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**PORTER FIVE FORCES ANALYSIS ON THE EXAMPLE OF
“MISS FITNESS” CLUB**

In this article the assessment of a chain of Russian fitness clubs "Miss Fitness" opportunities according to Porter five forces analysis for the purpose of increasing the competitive capacity of clubs is carried out: threat of new entrants and substitute products or services, bargaining power of customers (buyers) and suppliers as well as intensity of competitive rivalry are analyzed.

Keywords: fitness-club, competitiveness, market.

The chain of fitness clubs "Miss Fitness" has quite an extensive range of offered services: aerobics, a gym with specific instructions and testing, drawing up an individual program of trainings, cosmetic services, massage rooms, a sauna and a solarium, swimming and so on. The club entered the market in 1989, and now it has 4 subsidiaries in Moscow - Tsaritsyno, Maryino, Sokolniki, and Shchelkovo. The purpose of the article is to increase its competitiveness. To assess the possibilities of the club, the article contains Porter five forces analysis of this chain (pic.1).



Pic.1. Porter's Five Forces

1. Threat of new entrants

a. Barriers to the entry into the industry

High costs for a purchase or a lease with all communications, appropriate equipment (step platforms, gymnastic balls, weight, velosimulators, etc.), salaries for professional and qualified instructors, administrative barriers refer to this group. [4, p. 73]

b. Brand loyalty

Talking about fitness clubs, this factor mostly depends on a geographical location of the club. People generally choose clubs which are situated in the immediate locality of their accommodation/school or university/workplace. Each subsidiary of "Miss Fitness" is situated in a seven-minute walk from the subway and has a lot of regular customers. It is conditioned not only by a convenient location, availability of a parking lot, but first of all, a key aspect is that this is a chain of women's sports clubs with a very relaxed atmosphere, excellent professional staff, pleasant music. Women's club is a perfect start of fighting against your complexes, you have nobody to feel shy before and it is not necessary to play any role - you can be yourself. As a result, efficiency factor of training is much higher. Therefore the club found its fans at once. A wide range of services, their quality and prices also play a significant role for consumer loyalty. "Miss Fitness" is focused on people with average level of income, the cost of unlimited club visits during six months makes about 10-12

thousand (in comparison to "Marcus Aurelius" club where the cost of trainings for half a year fluctuates from 18 to 22 thousand rubles or to "World Class" club with the cost of 20 000 rubles for six months). However, not everyone can afford to pay for an extensive range of services. There are many fitness clubs with "specialization" (for example, yoga fitness centers, etc.) as well which can press some competitors.

c. Unavailability of sales channels

The new entrants into the branch will have to fight for equal access to sales channels, look for their regular clients that can entail additional expenses.

If the communications of sports clubs which function in the market of the fitness industry in Moscow are very strong, it will be much more difficult for new entrants to enter the market. Well-known large fitness clubs, such as "Marcus Aurelius", "Miss Fitness", "Alex fitness", have rather strong sales channels, on the assumption of the quality of provided services, professionalism and pleasant location. In this case it will be quite problematic for new competitor clubs to enter the branch.

d. Economy of scale production

It is impossible to replace the service of a professional instructor with any equipment in fitness clubs. The coach develops an ideal scheme of trainings for every person taking into account the features of their organism, precisely doses weight bearing, watches you doing physical exercises. It almost completely protects against possible risks connected with overstrain and injuries, mistakes and failures, supervises your pulse and pressure, determines an optimum feed system for you. It goes without saying that at present time some fitness clubs practise self-dependent trainings of clients on cardiovascular machines for aerobic activity, which are capable to take the pulse and which contain a built-in program for self-trainings. However, you should not forget that such trainings can be traumatic. It is also important that a person loses interest very quickly, doing the same exercises for many days while a training program with a personal instructor will be multifarious and various, it is not only the work oriented towards achieving a concrete result, but pleasant rest for your soul as well. Network fitness clubs reach a certain effect of scale production: they ask the sports equipment suppliers for the discounts; they are engaged in personnel training independently and centrally, carry out master classes and theoretical lectures on the basis of their headquarters. [2, p. 16]

e. Competitors' resistance

Fitness clubs which have already existed for some time will offer a considerable resistance to appearing competitors. It will be shown both in a price, and nonprice form. It will present pressing problems for new entrants in the fitness industry.

