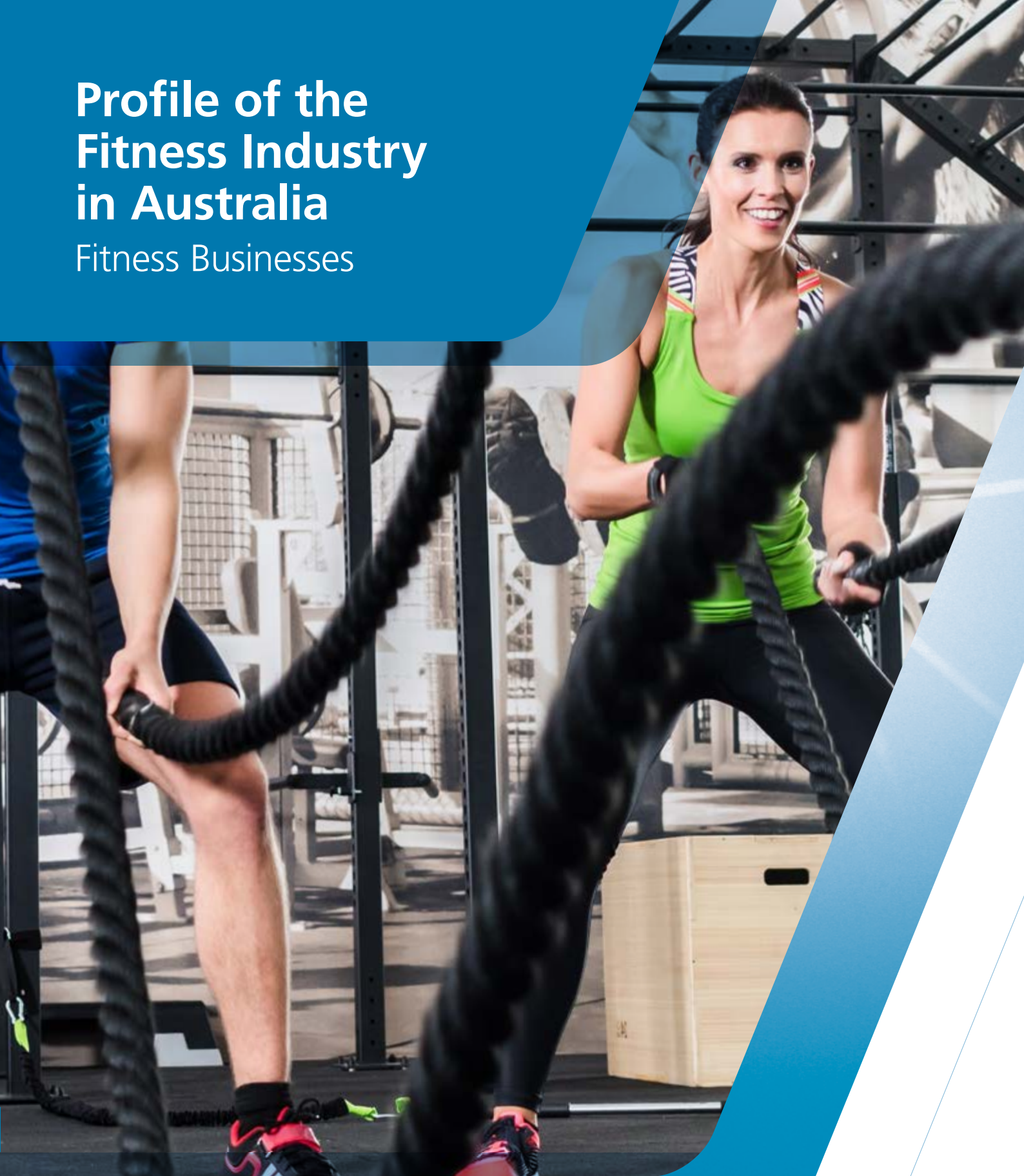


Profile of the Fitness Industry in Australia

Fitness Businesses



Fitness Australia®
THE HEALTH & FITNESS INDUSTRY ASSOCIATION

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Fitness businesses in Australia

The most recent figures available from the ABS show that between 2000-2001 and 2004-2005, the number of fitness centres and gyms in Australia grew from 667 to 824, while income grew from \$294.3 million to \$679.4 million, with profit almost doubling from \$16 million to \$30.3 million. The survey from which these figures are drawn is conducted irregularly, but may occur again within the next few years.

