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IBISWorld Industry Report R9111

Gyms and Fitness Centres in Australia

January 2014

David Whytcross

About this Industry

Industry Definition

This industry consists of businesses mainly engaged in operating health clubs, fitness centres and gymnasia. These businesses provide a range of fitness and exercise services.

Main Activities

The primary activities of this industry are

Fitness centre operation
Gymnasia operation
Health club operation

The major products and services in this industry are

Casual entry
Classes
Memberships
Merchandise
Personal training

Similar Industries

R9114 Sports Administrative Services in Australia
Businesses in this industry facilitate or participate in sporting activities, or provide services to sporting activities including coaching services.

S9539 Babysitting and Other Personal Services in Australia
Companies in this industry provide personal trainer services.

P8211 Sports Instructors in Australia
This industry provides organised sports coaching and lessons, with instructors performing a role with clients similar to that of personal trainers.

R9113 Sports and Recreation Facilities Operation in Australia
This industry operates indoor or outdoor sports and physical recreation venues, grounds and facilities (excluding health and fitness centres and gymnasia).

Additional Resources

For additional information on this industry

www.abs.gov.au
Australian Bureau of Statistics

www.ausport.gov.au
Australian Sports Commission

www.fitness.org.au
Fitness Australia

Industry at a Glance

Gyms and Fitness Centres in 2013-14

Key Statistics Snapshot

Revenue	Annual Growth 09-14	Annual Growth 14-19
$1.3bn	4.8%	-0.7%
Profit	**Wages**	**Businesses**
$155.0m	$487.3m	2,834

Market Share

Fitness First Australia Pty Limited 19.4%

Ardent Leisure Group 12.4%

Anytime Australia Pty Ltd 11.2%

24/7 Brands Pty Ltd 9.3%

YMCA Australia 7.8%

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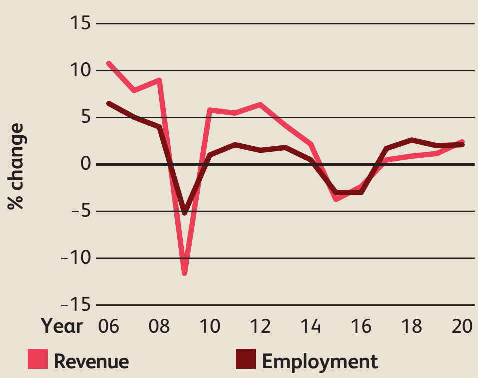
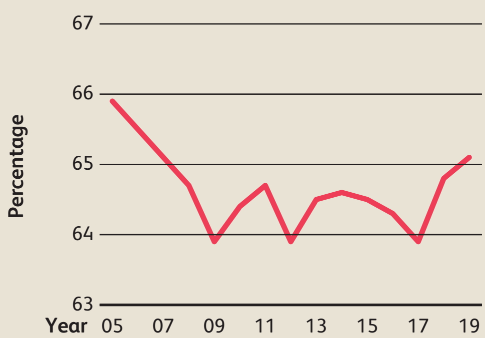
Revenue vs. employment growth



Health consciousness



SOURCE: WWW.IBISWORLD.COM.AU

Key External Drivers

Health consciousness

Real household discretionary income

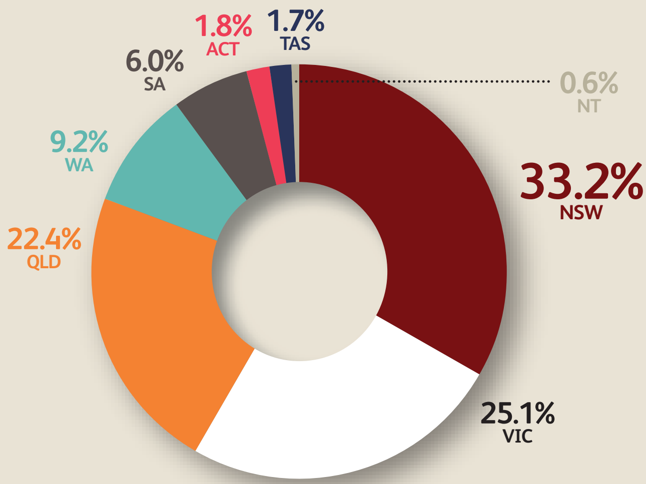
Total time available for leisure and recreation

Levels of obesity

Household savings ratio

p. 4

Enterprises



SOURCE: WWW.IBISWORLD.COM.AU

Industry Structure

Life Cycle Stage	Mature	Regulation Level	Light
Revenue Volatility	Medium	Technology Change	Low
Capital Intensity	Medium	Barriers to Entry	Medium
Industry Assistance	Low	Industry Globalisation	Low
Concentration Level	Medium	Competition Level	High

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 29

Industry Performance

Executive Summary | Key External Drivers | Current Performance
Industry Outlook | Life Cycle Stage

Executive Summary

The overall structure of the Gyms and Fitness Centres industry has changed over the past five years, steering the industry towards healthy growth. While discretionary spending plunged at the onset of the global financial crisis and instigated a trough in industry revenue in 2008-09, spending on fitness has since increased. Industry growth has been largely stimulated by the advent of budget 24-hour gym chains, which have grown exponentially over the past five years as consumers have been attracted to their affordability and accessibility. Rising health awareness and obesity levels have triggered further uptake in gym memberships. These factors have contributed to the industry being worth an estimated $1.31 billion in 2013-14 after annualised growth of 4.8% over the past five years.

Health awareness has grown over the past five years, with TV shows like *The Biggest Loser* promoting the benefits and effectiveness of physical activity through demonstrating the achievement of weight loss goals. With Australia's obesity levels continuing to rise, *The Biggest Loser* has provided added incentive for overweight or obese people to attend gyms. Further growth has occurred through the expansion of more affordable gyms, which offset the discretionary spending decline during the economic downturn. Budget 24-hour gyms such as Anytime Fitness and Jetts Fitness have driven industry growth over the past five years. These gyms generally operate unstaffed, with the wage savings flowing down to consumers in the form of cheaper membership prices. The market has become saturated, however, with stifled revenue growth of 2.2% forecast for 2013-14.

Market saturation is expected to contribute to an industry slowdown over the next five years, with revenue forecast to be worth $1.27 billion in 2018-19 following a 0.7% annualised decline. Consumers have abundant choices, including full-service gyms, women-only gyms and budget 24-hour gyms. Membership uptake is expected to fall as most consumer markets have already been tapped due to niche gyms catering to all pockets of the population. Further substitution from full-service gyms to cheaper 24-hour gyms is projected to cause revenue to drop. The revenue decline is expected to move slowly though, as an ageing population more habituated to the gym environment than previous generations drives demand for full-service gyms.

Key External Drivers

Real household discretionary income

Higher discretionary incomes give consumers greater scope to spend money on fitness products and services. An expected decline in discretionary income in 2013-14 threatens industry revenue, as consumers can shift from gyms to cheaper alternatives such as jogging and cycling.

Total time available for leisure and recreation

An increase in the availability of leisure time has a positive effect on consumer demand for industry products and services. While leisure time is expected to remain stable in 2013-14, a revenue opportunity exists for gyms and fitness centres as the baby boomer generation moves into retirement and has more available time to attend gyms.

Health consciousness

Spending on gyms and fitness centres is positively correlated with improvements in general health awareness across the population. A slight increase in health consciousness is projected in 2013-14, which is likely to result in greater inclination for consumers to attend gyms and fitness centres.

Levels of obesity

The ratio of overweight and obese people to the overall population has grown year-on-year for the past 10 years, with a further increase expected in 2013-14.

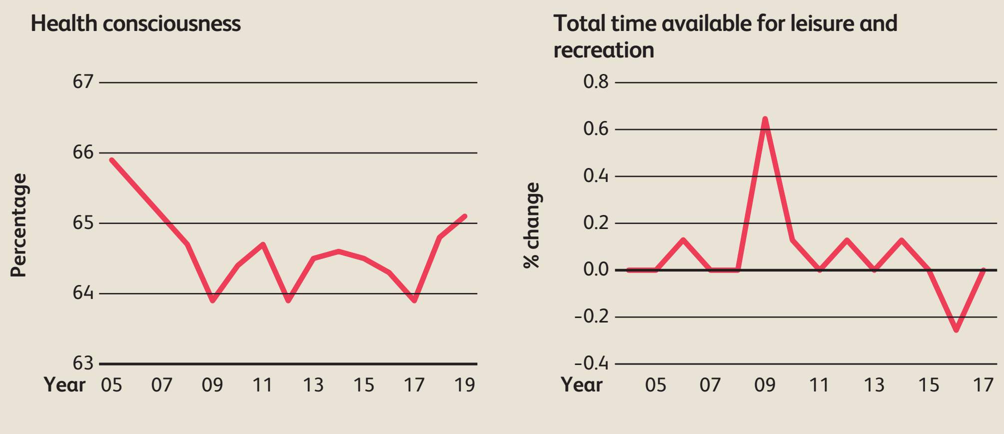
Industry Performance

Key External Drivers continued

Growth in obesity levels can drive consumers into attending gyms as overweight and obese individuals aim to increase their general health.

Household savings ratio

The household savings ratio measures consumers' propensity to spend their disposable income. The savings ratio skyrocketed during the global financial crisis due to uncertain economic conditions. Expected growth in the savings ratio in 2013-14 will negatively affect the industry as consumers spend less on non-essential items like gym memberships.



