

INDUSTRY PROFILE

Fitness Equipment

2/14/2011

SIC CODES: 3949

NAICS CODES: 33992

Industry Overview

The US fitness equipment manufacturing industry consists of about 100 companies with combined annual revenue of about \$3 billion. Major companies include Cybex International, ICON Health & Fitness, Life Fitness, Nautilus, and Precor. The industry is **concentrated**: the top five companies account for more than 50 percent of revenue.

COMPETITIVE LANDSCAPE

Demand is driven by consumer income and demographic trends. The profitability of individual companies depends on unique product designs and effective marketing. Large companies have some advantages in **brand recognition**, but small companies can compete effectively by building unique products.

PRODUCTS, OPERATIONS & TECHNOLOGY

Major products are motorized treadmills, stationary bikes, stair climbers, rowing machines, and elliptical "cross-trainers," collectively called **aerobic** exercisers; and weightlifting machines ("strength training"), and traditional weightlifting equipment ("free weights" and benches). In addition, there are a large number of ancillary products. This equipment allows individuals to exercise by themselves in a limited space. The two major market segments for fitness equipment are the **home** and the **institutional exercise equipment market** (including health clubs, corporations, apartments, and hotels). The home market is by far the largest and has grown significantly in the past decade. Products are made and marketed separately for the two segments.

Products for **home use** are mainly treadmills and exercise bikes. **Cost** is a primary consideration, so home equipment is generally built with lighter materials, as it is rarely used more than one hour per day. Products sold to **fitness clubs** include a wide range of equipment, with treadmills, exercise bikes, and stair climbers being among the most popular. Weightlifting machines and "free weights" appeal predominantly to men. Since a typical club owns dozens of pieces of fitness equipment, initial cost is a major consideration, but since equipment in a club is used very intensively, **durability** is even more important. A club treadmill or exercise bike may be used more than 12 hours per day, 7 days a week. Accordingly, equipment sold to clubs is more sturdily built and costs more than that sold to the home market. However, consumers are beginning to demand equipment that is similar in feel to the sturdier equipment in use at commercial gyms.

Most fitness equipment consists of a mechanical portion that provides resistance to a muscular activity, and an electronic portion that interfaces with the user that allows resistance adjustment and provides a wide variety of information about the amount of exercise the user gets. **Treadmills** consist basically of a motor and a wide belt stretched between two rollers and supported by a deck. Because they absorb greater force from individuals running on them, treadmills must be built more sturdily than bikes and stair-steppers. Exercise bikes, ellipticals, and stair climbers use sprocket chains, pulleys, ratchets, and a variety of resistance mechanisms. Weightlifting machines consist mainly of levers, pulleys, and weights.

Although large companies may have more than one production facility, most manufacturers have a single production plant that includes metal fabrication, plastics molding, and welding and painting operations. Handling metals, plastics, and paints means that environmental issues have to be addressed. Manufacturers hold patents on various features of their equipment, and new fitness equipment is constantly being developed to build more efficient machines that produce better results or desirable features.

The Industry Overview is an excellent way to ensure you make the right first impression, with minimal time invested.

USE IT TO:

- Quickly grasp how an industry operates.
- Adapt your sales process to fit your customer's buying process.
- Understand the competitive environment.
- Stay abreast of applicable government regulations.
- Cite relevant statistics in a targeted email to a prospect or customer (see sample email at the end of the report).
- Accelerate new hire development time and lower your training costs.

Recent Developments

Stay connected to your prospects and customers by communicating with them about timely developments that affect their business.

USE IT TO:

- Forge stronger relationships by forwarding a relevant article with a note saying, "Thought this might be of interest to you."
- Print out a relevant article as a value-add leave-behind after a prospect or customer visit.

INDUSTRY INDICATORS

US corporate profits, an indicator of the ability of corporations to purchase fitness equipment for employees, jumped 26.4 percent in the third quarter of 2010 compared to the same period in 2009.

US manufacturers' shipments of miscellaneous durable goods, an indicator of demand for fitness equipment, rose 6.3 percent in January 2011 compared to 2010.

US retail sales for sporting goods, hobby, book, and music stores, a potential measure of fitness equipment demand, increased 2.9 percent in the first two months of 2011 compared to the same period in 2010.