Since this time, all published estimates are of a far larger industry:

- The Australian Fitness Industry Report 2012 reported the number of fitness businesses in Australia at 2,557, with 1,290 registered with Fitness Australia (50%).
- Business Review Australia reported 2,856 gyms and fitness centres operating in Australia in 2013, and that industry was predicted to grow to \$1.3 billion in that year.
- An IBISWorld report on the Australian fitness industry published in July 2015 estimates 3,356 fitness businesses. This is an increase of 18% from their estimate of 2,834 fitness businesses in January 2014 (IBISWorld Industry Report R9111, Gyms and Fitness Centres in Australia, January 2014).
- These same reports estimated the revenue of these gyms and fitness businesses in Australia to be \$1.3 billion in 2014, and \$1.0 billion in 2015 – it is important to note that these estimates of revenue do not cover personal trainers operating independently of gyms or fitness businesses, and thus the revenue of the industry as a whole is likely to be higher than these estimates.

Figure 2.0: Estimates of numbers of gyms/fitness centres in Australia

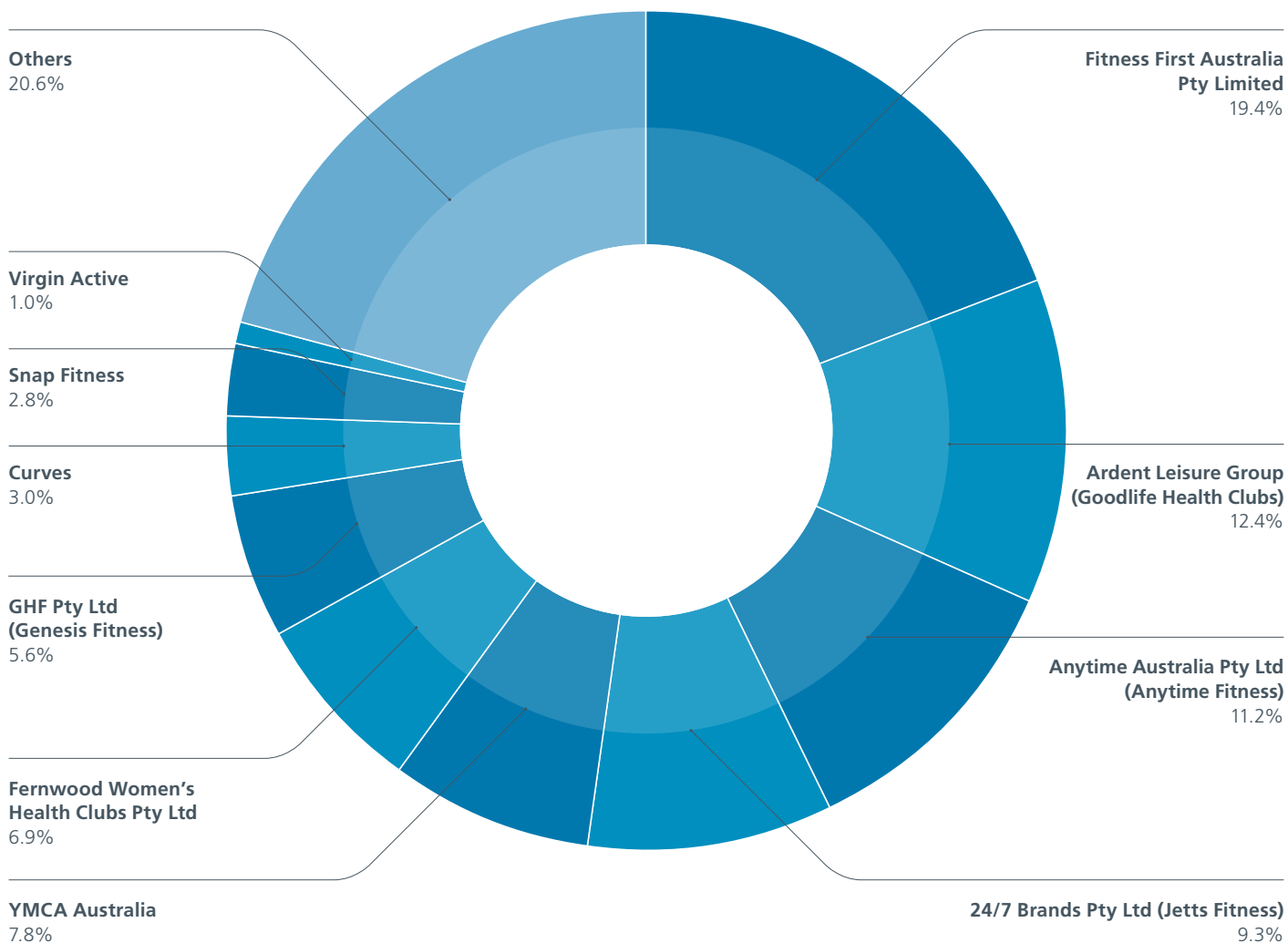


Source:

1. ABS 2005, *Sports and Physical Recreation Services, Australia* (cat. no. 8686.0), *Australian Fitness Industry Report 2012, Business Review Australia 2013*
2. www.businessreviewaustralia.com/leadership/153/Australia's-fitness-sector-sees-growth-in-the-billions
3. www.ibisworld.com.au/industry/default.aspx?indid=658

In 2014, full-service operations Fitness First and Goodlife Health clubs were estimated to make up almost a third of the market share of gyms and fitness businesses at 19.4% & 12.4% respectively, with 24-hour operations (Anytime and Jetts) making up 20.5%. The remainder of the fitness business market fall to smaller, more niche, chains and businesses.

