

CLUB INDUSTRY



December 2022

**2023: TRENDS
MOVING THE
HEALTH AND
WELLNESS
INDUSTRY
INTO A
BRIGHTER
FUTURE**



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EDITOR'S LETTER

MOVING FORWARD IN 2023 FROM OUR SHARED EXPERIENCE

If you are like me, you are tired of articles referencing the COVID-19 pandemic or "the difficult past three years." I often feel I should have those phrases on my Word doc clipboard to copy and paste.

But let's face it—we have been through something unique that few people since 1918 can say they experienced. We didn't have a roadmap for how to navigate this, considering so much had changed since the 1918 flu pandemic—life, medicine, business, technology and travel. We were on our own. We made mistakes. We had successes. We worked hard. We felt like giving up. We cloistered in our homes. We craved connection.

In the pages of this report, we offer you connection—connection to the future and connection to experts who share their thoughts on what 2023 will offer.

The experts range from large club operators such as Karl Sanft, CEO of 24 Hour Fitness, and Ben Midgley, CEO of Crunch Franchising, to smaller operators, such as Micah Logan, CEO of MELD Fitness + Wellness. It also includes insights from consultants, such as Lindsay Vastola, founder of Vast Potential, and Bobby Verdun, president and founder of Active Entities Consulting.

We have insights from the not-for-profit world, too, with Sandy Wiedmeyer, operations superintendent at RecPlex, and Ronn McMahon, president and CEO of Greater Wichita (Kansas) YMCA.

In addition, Julian Barnes and Nt Etuk of Boutique Fitness Solutions, and Josh Leve, founder and CEO of the Fitness Business Association, address trends in the studio market while Bruce Carter, founder and CEO of Optimal Design Systems International, shares thoughts on design trends.

Broadening the scope to the Latin American market, we include an article by Guille Velez, chief editor and co-founder of Mercado Fitness, the largest news, education and business community in the Latin American gym industry.

We thank our sponsors for their support in bringing this report to you and for sharing their thoughts on 2023 trends within its pages: Myzone, International Sports Sciences Association, Fitness On Demand and ABC Fitness Solutions.

Use these insights to help you make smart decisions that will bring you much success in 2023.



Sincerely,

Pamela Kufahl
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2023: THE TRENDS THAT COULD MOVE THE FITNESS INDUSTRY BEYOND THE PANDEMIC

Leaders within the health and wellness industry weigh in on the trends they believe will impact 2023.

You may be approaching 2023 with caution, or you may be approaching it with excitement. And how you feel about the next year may depend on how your business performed in 2022, and whether you are a pessimist or an optimist.

Whatever your feelings are about 2023, you want to enter the year with insights beyond your own. The following pages share the collective insights of leaders in the health club, studio, not-for-profit, design and consulting worlds to help you size up how to make 2023 a year that you'll remember because of the success you experienced and the lives you helped to change for the better.



Karl Sanft
President and CEO
24 Hour Fitness

As the fitness industry post-pandemic recovery continues, what we've learned from our team members, club members and guests over the past nearly three years

is that priorities have shifted. What people are looking for in their fitness experience has evolved. As we move into 2023, here's a look at some of the fitness trends we believe are reshaping the industry:

A new definition of fitness. One of the many lessons of the pandemic is that people want a balanced approach to fitness comprised of mind and body health. Sixty-four percent of our audience rate emotional well-being as more important now compared to 51 percent pre-pandemic. We've heard over and over that managing anxiety and stress is just as important as the number of reps you can do or the distance you can run. I love the idea that we are all moving together into the future with a new definition of fitness, one that includes mental and physical elements.

Business transaction vs. relationship building. The fitness industry has become a more powerful tool than ever before, and that comes with significant responsibility. We must commit to developing long-term personal relationships with every individual of our club population. We are and should continue to be a supportive guide along the fitness journey, celebrating individual member successes every day, whether inside or outside the club. And, as an understanding partner to each member, we realize that life sometimes gets in the way of an in-club workout, and competing priorities can leave perhaps just 15 or 30 minutes to get centered or grab a quick workout. And that's OK. We're exploring new ways inside our clubs and through digital fitness platforms to deliver holistic

fitness solutions that meet our members wherever they are while offering the variety that excites and engages them in wellness for the long term.

Investing in mind and body wellness.

Heading into 2023, we must collectively take a broader approach to health and wellness. Our club members have told us they highly regard the importance of being active for life and working out to feel good (more so than losing weight). 24 Hour Fitness is leaning into a holistic approach to fitness. Mind and body wellness is more than just a workout; it includes pre-workout care, nutrition, mental health and post-workout recovery. That's what has led 24 Hour Fitness to introduce club members to Headspace, one of the most respected digital mental health platforms. We've also launched new mind/body small group training programs and will continue to expand those offerings as we actively listen to our club members and learn more about their overall wellness interests and needs.

The club environment and community connection. Given pandemic isolation, there's nothing more motivational or inspirational than an engaged club community of like-minded individuals working toward similar fitness goals in an environment that is spacious, clean and well-maintained, and staffed by passionate fitness coaches eager to support the member fitness journey. People let us know the at-home fitness experience doesn't replicate that intangible energy of being a physical part of the club community, particularly in 24 Hour Fitness group fitness classes. Not only do members crave the social aspects of club-based group workouts, but they also seek workout variety. We're increasing our group fitness classes for that reason to include yoga, more SilverSneakers/Active+ classes and other group fitness experiences because our club members want to be part of something bigger than themselves when it comes to the overall wellness experience.

Digital technology as your daily companion. During COVID-19, advances in digital technology became a necessity. In the fitness space, think touch-free club member check-in, group fitness class reservations, on-demand workouts and personalized fitness content. Digital technology will become more important in 2023 with more meaningful programs and content for club members. The 24 Hour Fitness 24GO personalized fitness app has become an important avenue for further club member engagement and will continue to evolve so that wellness is one of the best parts of their day – wherever they may be.



Adam Sedlack **Co-founder and CEO** **UFC Gyms**

The new year is almost upon us, and we are all looking at what may lie ahead.

Many people are wondering about member acquisition. I believe membership acquisition

will continue to show consistent growth on a quarterly basis. The industry is crowded but also serves a wider population through multiple value proposition points. Customers now know what they are looking for and seek out that experience. As an example, UFC GYM and UFC FIT have significantly enhanced our class experience through technology, programming updates and in-person certifications all while creating a simpler member journey.

Some clubs and studios will likely close still in 2023, but many gyms expect to sail through the adversity of COVID and the state of our current economy. There are also gyms throughout our industry, both domestic and global, that may not sit in a stable economic position. This could be driven by a network of bad landlords that were not flexible during mandated closures. There are also some fitness organizations/franchisees that may have not been in a great position pre-COVID and, based on the circumstance, could find themselves in a complex position as they deal with inflation, higher interest rates, a difficult hiring market and rigid landlords. A window exists where business decisions can be made



to right the expense load and operating practices to better deal with uncontrollable challenges of today.

Group exercise will not only grow in 2023, but we will see record-breaking numbers of people attend

classes as members look to join a community and reconnect with the personality of what makes gyms, instructors and coaches play a vital role in helping members find the best version of oneself. There is a special feeling of accomplishment between the members and an instructor/coach when a class community comes together to inspire and drive one another on a fitness journey. UFC GYM and UFC FIT are seeing record-breaking class attendance in boxing, BJJ, MMA Fight Fit, DUT(HIIT) and other core classes.

The U.S. fitness industry remains in an average position as it relates to innovative technology. International tends to see more advancements driven by less regulation. As we prepare for 2023, fitness offerings will continue to expand; technology will be in a place to push the ceiling of capability through the user experience. You will see more engagement via wearables, CRM, nutrition platforms, recovery and more. UFC GYM is focused on each of these areas, and by second quarter 2023, the customer will see a more connected environment of communication driven by consumer choice – what they want to see, when they want to see it.

In 2023, I believe we will see the following trends:

1. Great classes that go beyond just raising heart rate

- Joining a community
- Learning environment
- Achieving accomplishments
- Technology

2. Challenges

- Joining defined fitness challenges over a short period of time
- Gamify the experience while feeling more inspired
- Mutual accountability through instructor and other members
- Fun way to get fit

3. Recovery

- Continue focused on an ecosystem of fitness recovery
- Cryo, compression, nutrition, massage, meditation and yoga
- Connecting the workout with recovery

4. Multiple services and equipment within four walls

- Ability to work out, take a class and experience recovery in one location
- On-demand services available at any time in the gym

5. Graduation from low cost to premium experience

- Majority of gyms are going low cost/low service
- Low cost increases fitness penetration
- Low cost will continue to larger boxes

- As customers join gyms, they also search out experiences once confidence is gained
- Many customers are looking for a more premium experience where the environment is more holistic with the ability for the member to pivot without operational complexity

There are incredible leaders in the industry who have a feeling of shared responsibility to increase fitness engagement while truly making a difference in how people live their lives. Adversity drives innovation and adaptation. The great minds in fitness will find ways to improve multiple verticals and processes so achievements can be felt by the team member and customer. It is through such innovation that purpose can get created. The spirit of team will never be more important, and how we better serve them through engagement will allow for material progress in this evolving landscape.



Ben Midgley, CEO and founding partner, Crunch Franchise

As I look forward into 2023, I foresee a few trends from both an in-club and out-of-club perspective.

Rebuilding. The industry is still in a re-building stage. At Crunch,

we grew our membership (up over 5 percent) during the 2020 shutdowns, and we are now up just over 35 percent from pre-COVID membership levels. A lot of that is because of the size and scale of our network. However, many operators did not have that level of support and are just now approaching pre-pandemic membership levels. This lag in membership growth has made it harder to get cash flows back to normal levels, but it seems most operators have finally turned the corner. Economically, indications are that the consumer is still strong, and provided rising interest rates don't put too much downward pressure on the consumer and jobs, 2023 should be a very solid year for operators. This will shore up the vast majority of operators and make 2024 a solid growth year for the industry.