MONTHLY NEWS

[Think space, budget and goals before you design a home gym](#)

The Patriot-News, 20 February, 2011, 529 words

With so many options for staying fit, getting a great workout doesn't have to mean spending money on a gym membership or expensive equipment. With increasingly hectic lifestyles, home gyms are more popular than ever. Convenience is the ...

[Fitness equipment being installed at S.A. parks](#)

San Antonio Express-News, 24 February, 2011, 622 words

Now, working out in San Antonio's parks will be even easier for residents hoping to get a health boost. Fourteen parks and five libraries either have received or are getting outdoor fitness equipment stations. Earlier this week, city ...

[Fitness machine firm on a steady jog // Octane Fitness of Brooklyn Park is having a smooth, stable run despite the recession, hiring nine people last ...](#)

Star-Tribune, 28 February, 2011, 1121 words

Special to the Star Tribune When fitness industry veterans Dennis Lee and Tim Porth founded Brooklyn Park-based Octane Fitness, they didn't set out to build a better elliptical trainer. They wanted to make the best, the sturdiest, ...

QUARTERLY INDUSTRY UPDATE

Cybox Loses \$66 Million Product Liability Case - A jury handed down a \$66 million verdict against fitness equipment manufacturer Cybox International in December 2010, according to Penton Insight. The suit was brought by a physical therapy assistant who was injured when a Cybox weight machine fell on her, making her a quadriplegic. Product liability is an ongoing concern for fitness equipment manufacturers. Under the ruling, Cybox is responsible for 95 percent of the award, though it may collect 20 percent from Amherst Orthopedic, where the accident occurred. Cybox's available insurance coverage for the claim is less than \$4 million. The company plans to appeal the verdict.



Business Challenges

Engage your prospects with solution selling by first understanding their pain points, thanks to the knowledge you glean from Business Challenges.

USE IT TO:

- Present your solution as a way to make their life easier by overcome frustrating obstacles.
- Improve ROI by matching the message to the customer.

CRITICAL ISSUES

Demand Subject to Fashion - Fitness equipment manufacturers have had to contend with relatively rapid changes in consumer preferences. The popularity of various equipment types has changed over the years: exercise bikes were once the most popular aerobic fitness equipment, followed by rowing machines. Now treadmills and elliptical trainers are the mainstays of most gyms. Manufacturers must combat workout boredom with new features and new designs.

Technology Knowledge - Technology development is a driving force in the fitness equipment industry. Consumers demand enhancements through systems that reduce impact, monitor heart rate, and deliver better performance metrics. While mechanical expertise is necessary, new experiential and operations technologies will drive future growth. Fitness equipment manufacturing is dominated by large companies such as ICON that have more capital to allocate to R&D, which leads to quicker and more dramatic improvements in product design.

OTHER BUSINESS CHALLENGES

Competition from Imports - Foreign sports equipment makers, especially from China, have taken a greater share of the US market. The high labor content of exercise equipment favors manufacturers with low labor costs. Despite a drop in demand for imported equipment due to the recession of the late 2000s, foreign competition will likely rebound as the economy strengthens.

Strong Dependence Upon Distributors - Most equipment for the consumer market is sold through sporting goods chains like Sports Authority or mass merchants like Sears and Kmart. However, because fitness equipment is bulky, these large customers may carry only a limited selection. Online retailing has become an important sales source, along with sales through television infomercials.

Dependence on Access to Fitness Clubs - While the retail at-home equipment market is an important demand driver for fitness equipment, new products are frequently introduced first into fitness clubs. New technology is frequently tested in the commercial marketplace, providing critical information about popularity and effectiveness. It then often migrates into the consumer retail market at a more affordable price point.

Raw Materials Costs - The profitability of manufacturers is dependent upon the price and availability of raw materials. Companies are vulnerable to commodity price fluctuations as well as disruptions in the supply chain. Additionally, steel and other metals, electronic components, and plastics and other molded parts may be sourced from a single supplier, further pressuring the supply chain.

Trends & Opportunities

Identify avenues of growth in Trends & Opportunities, positive possibilities that prospects and customers might miss if they're overly focused on day-to-day management of the business.

USE IT TO:

- Get prospects thinking about growth opportunities that justify investing in your product, instead of a cost-cutting defensive mindset.
- Leave a high-impact voicemail (see sample at end of report) for a customer or prospect.

BUSINESS TRENDS

Specialized Equipment - Fitness equipment manufacturers are producing more specialized equipment for separate fitness market segments. Manufacturers often produce models for distinct market segments: commercial health clubs, low-supervision facilities, and home use. Some homeowners with home gyms are providing a market for heavy-duty equipment that mimics commercial gym equipment.