Figure 2.0b: Estimated market share of fitness businesses in Australia in January 2014



Source: IBISWorld Industry Report R9111, Gyms and Fitness Centres in Australia, January 2014

Fitness business operations

The following section draws heavily on responses to the 2015 survey of fitness businesses & Sole Trader Businesses registered with Fitness Australia regarding their businesses expenses and income.

Costs

Staff wages made up the largest single component of costs to fitness business in 2015, followed by rent. For sole trading businesses, rent and equipment purchases were the largest share of their costs.

Income

Annual business incomes were varied among fitness businesses; the most common estimation of income was \$100,000-\$500,000 per annum. These businesses estimated that approximately half of their income came from membership fees, with a quarter coming from personal training income.

For sole trading businesses, the majority reported income of under \$100,000. Their primary income source was personal training income. (Refer figure 2.1)

Memberships

Fitness businesses were divided between small, medium, and large gyms – 18% had under 100 members, 24% 100-500 members, 18% 501-1,000 members, and 30% 1,001-5,000 members. Only 6% had more than 5,000 members.

The cost of memberships was also highly variable. Most commonly fitness businesses charged between \$601-\$800 for annual membership, 27% charging less, and 22% charging between \$801-\$1,400. Ten per cent of fitness business reported charging more than \$1,400 per year. (Refer figure 2.2)