Digital. Digital is still a player, but brick-and-mortar clubs are where people want to be for the community aspect, so a combination of the two will be around permanently. I used to think that we would see consumers settle into the either-or camp when it came to their fitness choices going forward, which would slightly decrease the available market share to whom clubs could sell memberships. Over time, my views have changed. It appears that many consumers – in my estimation 30-40 percent – have both options, so rather than exclusively using one or



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the other, they use both to ensure they fit exercise into their lives no matter where they are or what they are doing. For that reason, it is important to have a digital service for your members.

Wearables and medical integration.

Wearables are great for general fitness assistance, but in the future, they will be a larger part of medical integration. For many years, wearable fitness trackers have been improving and adding features, getting better app integration, becoming synced with in-club equipment, televisions and much more. As this has been happening, different aspects of medical-based data have been introduced to either the most common fitness wearables or by specific condition devices: EKG, blood sugar, blood pressure, sleep tracking, body fat, fall detection, stress monitoring, health record integration and more. As time goes by, the goal will be to have the device with the most features in one place. The simple reason is the fitness market is big, but the medical market is much bigger. Plus, the faster certain data can go between patient and medical professional, the more lives can be saved. For health clubs, this means that wearable integration with in-club equipment is a nice to have, but it won't distinguish you too much from the competition as all the most important data can work around the equipment and be fed direct to the device from the data it receives from the wearer.

Marketing. Marketing has changed. If you have been paying attention, you know that a few things in marketing now-a-days are obvious: Direct mail is not as effective as it used to be, Facebook is not as effective as it used to be (especially since the IOS changes and the shortening of the attribution

period), search terms are more expensive to bid on, effective SEO is evolving and consumers respond to different messaging, just to name a few. That means you have to go back to the basics. Set monthly and daily prospecting targets by category, get out in the community regularly and promote your business, commit to your marketing spend but adjust it as needed (never back off), referrals are still very real, build a better community in your club to create stickiness, keep your club as clean as clean can be and pay close attention to member service feedback. Don't look at marketing singularly anymore; marketing is a combination of many things that make people talk about your club.

Operators. My last thought is that the operator will make the difference. To continually succeed now and in the future, you will need to work harder and smarter than your competitors – large or small. Watch the details more closely, treat your team better, treat your members better and be competitive.



Jessica Yarmey Founder, KickHouse

The COVID-19 pandemic drew attention to the growing mental health crisis in our country. At the height of the pandemic, 40 percent of adults reported symptoms of anxiety or depression, compared with

11 percent pre-pandemic. This drastic increase is shifting the research landscape on exercise and mental health, and it is shifting consumer demand for exercise.

[A Mintel study](#) released early in 2022 showed that 78 percent of exercisers consider mental and emotional well-being as their top reason for working out. With mental health and emotional well-being as a primary consumer motivator, the topic will continue to be front and center for the fitness industry in 2023.

Just as the fitness industry is focusing on mental health benefits, the research community is also focusing on the connection points between exercise and mental health. It has long been known that exercise releases feel-good neurotransmitters such as [endorphins and dopamine throughout the nervous system](#). However, the health care industry will not actively prescribe fitness as a treatment for mental health disorders until there are direct and consistent correlations between exercise and physical activity. New brain research is starting to move closer to indisputable evidence.



Photo by Getty Images.

In their paper "[*The Role of Exercise in Management of Mental Health Disorders: An Integrative Review*](#)," Patrick J. Smith and Rhonda M. Merwin link physical activity to mental health outcomes. Their research explores how exercise triggers the release of a protein known as brain-derived neurotrophic factor (BDNF), which encourages the growth of new brain cells. Studies show that people with depression have lower levels of BDNF. Although it seems like an obvious connection, more research is needed to show conclusively that the exercise-associated increase in BDNF is what reduces depressive symptoms.

Although some of the brain science is incomplete, exercise has an immediate impact on mood anecdotally, making it a valuable preventative, supplemental or alternative tool to front-line treatments such as drugs or therapy. While medical providers are screening for depression signals and trying to remove stigmas once someone is already inside a medical office, the fitness industry is on the front lines and can help with preventative treatment strategies.

Fitness facility operators need to continue to educate around holistic measures that go beyond just weight and inches. Posting [*facts about the connection between exercise and mental health*](#) on social media and in newsletters can help reduce the stigma and open conversations. Members need mood-boosting victories as well as endorphin releases every time they enter a facility. The sense of progress and accomplishment that is felt after one visit can have such a large impact in members' overall mental health.

At KickHouse and at Mayweather Boxing + Fitness,

we're well-positioned to help with stress relief. Although exercise in general boosts endorphins, boxing and kickboxing have an added benefit of hitting the bag and physically releasing that fight or flight stress and drastically reducing cortisol and adrenaline levels.

As we know from transforming lives physically, the anecdotal evidence can be more impactful than the science. It is time to actively collect and share transformations in mental health as well as physical health. KickHouse member Audra Jackson shares her experience in this testimonial: "During every workout, I would release so many emotions. Sometimes sadness, anger, resentment, tears and laughs. All the stress that I happily left on the mat. Now, my mind is healthier. That's what I needed first. Now I can focus on my habits and my body."

Sharing member stories such as Audra's and sharing the scientific findings that speak to mental health benefits of physical activity can reduce the stigma around mental health and can help to tighten the connection in the minds of members and prospects.

Not only does the industry have an obligation to do its part to de-stigmatize the mental health struggles that so many people are working through today, but there is an opportunity to highlight just how essential exercise is to preventive healthcare. The fitness industry is on the front lines of preventive health care and positive mental health. Understanding the landscape of mental health can position fitness as essential within the healthcare industry, but, more importantly, there is an even greater opportunity to make positive changes in the lives of members and prospects.



Bobby Verdun
President and founder,
Active Entities Consulting

The “fitness industry” as we know it has seen a dramatic shift on many levels over the past two years, and what we see now is a reaction to the dramatic shifts that occurred.

For one, active-living enthusiasts who regularly visited clubs prior to the pandemic were forced out of their routines, and although many have returned, a segment of this population found “clubs without walls” to be a permanent answer. The result is an interesting trend of club operators consciously utilizing natural resources such as beaches for yoga, mountains for hiking, parks for group classes, and more as added-value programming. Clubs are the homebase, so-to-speak, to meet and train, but the program continuum is extending beyond the club proper and into natural resources. Not only does this make a program model more versatile, but individuals still apprehensive about training in closed areas have voiced comfort of this extended platform.

A second trend is the development of sports-specific skill training. Clubs have offered strength/conditioning/rehab for years, but we’re seeing an uptick on skill trainers combining with strength training to provide athletes with the best of both worlds. The advent of the NCAA transfer portal has created a tougher road for incoming college freshmen to find scholarships, so students who have the skill sets and strength to compete immediately at the college level become “player-ready” student athletes, which gives them an edge for scholarships.

On this note, we’ve seen a tremendous trend of sports facilities being developed throughout the country. An example is the TBK Bank Sports complex in Bettendorf, Iowa, that houses 10 baseball/softball fields, eight basketball/volleyball courts, an amusement center and a state-of-the-art fitness center. Not only does the facility service local fitness enthusiasts and recreation participants (its 20,000-square-foot health club has more than 4,000 members), but the complex also has created national partnerships, resulting in TBK becoming a regional and national destination for tournaments. In spring 2023, TBK will add four professional-level baseball fields and a golf facility. TBK is one of dozens of sports facilities being created that will showcase this hybrid model.

Although the term “medicine is fitness” has been bandied about for some time, we are finally starting to see some traction for the patient continuum that

extends beyond traditional medical care. Restore/recovery programs are in full swing post-pandemic. Groups such as Active Life are partnering with hospitals and health care providers to provide affordable options for patients pre and post procedures. The result is an ongoing relationship extending beyond recovery but turning to functionality. The goal isn’t to keep this population in “the system,” but to point them in the right direction to continue with an active lifestyle independently, knowing they have a resource at their fingertips.

Lastly, the pandemic reinforced the importance of health, not just health clubs. Traditional clubs have had to reinvent themselves in many ways providing significant and consistent added value and programs beyond physical focus. Vibrant social calendars and programs focused on mental challenges have emerged and have been well attended in clubs we work with. Mindfulness and art, guest lectures on how to overcome depression, and even music and art workshops are coming forth presenting a holistic approach to active living.



Bryan K. O'Rourke
Founder and CEO,
Vedere Ventures

The state of health and fitness and the global economy overall is entering a time of both promise and great uncertainty. As nations around the world recover from the pandemic,

there is a strong effort to return to normal. What “normal” will look like, with so many consumers adopting new ways of achieving health and fitness outcomes via digital solutions and tools on an unprecedented level, is a key question that has yet to be answered conclusively.

According to many recent studies including Deloitte’s 2020 survey of health care consumers, people are growing to trust and rely more upon digital solutions for their health. The digital genie is out of the bottle, so the question isn’t whether health and fitness companies should invest in new technologies, but how they should invest in technology going forward.

Rising prices and growing inflation create further complications, forcing health and fitness businesses to be more fluid with pricing and marketing to maintain relevance and loyalty. Furthermore, a real labor shortage with rising labor costs leaves companies with challenges in delivering great fitness services and provides an advantage to organizations that have already automated key aspects of their

operations. (Check out the European brand Basic Fit to see how they are doing this.)

To help you navigate the uncertainty and to help you make better strategic decisions about what to focus on, the following are a few of the key trends for 2023 you should keep an eye on.

Brick-and-mortar fitness will continue to rebound, but digital will be king. Brick-and-mortar fitness facilities are still an important part of the health and fitness experience. Now, however, they are but a component of the member journey and experience, and that journey increasingly starts and continues digitally. After years of staying at home, members are eager to go back to fitness facilities, but digital will continue to be a cornerstone of their experiences for one key reason: convenience.

As a result, a growing number of health and fitness concepts will transition their brick-and-mortar locations into a combination of online fulfillment and experience centers for members. E-commerce will blaze a path and be a major focus for 2023 and beyond, but digital adoption has yet to supplant the in-facility experience. Fitness spaces will need to find a balance in their approach because more people are finding that the customer journey isn't bound to a single experience but to a combination of various ones.

Hybrid experiences reshape the industry.