Partnerships with Clubs - Manufacturers have a high stake in club member satisfaction and strive to provide the equipment that boosts retention. Some manufacturers partner with clubs, spas, and other commercial businesses to help set up and maintain their facilities. Manufacturers provide input into customer needs and offer turnkey systems and solutions.

Health Club Membership Increasing - Many people find that the variety of equipment and social setting of a health club make exercising easier than if done at home. About 30,000 health clubs and other recreational sports facilities operate in the US. Employment in health clubs is expected to grow more than 25 percent between 2006 and 2016, according to the Bureau of Labor Statistics.

Older Population Growing Rapidly - More physically active than their parents, baby boomers are turning to fitness equipment that is less stressful on their bodies than running or playing tennis. Older members tend to gravitate toward machines and classes that are easier on the aging body, such as the treadmill, recumbent bike, free weights, yoga, Pilates, and low-impact aerobics. Manufacturers must start targeting special equipment that provides a safe exercise program to prevent falls for elderly Americans.

Used Equipment Sales - To capitalize on the vast numbers of Americans who buy new fitness equipment according to the latest exercise trends and end up not using it, fitness equipment retailers are offering buybacks, trade-ins, and consignments of older equipment. Some retailers also offer commercial trade-ins, allowing fitness centers to keep their equipment up-to-date. The impact of this emerging trend on manufacturers is uncertain, as those selling used equipment are also most likely to continue to buy the newest equipment, while those who buy used equipment are less likely to buy high-end new equipment.

INDUSTRY OPPORTUNITIES

Improved Electronics - To differentiate their products among competitors, manufacturers have added electronic features that engage the user. With prices already in the thousands, adding a few hundred dollars to add cutting-edge electronics can only help sales of treadmills and exercise bikes. Elaborate electronic displays showing exercise statistics are now standard on most aerobic fitness products like treadmills, exercise bikes, and stair climbers. New models have Internet connections, built-in audio guides, and display screens.

Increasing Obesity Among Americans - With a greater number of overweight Americans, demand for fitness equipment should stay high during the next decade. Treadmills are the equipment of choice for those trying to lose weight, because the exercise can be started at a low level. Manufacturers can reach out to sedentary adults by using advertising images and equipment designs appealing specifically to them.

Private Communities Offer Fitness Amenities - Upscale apartment complexes and gated communities offer hightech workout equipment and wellness centers complete with professional staff. The square footage allotted to fitness amenities is a selling point to residents, with more communities offering indoor and outdoor spas, aquatic centers, and sports facilities. Community planners are positioning their communities for youthful-minded residents pursuing an active lifestyle.

Executive Insight

Impress decision makers with an understanding of the roles, responsibilities, and challenges of the executive team with Executive Insight.

USE IT TO:

- Identify the correct decision maker so you don't waste time selling to the wrong contact.
- Understand the decision maker's individual needs so you can tailor your presentation to show how they will personally benefit.

CHIEF EXECUTIVE OFFICER - CEO

Achieving Leadership in Key Products

In a largely fragmented industry, many companies strive to differentiate themselves. Companies generally specialize in an area such as cardiovascular equipment, weight machines, cycles, home gyms, or aerobic equipment. Companies invest in developing features such as electronic monitoring and displays to differentiate their products, and spend heavily to tout the benefits of that training and machine. Once a brand has been established, the company uses the brand to pull through other equipment.

Creating Strategies to Focus on New Fitness Demographics

New demographic groups are interested in exercise and fitness that the industry historically hasn't serviced. As Americans become more concerned about obesity and health issues, such as heart problems and diabetes, physicians are recommending increased activity and fitness levels as part of the treatment for these and many other health concerns. Companies offer an increased number of products for women who increasingly are interested in fitness and good health, and equipment designed for older consumers who want to maintain a fit and active lifestyle.

CHIEF FINANCIAL OFFICER - CFO

Financing Acquisitions

Because fitness equipment companies find it difficult to expand into new product lines, they often branch out via acquisition. Consolidation among fitness equipment manufacturers had been considerable as companies expanded their market or product base or improved their distribution efficiencies. Mergers are typically completed through exchanges of stock; acquisitions are typically financed with debt.