Marketing and recruitment

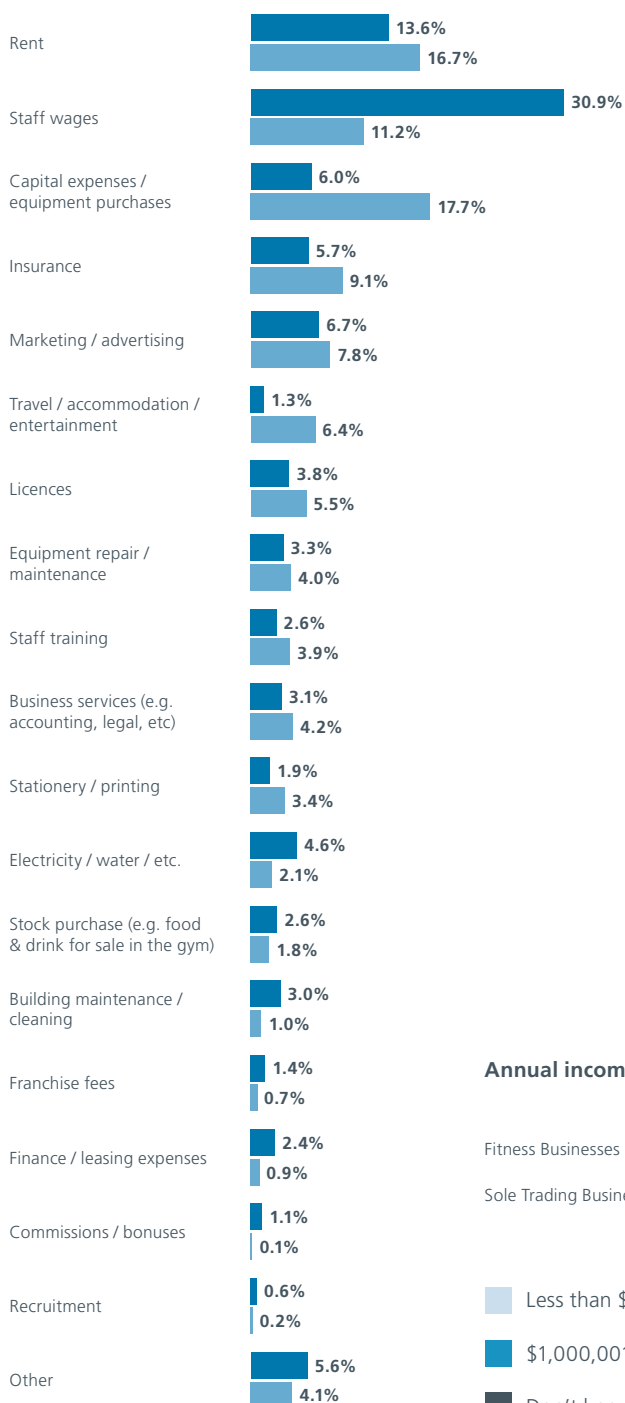
Word of mouth from existing members and clients and other fitness professionals are the channels through which personal trainers perceive most of their clientele to be coming. They credit advertising with generating new business to a far lesser extent. Walk ins are seen as happening more often for fitness businesses rather than sole traders, no doubt due to greater visibility of fitness businesses as opposed to sole traders. (Figure 2.3)

Both gyms and personal trainers attribute only about 10% of their clientele to social media contact. This is an avenue that may grow in coming years as fitness businesses become more social media savvy, and technological advances facilitate online interactions.

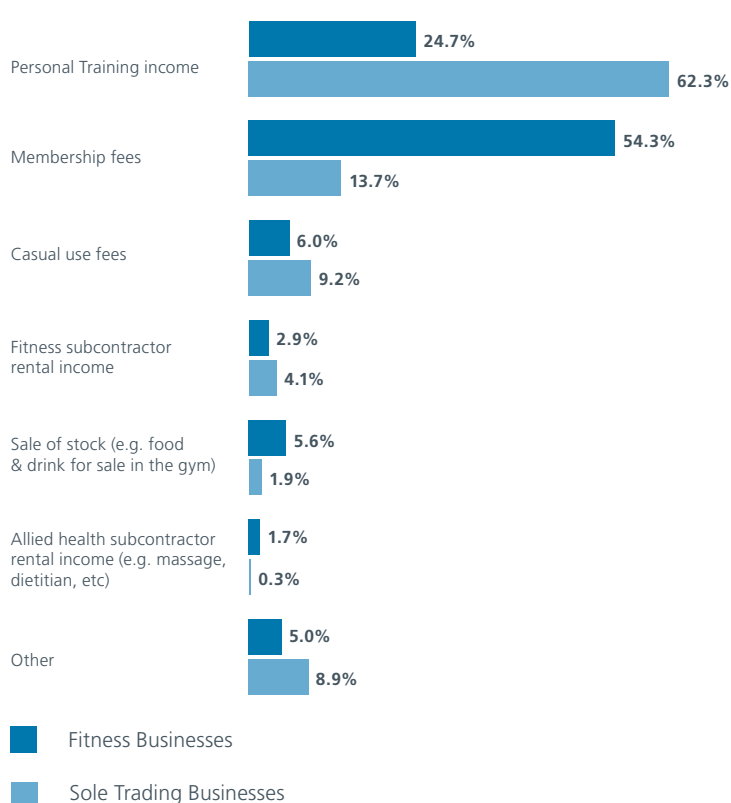
Expenses and revenue for fitness businesses and sole traders