The resurgence of in-facility health and fitness experiences post COVID has prompted new ways of thinking from brand leaders, many of whom are looking to design more cohesive omnichannel member journeys and deliver unique, memorable health and fitness experiences that blend elements of both the digital and the physical worlds.

On the physical side of things, brick-and-mortar locations are well on their way to becoming experience centers rather than traditional fitness facilities. This already includes some brands that have event spaces, such as the House of Vans in London, which features a concrete skate bowl and regularly hosts art installations and concerts. It will include creative store concepts, such as Nike Live stores, which are member-driven boutiques that offer curated merchandise and added perks. In 2023, brands will identify more creative ways to generate word-of-mouth marketing and design one-of-a-kind experiences.

Savvy fitness operators will add digital components to their in-facility experience, including augmented reality (AR), interactive kiosks, digital displays with built-in touchscreens and apps designed specifically for in-facility use. The inverse is also true: Fitness brands will develop clever ways to introduce physical capabilities to the digital realm, such as using AR



to enable members to virtually view experiences in games and other digital ecosystems.

Hybrid experiences, once thought of as experimental, will become more commonplace. Ultimately, it's about ensuring that customers can seamlessly transition from online to in-person channels and back again with as little effort as possible.

The battle for talent will rage on. In January 2022 alone, 4.3 million people quit their jobs. According to the Pew Research Center, workers offered a long list of reasons why they quit, including low pay, a lack of opportunity for advancement, feeling disrespected at work, child care issues, scheduling inflexibility and insufficient benefits.

In light of this information – and changing attitudes toward work, in general – fitness facility owners need to rethink their approach to employee empowerment. They will need to balance maximizing existing headcount with creating more healthy, positive workplace environments. This new approach will require companies to strategically leverage technology in ways that make employees' jobs easier.

Sustainability is top of mind for consumers. Sustainability is not just a hot-button issue; it's a top priority for today's fitness and health club customers. From eco-friendly products made from renewable resources with minimal environmental impact to ethically made and sourced items produced by companies with fair wages and labor practices, socially conscious consumers are looking to vote with their dollars. According

to a Capgemini consumer survey, 79 percent of consumers are changing their purchase preferences based on sustainability. Additionally, 34 percent of consumers are willing to pay more for sustainable products and services, and those willing to pay more would accept a 25 percent premium on average.

Embracing sustainability is a real revenue-generating opportunity for health and fitness brands, and many industries and advocacy groups already offer guidance on how companies can implement more sustainable practices. It is critical, however, that retailers avoid leading consumers to believe that their products are more eco-friendly than they really are. Doing so can alienate consumers, with more than half of customers saying they would stop buying from brands altogether if they perceive them to be greenwashing.

These are just four of a long list of trends I could opine upon, but they encompass some important areas that you should keep in mind as 2023 approaches.



Debbie Bellenger
Founder, Body By Definition

There has never been a better time for our industry to position ourselves to be the health, fitness and wellness experts to fill the gaps that are looming in front of us. Gaps such as serving the 80 percent of our

population whose health journey may not begin with exercise but with stress management, or nutrition or sleep hygiene. Gaps such as burnout, which one in two Americans now suffer from, which not only comprises their work productivity but also their physical and mental health as suicide is on the rise. Gaps such as healthcare systems struggling post pandemic with staffing shortages, quality of care issues, burnout and closures. It all begs the question, where does the average consumer start their health and wellness journey?

It starts with our industry.

We are the experts, innovators, creators, coaches, trainers and business sector to reach out and lead the charge of delivering health, fitness and wellness to the people, no matter where they are located—employers, churches, apartment complexes, schools, resorts/spas, golf and country clubs, assisted living and older adult communities, to name a few.

From my lens of corporate wellness, medical wellness, health care and fitness industry challenges, I forecast increased interest in the following areas in 2023:

1. Activities that promote recovery and the feeling of well-being such as massage, cryotherapy, IV therapy, restorative yoga, breathing and meditation classes, smaller bite size classes for new consumers to try activities at their starting level on their path to health and wellness.

2. Outdoor activities for fitness embracing the great outdoors for fitness experience. This will continue to foster the growth of running, hiking, walking and cycling communities.

3. Fitness activities that bring people together in search of socialization, community and camaraderie. This will foster the growth of leagues, tournaments, health and wellness programs and in person activities.

4. The fitness industry from other potential business partners due to the increased interest in health overall in America. Example, in corporate America, employee voice equals employee choice. With employees valuing health more than their paychecks, employers will need to align benefit plans and offerings with fitness, health and wellness experts to provide what it is that their employees need. Employers need our expertise.

5. Niche services to include programming for chronic conditions that are out of control (diabetes, obesity, hypertension), stress management and anxiety, specialty populations who are underserved (such as Parkinson's disease, Alzheimer's disease) and many more. This could lead to more niche clubs for different sectors of the population, i.e., people older than 50 who have not returned to fitness clubs at levels pre-pandemic. With a growing percent of the population forecasted to be over 50, why not?

6. Increasing Hollywoodization of our industry with fitness influencers leading the way in content on social media platforms. This might be perceived as a threat to our industry as so much of this content is free, so it is undermining our value.

7. Multi-faceted consumption of health and fitness content at home, on demand, in person as long-term choices.

8. Fitness aligning with healthcare systems and allied health professionals to establish referral systems, credibility in the local community and to support healthcare systems in their need for step down programming and experts. Physicians do not refer to gyms; they refer to programs and a trusted partner. We need to work together to create a continuum of care model with all key stakeholders investing in improving health outcomes. Our motivations to engage may be different at the outset, but the anticipated outcomes can be the only answer to bend the cost curve of sickness in America.



Photo by Getty Images.

The COVID pandemic has had a devastating impact on the health of the workforce and its employees.

The impact on employers is high. More than one in four Americans delayed routine health care appointments. Fear and fatigue have had cumulative effects on chronic health conditions. High blood pressure and diabetes can develop undetected, which means possible devastating impacts on the future health of employees who have missed annual well visits. Benefits Pro reported the cost of care per employee for health care coverage is projected to be about \$13,800 for 2023 with a projected 6.5 percent increase year over year.

Employees are experiencing decreases in mental health (42 percent), decreases in social well-being (41 percent), decreases in financial security (32 percent) and decreases in physical health (29 percent).

These trends are occurring because:

1. One in five Americans is suffering burnout, as reported by APA, and we now have an ICD-10 code for medical billing of this condition. It is difficult to find the energy to exercise or take the steps to join a gym when exhausted day over day.

2. Outdoor exercise has proven for many to be a lower barrier choice and lower cost choice to getting activity with some vitamin D. It can also be more time efficient when lacing up sneakers to go outside for a walk or run, and it can encompass family time without the need for childcare providers or childcare costs.

3. With one in six people now working from home (prior to the pandemic, it was one in 67), feelings of isolation, depression, loneliness and despair are on the rise. There is a direct correlation between having quality relationships in one's life and health outcomes. We are human beings, not human doings. We are meant to be with others.

4. We are only now starting to really feel the impact of the pandemic fall out. The financial impact of the pandemic payouts to individuals and businesses have created a fall out of our economy with many not wishing to work again and loan repayments that are arduous. The health impact of the pandemic has stimulated rising costs of health care due to increased sickness/chronic conditions and shortages in healthcare providers. Current burnout stats demonstrate the lack of health in corporate America, which is reducing productivity that may be directly related to fiscal performance of a company.

5. With the rising sickness in America, the demand for specialized services will only increase. The Centers for Disease Control forecasts that by 2030, more than 50 percent of Americans will have a BMI of over 30. With increasing BMIs comes increasing chronic diseases and co-morbidities, increased cost of care both in medical and pharmacy, and increasingly complex programming needs for obese individuals. As an industry, we must learn to meet this population where they are and provide specialized programs and services. We must also offer talent educated in these disease states.

6. Social media influencers will fill the gap in education in health, fitness and wellness knowledge until we do. We must position ourselves in our communities to be the credible health and wellness experts.

7. Consumer choice equals consumer voice. With so many Americans working from home, they have choice each day on how/where to do their workout and where to get their health knowledge. We must embrace options and hear ongoing consumer needs as they change.

8. Physicians and allied health professionals need partners to refer their patients to. It only makes

sense that we build bridges with the health care system for a long-term model of shared successes since we all need numbers to perform year over year.

How should the industry respond?

1. Change the lens and language from fitness to wellness. Wellness advocates for more than exercise in our competencies and expertise. It allows us to explore how we position ourselves to be a holistic provider in our communities and to be more inclusive.

2. Hold ourselves to a higher standard of wanting more for the industry in advocacy, credentialing and certification standards, and producing quality data outcomes that may be published and shared inter-disciplinarily. Data is king to bridge gaps.

3. Bring healthcare providers and allied health professionals into our centers to leverage partnerships and services for a win-win long term. Host doctors as guests for a speakers bureau, a health fair with flu shots and wellness programs – it is a win-win strategy. Doctors know you are in the community, and they get to share their expert knowledge and capture potential new market share.

4. Focus on outreach in the community to create opportunities for additional partnerships and referrals to your centers. For example, join rotaries, chambers of commerce and the Society of Human Resource Managers.

5. Create an employer wellness advisory committee in your center to invite and host employers into your center once per month to simply provide solutions to their pain points, which are rising healthcare spend, low productivity, low morale and increasing turnover. Health, wellness, fitness and onsite activities in your center that promote fun, engagement, team dynamics all wrapped in health can be a great start to increased revenues in corporate wellness activities.

6. Partner with brokers who need points of differentiation to sell their product and who have the pre-established relationships with employers.

7. Embrace partnerships with individuals and organizations to offer a comprehensive menu of services so you do not have to carry all the fiscal burden. For example, partner with local dietitians, social workers and behavioral therapists.



Lindsay Vastola
CEO, VastPotential

There are three challenges currently trending across all silos of the fitness industry:

- Attracting and retaining high-caliber staff
- Capturing the “other

80 percent”

- Integrating wellness offerings that complement core fitness services

To combat these challenges, industry frontrunners are debunking the fitness status quo. To differentiate in a saturated marketplace, attract and retain high-caliber staff, and capture a slice of the “other 80 percent,” these leaders are no longer looking to compete on “better fitness.”

