

Covid-19 emergency in the US: 10 billion dollars lost in a few months and over 700,000 jobs at risk in the fitness sector according to an IFO survey.

- *It is estimated that in the US, due to the Coronavirus health emergency, the economic loss of the fitness sector will amount to over 10 billion dollars by the end of the summer. With over 700,000 thousand jobs at risk, according to the data that emerged from the research of IFO (International Fitness Observatory), this sector calls for real structural interventions. Over 40% of clubs believe they will no longer have the resources to survive the crisis for over 3 months.*
- *In the meantime, gyms have reorganized with online fitness activities for members and 79% provide workouts in streaming.*

August 18, 2020: The fitness and sports industry represents an important reality in the US economy. IFO (International Fitness Observatory), in collaboration with Egeria company, carried out a research coordinated by Dr. Paolo Menconi, President of the Observatory, involving over 7,400 clubs in the USA.

A leader in the sector internationally, in 2019 the fitness sector in the USA was constantly growing with about 64 million club members and with total revenues of about 35 billion dollars. This is a market that still had ample room for growth but has now entered its most dramatic moment.

Here are some data on the clubs. 35% have a size under 5,400 sq ft; 22% between 5,400 and 11,000 sq ft, while 14% between 11,000 and 22,000 sq ft and 29% over 22,000 sq ft.

Consequently, there are numerous fitness centers (39%) with fewer than 500 members and customers, while 32% have more than 2,500 members.

The majority of clubs/gym have a long-standing history: over 74% have been in the business for more than ten years, 13% between 5 and 10 years, 7% between 2 and 5 and 6% have less than 2 years of life.

For those who want to join a club, the choice of the type of subscription (daily, monthly, half-yearly, annual, etc.) varies considerably.

However, many clubs have sold short-term memberships and only 49% of clubs have more than half of the customers with an annual membership, sign of a financially fragile market.

Corporate: less than 46% of gyms have agreements or partnerships with companies or with the world of health. It is interesting to note that clubs that have signed agreements with companies consider them very useful and want to develop them (84%).

As for gym management the model is very broad. In fact, 24% of gyms do not have a reception desk and 34% have more than 5; almost 63% do not have a business consultant while 20% have more than 5.

Sports technical staff: 69% of clubs have between 1 and 5 Tool Room Trainers; only 19% have more than 10. As for Group Courses, 50% of clubs have between 1 and 10 Group Course Instructors; 27% between 11 and 30, 23% over 30.

Over 45% of gyms say they spend less than \$ 30,000 monthly on staff. While 25% more than \$ 100,000 monthly.

Covid-19 crisis is having a strong impact on the fitness sector and the numbers provided by the clubs from the beginning of the crisis until late summer show the estimate of the loss to easily exceed 10 billion of dollars.

Paolo Menconi, President of IFO, says: *"The results of this research indicate that the fitness industry is in a very difficult and unprecedented time. We should not forget this is a sector that has a fundamental social role for the psycho-physical well-being of people and it is able to offer good deals for any budget. It should be protected with serious and concrete structural actions, both for employees and for customers, making it able to get back on its feet and continue to look ahead to the future."*

Over 70% of clubs believe that the measures taken so far by the Institutions are not sufficient to support the sector. Among the main measures they suggest the following:

Non-refundable/non-repayable economic loans for the sector (66.15%); Other forms of support/compensation/facilitation for damage caused by force majeure for the closing period. (62.09%); Suspensions for a defined time necessary for tax duties and bills for the supply of electricity, gas and water (59.59%); Possibility to access subsidized credit and guarantee/solidarity funds for the liquidity necessary to support the recovery in the coming months (52.06%); Issuance of urgent measures for the Sector regarding social safety nets (Redundancy Fund), access to credit, suspension of mortgages, etc. (49,34%).

If the situation is difficult for everyone, the economic ability to withstand the crisis is different: 35% do not know how long they will be able to survive, 21% claim to have autonomy for 2 months. 40% of clubs may not make it in 3 months. In the fourth month of stop, the risk is that over 45% of the clubs won't survive. Only 20% of clubs say they have the financial resources to last for five months.

Thanks to technology, in this period clubs have reorganized allowing their members to follow fitness courses. 79% offer streaming workouts and 48% recorded online video courses. In addition, over 75% of the centers have put in place periodic sanitation procedures in all areas of the structures.

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** Methodological note*

1 June 2020 - 20 July 2020 is the period in which the Survey was carried out. 7,479 clubs in the USA received the questionnaire. 1,327 opened the email and started answering the questions but then did not fill in some answers of an economic and organizational nature on their Club, while 208 answered anonymously the questionnaire of 29 questions, with an average completion time of 7/8 minutes.