SOURCE: WWW.IBISWORLD.COM.AU

Current Performance

The Gyms and Fitness Centres industry has grown strongly over the past five years despite encountering a downturn as discretionary spending plummeted in the aftermath of the global financial crisis. Post-global financial crisis growth occurred with the explosion of budget 24-hour gyms such as Anytime Fitness and Jetts Fitness. These gyms have added bulk to the industry through targeting a consumer market that was less likely to purchase memberships to full-service gyms like Fitness First and Goodlife Health Clubs. Rising obesity levels and increased awareness of the benefits of gyms due to TV programs like *The Biggest Loser* have also driven industry growth in the wake of the economic downturn in 2008-09. Industry revenue is expected to grow at a compound annual rate of 4.8% over the five years through 2013-14, to total $1.31 billion. Revenue is forecast to grow by a slower 2.2% in 2013-14, indicating that the growth of 24-hour gyms is pushing the industry towards market saturation.

The growth of 24-hour gyms has driven substantial increases in establishment numbers, which are forecast to rise by 6.5% annualised over the five years through 2013-14. The smaller size and lower cost bases of these gyms have made finding suitable locations easier for new entrants, thus lowering barriers to entry and enabling industry revenue growth. With franchises continuing to expand, the ratio of establishments to enterprises has increased. Employment has grown by an annualised 1.4% over the past five years as strong marketing by personal training schools has resulted in the industry being viewed as a respectable career option. Wages have also grown overall despite falling as a percentage of revenue. As fully qualified personal trainers are taking up a greater percentage of industry employment

Industry Performance

Current Performance continued

across all gym segments and can attract greater wages, the average wage has increased slightly. The overall industry recovery after the global financial crisis has resulted in profit margin growth, with low-cost gyms supporting this growth through shedding the weight of wage costs.

Global financial crisis

The economic downturn in 2008-09 had a major effect on industry revenue. Demand for industry services is based on discretionary spending. While most health-related expenditure is non-discretionary, spending on gym memberships is largely considered discretionary because consumers can participate in inexpensive exercise outside of gyms. Although household discretionary income has actually grown over the past five years due to extensive interest rate cuts, consumers' propensity to spend that discretionary income has dropped. The change in mindset of many consumers is evident in household savings ratio growth. The amount of disposable income that households saved grew from 3.9% in 2007-08 to 8.8% in 2008-09 and has continued to grow through 2013-14.

With increased saving comes less money to spend on non-essential items such as gym memberships. Despite this, the eruption of budget gyms has driven industry growth as these cheap gym memberships do not greatly eat into consumers' finances. Intense competition throughout the industry has also resulted in price competition and added flexibility in contracts. Some gyms have been renowned for locking consumers into long-term, expensive contracts. Added competition has resulted in gym membership prices generally falling, while the number of facilities offering no-contract memberships, where members pay through direct debit and can cancel anytime, has grown.

24-hour gym boom

The major difference in the industry in 2013-14 compared with five years ago is the acceptance and prevalence of budget 24-hour gyms. These gyms enable their members access at any time of day with their own individual pass. While the increased accessibility of 24-hour gyms is attractive to many consumers, it is the affordability that is most attractive. 24-hour gyms generally do not provide classes and are unstaffed at most times of the day, with the limited service resulting in limited wage costs and the savings flowing through to membership prices. Chains with this business model include foreign companies Anytime Fitness and Snap Fitness, along with Australian-owned chains such as Jetts Fitness and Zap Fitness. Growth in 24-hour gyms has resulted in high market saturation as nearly all consumer markets have been tapped into, providing limited room for further growth.

Levels of obesity

Further revenue growth can be achieved with increased fitness awareness and a larger number of overweight and obese people that require gym memberships – from any type of gym – to lose weight. Over 60.0% of Australia's population is considered overweight or obese, and this ratio continues to grow. Higher obesity levels drive industry revenue growth as more individuals reach a point where they decide they need to attend a gym to lose weight and become healthier. There is little incentive for healthy people who do not already attend a gym to sign up if they are not going to actively improve their fitness levels.

The popularity of TV program *The Biggest Loser* over the past five years

Industry Performance

Levels of obesity continued

has also driven growth in gym memberships, particularly when coupled with rising obesity levels. *The Biggest Loser* promotes the benefits of intense exercise that can easily be participated in at gyms and fitness centres. The substantial weight loss of contestants provides added incentive for consumers to join the industry's increasing membership.

Industry Outlook

The Gyms and Fitness Centres industry returned to strength after the global financial crisis, with the wide variety of gyms allowing consumers to choose a facility that perfectly suits their requirements. These gyms have all generally established their position in the market and have tapped potential consumer markets. Thus, market saturation is expected to cause growth to wane over the next five years. Industry revenue is forecast to be worth $1.27 billion in 2018-19 following an estimated decline of 0.7% annualised, with more consumers substituting full-service gyms for budget gyms that are more profitable but generate less revenue. Continued health awareness and interest in fitness activities will keep demand for gym services steady, while Australia's ageing population is likely to stimulate demand for more class-based activities in full-service gyms.

The number of establishments within the industry is expected to fall by a compound annual rate of 0.7% over the five years through 2018-19. The exponential growth of budget 24-hour gyms is not expected to continue through the next five years, while increased pressure on profit margins due to intense price competition is expected to force some operators out of the industry. Growth in employment is expected to end as budget 24-hour gyms continue to decrease staff requirements and subsequently staff levels per industry establishment. Wages are forecast to fall slightly over the next five years, with the average wage decreasing as there are less available hours for the abundance of part-time and casual employees to work.

Market saturation

There has been a rationalisation of industry operators over the past five years. The industry is clearly segmented between full-service gyms such as Fitness First and Goodlife Health Clubs; women-only gyms such as Fernwood, Curves and Contours; and budget 24-hour gyms such as Anytime Fitness and Jetts. There are also exercise-specific gyms, such as locations that specialise in CrossFit. Such rationalisation was not the case five years ago, when budget 24-hour gyms were beginning to enter the industry. The exponential growth of budget 24-hour gyms has tapped what are potentially the final available consumer markets: those who could not afford other gyms and those who could not attend gyms during regular opening hours. The penetration into these markets is largely complete.

With rationalised industry operators and no innovative gym structures on the horizon, the industry has reached a point of market saturation because all available consumer markets have been tapped. This is expected to result in reduced

Industry Performance

Market saturation continued

membership uptake over the next five years, with substitution between different types of gyms to be more common than new members joining a gym for the first time. Potential areas of growth through gym substitution include high-intensity martial arts training and CrossFit, which has erupted in the United States.

Continued migration to budget 24-hour gyms is also expected to occur as consumers find benefits in low membership prices and 24-hour access despite the absence of staff and instructed classes. Coupled with fierce price competition among other established segments, revenue is expected to fall.

Interest in fitness

Interest in exercise and fitness as a means to better health is expected to increase over the next five years. The industry has benefited from lifestyle TV shows and magazines, better health education within schools and the workplace, childhood obesity concerns and the growing accessibility and affordability of industry operators. Awareness can only reach a certain point, however. The popularity of *The Biggest Loser* and state government initiatives in schools and workplaces for better health have already increased health awareness and the benefits of attending the gym. Thus, with awareness already commonplace, there are likely to be only incremental increases over the next five years that will not significantly affect the industry. Room for growth comes from expected increases in obesity levels, which have grown consistently over the past 10 years.

The revenue decline is expected to be partially offset by growth due to the ageing population. Customers in older age groups are expected to drive growth as their health and gym awareness increases. This age group tends to favour structured, less strenuous, leisure-based fitness activities. The demands of this demographic can stimulate growth for full-service gyms that provide a range of structured group classes that are impact-free. The age group has increased capacity to pay for memberships from full-service gyms and more experience with and propensity for spending on fitness activities than any previous generation. As such, the decline of chains such as Fitness First is expected to slow.