Instead, industry leaders are intentionally and strategically finding ways to reimagine the end-to-end experience for prospects, members, and staff – beyond fitness.

Here are a few stand-out trends that frontrunners are doubling-down on to tackle these challenges while reimagining the fitness experience as we know it:

Wellness with a side of fitness. Data on consumer demand for integrated wellness programs, technology and experiences is convincing. The fitness industry is perfectly positioned to offer integrated wellness services, coaching and guided educational programs that incorporate stress management, nutrition, sleep and well-being as a complement to fitness.

Many of the “other 80 percent” are actively seeking wellness solutions over fitness solutions, presenting an opportunity for clubs to use wellness programming as a means of capturing this market. As a result, they can market and position themselves as a solution for complete wellness and avoid getting lost in a sea of fitness-focused marketing.

Strategic partnerships to ease strain on staff and operations. With the rise of businesses providing complementary programs and services, we will see clubs investing in strategic partnerships to service these add-ons. These partnerships allow the club to leverage the benefits of added revenue and/or efficiency without putting more strain on staff and internal business operations.

Some of these complementary services that fill several gaps include:

- Turnkey wellness/well-being programs and coaching
- Nutrition programs and coaching
- Recruitment and hiring
- Staff training and development

Hyper-focused fitness and health experiences. There are industry frontrunners putting their stake in the ground by focusing on a highly niche audience and/or hyper-focused offerings.

Among examples we’re seeing are integrated medical wellness centers; anti-aging, active-aging and brain health facilities; high-performance athletics and sports conditioning programming; event-specific training; and clubs providing

comprehensive, end-to-end health and wellness services and experiences.

This specificity enables them to provide signature experiences that differentiate in the marketplace, simplify marketing and messaging, and attract fresh talent.

It is imperative that fitness leaders remain creative and constantly reimagine how the fitness experience can have the greatest impact. 2023 will show us that to do this successfully, we must compete on more than just fitness.



Micah Logan
Founder and CEO, MELD
Fitness + Wellness

Every year, it seems a new fitness modality pops up, concepts that put a spin on previous models, refined personal training models, a new twist on large group

training, and the soaring growth of specialty fitness modalities such as boxing, kickboxing and aerial fitness. I'm not convinced that the fitness consumer is tired of the choices being offered, but I do believe that they are looking for more integrated offerings. With consumer debt rising, inflation soaring and the cost of every day expenses going through the roof, fitness consumers will look for offerings that give them more bang for their buck in 2023.

I can see 2023 shaping up the best for fitness operators who balance the scales of service offerings with integrated wellness services such as nutritional programs, recovery memberships or a mental coaching program. The last three years have been extraordinarily stressful for many people around the United States, and they are looking to engage in activities that both ease stress mentally and make them feel good physically. More consumers are valuing a proactive approach to managing their health now than ever before. Fitness and wellness businesses must address this in 2023.

If you own a big box club and don't have any recovery services, now is the time to invest in building out a space that can address this function of wellness for your customers. If you are a boutique personal training studio, adding accountability technology in your studio along with nutritional support will go a long way in addressing the holistic needs of a personal training consumer. For large group fitness concepts, adding ways to be able to address and monitor goal setting in a personalized way with your members will be a boon to your business and retention numbers.



Photo by Getty Images

It really doesn't matter which fitness concept you offer. The biggest trend in 2023 is taking care of the whole person and not just part of them. Fitness consumers want to feel like their mind, body and soul are being addressed now. A [report by McKinsey & Company](#) said, "Many consumers find current wellness products and services insufficient to meet their needs, particularly for sleep and mindfulness." Fitness and wellness company owners must incorporate holistic approaches into their businesses or risk losing consumers to a brand that offers these services.

However, when you partner with a recovery solution, make sure their reputation precedes them and their solution has plenty of scholarly data to support how and why it works. You should roll these recovery and holistic programs into a monthly fee that drafts with their regular dues. The goal is to show them you have one holistic approach to making them the healthiest version of themselves possible. If you make these programs part of your existing structure, you will gain a higher adoption rate with your members.

2023 will offer more opportunities than ever to increase revenue streams and service your members at a higher level.



Mike Stack
CEO, Applied Fitness
Solutions

The United States spends twice as much as all the other industrialized nations on health care (20 percent vs. 8-10 percent). According to the CDC, more than 85

percent of that money is spent on treating chronic lifestyle-related diseases, with one out of every four healthcare dollars going toward diabetes alone.

Costs in healthcare are increasing (more people to treat, coupled with inflationary pressures), and reimbursements from insurers are decreasing because they can't afford the current rates of chronic disease. Rising costs and decreasing reimbursements equal an unsustainable economic model for healthcare systems, and they know it.

At the same time, they know that keeping patients healthy and out of a hospital bed is the only way to be financially viable in the future. This is driven largely by health insurers' transitioning to compensating for quality of care rather than volume of care (the so-called "volume to value" transition). As healthcare systems make this transition, they need partners to collaborate with their providers as a part of multidisciplinary teams to improve patient outcomes.



Photo by Getty Images.

This shift in the healthcare landscape presents a significant opportunity for the fitness industry in 2023. Healthcare providers currently do not have an operational model that includes exercise professionals outside of very specific clinical specialties (physical therapists for orthopedic rehabilitation and exercise physiologists for cardiac rehabilitation).

Although most healthcare providers universally agree that exercise should be a part of all treatment plans for physical and mental health issues, they don't have access to any providers within their systems to execute that kind of prescription. It's almost as if the doctor has written a prescription for a great drug, but there aren't any pharmacies to fill it. Therein lies the opportunity for the fitness industry: We are the

pharmacy to fill the script for exercise.

Clearly, the medical community knows we exist, but broadly speaking, they're currently not referring patients to us. Currently, we lack trust with the medical community (and consumers), but we can change that if we are intentional and strategic about trust building as well as how we approach the collaborative relationship. What follows is a short framework for developing a healthcare partnership.

Find the right healthcare provider. This one is easier than you think. Start with your membership and clients – people who are already in your four walls several times each week. If they're a healthcare provider and they're working out at your facility, it's clear they trust you and they value exercise.

Approach them and talk with them. See what their pain points are as a provider with regard to exercise (more on that below). Ideally, finding a primary care physician who is associated with the ACSM (credential of FACSME after their name) or the ACLM (credential of DipACLM after their name) would suggest an even stronger desire to collaborate, as ACSM and ACLM are two organizations that value exercise. Furthermore, primary care physicians can have more than 1,000-1,500 patients, so even getting one of those physicians to collaborate with you could result in a significant bottom line impact.

Solve a problem for the provider. The way you'll truly build value for the healthcare provider is to understand the pain points in their practice related to exercise and work to solve those. Most of the time, these pain points will be related to either lack of time to counsel their patient, lack of knowledge on how to do so, or both. Whatever the problem they're facing in this arena, seek to understand it first and then offer them something of value to solve that problem (and do it at no cost to them).

Provide resources. In most cases, before providers will directly refer patients to you, you're going to need to prove your competence as an exercise professional. To do so, you can provide the clinician with resources (handouts, videos, sample exercise programs) to provide to their patients, or maybe even provide in-services to their staff. This is a lot more approachable for a physician compared to referring someone directly to you initially.

Develop programs. Healthcare providers don't like to refer to "memberships" or "packages;" they like to refer to programs. An example would be something like the Diabetes Prevention Program. They like the idea of referring to something that has a specific start date (where biometrics can be collected) and then an end date (where collected biometrics can be compared to baseline to assess

clinical outcomes). [Cooper Tracks](#) has some great, turnkey programs for this purpose.

The next evolution. This type of partnership between healthcare and the fitness industry is the next evolution for both sectors. Healthcare needs the fitness industry to safely and effectively “fill” its exercise prescriptions. The fitness industry needs healthcare to transition it from an entertainment-based commodity to an essential part of our public health infrastructure. Those who prepare by taking the steps outlined in this article will be poised to capitalize on this transformative opportunity while dramatically improving the health of our nation.



Ronn McMahon
President and CEO,
Greater Wichita YMCA

If there's one thing organizations in the health and wellness industry have learned over the past three years, it's patience – more specifically, patience with change. COVID-19

isn't going away any time soon, and neither is the changed mindset of the public. In 2023, it will be the ability to think clearly and pivot with purpose to meet the needs of the “new” health and wellness customer that will set growth-minded organizations apart from ones that are transient.

At the Greater Wichita YMCA, we know that our 190,000 members and program participants want flexibility and a mind-body-spirit approach to staying fit. As a nonprofit entity whose mission is to get people moving and connected, we are constantly looking ahead. That was true even pre-pandemic when we first identified members' shifting habits and increasingly mobile lifestyles were affecting the landscape of health and wellness.

Keeping the Y brand relevant has always meant keeping up with the times, and that is what led to the creation of the YMCA360 digital platform. Launched locally in Wichita, Kansas, in 2020, YMCA360 has now been adopted by YMCA associations in 31 states.

The introduction of YMCA360 expanded the people, places and programs of the Y beyond our physical walls, and we knew it was something that would need to evolve over time. That is why YMCA360 was built to be scalable.

What we've learned from YMCA360 is that a digital presence can be a valuable contributor to increased in-person traffic. The future of fitness will be a mix of in-person and virtual.

That finding is supported by a 2022 Wellness Index study of 16,000 Americans from Mindbody, which

states: “Virtual remains a strong acquisition and retention tool. In-person fitness may have returned, but Americans continue to seek out virtual workouts, too. For many, virtual workouts are simply an extension of a brand they're already engaging with. In fact, a quarter of those who participate in virtual workouts do so with the gym/studio they currently attend. Virtual also proves to be a great way to try out new class types. Over a third of consumers started going to an in-person fitness class they discovered virtually.”

Recent additions to YMCA360 have brought the virtual experience inside our physical branches.

New developments include InStudio streaming kits to take YMCA360 into YMCA branches/community locations, increased features such as challenges, select Spanish-language content and a daily livestreaming schedule. All complement a dynamic 1,000+ library of on-demand videos that continue to transform and redefine the way we connect with our audiences 24/7. Beyond group exercise, YMCA360 has grown to provide guided meditation, martial arts, youth sports, creative arts, nutrition and cooking classes, programs targeted to cancer survivors and individuals with Parkinson's, wellness content and much more.