Financing Club Purchases

Fitness centers generally finance the more durable expensive exercise equipment made for clubs. Fitness centers depend on serving the changing demographics of their locale, but because of heavy debt loads many banks won't finance additional club fitness equipment. Some manufacturers offer purchase and lease financing programs to health clubs for either new or used equipment. Sales financing is either directly by the manufacturer or the manufacturer arranges it through a third party.

CHIEF INFORMATION OFFICER - CIO

Supply Chain Management

CIOs must manage the raw materials that go into the manufacture of their fitness equipment. Steel, plastic, foam, and other products must be sourced and delivered to the factory as efficiently as possible to avoid waste and to ensure that the right materials are available during the manufacturing process. Supply chain management operations are also responsible for quality, productivity, and other measurements that affect a company's productivity.

Slashing Costs While Building Infrastructure

IT departments are not recession-proof. Companies cut budgets and fire workers, and CIOs must continue to build technology infrastructure with fewer resources. CIOs must educate themselves on the latest technology that can help them maximize their services at a minimal cost.

HUMAN RESOURCES - HR

Recruiting Specialized Personnel

With computerization and customization of much fitness equipment, manufacturers have specific engineering and consulting needs that never before existed. Companies hire software engineers to design the computer screens and graphics now embedded in many machines. Firms hire fitness consultants to train retail store personnel and large fitness center staffs on the machines' operation and minor maintenance. Companies offer specialized workers complete benefit packages including wellness evaluations and monitoring.

Administering Employee Performance-Driven Compensation Plans

With only average wages, many companies have established performance-driven bonus plans based on both company and individual performance standards and objectives. Salespeople and product development engineers who are critical to companies' success are incited with bonuses that personnel departments oversee. HR professionals set realistic goals, so that bonuses are neither out-of-reach nor automatic.

VP SALES/MARKETING - SALES

Innovating Products with Style

Users become bored with fitness equipment and their exercise preferences change. Fitness customers demand that stylistic features be added to equipment, including different machine controls and monitoring functions. Companies add such innovations as a way to differentiate themselves. Product and design innovation are key to growth.

Offering Specialized Equipment

Because many companies have the same product offerings, the main differentiators are price and features. Many fitness equipment manufacturers are making more specialized equipment for particular segments as a way to command brand presence and dominance. Cybex introduced separate treadmills for distinct markets in hopes of further promoting the product line in both the home and fitness club segments. Other manufacturers design equipment for older adults, children, or overweight users.

Call Preparation Questions

The silver bullet in your arsenal, Call Preparation Questions are carefully designed conversation starters (with answers) for your sales calls.

USE THESE QUESTIONS TO:

- Gain instant rapport by engaging the prospect as a fellow industry “insider”.
- Create a veritable sales “playbook” by leveraging the call prep questions in combination with the industry overview.

EXECUTIVE INSIGHT what is this?

CEO: How does the company differentiate itself?

Companies invest in developing such features as electronic monitoring and displays.

CEO: What strategies does the company have to adapt to changing demographics?

The aging population and increasing obesity provide new product possibilities.

CFO: How might the company be impacted by more acquisitions in the industry?

Consolidation of fitness equipment manufacturers has been considerable as fitness equipment makers find it difficult to expand within their specialty.

CFO: How does the company help customers finance purchases?

Many manufacturers help customers arrange third-party financing.

CIO: How does the company incorporate supply chain management in its operations?

Supply chain management allows IT departments to manage raw materials, avoid waste, and measure quality and productivity.

CIO: How does the company maintain IT services when business is slow?

CIOs try to stay on top of technology trends that allow them to work more efficiently while keeping costs low.

HR: How important are software engineers to the company's plans?

Experienced software engineers may be difficult to find.

HR: How much is individual performance built into compensation formulas?

Engineering and sales staff often have specific performance goals.

Sales: What modified versions of existing equipment is the company planning?

Users prefer a steady stream of new equipment, even if the basic operation is the same.

Sales: How does fitness market segmentation impact the company?

Many companies make specialized equipment for segments such as professionals or children.

CONVERSATION STARTERS

How does the company identify and design equipment for the latest exercise trends?

Fitness equipment manufacturers have had to contend with relatively rapid changes in consumer preferences.

How does the company stay on the cutting edge of technology?

Technology development is a driving force in the fitness equipment industry.

How does the company compete against foreign manufacturers with lower operating costs?

Foreign sports equipment makers, especially from China, have taken a greater share of the US market.