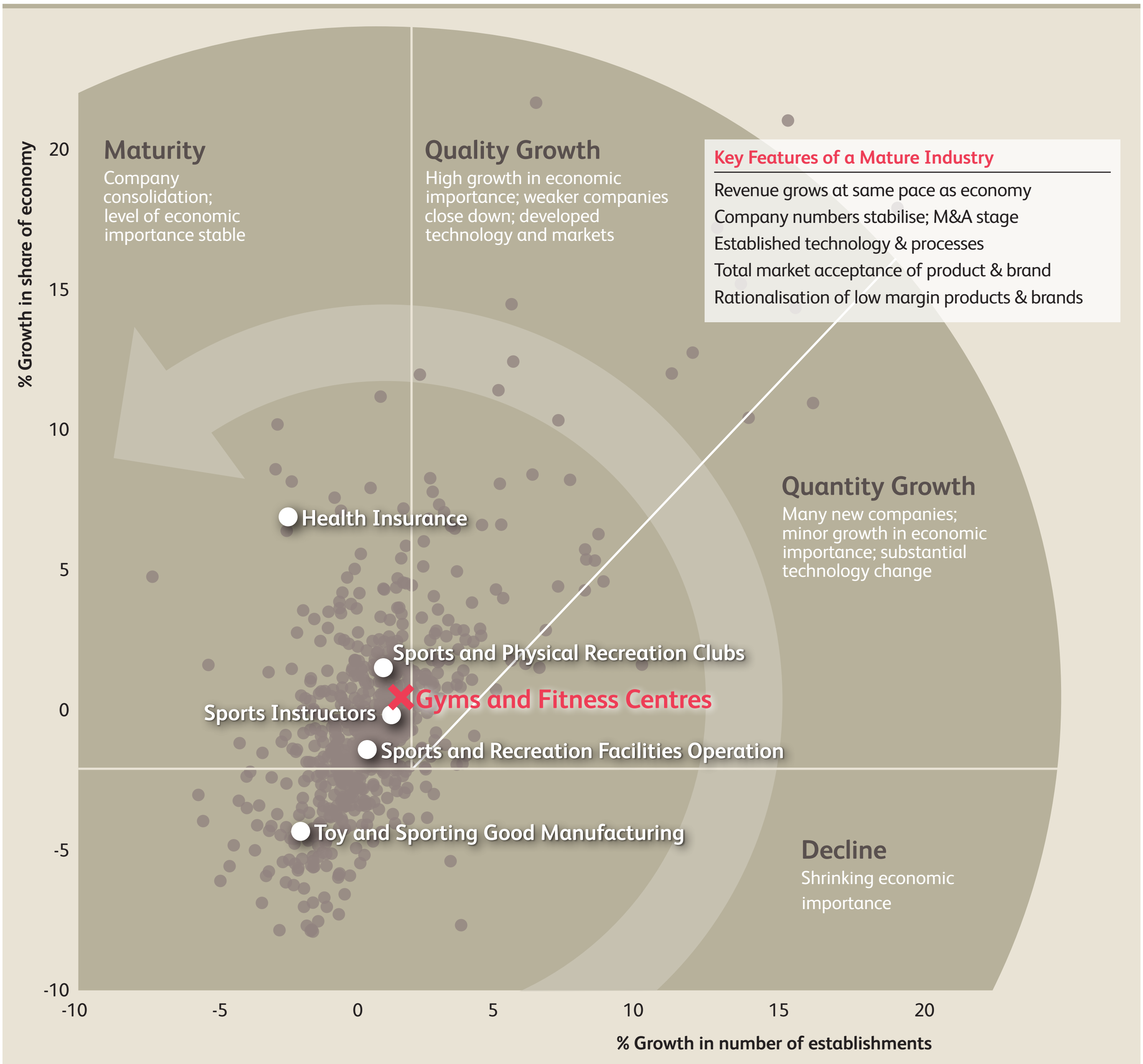
Industry Performance

Life Cycle Stage

Limited innovation in fitness techniques outside of CrossFit

Market saturation means there are only few potential new customers

Varied gym structures already tap into most niche markets



SOURCE: WWW.IBISWORLD.COM.AU

Industry Performance

Industry Life Cycle

This industry is **Mature**

The Gyms and Fitness Centres industry is in the mature phase of its life cycle. While its contribution to the economy plummeted due to the global financial crisis, a recovery has since ensued with strong revenue and establishment growth. The industry is mature due to its high level of market saturation, limited technological change and relatively slow-moving changes to the structure of gyms.

Industry value added (IVA), which measures the industry's contribution to the overall economy, is estimated to rise by 3.0% annualised over the 10 years through 2018-19. IVA growth thus exceeds estimated real GDP growth of the overall economy of 2.5% over the same timeframe. The majority of this growth has occurred over the past five years, with the industry reaching market saturation and expected to stagnate over the next five years.

Market saturation has resulted in little room for growth over the next five years. The advent of low-cost 24-hour gyms contributed to industry growth over the past five years, but there is no new business structure becoming popular nor new consumer markets to tap into, indicating industry maturity. There is also limited innovation in the field as weights, cardio and studio class exercises generally involve tried and tested methods. The CrossFit boom represents the only notable industry innovation over the past five years.

Products & Markets

Supply Chain | Products & Services | Demand Determinants
Major Markets | International Trade | Business Locations

Supply Chain

KEY BUYING INDUSTRIES

R9112	**Sports and Physical Recreation Clubs in Australia** Sports and Physical Recreation Clubs require their athletes to be in constant peak physical condition, leading these organisations to utilise these services on a frequent basis.
Z	**Consumers** Consumers are the major market for fitness products and services.

KEY SELLING INDUSTRIES

C2592	**Toy and Sporting Good Manufacturing in Australia** Manufactures sporting goods used in this industry, particularly in the health and fitness club segment.
K6321	**Health Insurance in Australia** Gyms and Fitness Centres have to pay for insurance to cover possible costs from incidental injuries occurring on their premises.
R9114	**Sports Administrative Services in Australia** Supplies services to the industry such as fitness coaching.

Products & Services

Gyms and fitness centres offer a range of facilities. General gym activities such as weights and cardio are covered under membership fees. Gyms and fitness centres also provide more interactive services such as studio classes and personal training. Additionally, gyms often sell merchandise through in-house stores.

Memberships

With a combination of weights, cardio, classes and personal training services generally required to draw consumers in, the industry's primary revenue stream is membership fees. These fees typically allow consumers access to facilities at a set weekly, fortnightly, monthly or annual cost. Many consumers do not maximise their membership investment due to lack of attendance, resulting in memberships achieving high margins for gyms. Membership fees have increased as a source of industry revenue over the past five years as the growing budget 24-hour gym segment relies solely on membership fees for revenue.

Classes

Classes are offered by gyms, fitness centres and specialised fitness providers such as yoga and Pilates studios and martial arts gyms. Classes typically include cycle or spinning classes; health and wellbeing classes such as Pilates and yoga; and cardio-based activities such as the popular Les Mills classes. Classes are generally included in membership fees and provide an exercise alternative that can be considered more entertaining, interactive and social. Zumba and CrossFit have become more popular over the past five years. Zumba is a dance fitness program, while CrossFit involves a combination of timed exercises that promote strength and aerobic fitness. The growth of these two classes has resulted in the segment increasing its share of revenue over the past five years.

Personal training

Personal training is a gym service used by those who struggle to motivate themselves to exercise. Many personal trainers operate independent of gyms or fitness centres and these activities are consequently not included in this report. Personal training at gyms and fitness centres ranges across specialised workouts for professional athletes and guidance for amateurs. Personal training revenue is highly reliant on discretionary income levels, as there are numerous cheaper exercise alternatives to personal training such as classes or home exercise. The segment's contribution to industry revenue has therefore fallen over the past

Products & Markets

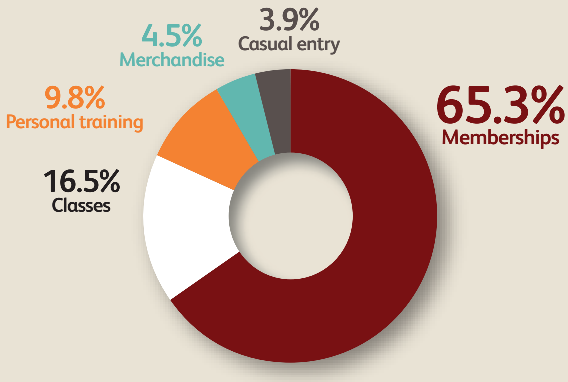
Products & Services continued

five years as consumers have demonstrated less propensity to spend their discretionary income.

Merchandise

Merchandise is used as a supplement to the industry's main offerings. Merchandise sold includes sports drinks, protein bars, other health-related food and drinks, towels and clothing. This segment has not changed significantly over the past five years.

Products and services segmentation (2013-14)



Total $1.3bn

SOURCE: WWW.IBISWORLD.COM.AU

Demand Determinants

Factors influencing demand in the Gyms and Fitness Centres industry range from practical issues facing consumers, such as the amount of time and money available for spending on fitness, to consumer trends regarding the type and amount of fitness activity undertaken. Growth in discretionary income tends to drive demand, with many consumers viewing spending on fitness as non-essential given the inexpensive do-it-yourself alternatives available. Increases in the amount of leisure time available tend to lead to greater uptake of fitness products and services. Health consciousness and obesity levels can also influence demand, stimulating demand for gyms and fitness for both obese individuals and the Australian population.

Factors such as age, location, weather and general consumer trends also influence consumers' preferred types of fitness activity. People in their teens and early twenties tend to have relatively high participation rates in organised sport, which can act as an alternative to the products and services offered by the Gyms and Fitness Centres industry. Awareness of the benefits of an active lifestyle in later years is driving increasing demand from this market from the middle-aged cohort. In terms of location, areas with pleasant outdoor spaces and nice weather tend to see lower demand for fitness facilities. Similarly, demand for fitness facilities tends to be seasonal in areas with harsh winters, picking up in the cooler months as indoor options becomes more attractive.

Major Markets

Users of gyms and fitness centres can be classified by age. People aged under 15 years are not included because industry revenue from that demographic is generally paid for by their parents. For those aged 15 years and over, gym use tends to decline as people age.

People aged between 15 and 34

People from 15 to 34 years of age are

Products & Markets

Major Markets continued

estimated to account for 48.1% of industry revenue in 2013-14 despite only accounting for 34.6% of Australia's population aged 15 and over. The overrepresentation occurs because younger people are generally more image-conscious, can withstand the impact of training and often have more available leisure time as many have not yet started families. The segment is expected to have grown over the past five years as the growth of budget gyms provides further fitness options for consumers with lower incomes, such as high school and university students.

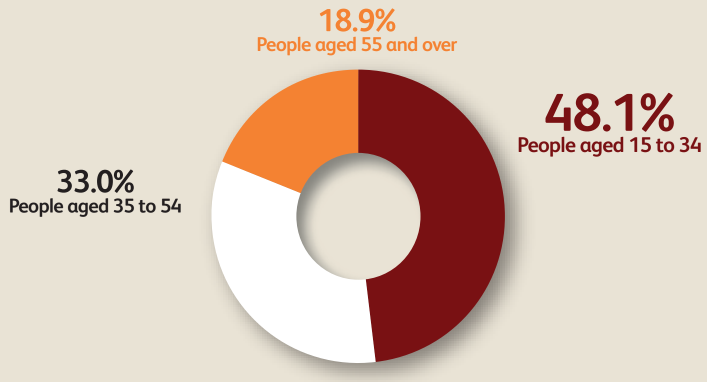
People aged between 35 and 54

People aged between 35 and 54 are forecast to generate 33.0% of revenue in 2013-14 while comprising 33.9% of Australia's population aged 15 and over. While less individuals within this segment are gym members compared with the younger age group, they spend more per capita because they are more likely to be members of full-service gyms. Over the past five years, the segment is expected to have declined as DIY alternatives have become increasingly popular substitutes.