Virtual health and wellness is here to stay, and so is the desire among the public to be immersed in an holistic approach to their well-being.

Change isn't something to be feared, it should energize us all to move past the status quo to provide an experience that goes beyond treadmills. Listening to the people who walk through your doors is the first step; the next is embracing technology and other innovations that will take your health and fitness organization from average to extraordinary.



Sandy Wiedmeyer
Operations superintendent,
RecPlex

In 2023 with the pandemic in the rear-view mirror but not forgotten, we will continue to evolve to meet our customers' wants and needs. It seems

closures and isolation were so long ago, but we are still feeling the effects. Our consumers are not the same, and staying in tune with their needs and wants will be critical in continuing to work on recovering and getting back to where we were just a couple of years ago.

The competitive landscape has evolved with the continued growth of studio boutiques. Larger multipurpose facilities will continue to find new ways

to compete. Finding ways to connect with members is essential to the community feel that consumers find in smaller boutique facilities. Building outlets that allow members the opportunity to connect with others will allow multipurpose facilities to build brand loyalty. 2023 will bring more socialized clubs through niche classes, community social programs, family programs and facilities with socially conducive design – think comfortable seating areas, small group programs that help to foster relationships, more customer touch points and ways to stay connected with the customer outside of the facility walls.

Flexibility in membership terms and length has helped customers to feel more comfortable returning to facilities. We will continue to see more flexible membership options, as customers are still not ready for long-term commitments. Short-term memberships and no contract memberships will allow facilities to be more competitive and drive membership sales. With more short-term membership options, you will see facilities place increased efforts on membership retention and building relationships with customers.

After the pandemic, our customers see our facilities as a means to being healthier inside and out. We will see facilities offering more recovery options, such as cryotherapy, stretching classes, foam rolling, meditation, and more. We will also see data-driven delivery continue to increase. Customers will lean on wearables to provide feedback that guide their behaviors. Customers will continue to focus on not only looking fit, but on feeling well and getting healthier.

With customer shifts in behavior and industry shifts in the competitive landscape, 2023 is the year to look at how you interact with your customers, and how you can fully service their wants and needs. Finding ways to build community within your facility and being flexible to meet demands while staying true to your brand will be key in remaining competitive.



Scott Gillespie
Co-owner, Saco Sport & Fitness, and franchisee, F45 Training

Remember what it was like coming into a bustling facility with happy, uninhibited members and a motivated team? Remember community,

positive energy and predictable profitability? After playing defense for almost three years, I believe it's time to go on offense.

The New Year's resolutions of the first quarter



Photo by Getty Images.

are a foundational sales opportunity for our industry. Since the last two sales seasons have been taken away, I believe we're about to enter the first real sales season in three years. Perhaps the biggest sales opportunity in our industry's history.

Few industries were beaten up as badly as the fitness industry. With almost 30 percent of clubs closing permanently, still being in business is a big win. After three years of being in survival mode, it may not be easy to flip the switch, but to fully take advantage of this opportunity, we need to proactively evolve our thinking and cultures back to fun and growth.

I recently attended a few in-person industry events, facilitated roundtable discussions where I engaged in networking, reconnected with colleagues, met new friends, and learned a ton. I took away three major themes.

There are four general categories of clubs in different stages of recovery.

1. Many clubs in states where the social interventions managing the pandemic were minimal (mostly in the South) are very close to, at or above 2019 membership and revenue levels. These states also historically have strong summer sales, which aligned with the release of restrictions last spring setting them up for a strong summer.

2. The clubs all over the country in markets where other clubs closed are doing well having absorbed customers of the closed clubs.

3. Large, family-oriented and recreation-oriented clubs reported record growth in 2022.

4. Most other clubs reported 60 percent to 85 percent recovery in 2022 compared to 2019. Two factors contributed to where they were in that range. One was geography; the longer clubs were closed and the harsher the restrictions, the slower the recovery. The other was that clubs that

proactively made many changes to improve service, programming and safety, and that communicated those well reported better recovery than their colleagues who simply rode out the storm.

A palpable optimism about the future. Several factors contribute to significant potential growth in 2023:

- A consensus that the pandemic has evolved to an endemic, and more and more sheltered Americans thinking about and re-entering the world.
- The growing awareness of the importance of mental and physical health.
- People have been scared, isolated and ready to reconnect with communities in person
- Inactive and poor eating habits have caused the average American to gain 29 pounds, according to the CDC.
- Winter weather motivates many people to seek indoor options for cold weather activities.
- Those who replaced their pre-pandemic club exercise habits with home gym, outdoor or digital content exercise habits are getting bored exercising alone in their basements.

A collective fatigue among many leaders from the extended stress of surviving the pandemic.

If leadership feels this way, imagine how our teams may be struggling.

These themes beg the question, “How do we maximize the upcoming sales cycle?”

My first thoughts are to help our teams evolve their thinking from defense and lower expectations to embrace growth, optimism and fun. Open a conversation with your staff to help them see the broader picture and potential. Look at current responsibilities for each position, see how they can evolve to be better positioned for growth and energy. For clubs that reduced or eliminated sales teams, this may be the time to reinstate them at some level to take advantage of this opportunity.

Consider proactively re-engaging the four mentalities of former members and customize messaging that speaks to each:

1. Those with new exercise habits outside the club. Build value in community, fun and variety of exercise experiences. Messaging can include phrases such as improved results, community, the positive energy of your club, get out of your basement and reconnect with.

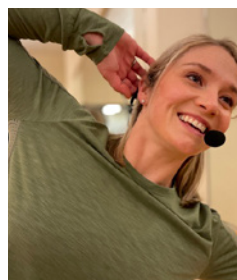
2. Those doing nothing. These people need new programming, support and comfort. Use messaging such as taking back control of your health, physical and mental; the value of support; and fun, community.

3. Those who were too fearful to return.

Continue reassuring them of your improved safety measures.

4. Those who quit long before the pandemic. Consider that your past membership access model did not work for them. They will want new terms (non-contract options) and programming providing support and guidance. Showcase that new programming.

Looking ahead, I believe that the light shining at the end of the tunnel is no longer an oncoming train; it is potential customers wanting to improve their lives. Let's help them get there, and let's bring back the fun. It's one of the many reasons this industry is so great.



Staci Alden
Owner, Alden
Fitness Solutions

Enrollment programs are the secret to making 2023 our year. Enrollment programs are paid programs unique to your facility, progress in intensity or complexity, and they are offered

only for a specific amount of time. The pandemic forced us to evaluate the member journey to keep them safe. Now it's time to re-evaluate the journey and how we offer our programs to keep members engaged and introduce new members to the offerings, instructors and participants they love.

I believe strategic and creative enrollment programs are just what our members and teams need to provide consistency and support heading into 2023.

You're not alone if your facility continues to see private sessions rarely happening regularly, leaving trainers and instructors hanging when there is a long stint of low and unpredictable numbers for no apparent reason. As managers, we want to hire a team that will be successful and accountable, but we also need to work with them to identify ways to recognize and utilize their strengths and passions.

Enrollment programs offer a form of consistency for everyone and allow your team to create and build something they genuinely care about. Your facility may have randomly provided paid programs before the pandemic as something new and different. In 2023, we need to treat enrollment programs as part of our consistent offerings, marketing, retention and onboarding strategy.

For participants, enrolling in a specific program provides increased value by being particular and

having the ability to track improvement and build relationships. In addition, programs with the right formula of time, type and talent can reach specific members during different times of their life: before kids, with kids, after kids, working in the office, working from home, new exerciser, veteran exerciser, etc.

Work with your team to create the names, descriptions, and formulas for these programs, but here are some examples of enrollment programs to consider offering:

Three to four weekend workshop series offering related and progressive long-form workshops.

- Beginners (yoga, Pilates, cycling, suspension training)
- Self-defense and martial arts
- Meditation and mindset
- Foam rolling and myofascial release

Long Form – six- to 10-week programs that offer multiple classes per week.

- Dance
- Children, youth, and teens
- Progressive fitness
- Winter and summer sports conditioning
- Running development
- Boxing

The lists above provide some vague ideas, but it's your job to work with your team to get specific. We must also recognize that the possibilities of how we offer these programs are endless. They can be delivered in person, outdoors, hybrid and online. We can provide relevant resources like a shared document, monthly newsletter or chat group to support what is taught live. We can offer a la carte services that participants can purchase in addition to that program to enhance their experience and increase their success rate.

Create goals and strategies around the enrollment programs you plan to offer in 2023. How many do you want to offer, and how much revenue do you want to make? Then, meet with your team, and strategize what, when, where and how you will offer new enrollment programs. Evaluate and learn each round to continue to improve these valuable offerings in this new world.



Jason Stowell
JCC consultant

Let's start with a hard truth in today's ultra-competitive fitness business market: the majority of fitness offerings can no longer compete in the "generalists" space unless their offerings

are either one of the lowest, if not the lowest-priced facilities/sessions in the area. Studies have shown that when a consumer (read prospective member/client here) is choosing between two potential offerings that appear to be similar in utility and value, the cheapest option wins out. So, if your value proposition sounds something like, "We offer a large, clean, safe, fitness space with the most modern equipment, friendly people and kick-ass classes," then you better also be the least expensive solution because this will not get it done in today's market. Too many players have come into the space and have mastered the high-volume low-price model for you to compete against their marketing dollars.

However, unique experiences and desired health outcomes are invaluable. Now is the time to enhance your fitness business, staff and solutions into the "specialist" and/or "experts" space. With low-priced competitors offering membership dues as low as \$10 per month, your membership rates are now expensive when viewed comparatively. Remember, most prospective members don't want to buy workouts; they want to buy solutions. Pivot your offerings away from saying that your personal trainers can work with anyone in any condition and into messaging around saying that your signature session personal training packages are designed to match people with one of your experts. You can mention that trainer John Doe has a specialty certification in throwing mechanics and performance, trainer Paul Doe was the winningest high school basketball coach in Western Pennsylvania history and can help elevate your basketball athlete to the next levels, etc.