What are the company's plans for incorporating more video and audio electronics in its equipment?

To differentiate their products among competitors, manufacturers have added electronic features that engage the user.

How can the company benefit from the national concern over obesity?

With a greater number of overweight Americans, demand for fitness equipment should stay high during the next decade.

How has the company benefited from the trend toward fitness facilities in private communities?

Upscale apartment complexes and gated communities offer high-tech workout equipment and wellness centers complete with professional staff.

QUARTERLY INDUSTRY UPDATE

What steps does the company take to prevent injuries resulting from the use of its machines, and how does it protect itself against personal injury claims?

A jury handed down a \$66 million verdict against fitness equipment manufacturer Cybex International in a case brought by a physical therapy assistant who was injured when a Cybex weight machine fell on her, making her a quadriplegic.

OPERATIONS, PRODUCTS, AND FACILITIES

What types of equipment does the company produce?

Major products are treadmills, exercise bikes, stair climbers, and rowing and weightlifting machines.

How many production facilities does the company operate?

Many producers are small companies with just one facility.

How does the company mitigate the risk of product liability?

Product liability is a real concern for manufacturers and distributors.

How does the company adjust to seasonal demand cycles?

Manufacturer sales are generally higher in fourth quarter.

CUSTOMERS, MARKETING, PRICING, COMPETITION

Does the company produce for the home or club segment of the market?

Although the products are similar, most companies produce for one segment or the other.

Who are the major customers? Mass merchandisers, health clubs, sporting goods distributors?

Most companies sell to the consumer through retailers and to commercial customers through their own sales force or distributors.

Does the company depend on a few large accounts?

About 10 percent of Cybex's sales come from a single customer.

Does the company target a specific market?

Some companies specialize in the commercial market, others the consumer sector.

Does the manufacturer produce different versions of equipment for different markets?

Fitness equipment manufacturers now produce more specialized equipment for separate fitness market segments.

What advertising does the company do?

Advertising in trade journals is common. Consumer advertising is on TV and in magazines.

REGULATIONS, R&D, IMPORTS AND EXPORTS

How does the company incorporate overseas markets into its strategy?

This is most likely for premium products.

What role does foreign manufacturing play in the company's operations?

Some companies use foreign manufacturers.

How much is the company spending to research new equipment designs?

Many companies allocate funds toward R&D, since innovation is highly prized in the industry.

How often does the company introduce models?

Product cycles are typically short, sometimes only a few years.

How does the company identify and design equipment for the latest exercise trends?

Consumers are constantly looking for new exercise equipment features.

How does the company manage compliance with OSHA and EPA requirements?

Manufacturers are subject to a wide range of regulations.

ORGANIZATION AND MANAGEMENT

Is the company privately or publicly owned, or a division of a larger company?

Most companies in the industry are privately owned.

How many employees does the company have?

The manufacturing process for these products is fairly labor-intensive.

Does the company have an in-house sales force or use independent manufacturers representatives?

Large companies may have both; smaller ones are more likely to use representatives.

How does the company ensure an adequate supply of qualified employees?

In many manufacturing operations, annual turnover can be greater than 30 percent.

FINANCIAL ANALYSIS

How does the company manage a seasonal cash flow?

Sales of fitness equipment are greatest around Christmas.

What effect do short production cycles have on the company's inventory and manufacturing process?

Short product cycles can leave manufacturers stuck with older items.

Does the company provide purchase or lease financing?

Financing can be an important part of sales to the health club market segment.

What sort of warranties do the company's products have?

A three-year warranty is often given on treadmills, bikes, and stair climbers.

How large have the company's warranty expenses been?

Warranty expenses may run from 5 to 10 percent of annual sales.

BUSINESS AND TECHNOLOGY STRATEGIES

How will demographic trends impact the use of fitness equipment?

Aging baby boomers want to stay in good health by exercising more.

What plans does the company have to produce other types of fitness equipment?

Lateral product expansion allows companies to take advantage of existing sales channels.

What opportunities does the company see in other market segments?

Currently, many companies sell to the home or club market segments, but not to both.

How does the Internet figure into the company's sales and marketing strategy?

Many companies sell over their websites, though typically not in large volume

Financial Information

Get a quantified snapshot of industry performance with Financial Information.

USE THIS SECTION TO:

- Benchmark a company against its industry peer group.
- Increase your credibility by adding verifiable metrics to your presentation.

