness programmes for older adults ranked number nine in the top 10 trends. When we look at the statistics on ageing in the UK alone, it's easy to see why this ranked so high. The over 85s is the fastest growing demographic according to the ONS, with 2017 seeing 579,776 people aged 90 years and over living in the UK, including 14,430 centenarians. Several group exercise brands specialise in active ageing or have programmes dedicated to it. These include Move it or Lose It, Medau, the Keep Fit Association, FLeXercise and Zumba Gold ® to name a few.

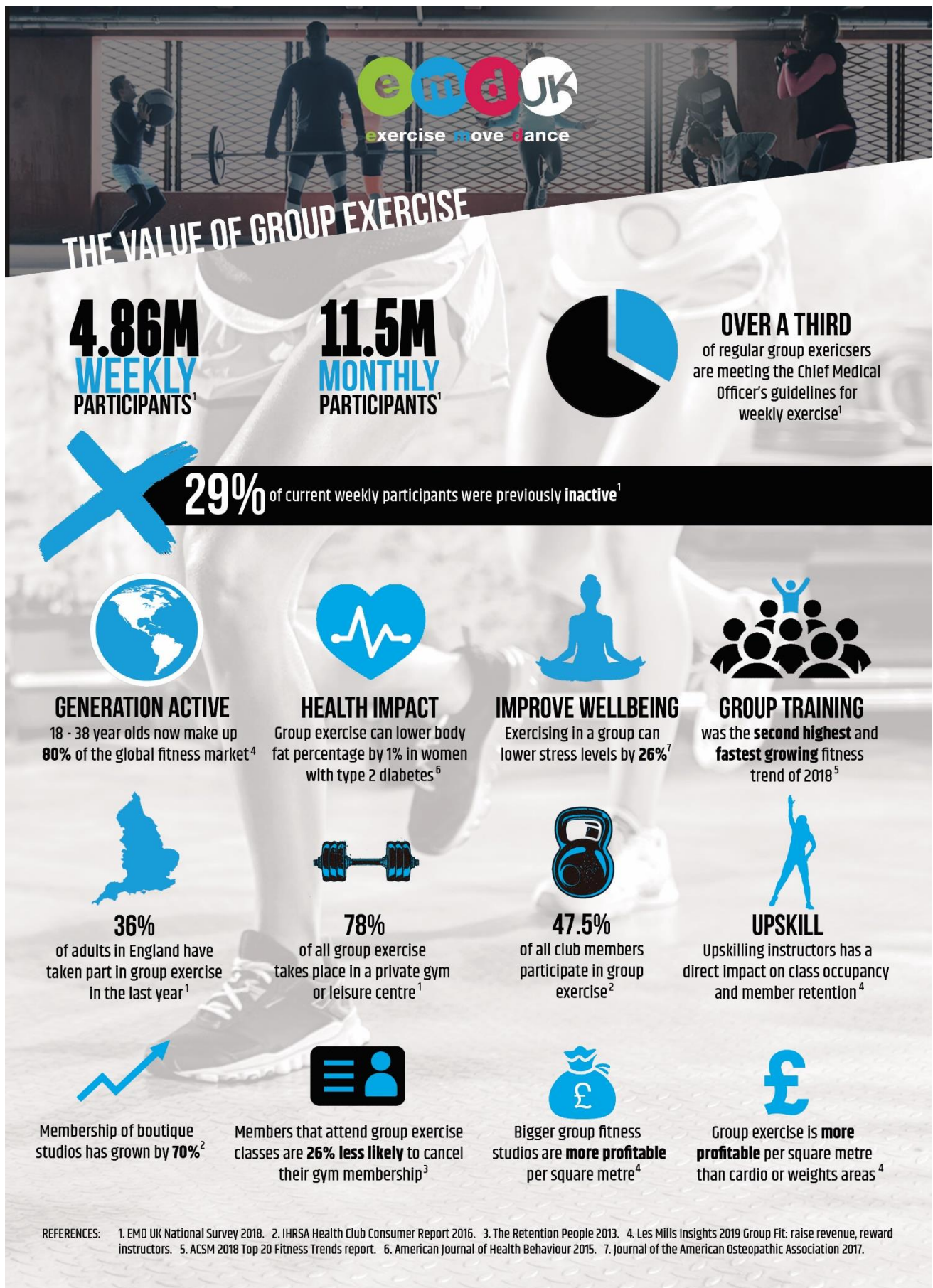
Active ageing benefits from group exercise include essential elements such as balance, coordination, falls prevention, improving bone density and muscle mass as well as cognitive benefits such as improving memory and mood.

6. Conclusion

It's hard to argue against these facts and not recognise the value group exercise can bring to businesses, communities and individuals. Group exercise can and does drive retention and revenue in clubs across the world. The aspiration for this paper is that it can be used as an evidence bank and catalyst for conversation, and ultimately change, where it is needed. Group exercise is a real asset to any fitness business and sweating that asset will drive revenue and improve bottom line performance.

Please contact EMD UK if you would like to discuss any of the content and ideas presented in this white paper info@emduk.org

7. Infographic



8. References

Content for this paper was sourced from a range of public information including:

- EMD UK National Surveys 2016 and 2018
- EMD UK Participant Survey 2018
- IHRSA Health Club Consumer Report 2016
- IHRSA Fitness Training User Report 2016
- The Retention People 2013
- The Retention People & Customer Engagement Academy report 2017
- Les Mills Insights 2019 Group Fit: raise revenue, reward instructors
- Welltudo 2019 Global Consumer Trends Report
- ACSM 2018 Top 20 Fitness Trends report
- American Journal of Health Behaviour 2015
- Journal of the American Osteopathic Association 2017
- The Office of National Statistics
- The Mintel UK Health & Fitness Club Report 2017.

ASSETS
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