Jason Markowicz
CEO, Fitness Premier
24/7 Clubs

With the start of a new year comes a new wave of opportunities for brands in the fitness space to re-evaluate trends and set goals. At [*Fitness Premier 24/7 Clubs*](#),

we constantly analyze the state of the industry so our company can stay ahead of the curve and proactively cater to what guests want.

We have noticed a number of exciting tailwinds taking place in the fitness sphere that we expect to drive traffic and sales in 2023. But identifying the trends is just the first step of the process. Understanding the "why" behind them and what your business should do to capitalize on them is the real magic for brand development.

One of the most noticeable shifts in the industry as of late is an expansion of what the fitness experience means to people. Traditionally, gyms were exercise-focused and all about working out, but it's becoming much more of a holistic approach. It's not just barbells and burpees anymore; guests are placing more emphasis on comprehensive wellness.

To remain a growing force in the market, [*Fitness Premier 24/7 Clubs*](#)' approach is to find opportunities within this increased focus on wellness as a component of fitness. Our brand is committed to implementing an environment that promotes healthy living for our gym members and for our staff.

Fitness is evolving into more than just workouts. For many guests, fitness means more than just coming to the gym. In addition to wanting to achieve their exercise goals, they are searching for a place that encourages recovery, rejuvenation, mindfulness and a total wellness package. The trends are shifting, and more people are looking for facilities that offer these kinds of embedded solutions and spaces for them to prepare and unwind.

Adapting to these changing consumer sentiments is critical. In many cases, you must either evolve or go out of business. As an emerging franchise, we have always kept our eyes and ears open and been nimble when it comes to evolving.

Leveraging trends to satisfy guest demands. We have always been conscious of creating a holistic space that goes beyond the exercise equipment. We offer recovery and rejuvenation areas with hydromassage beds, recovery booths and a mindfulness room. It's important to us to dedicate space in our locations in response to this growing demand for a holistic approach.

We also have nutritional training and personal

training, and we will be adding a life coaching program to our offerings in 2023.

As a fitness operator, our brand has also explored how we can leverage technology to get members what they want and when they want it, so we launched a new app with programming and digital fitness offerings that members can utilize anytime and anywhere.

Creating a company culture of internal growth. However, the opportunity doesn't stop with customer-facing operations. This increased enthusiasm for wellness is a perfect chance to strengthen the internal system of brands, too. Even while looking at ways to improve member experience and meet their demands, it is equally important to evaluate any areas of improvement within the company's culture.

Make sure there are clear opportunities and a roadmap to growth and success for the staff. At Fitness Premier 24/7 Clubs, we value promoting from within and allowing our team the chance to grow alongside the brand. We take a lot of pride in having people join the management team, be elevated to operating partners, and then graduate to franchisees.

Having a clear purpose and mission for how the company will support its people and engage them professionally and personally is a critical component of success. We host leadership trainings every Wednesday at our office, as well as mastermind groups monthly and executive groups that meet quarterly at retreat-style events in different parts of the country. Strengthening relationships within the company is a significant focus for us in 2023.





Photo by Getty Images.

PERSPECTIVES ON TRENDS IN THE STUDIO MARKET

Perhaps the hardest hit segment of the industry, studios will need to pay attention to several challenges and trends to rebound in 2023.

For perspectives specific to the U.S. studio market, Club Industry asked Julian Barnes and Nt Etuk, co-founders of the Boutique Fitness Solutions, as well as Josh Leve, founder and CEO of the Fitness Business Association and its SUCCEED! family of virtual conferences, to weigh in. Following are their thoughts on what to watch.



Julian A Barnes
Co-founder and CEO,
Boutique Fitness Solutions
Nt Etuk

Co-founder, Boutique Fitness Solutions

This fall, we conducted a survey of 250 boutique fitness studio owners throughout the United States and Canada to determine how the industry has changed since we published our 2022 State of the Industry in summer 2022. We learned that while the top three business challenges confronting studios remain unchanged, the industry



is nevertheless growing and recovering. Survey respondents were overwhelmingly studios with three or fewer locations (81 percent) located in 31 states

representing cities, suburbs and rural communities and included 16 modalities, the most popular of which were yoga, Pilates, barre, strength training, personal training, HIIT and indoor cycling.

The top three business challenges and our recommendations for addressing them are:

Client acquisition. This has been the top challenge for studios since the pandemic began, and it is exacerbated by the fact that during the boutique fitness industry's Golden Era from 2014-2019, many studios did not have to develop a sales culture or sales processes that yielded a consistent flow of new members because, during that time, the boutique fitness industry was the fastest growing segment of the fitness industry (as reported by IHRSA) and many studios had a naturally high demand for their services.

Unfortunately, those days are gone. Today, successful boutique fitness studios have implemented sales processes that involve every member of their team from the front desk associates and instructors to the managers, executives and owners. This doesn't mean that everybody has to sell, but rather that each member of your team should know her role in the sales process. For example, your front desk team should understand that any inbound inquiry is a lead, and they should be trained to capture the person's contact



therefore, drives your retention.

Another retention strategy is adopting frequency-based auto renewing memberships such as four-class, eight-class and 12-class memberships. The key here is that these memberships auto renew each month regardless of whether the member has taken all of the classes that month. In our survey, 70 percent of the profitable studios had recurring memberships, and we recommend that studio owners adopt this business model in 2023.

Developing a growth strategy. Many studio owners have told us that the growth strategies that worked for them pre-pandemic are not generating the same ROI today, which is understandable since the business environment today is markedly different from three years ago. From persistent inflation to the increase in the number of people who work from home to the impact of “the Great Resignation,” today’s studio owners must develop new strategies that account for these changes.

As we stated in our 2022 State of the Industry, Darwin’s theory regarding evolution applies to studio owners as well: “The survivor is the one that is able best to adapt and adjust to the changing environment in which it finds itself.” Although each studio owner will have to determine what this means for their business, we encourage studio owners to be bold, daring and innovative in trying new things and implementing new practices.

Avoid being beholden to old ways of conducting business because that’s the way you have always done it. Now is the time to trust in the basics but take calculated risks with how you deliver your services, how you consider launching a new product (perhaps consider adding recovery services), implement new business practices and form new partnerships. As the Latin proverb states, “Fortune favors the bold.” To read the full survey, visit our homepage at BoutiqueFitnessSolutions.com

information and enter it in the studio’s CRM. The manager should develop a sales nurturing process for that lead. The instructor should be trained in the hand-off and hand-back process with the front desk. And everyone should be involved in delivering a premium experience to both new and existing clients alike.

Furthermore, just like elite performers such as Beyonce, Lebron James and Tom Brady practice and rehearse their craft consistently, so too must your team practice these sales strategies via role playing to ensure that they become routine habits that are executed flawlessly.

Bonus recommendation to grow your lead count: consider advertising on Tik Tok, which has surpassed its rivals in ad revenue in 2022 and whose viewership is two times that of Facebook and Instagram.

Client retention. According to Dr. Paul Bedford of Retention Guru, the primary driver of retention is visits. The most effective ways to drive repeat visits at your studio is by implementing two simple practices:

1. At the end of class, train instructors to ask, “Who will be here with me next week?” and encourage clients to raise their hand
2. Train your front desk staff to encourage your clients to book their next class before they leave your studio.

This combination of public commitment to a behavior and preventing your clients from having to decide for themselves when to return drastically impacts the client’s likelihood to follow through and,



Josh Leve
Founder and CEO, Fitness Business Association

Every year, the fitness industry is flooded with a wave of new technology, gadgets, equipment, terminology, and ways to feed the public a sense of connectivity to make working

out more engaging, fun, social and accessible.

All of this innovation complements the journey of a consumer into fitness whether at home or in-person. And if it gets the 80 percent of the public not working out to start working out, regardless of

whether at home or in the gym, it's a win.

Yet coming out the pandemic, the industry changed forever. In-person fitness experiences didn't go extinct the way some theorized. We didn't become the arcade industry of yester-year.

What blossomed instead was opportunity for the most forward-thinking. A new breed of fitness entrepreneurs emerged (the "virtual studio" from one's basement became a real-life business opportunity), and the social connectedness of being in-person was missed more than we ever could have imagined.

Now as we head into 2023, we're an industry more adept to change. And although we still market fitness for the fit a bit too often, in my opinion, the reasons some brands came out of the pandemic on top and are now thriving can be broken down to two on-going trends.

Service. I heard recently that customer service is the new battleground in fitness. Every facility can have great equipment and programs as well as technology to better connect members, but the glue that keeps it all together and keeps retention high is the service and experiences.

When I ask my colleagues in the industry, what makes their business great at what they do, I'm met with an array of answers:

- They love each other and members like family
- The passion of their team serves as fuel
- Their fitness team boasts a "servant's heart"
- They clean obsessively as a team and repair urgently, no matter the cost

The fitness consumer will never leave if they've built a strong relationship with the facility or the trainer, instructor or coach. As one studio owner put it, "Our customers know we care about them, and they also care about us."

Experiences. "What makes you stand out?" At every conference I speak at, I ask the audience what makes them stand out, and what they are known for. I then ask follow-up questions to get a sense of their "only's," meaning what they offer that is unique in their market, such as the only studio that offers childcare or the only studio that has Friday night wine socials.

In today's highly competitive market, you can try and jump off the cliff and figure it out on the way down (an old entrepreneur adage), but those who are truly thriving are those who provide experiences to their clients that are exceptional.

These experiences begin from the start – a system of regular contact, hand-written thank you notes, a process to remember important milestones both through their training and personally.

Going above and beyond will win out every time. The most successful brands train their clients to know they'll be hearing from them. They inform, support and invite to new opportunities and challenge clients when necessary.

You can't compete solely on the new wave of technology, gadgets, equipment, terminology and sense of connectivity that makes working out more engaging, fun, social and accessible. Why? Because all of that is accessible to everyone. You must be unique and different, and that is done through experiences.

In the end, this industry isn't about us or the software, equipment and everything in-between. They are all a conduit to how we all make the clients and members feel about themselves. Because without them, we have nothing.



Photo by Getty Images.