People aged 55 and over

People aged 55 and over are estimated to account for 18.9% of industry revenue while making up 31.5% of Australia's population aged 15 and over. The underrepresentation occurs due to many older individuals being unable to withstand the impact of vigorous training on their bodies. In addition, many participate in more leisurely activities such as golf, lawn bowls, tennis, aquarobics and walking. While per capita expenditure has remained relatively unchanged, the segment's revenue contribution has risen over the past five years as Australia's age profile continues to grow.

Major market segmentation (2013-14)



Total $1.3bn

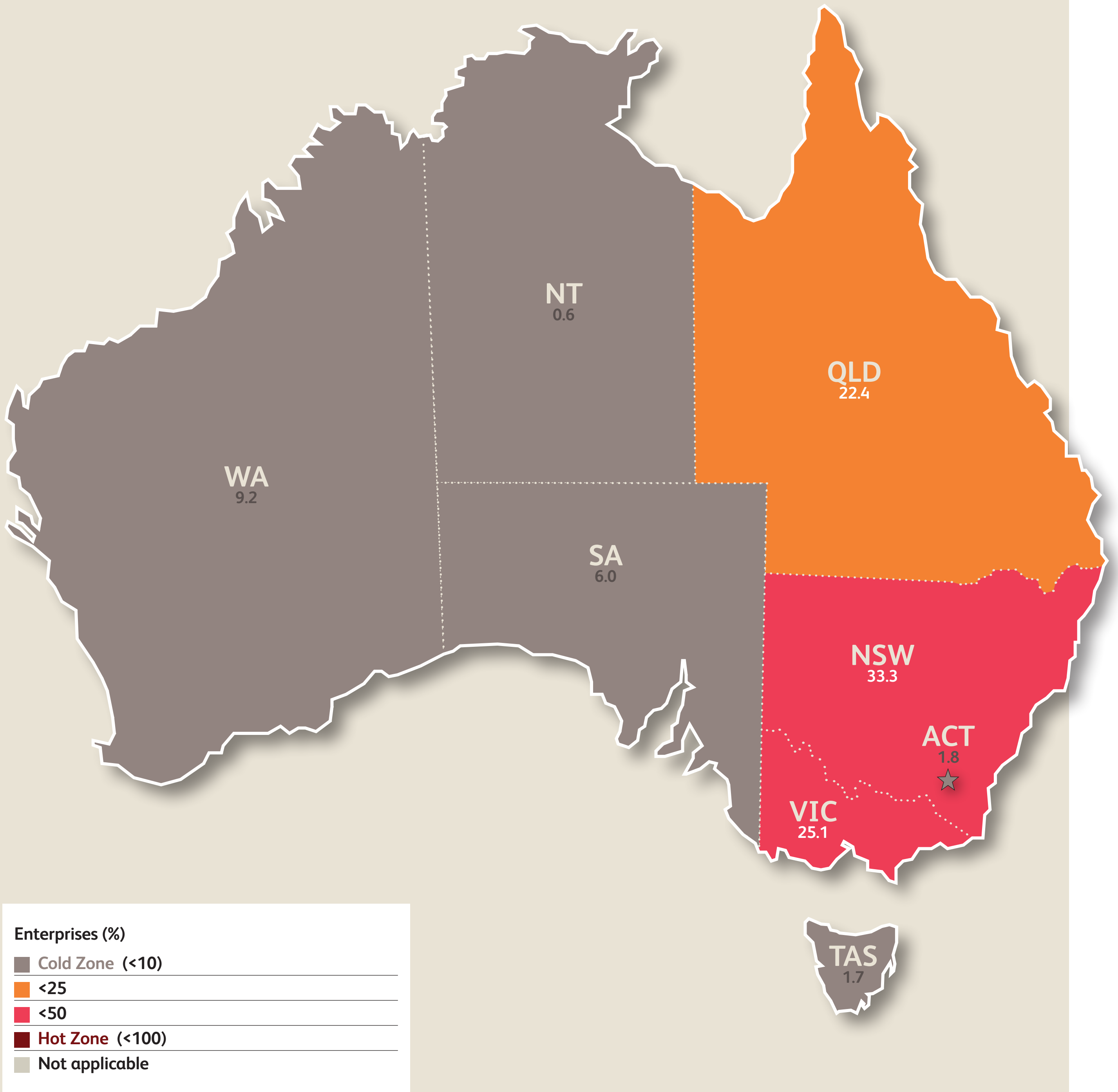
SOURCE: WWW.IBISWORLD.COM.AU

International Trade

The industry largely services the fitness needs of resident Australians and the extent of international trade is low. Some parts of the industry may import specialist sports equipment, but such transactions are registered at the manufacturing level.

Products & Markets

Business Locations 2013-14



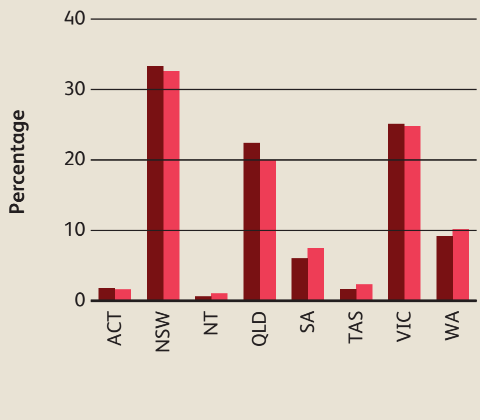
SOURCE: WWW.IBISWORLD.COM.AU

Products & Markets

Business Locations

The geographic spread of the Fitness industry closely follows population distribution. Successful gyms have premises located close to where customers work and/or live in order to provide a convenient services. Thus, fitness centres tend to be centralised within metropolitan areas, with many located within suburban shopping areas. Some gyms target the corporate workforce by locating within central business districts. Areas of higher average discretionary income tend to have a greater concentration of establishments. Such distribution reflects the fact that the discretionary income of consumers is a driver of both industry and company revenue. Consequently, although New South Wales and Victoria are slightly overrepresented in enterprises when compared to population share, they are further overrepresented when taking into account their gym and fitness centres expenditure.

Distribution of enterprises vs. population



SOURCE: WWW.IBISWORLD.COM.AU

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalisation

Market Share Concentration

Level
Concentration in this industry is **Medium**

The industry is characterised by a moderate level of market share concentration, with the largest four players forecast to account for 52.7% of industry revenue in 2013-14. Fitness First continues to dominate the industry, albeit to a far lesser extent than five or 10 years ago. The growth of medium-sized companies and foreign entrants to the industry has increased industry concentration. Ardent Leisure Group's Goodlife Health Clubs have increased their reach through various acquisitions, while the budget 24-hour gym chains Anytime Fitness and Jetts Fitness have grown exponentially over the past five years as consumers have become more price-conscious. Strong competition between the major players and from further gym chains such as Genesis Fitness, Fernwood Fitness and YMCA Australia means that the moderate industry concentration does not result in consumers being negatively affected.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Carrying out all necessary maintenance to keep facilities in good condition
Ensuring that facilities and equipment are well maintained will improve the customers' gym experience and help prevent injuries.

Having a high profile in the market
Gyms and fitness centres with a high profile will find it easier to attract customers. Operators can gain credibility through a relationship with a relevant sporting association or organisation.

Easy access for clients
Locating fitness centres and personal training sessions close to target markets is important in attracting time-poor customers.

Effective pricing and cost control
Gyms and fitness clubs must have appropriate pricing and cost management strategies to survive in a highly competitive market.

Provide value-added services
In the fitness industry, clubs that provide add-on services can gain an advantage over their competitors. Services may include nutritional advice and childcare services.

Cost Structure Benchmarks

With a high proportion of the industry's costs being fixed in nature, the profit margin is sensitive to movements in revenue. The dominant major variable cost is wages, which are able to be modified due to the high share of part-time and casual workers in the industry.

Profit
The contraction in revenue in 2008-09 resulted in the profit margin falling as many industry operators struggled to reduce costs. Other operators opted to ride out the effect on margins to gain market share by maintaining service levels. While profit fell in 2008-09, it has since recovered with the introduction of many budget operators that have very low cost bases due to their facilities largely operating unstaffed.

Wages
Labour is the industry's largest cost item. Labour is focused on exercise and class instruction, customer service, marketing and personal training. While many workers' wages are fixed costs, the high ratio of part-time and casual workers meant that the industry was able to subdue wages pressure in the aftermath of the global financial crisis. Many gyms are heavily reliant on labour because they focus on providing personal training and class instruction, as well as aggressive marketing tactics. The growth of budget gym franchises that operate unstaffed

Competitive Landscape

Cost Structure Benchmarks continued

and market towards experienced gym users has cut wage costs across the industry over the past five years.

Rent

The other major cost for the industry is rent because the rental of physical property is a requirement for businesses to operate. Many businesses also rent exercise equipment, as it reduces capital investment and allows easy changeover of equipment when it becomes too rundown or better equipment is released. As labour costs have declined over the past five years, rental costs have increased as they become a stronger focus for the industry.