COMPANY BENCHMARK INFORMATION

NAICS: 33992

Data Period	Last Update 2010	
Small Company Data	Sales < \$1 Million	
Table Data Format	Mean	

	All	Small Company
Company Count	2495	1496

Income Statement		
Net Sales	100%	100%
Gross Margin	29.9%	30.6%
Officer Compensation	2.1%	3.1%
Advertising & Sales	1.6%	1.6%
Other Operating Expenses	23.2%	23.0%
Operating Expenses	26.9%	27.7%
Operating Income	2.9%	2.9%
Net Income	1.3%	1.2%

Balance Sheet		
Cash	7.1%	7.7%
Accounts Receivable	22.3%	18.9%
Inventory	24.4%	29.2%
Total Current Assets	60.8%	63.2%
Property, Plant & Equipment	12.3%	11.7%
Other Non-Current Assets	26.9%	25.1%
Total Assets	100.0%	100.0%
Accounts Payable	7.3%	7.6%
Total Current Liabilities	30.0%	32.5%
Total Long Term Liabilities	29.0%	29.6%
Net Worth	40.9%	37.9%

Financial Ratios (Click on any ratio for comprehensive definitions)		

Quick Ratio	1.00	0.82
Current Ratio	2.03	1.94
Current Liabilities to Net Worth	73.4%	85.8%
Current Liabilities to Inventory	x1.23	x1.12
Total Debt to Net Worth	x1.44	x1.64
Fixed Assets to Net Worth	x0.30	x0.31
Days Accounts Receivable	47	40
Inventory Turnover	x4.94	x4.07
Total Assets to Sales	61.6%	61.9%
Working Capital to Sales	19.0%	19.0%
Accounts Payable to Sales	4.2%	4.4%
Pre-Tax Return on Sales	2.0%	1.9%
Pre-Tax Return on Assets	3.3%	3.1%
Pre-Tax Return on Net Worth	8.1%	8.1%
Interest Coverage	x2.37	x2.24
EBITDA to Sales	6.0%	5.5%
Capital Expenditures to Sales	4.9%	4.3%

Financial industry data provided by MicroBilt Corporation - Use our Integra Financial Benchmarking Data for detailed Business Valuation and analysis data from over 900 industries (SIC & NAICS) and 13 sales size ranges. 2010 data and historical data from 1998-2009 available by subscription or single report purchase at www.microbilt.com/firstresearch.

ECONOMIC STATISTICS AND INFORMATION

Change in Producer Prices - Bureau of Labor Statistics



VALUATION MULTIPLES

Fitness Equipment Manufacturing

Acquisition multiples below are calculated using at least 3 private, middle-market (valued at less than \$1 billion) industry asset transactions completed between 9/2005 and 7/2010. Data updated every six months. Last updated: March 2011.

Industry Forecast

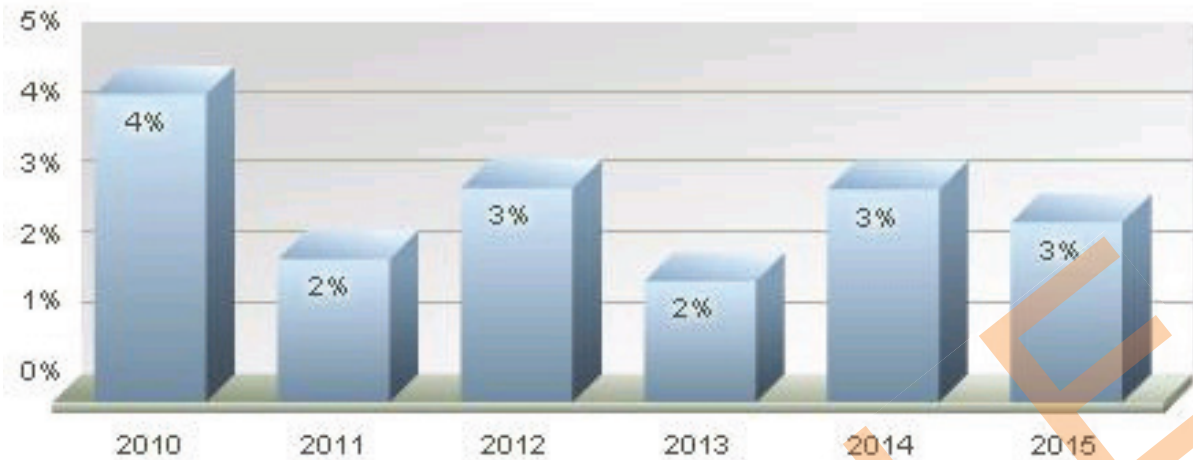
Find out what's coming down the pipe in a given industry from the Industry Forecast experts.