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LATIN AMERICAN FITNESS IN 2023: CONSOLIDATION, PROFESSIONALIZATION AND FORMALIZATION



Guille Velez
Chief editor and co-founder,
Mercado Fitness

In 2012, I had the chance to interview Luiz Urquiza, CEO of the Bodytech Group, one of the biggest health club operators in Brazil. When I asked him how

he thought our sector would evolve in the coming years, Urquiza answered with just three words: consolidation, professionalization and formalization.

A decade later, I can confirm that his predictions were correct, and I would go even further: in the coming years, the gym sector in Latin America will be increasingly formal; it will have a much more professional management and the large operators will grow even larger.

My thoughts for 2023 on these three areas:

Consolidation. The gym sector in Latin America is still predominantly fragmented into small operators with just one or two sites. However, the large club chains are gaining greater notoriety and presence, especially in large cities, where finding good locations encourages them to expand by buying existing gyms.

Faced with this phenomenon, some medium-sized operators choose to merge to resist the onslaught of larger chains. On the other hand, franchises, especially in the studio and low-cost segments, are gaining relevance as a faster path to expansion, under the protection of recognized brands, and, most interestingly, with capital provided by third-party investors.

Professionalization. Historically,

professionalization has been talked about in Latin America as it relates to fitness trainers, who often are made up of former athletes and fitness fans. They have an enormous entrepreneurial spirit, founding brands with a lot of passion but little or no education and little or no experience in management. Instead, they have learned through trial and error how to professionally manage their companies.

Today, however, the increasingly competitive environment of Latin American clubs and studios includes public companies trading on the stock market, private investment funds and health club leaders who have experience in more mature industries outside the fitness industry. This change means there is no longer room to improvise on the management side. The professionalization of management is a must that companies will have to face.

Formalization. As often happens with the most immature sectors of the economy, the gym industry in Latin America has so far given fitness entrepreneurs the opportunity to keep an important part of their businesses in the informal sector, thus improving their profit margins. But today, maintaining that advantage is increasingly unlikely.

The sector is gaining notoriety in the media and with the medical community and politicians, and it now has greater relevance for society as a whole. Because of this, governments are watching its evolution more closely and will want more control over the industry and will expect that its different actors contribute to their coffers by paying more taxes.



Photo by Getty Images.

FITNESS INDUSTRY DESIGN TRENDS TO WATCH IN 2023



Bruce Carter
Founder and CEO,
Optimal Design Systems
International

In 2023, the health club industry will continue to recover and rebuild from the shock of the unprecedented COVID era. Here are some design trends we will see in 2023 and beyond.

Social distancing design update. During COVID, many designers in a variety of industries, such as hospitality, retail, and restaurants, were predicting new permanent design parameters, such as layouts that allow for social distancing, would be here to stay. Fortunately, that fever has waned, so health clubs in 2023 will not have to think about keeping all equipment and furniture 6 feet apart. However, cramming as much as possible into a space is a thing of the past. Also, for all new builds or renovations, it would be

wise to incorporate new mechanical systems that provide for safer/cleaner air, so that if a COVID-like situation ever happened again, a club could quickly communicate that it already has air filtration systems in place.

Rising construction costs. In 2022, construction costs were up 20 percent to 30 percent due to inflation and material shortages from COVID-related issues. Costs likely will not decrease in 2023 and may even increase. It takes a collaboratively focused effort by owners, architects/designers and contractors to get more for fewer dollars. Solutions include prioritizing what expenditures are more needed than others, especially those that will have a direct impact on sales and retention. In addition, you can minimize custom items in your design. Also, it is more important than ever to get competitive bids from contractors with a track record of building projects that come in on budget. Detailed plans make for a better bidding process and will minimize change orders. Owners need to stress to

contractors to have a solid lead time awareness on construction materials, lighting and finishes.

Recovery offerings. Recovery options will continue to grow in 2023 focusing on physical, mental and spiritual health. Space for stretching and cooling down is a must, but other options, such as hydro massage, cold therapy (in the form of pools, chairs, or cryotherapy units), relaxation pods, red light therapy, IV therapy, compression sleeves, and even massage guns, will increasingly find their way into clubs. More club operators will add separate income-producing recovery areas. In adding a recovery space, it is best to make a focused design commitment (400 square feet or more) that has a beautiful and soothing “spa-like”

environment. Specialty lighting, sound-insulated walls and semi-privacy between units, such as panels or sheer curtains, are recommended.

Continued rebirth of strength training. 2023 will see a continued rebirth of strength training and functional training. Cardio is strong, but usage is down. Machines are and will always be popular, but free weights, multipurpose power racks, platforms and multi-purpose cable units are growing in popularity, especially among Generation Z and Millennials. And within this 18- to 40-year-old group, women will be using free weights and racks more than ever. So this continued trend offers an opportunity for new club design and renovations. More space for these areas is a good idea even if it may mean less space for cardio and machines.

Free weight and functional training areas should no longer be just a space in the back of the club but should be “wow” spaces. Combining spaciousness, dynamic lighting, accented flooring, eye-catching branding, large graphics and specialized finishes will make your facility more competitive and in demand in your marketplace. This applies to larger clubs and smaller studios.

Unisex locker/bathroom areas. Unisex locker/bathroom areas have been gaining popularity in smaller studios and will find their way into larger clubs in 2023. A common locker area combined with private bathrooms, showers and changing rooms saves space, rent costs and construction dollars. It also provides even more privacy with private bathrooms and changing rooms. The key is to make the area attractive and easily visible.

Dramatic lighting. More focus on LED lighting will be a growing trend for clubs. Lighting is the single biggest design change in club environments and can add drama, excitement and even relaxation. Lighting options include cove, colored, theatrical, pendants, sconces and LED strip lighting. Always install them with a dimmer so the light levels can be controlled as desired.

Instagrammable “selfie” walls. One thing that Gen Z and Millennials love is social media posting. Make sure to have your brand and name as a key part of a very visible Instagrammable wall – maybe a neon club name. If you do this, it will get used and add to your marketing.

2023 is a pivotal year for clubs. People are still needing healing from COVID because the fear, stress and lack of physical activity during COVID linger. Therefore, opportunities abound for club operators to create environments that are welcoming, exciting and inspirational.



Photo by Getty Images.

MAXIMIZING OPPORTUNITY FOR YOUR HEALTH CLUB IN 2023

BY MYZONE

As 2022 comes to an end, operators and companies around the globe are making plans for 2023, identifying new challenges and setting goals. There is an overwhelming sense that a transition from 'defense' to 'offense' is occurring, and what has been a pattern of survival is now shifting to maximizing opportunity while remaining efficient.

Issues such as quality staffing or inflation may lie ahead. However, operators are less focused on reducing the customer acquisition cost, and they are more focused on optimizing the lifetime value by increasing their offerings and extending their engagement with members.

For 2023, it's all about maximizing opportunity. Here are three examples of how you and your facility can best do this.

1. Interact and engage with your member's wellness journey

When we reviewed the effect of simply "liking" and commenting on workouts within our app, we found that these simple actions have extensive benefits on consumers' workout activity.

Why does this work? Habits are formed via trigger > action > reward, and this is exactly what happens when you recognize a member's workout achievements. They exercise based on a personal trigger. Then, after they finish, you reward them with a 'like,' comment or similar. The faster a reward is introduced for an activity, the greater the likelihood of that activity taking place again.

Several CRM or membership systems are in play today, so how are you and your staff using these tools to engage with your customers' wellness journey? This is a low-cost way to extend the lifetime value of your members.

2. Use technology to drive small group training

During the past six months, the sector's biggest problem was staffing issues. This was widespread throughout the industry but was particularly acute for trainers, instructors and coaches. When the pandemic hit and this group was no longer accessible, the content and class programming often disappeared as well.

Many facilities are now reinventing small group training while struggling to find quality instructors

to consistently deliver this content. Technology is an ideal solution for this problem, providing consistent content at any time of day, delivered by any staff member (or even without a staff member).

Products that offer videos designed to be deployed in facilities allow your staff to create classes involving different modalities, durations and, most importantly, intensity prescription. Doing so provides a consistent class and allows coaches to focus on motivation, guidance and engaging with a member.

3. Encourage members to exercise their way

Finally, members are continuing to exercise outside of your four walls. We track nearly four million workouts every month. Prior to shutdowns in March 2020, nearly 63 percent of workouts occurred within a facility. More than two years later, that number has not recovered, with approximately 43 percent of workouts occurring within a facility. The majority of workouts remain outside of your club, and that's not something to be scared of.

Again, technology is a solution here, as it can support you in engaging with members no matter where they are or what they are doing. Instead, lean into having the ability to respond to and encourage their journey in all locations so you can keep members engaged and loyal.

As we look toward 2023, facilities and teams across the globe will be seeking to optimize and maximize their tools and resources to capture the love and loyalty of their members.

BIO

Myzone is a hardware, software and wearable platform that supports and motivates everyone in being more physically active, building a community and increasing member engagement. The Myzone ecosystem rewards effort not ability, with immersive fitness that gives your members results they can see. Based on accurate heart-rate technology, this allows you to build a supportive community that keeps your members coming back for more.



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MINIMIZING HEALTH CLUB STAFFING CHALLENGES IN 2023

BY DAN DURAN, VICE-PRESIDENT OF CONTENT AND PARTNERSHIPS WITH THE INTERNATIONAL SPORTS SCIENCES ASSOCIATION (ISSA)

Staffing health clubs is more challenging now than ever. Why is that, and what can you do about it?

In 2021, more than 47 million Americans quit their jobs. It can't all be blamed on the COVID-19 pandemic. According to the [Harvard Business Review](#), people began quitting their jobs prior to the pandemic, and during the peak of the pandemic in 2020, the number of workers voluntarily leaving their jobs decreased. However, as the pandemic began its downhill curve in early 2021, resignations spiked, according to the [Bureau of Labor Statistics](#).

Many factors play into resignations, including retirement, relocation, reconsideration, reshuffling and reluctance.