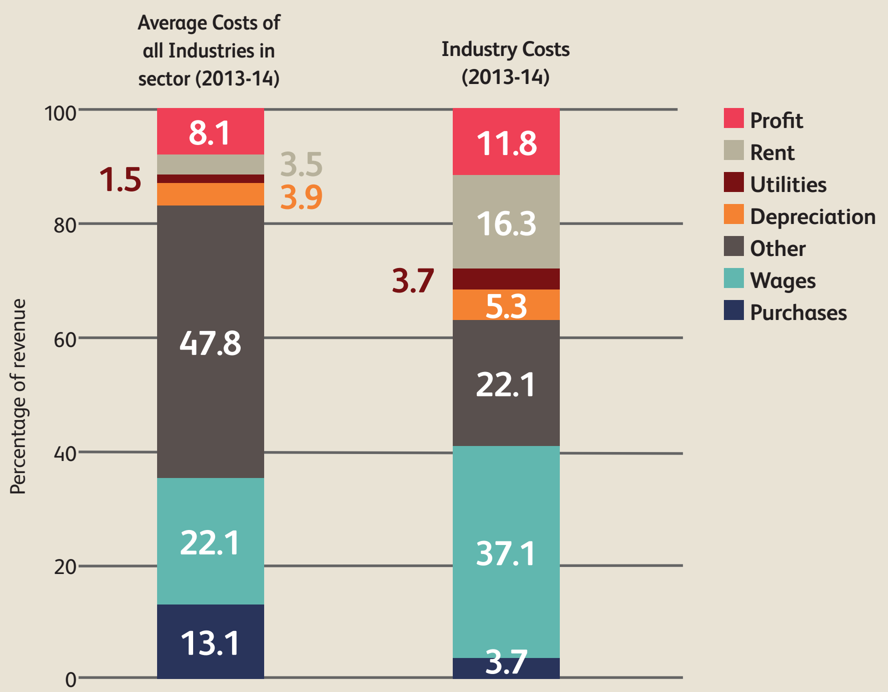
Depreciation

New gyms often invest in start-up capital with a view to operating the business long term, foregoing rental costs. Capital investment can be outlaid on gym equipment and the property within which the gym is situated. Depreciation has grown as a cost structure item over the past five years as the growing prevalence of franchised budget gyms has required significant initial investment.

Other Costs

Other cost segments for the industry include insurance, marketing, brand royalties for international franchises and machinery maintenance costs. The proportion of these costs has increased over the past five years. This is partly because 24-hour gyms have increased insurance and security costs as they are unstaffed. Growing competition in the industry requires greater investment in marketing to attract new customers. Royalty payments have also increased as several players that have emerged locally have spun off from international franchises.

Sector vs. Industry Costs



SOURCE: WWW.IBISWORLD.COM.AU

Competitive Landscape

Basis of Competition

Level & Trend
Competition in this industry is **High** and the trend is **Increasing**

This industry is highly competitive, with competition based on price, location and quality of facilities and services. Gyms also target particular niche markets in order to gain a competitive advantage. The industry also faces external competition from organised sport and independent fitness instructors.

Internal

With the industry in the mature stage of its life cycle, most market segments are well covered in terms of geography and customer demographics. With a slow supply of new members, gyms are increasingly differentiating themselves in order to target specialised demographics. With specialised structures, gyms can target consumers based on quality and range of facilities and services, accessibility, price and the overall gym environment.

Types of gyms include full-service gyms, such as Fitness First and Goodlife Health Clubs; 24-hour gyms, such as Anytime Fitness and Jetts; and women-only gyms, such as Fernwood and Curves. Generally, consumers will go to full-service gyms for quality and range of facilities and services; to 24-hour gyms for accessibility and low prices; and to women-only gyms provide the overall gym environment, as females often feel uncomfortable working out in unisex environments. Within each gym segment, they will compete against each other on the basis of price and location, as consumers tend to favour gyms that are within a convenient commute from home or work.

External

Gyms and fitness centres face competition from all substitute forms of exercise. While many people who play organised sport will attend a gym to enhance their performance, other amateurs sportspeople will forego gym memberships as they gain their exercise needs through sport. Fitness instructors or personal trainers that work outside of the industry are also competitors, while general do-it-yourself exercise such as jogging, cycling and home fitness can reduce the number of gym members.

Barriers to Entry

Level & Trend
Barriers to Entry in this industry are **Medium** and **Steady**

Barriers to entry include significant initial capital investment, potential franchise fees and cashflow issues, while the high degree of industry competition presents a significant barrier to success. The initial cost involved in opening a gym or fitness centre is relatively high. It can be difficult to find a suitable location, which then has to be purchased or rented. Gym equipment can also be very expensive, particularly as new gyms require new equipment to keep up with existing, established players in the industry. Leasing gym equipment can be a workaround to initial capital costs. New entrants also have to pay for public liability insurance, marketing investment and initial wages for their staff, which can result in cashflow issues as it takes time for new entrants to build a critical mass of members that produce a profit.

The strong competition in the industry represents a disincentive for operators to enter the Gyms and Fitness Centres industry. A number of large and medium-sized chains that account for the majority of industry revenue. New entrants can join the competition rather than opening a new gym, applying to open a franchise of a particular chain. While opening a franchise for an existing chain will represent greater probability of future success, franchise fees form an additional cost to new entrants. Thus, the industry exhibits moderate barriers to entry.

Barriers to Entry checklist	Level
Competition	High
Concentration	Medium
Life Cycle Stage	Mature
Capital Intensity	Medium
Technology Change	Low
Regulation & Policy	Light
Industry Assistance	Low

SOURCE: WWW.IBISWORLD.COM.AU

Competitive Landscape

Industry Globalisation

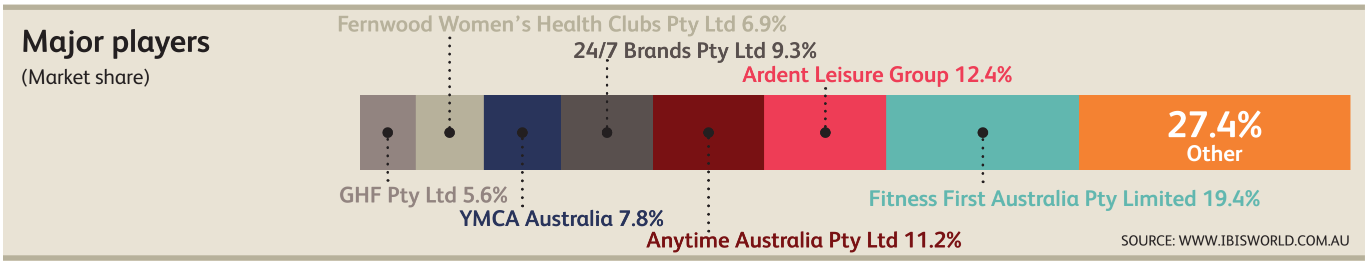
Level & Trend
Globalisation in this industry is **Low** and the trend is **Increasing**

Globalisation of the Fitness industry is increasing with the Australian expansion of international chains, such as Fitness First, Curves, Anytime Fitness and Virgin Active. These players, originating in the United Kingdom and the United States, have sought expansion into less mature markets to drive growth, with Australia being an attractive market in itself as well as a stepping stone into Asian markets.

The YMCA is also a global movement, although local operations are independent. International investment has been mostly one-way, with no Australia-based operator having significant offshore operations. Also contributing to the low level of globalisation is the fact that international trade is non-existent given the service-oriented nature of the industry.

Major Companies

Fitness First Australia Pty Limited | Ardent Leisure Group | Anytime Australia Pty Ltd
24/7 Brands Pty Ltd | YMCA Australia | Other Companies



Player Performance

Fitness First Australia Pty Limited
Market share: 19.4%

Fitness First was founded in the United Kingdom in 1993, with a single club opening in Bournemouth. Three years later, the company was floated on London's Alternative Investment Market. Public listing provided the company with the capital to expand, with expansion into Australia occurring in 2000. Fitness First now has operations in 10 countries including Australia, the United Kingdom, Germany and India. In 2005, it was acquired by BC Partners for £835.0 million. In September 2005, Fitness First became the largest health club group in the world, with 424 clubs and 1.1 million members.

The global financial crisis caused a significant decline in Fitness First's global business. The company now owns about 380 clubs and services 1.0 million members, with 7,000 employees worldwide. Fitness First has divested many clubs and complete operations in a number of European countries. The divestment included the sale of Fitness First's entire South Australian catalogue of gyms, and a location in Essendon, VIC, to Ardent Leisure Group. Oaktree Capital Management took a majority stake in the company in a debt-for-equity swap with BC Partners in June 2012.

Fitness First Australia Pty Limited is the largest player in Australia's Gyms and Fitness Centre industry, holding considerable market share. By 2009, the Australian operations had become the largest revenue segment in Fitness First's global operations. Revenue generated in Australia was more than 50.0% higher than the next largest segment, the United Kingdom, for the year through October 2012.