Figure 2.1: Sources of costs and revenue for fitness businesses and sole traders operating gyms

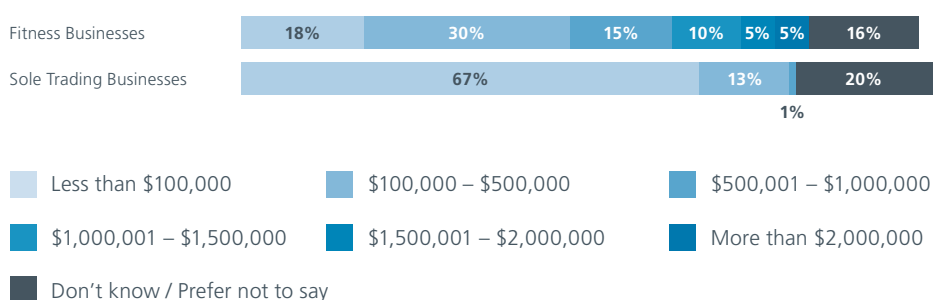
Proportion of costs incurred from...



Proportion of income from...



Annual income of businesses

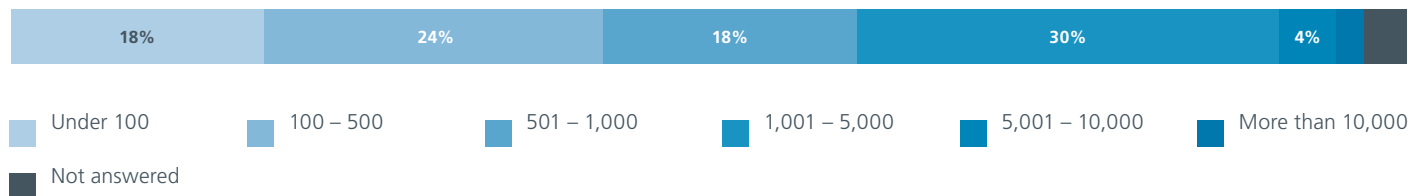


Source: Fitness Australia survey of registrants (2015)