According to [Pew Research](#), the top 10 reasons employees left their jobs were:

1. Pay was too low
2. No advancement opportunities
3. Felt disrespected at work
4. Childcare challenges
5. Lack of flexibility on working hours
6. Lack of benefits such as insurance and PTO
7. Desire to relocate
8. Working too many hours
9. Working too few hours
10. Employer required a COVID-19 vaccine

Sixty percent of people who left their jobs and have a new job are making more money, according to [Pew Research](#).

"[Quiet quitters](#)" is a term describing workers who do only what is required. That's hard to understand for people raised to do whatever is required to get a job done. This difference in thinking isn't wrong, just different, and it is largely caused by an increasing rate of [employee burnout](#). The intention of quiet quitters is not to shirk going above and beyond but to send a message to employers that workers want improved opportunities for growth and a better work/life balance.

A recent [Pew Research study](#) found that 22 percent of currently employed people are very or somewhat likely to look for a new job in the next six months, and those who feel they are in a poor financial situation are twice as likely to jump ship for more pay. However, a [McKinsey & Company](#) survey found that number to be higher, saying that 40 percent of Americans who are currently employed say they may leave their jobs in the near future.

Logic suggests that if you are having trouble with staffing, you may not be providing what those who left wanted nor do you have what job hunters are seeking.

Now what? Consider these ideas to address the main reasons employees leave:

Better pay. The purpose of a business is to gain and retain clients, and to make money. Often, the last option we want to pursue is paying employees more. However, research shows that fitness club operators must offer competitive pay to even get a candidate to commit to an interview, let alone hire and retain them.

Benefits. Offering health insurance and PTO can seem daunting due to the many part-time employees we have. Consider creating more careers in your facility that enable you to offer benefits. Benefits also include investing in personal and professional development. This leads to a culture and vision of growth that employees want.

Create an all-inclusive vision for growth. When interviewing, hiring and onboarding a new employee, explore their long-term career goals. Map their goals to opportunities in your facility, including moving into entirely different positions, such as from childcare worker to food and beverage manager. Assure team members that you are committed to their growth and follow that up with action.

Don't settle for insanity. The definition of insanity is doing the same thing over and over again expecting a different result, the saying goes. You must become a pioneer in the space of fitness career creation. We are in this business to make the world a better place through health and wellness. We can't do it alone, so step out of your comfort zone to attract a strong team.

BIO

Dan Duran is the vice-president of content and partnerships with the International Sports Sciences Association (ISSA). He has over 27 years of experience in training and training management, including being a health club owner and the fitness director for two large multi-use health clubs where his teams grew revenue exponentially. ISSA is the world leader in fitness professional development and offers over 27 certifications and specializations as well as a proprietary personal trainer recruiting program. Duran can be reached at dduran@issaonline.com.



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THE ONE TREND THAT MATTERS FOR 2023: SEAMLESS DIGITAL INTEGRATION

BY FITNESSONDEMAND

That headline for this article is not exactly true. Many trends will shape your club's business prospects in 2023: staffing shortages, member retention and member workout trends that boom, fizzle and fade in a guaranteed cycle.

But no trend is more important to growing your business and improving member experience – the critical driver of club success – than smart digital integration into every facet of your club's operation. From optimizing class schedules and instructor availability to extending your club's reach and engaging members wherever they work out, seamless integration of digital content, capabilities and technologies into the operations of your club will be essential in 2023 and beyond.

Understand the Scale of Digital for Your Business

The numbers don't lie. Although the overall fitness industry is estimated to grow at a rate of around 8 percent, digital fitness is growing exponentially faster at a CAGR of more than 49 percent to reach a market value of somewhere around \$80 billion by 2026. Add to this the growth in consumer fitness wearables (\$132 billion by 2032), the rise of fitness apps (82 million users in the United States) and the estimated \$1 billion valuation of the fitness industry, and it's easy to see how digital has far surpassed the lightning bolt moment of 2020. For every club member, it's an expected, accepted part of the way they all want to work out today.

Although adopting and growing digital fitness technologies throughout your club's operations may, for a decreasing number of operators, seem like a nice-to-have bonus for members, it's actually an essential step in future-proofing your business far beyond the trends of 2023.

Creating a Tech-Forward Club Environment

What should be done about this trend to be successful? You may already have installed some form of on-demand fitness capability in your club, but the smartest operators are now building immersive, tech-enabled fitness environments for the future.

Building this kind of environment and business model involves three things that will dramatically improve member experiences (and retention) in 2023 as well as pay financial dividends in the long run:

1. Embracing the new easy-install, digital fitness hardware platforms that can bring virtual fitness classes out of dedicated digital studios and into your club's multifunctional spaces as part of daily workouts.
2. Integrating on-demand library access for in-club

and at-home members with streaming functionality for livestreamed events and classes.

3. Building a tech-supported experience from initial front desk check-in to app-based scheduling to virtual one-on-one training sessions or consultations with fitness staff.

Using Integrated Digital Fitness to Drive Revenue

Generating revenue from tiered memberships may be common practice, but with finite square footage – and membership caps – that revenue stream will dead-end. Nor is it easy or inexpensive to build and scale to attract new members and revenue. It costs an average of \$25 per square foot to fully equip a gym, with many operators allocating 10-12 square feet per member. And if clubs have an average membership of 1,000-10,000 members, that's a cost of \$250,000 to scale per 1,000 members.

Digital scalability – and generating revenue – is far easier. We'll likely see a growing trend among clubs to develop or acquire more on-demand content and make varying levels of classes and workouts available based on membership tiers and pricing – creating inducements for upgrades. We can also expect the addition of pay-per-play fees for new content packages and special streamed events and digital fitness to create highly scalable opportunities.

Wearables and Individualization as Part of Everyday Workouts

As fitness and health continue to converge in the coming years, data will also become essential to every club's daily management and growth. Wearables that today provide heart rate, blood pressure, calorie burn and steps will soon function more like athlete tech: tracking stroke rate, ground contact and form. This will enable tech-savvy instructors and trainers to adjust classes and programs for each individual and identify member performance issues for additional, fee-based coaching.

The end result? More personalized health experiences for members and more digitally enabled benefits to provide and monetize for clubs.

BIO

Fitness On Demand is a delivery platform of virtual fitness. Since 2011, its services have allowed customers around the world to economically deliver premium fitness programs to their users. It offers programming and services designed to optimize space, streamline operations and offer unparalleled variety. Contact the company at 877.474.0505 or info@fitnessondemand247.com.



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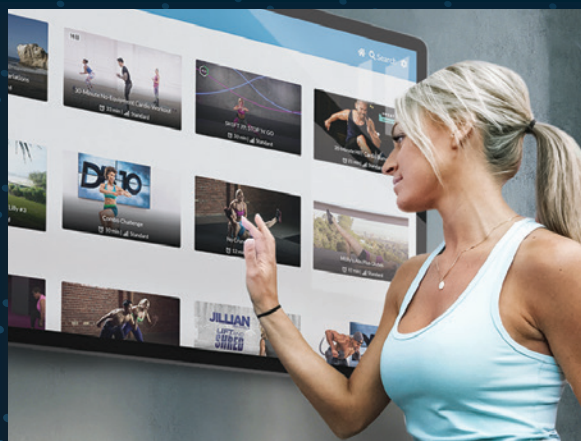
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FINDING THE BALANCE BETWEEN DATA COLLECTION AND HUMAN CONNECTION

BY KHAL RAI, COO, ABC FITNESS SOLUTIONS

Few can deny how the customer experience in the fitness industry is changing, driven by recent technological advancements and increased access to customer data. But does one have to be data-driven and wired to technology to maximize this evolving customer experience? What about the traditional human connection our industry is built on? Does it have to be one or the other?

This past spring, I spoke at IHRSA about how there will always be a place for the human touch, and these connections will be further enhanced by the acceptance of technology. COVID-19 accelerated this shift as club operators explored solutions to allow them to maximize the benefits of data. I also focused on what the future holds and how club operators can maximize both data and human connection to advance their businesses.

COVID was a major factor in the adoption of technology by club operators in our industry. Prior to COVID, I would score our industry's embrace of technology as a three to five out of 10. Today, I would put our industry in the five to seven range. Why the change?

First, the technology appreciation and adoption cycle were driven by necessity as the industry realized that fitness will be experienced inside and outside of the walls of a club. With the pandemic eliminating much of the in-club presence, club operators needed to find ways to engage with clients wherever they might be. Technology and data were crucial tools to forge this connection.

Additionally, retaining and attracting members will always require continuous engagement and outreach. This is just a marketing and sales reality within the industry. This can be done with a personal touch, but to scale this engagement and outreach to maximum success requires technology to make it efficient and cost effective.

Despite the experience during COVID, some club operators have been slow to embrace data-driven technology. Humans are creatures of habit, and change is difficult. Another factor delaying the shift is that the industry as a whole and the vendor community in particular could do more to educate and share the value of technology and software

in terms of return on investment, total cost of ownership and benefits to the operators' customers.

You do not have to be a technology expert to have technology work for you and your business. Embrace the opportunity and ask your solution provider to map it for you. Focus on the "what," not the "how." For example, what are some key, high-value questions that you are looking to get answers to? Prioritize looking for those answers accordingly and begin using technology and data as part of your solutions.

What does the future hold and how should operators be prepared to adapt to it?

Over the next few years, we will see the emergence of predictive capabilities to drive improved member engagement and retention. Although it will be technological and data-driven, it will require closer collaboration between staff and members on a more systematic and frequent basis, thus making the human connection still essential.

There will always be a place in our industry for the personal touch. After all, we are in the people business. Data via technology will enhance those human connections with insights that improve engagement between staff and members, yielding better member retention and subsequent business results.

BIO

Khal Rai is COO of ABC Fitness solution where he applies expertise from his career in healthcare and technology to develop insightful strategies and solutions that position ABC Fitness Solutions and its clients for future success. Previously, Rai served as the president and CEO of SRS Health, a software and services company in the healthcare industry. He joined SRS in 2014 and was instrumental in creating the company's vision and strategy. ABC is the premier provider of software and related services for the health and fitness industry. Founded in 1981, ABC helps nearly 19,000 clubs and facilities in 116 countries boost financial performance, operate efficiently and deliver exceptional member experiences. Learn more at www.abcfitness.com.



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