Financial performance

The strategies that originally delivered success to Fitness First when it entered Australia in 2000 have caused a severe market share decline over the past five years. Its platform of aggressive marketing, locking new customers into long-term contracts and providing large-scale, one-stop-shop gyms has become less successful. While the entire industry softened in the aftermath of the global financial crisis, the effect on Fitness First was

Fitness First Australia Pty Limited – financial performance

Year*	Revenue ($ million)	(% change)	EBIT ($ million)	(% change)
2008-09	344.7	5.2	63.4	N/C
2009-10	341.7	-0.9	45.0	-29.0
2010-11	333.1	-2.5	-10.7	N/C
2011-12	318.0	-4.5	-216.5	1,923.4
2012-13**	272.3	-14.4	N/A	N/C
2013-14**	255.1	-6.3	N/A	N/C

*Year end October **Estimate

SOURCE: IBISWORLD

Major Companies

Player Performance continued

intensified as consumers shifted to cheaper gym alternatives. The industry rebounded from 2009-10 through 2012-13 but Fitness First did not, resulting in an estimated annualised revenue decline of 5.8% over the past five years. The company also endured significant operating losses during 2011-12 as it made previously postponed tax payments.

Player Performance

Ardent Leisure Group
Market share: 12.4%
Industry Brand Names
Goodlife Health Clubs

Ardent Leisure Group (ALG), formerly known as Macquarie Leisure Trust, owns and operates a number of recreational facilities throughout Australia. Founded in June 1998 and headquartered in Sydney, ALG owns and operates Dreamworld and WhiteWater World on the Gold Coast, the Australian arm of AMF Bowling, Kingpin Bowling Lounges, d'Albora Marinas and Goodlife Health Clubs. It is through the fast-growing Goodlife Health Clubs that ALG operates in the Gyms and Fitness Centres industry.

The Goodlife Health Clubs chain was established in 1998 and acquired by ALG in September 2007 for $59.7 million. Goodlife was established in Queensland and expanded across Australia. In June 2008, there were 19 Goodlife Health Clubs in Queensland, six in South Australia, four in Victoria and two in New South Wales. Rapid expansion has occurred over the past five years. By June 2013, there were 23 Goodlife Health Clubs in Queensland, 12 in South Australia, 21 in Victoria, six in Western Australia and four in New South Wales. Growth in the number of establishment has occurred through opening new facilities and acquiring existing gyms, such as those divested by Fenix and Fitness First in 2012.

Financial performance

Since acquiring Goodlife Health Clubs in September 2007, ALG's health clubs segment has grown tremendously. Health clubs revenue is estimated to rise by a compound annual rate of 18.7% over the five years through 2013-14. While Goodlife Health Clubs operates with a similar business structure to Fitness First in locking new customers into long-term contracts, it has maintained a strong public image and withstood the growth in budget, unstaffed gyms. The strong revenue growth has resulted in ALG gaining substantial market share over the past five years and consolidating its position as the second-largest player in the industry.

Ardent Leisure Group (health clubs segment) – financial performance

Year	Revenue ($ million)	(% change)	Operating Profit ($ million)	(% change)
2008-09	69.4	89.1	10.7	494.4
2009-10	73.4	5.8	9.0	-15.9
2010-11	90.0	22.6	12.9	43.3
2011-12	102.6	14.0	16.4	27.1
2012-13	140.7	37.1	30.3	84.8
2013-14*	163.2	16.0	N/A	N/A

*Estimate

SOURCE: ANNUAL REPORT AND IBISWORLD

Major Companies

Player Performance

Anytime Australia Pty Ltd
Market share: 11.2 %
Industry Brand Names
Anytime Fitness

Anytime Australia Pty Ltd is the Australian subsidiary of Anytime Fitness, a multinational, budget franchise chain. Anytime Fitness was established in the United States in May 2002 and was introduced in Australia in 2008-09. Anytime Fitness currently operates about 2,400 gyms across Australia, North America, Europe, the Middle East and Asia. In Australia there are about 318 Anytime Fitness gyms, with the strongest presence in New South Wales.

Along with Jetts Fitness, Anytime Fitness has helped drive the trend of budget 24-hour gyms that are largely unstaffed. These gyms provide significant cost savings to the company as it saves on wages. The gyms can be a better fit for consumers in terms of opening hours, while all consumers benefit from lower prices as the wage savings flow through. Anytime Fitness is also known for the consistent success of its franchise model. Initial capital investment to fit out a gym costs $350,000 on average, with Australian franchisees paying an initial franchise fee of $59,900 and a monthly network fee of $900 to gain access to Anytime Fitness' company-wide systems. One-third of the monthly fee goes back to the US parent company.

Anytime Fitness – financial performance

Year	Revenue ($ million)	(% change)
2009-10*	23.1	N/A
2010-11*	34.2	48.1
2011-12	89.0	160.2
2012-13*	128.2	44.0
2013-14	147.1	14.7

*Estimate

SOURCE: IBISWORLD

Financial performance

Since its entry, Anytime Fitness has become one of the fastest growing franchises in Australia. In 2011-12, the company's growth was particularly high, with total franchise revenue estimated to have increased by 160.2%. This propelled the company into the major player arena. The franchise focuses heavily on providing low-cost gym facilities that are available at all hours, with the value provided to consumers paramount over the past five years in the aftermath of the global financial crisis. Subsequently, over the four years through 2013-14, Anytime Fitness is estimated to grow by 58.9% annualised. Such rapid growth has resulted in a boom in market share for the company.

Player Performance

24/7 Brands Pty Ltd
Market share: 9.3 %
Industry Brand Names
Jetts Fitness

The Australian gym franchise Jetts Fitness is owned by 24/7 Brands Pty Ltd. Like Anytime Fitness, Jetts Fitness has been a pioneer in the 24-hour budget fitness chain segment. Jetts' growth in terms of both revenue and establishment numbers has been spectacular since its founding, leading to a listing in BRW in February 2012 as the fastest growing franchise in Australia. The franchise was established in 2007, starting with one gym on the Gold Coast, QLD. The company has since grown to over 200 franchises across Australia and New Zealand.

Financial performance

Jetts Fitness maintains a similar focus to

Jetts Fitness – franchise financial performance

Year	Revenue ($ million)	(% change)
2008-09	3.8	N/C
2009-10*	24.0	531.6
2010-11*	43.0	79.2
2011-12	74.5	73.3
2012-13*	101.2	35.8
2013-14*	122.5	21.0

*Estimate

SOURCE: IBISWORLD

Major Companies

Player Performance continued

its larger competitor Anytime Fitness and has achieved similar revenue growth over the past five years. Franchise revenue growth over the five years through 2013-14 is estimated to reach 100.3% annualised. The exponential growth began from a low base in 2008-09, with the company generating revenue of $3.8 million in its foundation year. While revenue growth is strong and indicates the attainment of significant market share, the company has encountered diminishing returns over the past five years. Thus, it has underperformed its major segment competitor Anytime Fitness, with higher start-up costs required for franchisees slightly limiting company growth.

Player Performance

YMCA Australia
Market share: 7.8 %

The YMCA is a not-for-profit organisation that provides health and fitness services and recreation, accommodation, childcare, youth and family services from over 500 centres throughout Australia. The YMCA is made up of 30 locally governed member associations, under the umbrella of the National Council of the YMCAs of Australia.

Financial performance

Over the past five years, the YMCA has generated 27.0% of its revenue from health and wellbeing initiatives, including operating health and fitness centres. As a not-for-profit organisation, these fitness centres are perceived as another low-budget option for people interested in attending a fitness centre. Consequently, the organisation's health and wellbeing segment has grown in line with the rest of the organisation as gym attendees search for cheaper, basic and better value fitness centre options. Following this trend, the YMCA's industry-related revenue is forecast to grow by an annualised 10.4% over the five years through 2013-14, resulting in a gain in market share.

YMCA Australia (health and wellbeing segment) – financial performance

Year	Revenue ($ million)	(% change)
2008-09	63.5	10.6
2009-10	68.9	8.5
2010-11	78.0	13.2
2011-12	89.3	14.5
2012-13*	99.9	11.9
2013-14*	104.2	4.3

*Estimate

SOURCE: ANNUAL REPORT AND IBISWORLD

Major Companies

Player Performance

Fernwood Women's Health Clubs Pty Ltd
Market share: 6.9 %

Fernwood Fitness is a gym franchise focused on providing full-service facilities for women only. The company was founded in 1989, with the first Fernwood gym opening in Bendigo, VIC. The first franchise was opened in 1994. The company began to gain momentum in 1998 when it was initially listed in BRW's Fast 100. Growth in the industry and Fernwood's position as the most recognisable women-only gym generated revenue growth from 1998 until the global financial crisis – revenue increased from $25.0 million in 2001-02 to about $75.0 million in 2006-07.

There are currently 69 Fernwood gyms across Australia, with a high number in Victoria, New South Wales and Queensland. The company and its franchises employ about 2,200 staff. Capital investment for franchisees to open a new Fernwood gym is between $450,000 and $500,000. Fernwood's franchising system involves franchisees paying the company 7.0% of their gross revenue and contributing 5.0% of gross revenue to Fernwood's National Marketing Fund.

Financial performance

Over the past five years, Fernwood's position as a rising gym franchise has been fading. While the global financial crisis initiated a revenue fall, increasing competition within its segment has also eaten into revenue. While Fernwood remains the dominant player in the women-only segment, the growth of competitors like Curves, Contours and EnVie has saturated the market. Unisex gyms have also tapped into the market by opening women-only areas within their gyms. Consequently, Fernwood has lost market share over the five years through 2013-14, with company and franchise revenue only growing by an estimated compound annual rate of 0.4%.