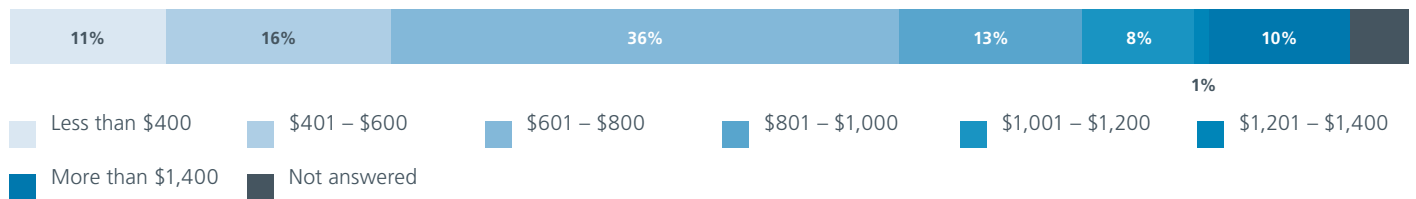
Gym membership

Figure 2.2: Membership and cost of membership

Number of members



Cost of annual membership



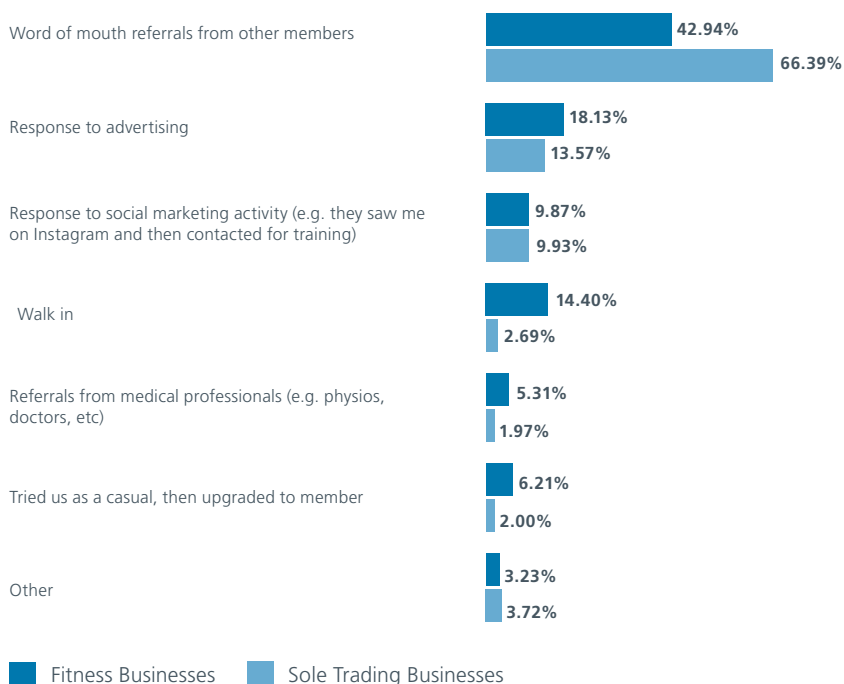
Source: Fitness Australia survey of registrants (2015)



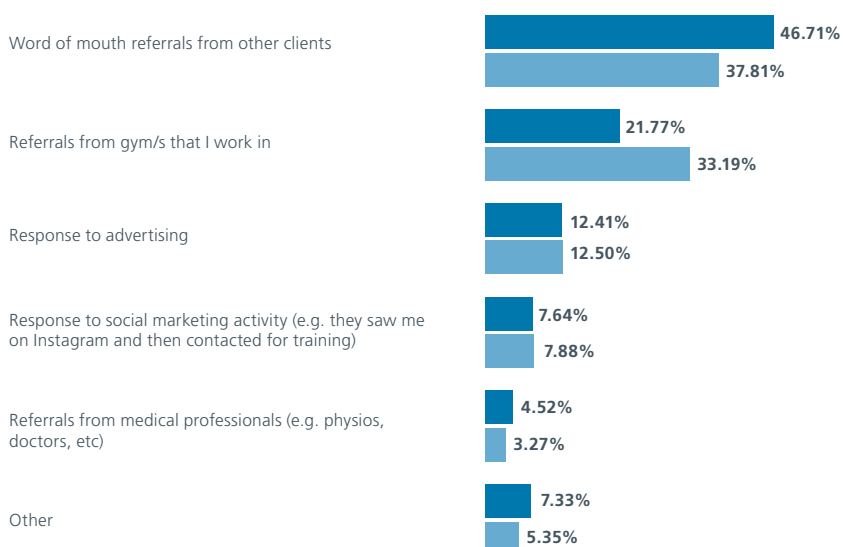
Recruitment of clientele and membership

Figure 2.3: Recruitment of new members/clients

Proportion of gym members recruited via:



Proportion of personal trainer clients recruited via:



Source: Fitness Australia survey of registrants (2015)

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