USE IT TO:

- Understand the health and growth prospects of a specific industry.
- Target growth industries with the available funds to invest in your product.

The output of US sporting goods and toys, which includes fitness equipment, are forecast to grow at an annual compounded rate of 2 percent between 2010 and 2015. Data Published: September 2010

Sporting Goods and Toy Production Growth Levels



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy.

First Research Industry Growth Rating

The First Research Industry Growth Rating reflects the expected industry growth relative to other industries, based on INFORUM's forecasted average annual growth for the combined years of 2010 and 2011. INFORUM forecasts were prepared by the Interindustry Economic Research Fund, Inc.

Demand: Tied to consumer income and demographics



- Demand: Tied to consumer income and demographics
- Need unique product designs
- Risk: Changing consumer fitness preferences and fads

First Research Industry Drivers

Changes in the economic environment that may positively or negatively affect industry growth.
Data provided by First Research analysts and reviewed annually.



Consumer Spending: Change in overall level of consumer spending on goods and services

When you need to add more depth or breadth to your research, Web Links & Acronyms helps direct further study.

USE IT TO:

- Explore additional resources like trade magazines, industry associations, and government reports.
- Speak the customer's language by demonstrating command of industry jargon.

Web Links & Acronyms

INDUSTRY WEBSITES

Club Industry's Business Pro Magazine

News articles.

Cybox International

Manufacturer website. Equipment line.

Fitness Industry Council of Canada

Media, reports, and industry resources.

ICON Health & Fitness

Manufacturer website. Equipment line.

IDEA Health & Fitness Association

Publications, events, and news.

International Health, Racquet & Sportsclub Association (IHRSA)

Industry statistics, Club Business International Magazine.

Sporting Goods Manufacturers Association (SGMA)

Market reports, some sporting goods news.

SportsOneSource

News articles.

GLOSSARY OF ACRONYMS

IHRSA - International Health, Racquet and Sportsclub Association

NSGA - National Sporting Goods Association

SGMA - Sporting Goods Manufacturers Association

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Sample Voicemail

Voicemail:

“Good morning Ms. Jones, this is (your name). I just wanted to call to say I enjoyed talking with you at the Chamber of Commerce meeting the other night. I’ve been doing some more research on your industry since we last spoke, and I understand that strategically marketing technologically advanced products to our ageing population, and partnering with private fitness communities are definite growth opportunities for fitness equipment companies like yours.

I think I might be able to assist you with that, and I wonder if you would be open to discussing how these and other strategic issues are affecting your business. When you have a free moment, you can reach me at (your phone number)...”

Sample Letter



FIRST BANK

Dear Prospect,

In an effort to understand your business before I contacted you, I did preliminary research on the Fitness Equipment Industry. I've noted that key business focus issues include:

Demand Subject to Fashion - Fitness equipment manufacturers have had to contend with relatively rapid changes in consumer preferences. The popularity of various equipment types has changed over the years: exercise bikes were once the most popular aerobic fitness equipment, followed by rowing machines. Now treadmills and elliptical trainers are the mainstays of most gyms. Manufacturers must combat workout boredom with new features and new designs.

Technology Knowledge - Technology development is a driving force in the fitness equipment industry. Consumers demand enhancements through systems that reduce impact, monitor heart rate, and deliver better performance metrics. While mechanical expertise is necessary, new experiential and operations technologies will drive future growth. Fitness equipment manufacturing is dominated by large companies such as ICON that have more capital to allocate to R&D, which leads to quicker and more dramatic improvements in product design.

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Differentiating your products and competing with foreign imports along with other trends seem to be important issues to companies in your industry. I would enjoy learning more about your business: its challenges, opportunities and operations.

At First Bank, we are committed to first understanding our clients' businesses, and then offering client-centered solutions based on this knowledge. I would appreciate the opportunity to introduce myself and learn more about your business.

Sincerely,

Sarah Thomas

Sarah Thomas
Relationship Manager

FIRST RESEARCH - HOOVER'S INC., A D&B COMPANY

(866) 788-9389

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