Fernwood Women's Health Clubs Pty Ltd – industry segment performance

Year	Revenue ($ million)	(% change)
2008-09*	88.1	N/C
2009-10*	82.1	-6.8
2010-11*	87.3	6.3
2011-12	86.0	-1.5
2012-13	88.4	2.8
2013-14*	90.1	1.9

*Estimate

SOURCE: IBISWORLD

Player Performance

GHF Pty Ltd
Market share: 5.6 %
Industry Brand Names
Genesis Fitness

Genesis Fitness was established in 1997 in Ringwood, VIC. As a growing competitor to Fitness First, Genesis Fitness has taken the opposite approach to growing low-budget rivals Anytime Fitness and Jetts, by focusing on providing a higher quality gym and fitness centre experience. Genesis aims to achieve this through providing more extensive customer service, flexible memberships and extra services such as child minding. There are now 46 Genesis Fitness gyms across Australia.

Financial performance

Over the past five years, the franchise has been progressively increasing its

GHF Pty Ltd – franchise financial performance*

Year	Revenue ($ million)	(% change)
2008-09	31.5	29.6
2009-10	48.6	54.3
2010-11	62.1	27.8
2011-12	68.2	9.8
2012-13	71.9	5.4
2013-14	73.2	1.8

*Estimate

SOURCE: IBISWORLD

Major Companies

Player Performance continued

revenue through its customer-centric approach. Establishment numbers have increased from 34 in 2008-09 to 46 in 2013-14. While Genesis has downsized in its home state of Victoria, it has expanded in New South Wales, Queensland, Western Australia and South Australia. It has also entered the Northern Territory. Growth in establishment numbers has resulted in company and franchise revenue increasing by an estimated 18.4% annualised over the past five years, driving market share growth.

Other Companies

The rest of the industry is made up of smaller franchises, facilities owned by local councils and independent gyms. Independent gyms generally attempt to foster a community presence. Growing franchises aiming to penetrate different markets include Curves in the women-only gym segment, Virgin Active in the full-service gym segment and Snap Fitness in the 24-hour budget gym segment.

Curves

Estimated market share: 3.0 %

A privately owned women-only gym franchise, Curves was founded as a small business in the United States in 1992 before growing at a record rate, opening 7,000 locations in less than a decade. Curves now has about 10,000 locations in more than 85 countries. This includes over 300 locations across Australia. The number of locations that it holds makes it one of the largest players in the industry by establishment numbers.

Like new entrants Jetts and Anytime, Curves has focused on keeping its facilities simple. Rather than a full-service offering, the franchise provides serviced circuit training, reducing the equipment required. However, as the franchise is still centred on service provision, wage costs are restricting its flexibility in marketing itself as a low-cost option. Subsequently, its market share has declined over the past five years.

Snap Fitness

Estimated market share: 2.8 %

Snap Fitness is a US-based privately owned company founded in 2003 and headquartered in Chanhassen, Minnesota. The company operates in countries across North America, Australasia, Europe and Asia. The company entered Australia in 2009 and has since grown to about 144 franchises that span all states and territories, with a focus in Queensland.

Virgin Active

Estimated market share: Less than 1.0 %

Falling under the Virgin brand owned by Richard Branson, Virgin Active health clubs target the higher end of the market as they aim to provide premium service for premium prices. Virgin Active targets the professional workforce, with gyms located in the CBDs of Sydney and Melbourne and two further gyms located in Baulkham Hills and Frenchs Forest in New South Wales. The company aims to provide a service where no member has to queue up to use equipment, while providing additional facilities such as rock-climbing walls, sleep zones and swimming pools.

Operating Conditions

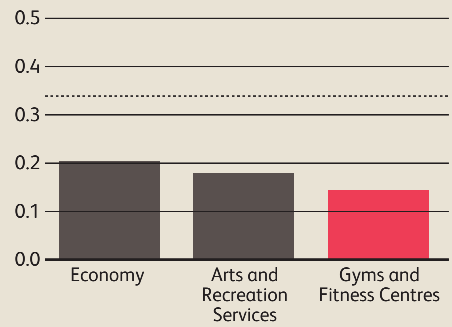
Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

Capital Intensity

Level
The level of capital intensity is **Medium**

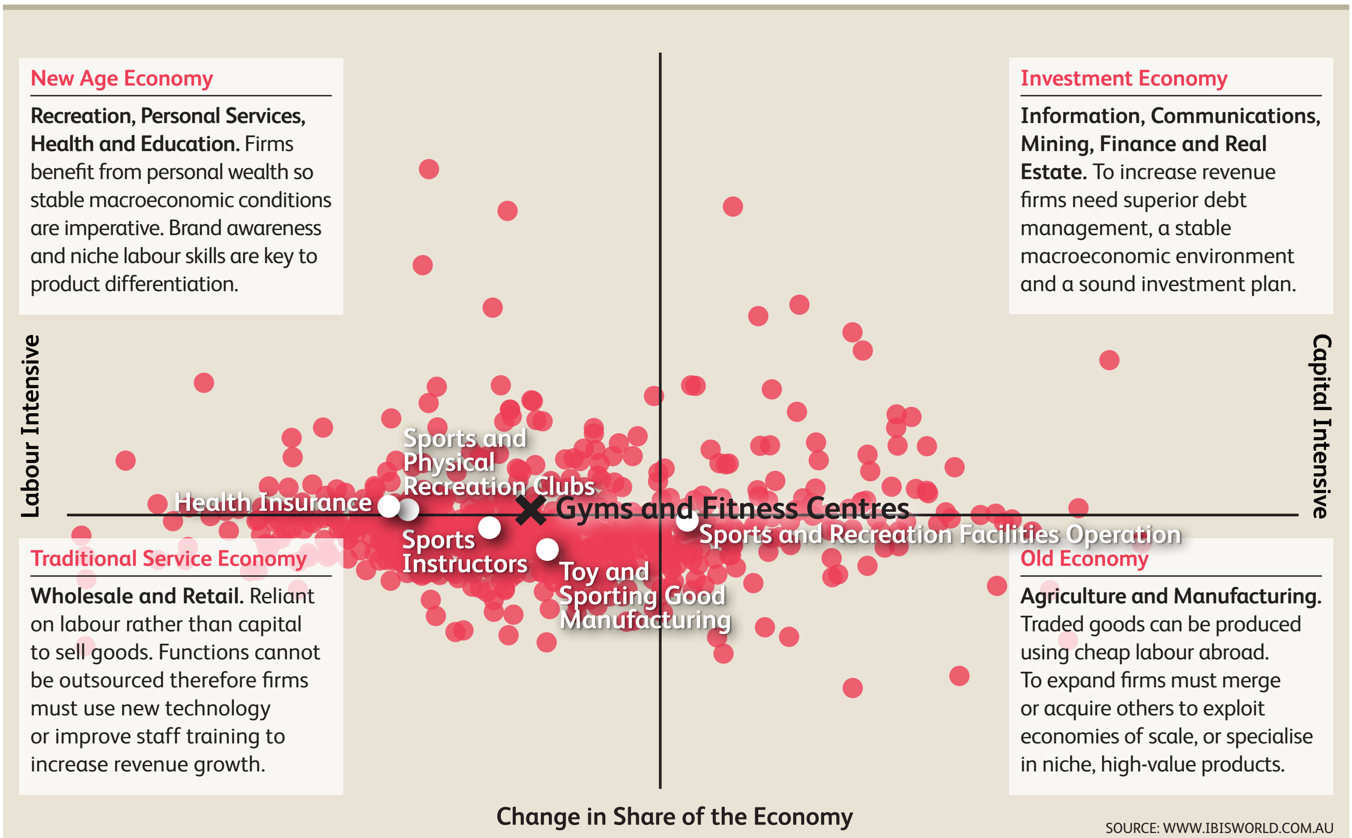
The industry exhibits a moderate level of capital intensity. IBISWorld estimates that $7.00 is spent on wages for every dollar invested in capital, although this ratio is falling. Fitness centres face particularly high equipment expenses in the form of weight lifting, resistance training and cardiovascular training equipment. For most businesses, investment in capital is also reserved for cheap and freely available communications equipment (i.e. computers, mobile phones and laptops with remote internet access). Some companies may also purchase the premises that the gym is situated in, heavily increasing depreciation expenses. The industry has historically been dependent on labour for the purposes of exercise instruction on a personal, class-based and broad level, as well as for heavy marketing and sales activities. The level of wages has fallen over the past five years as unstaffed 24-hour gyms have exploded in the market, increasing capital intensity.

Capital intensity
Capital units per labour unit



Dotted line shows a high level of capital intensity
SOURCE: WWW.IBISWORLD.COM.AU

Tools of the Trade: Growth Strategies for Success



SOURCE: WWW.IBISWORLD.COM.AU

Operating Conditions

Technology & Systems

Level
The level of Technology Change is **Low**

Technology change in this industry is low. While fitness centres need to keep up to date with modern equipment and training methods, the rate of change is relatively slow and tends not to substantially alter the way in which services are delivered, or open up significant new markets. However, one way that changes in training systems have opened up new markets over time has been the advent of group fitness classes, which tend to target broader markets. The CrossFit boom is an example of class-based exercise using new techniques becoming increasingly popular.

A focus on more personalised service and advice has added value to fitness centre offerings. Recently, many fitness centres have been looking to improve their customer database systems in order to enhance communication with clients and in turn increase customer retention and cross-promotion potential. This has seen the adoption of new computer hardware and software for database management and mass direct communication.