2. Threat of substitute products or services

a. Plastic operations

The plastic surgery is very popular nowadays. This service is much more expensive in a price aspect, but the result is better and faster. Some people consider that it is much simpler to make a liposuction, than scrupulously and hard work out in the gym for a year or even more or limit themselves in food. However, you should not forget about a serious risk and unpredictable consequences for your health.

b. Beauty shops, the usage of cosmetics

In spite of the fact that now plenty of fitness clubs offer the services which are similar to beauty shops (including "Miss fitness"), after all the majority prefers beauty shops to fitness clubs as the last ones specialize, mainly, on sports activity, instead of offering cosmetic services. The usage of autosuntans or rejuvenating creams with a figure-correcting effect can also be referred here.

c. Special Internet portals, applications for smartphones

In our opinion, these services are a strong competitor to fitness clubs. Many people believe that it is possible to do physical exercises independently at home, and what is more, free of charge, using online videos which are placed on the Internet portals and contain a complete training program and a visual explanation of the correct way to do the exercises. However, it is hard to compare it to individual lessons with a personal coach taking into account the criteria of efficiency. At home nobody supervises your technique, a person distracts on secondary affairs (phone calls, etc.), besides when you are in the fitness club, your time and forces are considerably saved and positive emotions after the communication with masters of sports are added.

d. Seasonality

Fitness clubs are mostly visited in autumn and winter time, rather than in spring or summer. In summer outdoor activities in the open air are more preferable and it contributes to clients' refusal of attending sports clubs as well as using some additional services (for example, solariums).

e. Other methods

The matter concerns the usage of electric training simulators, taking tablets or drinking special tea for a weight loss, making injections with stem cells for rejuvenation, etc.

f. If the club provides a range of services, appearance of the enterprises which specialize in rendering any single service will be dangerous

So, there is a swimming pool in "Miss fitness" located in Shchelkovo. A person who wants to attend only swimming lessons is more likely to enroll in the pool, instead of attending a one attached to a fitness club. The same thing concerns a cafe bar in the subsidiaries in Maryino and Sokolniki as well.

3. Bargaining power of customers (buyers)

The number of clients of "Miss Fitness" clubs is rather high: at present time it makes approximately two hundred members in the subsidiary in Tsaritsyno, but as a whole their impact on the market is really weak: the clients

generally behave themselves independently from each other and buy only a paltry amount of services. The buyers do not interact with each other and cannot influence on the quality, prices as well as the other conditions of sales in coordination. [5]

But, in our opinion, even the club's single clients can put competitive pressure upon fitness centers. Any buyer of services represents a certain value for a fitness club, however if a rival club has a similar range of services and the same prices, a client can pass to it without considerable losses for themselves. A fitness club should make some concessions to keep clients in this situation.

Consumers' brand awareness about a chain of "Miss Fitness" clubs plays an important role. The billboards all around the city, effective advertising on the Internet, a detailed site, celebrity endorsement (V.E.Turchinsky), the edition of own sports magazine "Fitnessfactor", free master classes and workshops conducted by the instructors of the club and festive tables, dancing marathons - all these components certainly help the client make a choice in "Miss fitness" favour.

4. Bargaining power of suppliers

The equipment suppliers are likely to sign contracts regarding the sales and equipment repair with eminent and large chains of fitness clubs more willingly. However, the suppliers in the fitness industry are the small companies: the competition between them is fiercer than between fitness clubs. Therefore it is more favorable for them to command economically adequate and reasonable prices for a large number of the equipment. [1, p. 39]

It is also essential to consider that any delays or malfunctions in the deliveries of the necessary equipment can seriously undermine a proper functioning of a fitness club (the clients come to have classes, but a new audio system has not delivered yet, and the old one has broken or the instructor needs to give a lesson, but there are still no gymnastic balls available, etc.) It is necessary to try to choose a reliable supplier with a good reputation in order to reduce the risk and to avoid unpleasant situations.

So, as we see, bargaining power of suppliers exerts certain pressure upon the fitness club, but this influence is insignificant. [3, p. 43]

5. Intensity of competitive rivalry

The intensity of competitive rivalry of fitness clubs in the fitness industry is carried out as both on price and nonprice basis. As the authors have already noted, a lot of things depend on the geographical position of a certain club and its chain development (if the chain exists). For example, "Miss fitness" concedes to "World Class" gym in a geographical aspect, and to other chains of fitness clubs, which have a high number of subsidiaries not only in Moscow, but also in other cities, etc.

According to the model of Porter's Five Forces (pic. 1), the value of this factor is mainly determined by the influence of four above-mentioned factors.

Sizes of fitness clubs are rather small; respectively barriers to the fitness industry entry are quite nonstrict. The clients are loyal to the brand, so a level of competition for the fitness club goes down, and such competition is nonprice.

However, there is also an extensive variety of substitute services (direct and indirect), i.e. the extent of competitive rivalry is much higher.

It is possible to refer to competitive advantages of the club the issue of its own sports magazine "Fitnessfactor", the existence of a small shop with sports food (protein, L-carnitine, etc.), and also a fitness bar focused only on healthy lifestyle.

In our opinion, each fitness club regardless of a level of competition has to develop a successful strategy which will provide leadership over its competitors and will strengthen the positions in its clients' opinion. Because of quite a high level of competition in the fitness industry, "Miss Fitness" club has to hold its positions with the aid of expanding the range of services as well as their quality improvement.

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