Revenue Volatility

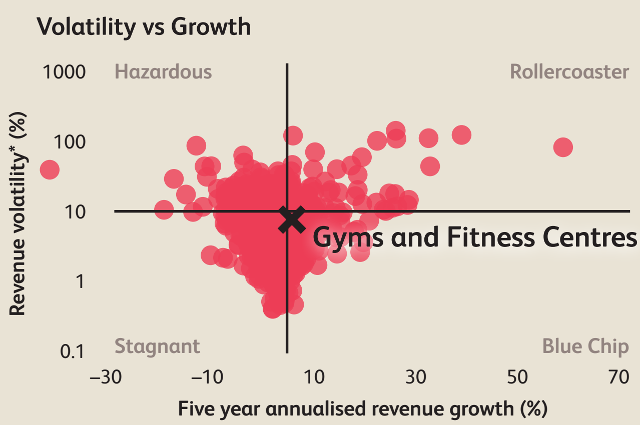
Level
The level of Volatility is **Medium**

The Gyms and Fitness Centres industry revenue volatility during the past five years has been moderate. While the global financial crisis instigated a sharp contraction in industry revenue, a consistent recovery has occurred over the past five years. The industry is sensitive to economic conditions, with many consumers seeing the industry's services as discretionary and therefore able to be cut when money is tight. Consumers have greater ability to cancel gym membership than they did five or 10 years ago, as less members are locked into long-term contracts due to the wide array of competition in the industry.

While discretionary income continued to rise through the economic downturn due to falling interest rates, the uncertain conditions prompted many consumers to divert their income toward saving and deleveraging. The industry has been boosted by the growth of budget players that provide greater price accessibility to consumers. With consumers able to increase their savings and retain or attain a gym membership at low cost, revenue growth has been relatively consistent.

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilised capacity if demand suddenly falls, or capacity constraints if it rises quickly.



* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM.AU

Operating Conditions

Regulation & Policy

Level & Trend
The level of Regulation is **Light** and the trend is **Steady**

The Gyms and Fitness Centres industry is lightly regulated. The main regulations covering the industry are consumer protection laws. The Australian Consumer Law (ACL) replaced various state Fair Trading Acts in 2012. The ACL has provisions relating to the industry, including issues such as membership contracts and disclosure of terms, high-pressure sales tactics, misleading communication and confidentiality. The major points of emphasis are in unfair contract terms. These include terms that result in automatic membership renewal, terms that allow a gym to vary its services, terms that impose penalties or make it difficult to cancel memberships, and liability disclaimers.

Certification of fitness instructors is indirectly regulated, as trainers are required to be certified in order to qualify for professional indemnity insurance. One area of increasing regulation is at local council level regarding use of public space for personal training sessions, with many councils requiring permits to use public reserves and some charging access fees.

Industry Assistance

Level & Trend
The level of Industry Assistance is **Low** and the trend is **Steady**

This industry receives no outside assistance or protection. While some gyms and fitness centres are owned and operated by local councils, they generally operate as for-profit entities.

Key Statistics

Industry Data

	Revenue ($m)	Industry Value Added ($m)	Establishments	Enterprises	Employment	Exports	Imports	Wages ($m)	Domestic Demand
2004-05	903.8	508.8	2,362	1,952	16,569	--	--	359.2	N/A
2005-06	1,001.1	594.7	2,455	1,996	17,646	--	--	411.5	N/A
2006-07	1,079.9	634.1	2,528	2,049	18,534	--	--	444.6	N/A
2007-08	1,176.8	698.6	2,639	2,128	19,275	--	--	480.3	N/A
2008-09	1,040.3	527.4	2,613	2,187	18,278	--	--	440.0	N/A
2009-10	1,100.6	591.2	2,818	2,310	18,461	--	--	442.1	N/A
2010-11	1,160.8	627.0	3,101	2,503	18,849	--	--	455.2	N/A
2011-12	1,234.8	672.1	3,368	2,670	19,132	--	--	467.7	N/A
2012-13	1,286.0	705.8	3,527	2,765	19,476	--	--	483.3	N/A
2013-14	**1,313.9**	**712.0**	**3,588**	**2,834**	**19,573**	**--**	**--**	**487.3**	**N/A**
2014-15	1,264.8	636.4	3,496	2,753	18,986	--	--	468.2	N/A
2015-16	1,234.8	605.0	3,408	2,681	18,417	--	--	453.1	N/A
2016-17	1,240.8	666.6	3,397	2,658	18,730	--	--	461.2	N/A
2017-18	1,251.7	696.8	3,435	2,676	19,217	--	--	470.9	N/A
2018-19	1,266.2	709.5	3,468	2,698	19,601	--	--	474.6	N/A
Sector Rank	**8/14**	**6/14**	**3/14**	**1/14**	**2/14**	**N/A**	**N/A**	**6/14**	**N/A**
Economy Rank	**446/688**	**349/688**	**173/688**	**160/687**	**174/688**	**N/A**	**N/A**	**304/688**	**N/A**

Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)
2005-06	10.8	16.9	3.9	2.3	6.5	N/A	N/A	14.6	N/A
2006-07	7.9	6.6	3.0	2.7	5.0	N/A	N/A	8.0	N/A
2007-08	9.0	10.2	4.4	3.9	4.0	N/A	N/A	8.0	N/A
2008-09	-11.6	-24.5	-1.0	2.8	-5.2	N/A	N/A	-8.4	N/A
2009-10	5.8	12.1	7.8	5.6	1.0	N/A	N/A	0.5	N/A
2010-11	5.5	6.1	10.0	8.4	2.1	N/A	N/A	3.0	N/A
2011-12	6.4	7.2	8.6	6.7	1.5	N/A	N/A	2.7	N/A
2012-13	4.1	5.0	4.7	3.6	1.8	N/A	N/A	3.3	N/A
2013-14	**2.2**	**0.9**	**1.7**	**2.5**	**0.5**	**N/A**	**N/A**	**0.8**	**N/A**
2014-15	-3.7	-10.6	-2.6	-2.9	-3.0	N/A	N/A	-3.9	N/A
2015-16	-2.4	-4.9	-2.5	-2.6	-3.0	N/A	N/A	-3.2	N/A
2016-17	0.5	10.2	-0.3	-0.9	1.7	N/A	N/A	1.8	N/A
2017-18	0.9	4.5	1.1	0.7	2.6	N/A	N/A	2.1	N/A
2018-19	1.2	1.8	1.0	0.8	2.0	N/A	N/A	0.8	N/A
Sector Rank	**9/14**	**11/14**	**3/14**	**3/14**	**12/14**	**N/A**	**N/A**	**11/14**	**N/A**
Economy Rank	**343/688**	**434/688**	**189/688**	**126/687**	**417/688**	**N/A**	**N/A**	**435/688**	**N/A**

Key Ratios

	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2004-05	56.30	N/A	N/A	54.55	39.74	7.01	21,679.04	0.04
2005-06	59.40	N/A	N/A	56.73	41.10	7.19	23,319.73	0.05
2006-07	58.72	N/A	N/A	58.27	41.17	7.33	23,988.35	0.05
2007-08	59.36	N/A	N/A	61.05	40.81	7.30	24,918.29	0.05
2008-09	50.70	N/A	N/A	56.92	42.30	7.00	24,072.66	0.04
2009-10	53.72	N/A	N/A	59.62	40.17	6.55	23,947.78	0.04
2010-11	54.01	N/A	N/A	61.58	39.21	6.08	24,149.82	0.04
2011-12	54.43	N/A	N/A	64.54	37.88	5.68	24,445.95	0.05
2012-13	54.88	N/A	N/A	66.03	37.58	5.52	24,815.16	0.05
2013-14	**54.19**	**N/A**	**N/A**	**67.13**	**37.09**	**5.46**	**24,896.54**	**0.05**
2014-15	50.32	N/A	N/A	66.62	37.02	5.43	24,660.28	0.04
2015-16	49.00	N/A	N/A	67.05	36.69	5.40	24,602.27	0.04
2016-17	53.72	N/A	N/A	66.25	37.17	5.51	24,623.60	0.04
2017-18	55.67	N/A	N/A	65.14	37.62	5.59	24,504.35	0.04
2018-19	56.03	N/A	N/A	64.60	37.48	5.65	24,213.05	0.04
Sector Rank	**3/14**	**N/A**	**N/A**	**14/14**	**4/14**	**11/14**	**12/14**	**6/14**
Economy Rank	**141/688**	**N/A**	**N/A**	**668/688**	**126/688**	**385/688**	**651/688**	**349/688**

Figures are inflation-adjusted 2014 dollars. Rank refers to 2014 data.

SOURCE: WWW.IBISWORLD.COM.AU

Jargon & Glossary

Industry Jargon

CIRCUIT TRAINING An exercise program that involves performing and repeating several exercises over a short time period.

CROSSFIT A rounded exercise program provided by gyms that is focused on improving strength and conditioning.

PILATES A physical fitness system that is focused on improving flexibility, core strength, and endurance.

IBISWorld Glossary

BARRIERS TO ENTRY High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labour. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labour; medium is $0.125 to $0.333 of capital to $1 of labour; low is less than $0.125 of capital for every $1 of labour.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the Australian Bureau of Statistics' implicit GDP price deflator.

DOMESTIC DEMAND Spending on industry goods and services within Australia, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS Total value of industry goods and services sold by Australian companies to customers abroad.

IMPORTS Total value of industry goods and services brought in from foreign countries to be sold in Australia.

INDUSTRY CONCENTRATION An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70 % of industry revenue. Medium is 40 % to 70 % of industry revenue. Low is less than 40 %.

INDUSTRY REVENUE The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA) The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5 %; medium is 5 % to 20 %; and high is more than 20 %. Imports/domestic demand: low is less than 5 %; medium is 5 % to 35 %; and high is more than 35 %.

LIFE CYCLE All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20 %; high volatility is ±10 % to ±20 %; moderate volatility is ±3 % to ±10 %; and low volatility is less than ±3 %.

WAGES The gross total wages and salaries of all employees in the industry. Benefits and on-costs are included in this figure.

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