

The German health and fitness market is the second largest in Europe and it's still growing – but what does the future hold?

going deutsch

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There are many different facets of the German health and fitness market. It has four different trade associations and generated total sales of just €3.16bn in 2002 (Source: DSSV), which is less than Porsche AG's annual turnover.

Until now, there hasn't been any accurate data of the total size of this market. However, since 1999, Deloitte & Touche has been engaged in this market segment and committed to increasing its transparency by issuing several studies about the current and future market situation.

Deloitte & Touche also provides consulting and auditing services to some of the largest fitness operators in Germany. Therefore, this article aims to give the reader a general overview of the German fitness market, the main players and potential trends.

overall market

The health and fitness industry in Germany, as the second largest in Europe, has experienced continuous growth over the last 10 years.

Overall membership increased by 155 per cent from 1992 to 2002, with a yearly average growth rate of 11 per cent (CAGR). Therefore, at the end of 2002, approximately 5.1m people in Germany were a member of a fitness club, accounting for 6.2 per cent of the total population.

Furthermore, the number of clubs increased from 4,750 in 1992 to 6,500 in 2002, an increase of 36.8 per cent, or a yearly average growth rate of 3.5 per cent (CAGR).

On the one hand, the strong growth reflects the increasing professionalism of the clubs in their operations and their ability to attract new members. On the other hand, it

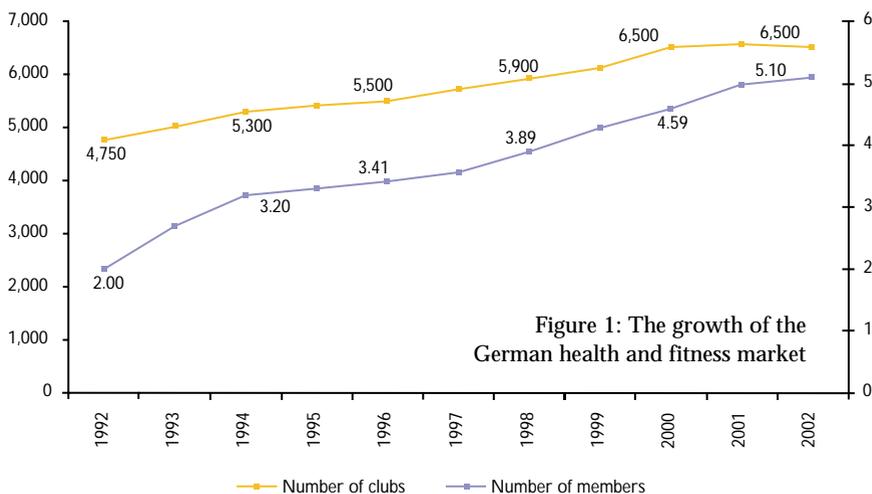


Figure 1: The growth of the German health and fitness market

Sources: DSSV, D&T analysis (extrapolation)

reflects a more general increase in the population's awareness of the health and fitness market.

However, analysis of the growth over the last three years shows the pace tapering off. The number of clubs remained consistent at approximately 6,500 and although membership

increased by 7.5 per cent in 2000 and 8.3 per cent in 2001, this slowed down to a 2.6 per cent increase in 2002.

selected operators

Since 2001, Deloitte & Touche has been issuing a quarterly newsletter with the most recent figures of selected health club

Selected Health Club Operators in the German Fitness Industry

	Number of health clubs in Germany			Membership			Percentage variance	
	Actual	Actual	Actual	Actual	Actual	Actual	(2)	(3)
	Dec 00	Dec 01	Dec 02	Dec 00	Dec 01	Dec 02		
Fitness Company	31	45	64	68,000	96,800	140,200	42%	45%
Elixia	19	22	25	68,000	82,400	77,600	21%	-6%
TC Holdings (1)	14	14	14	21,200	23,800	24,500	12%	3%
Fitness Park Pfitzenmeier	8	9	9	15,500	19,600	22,440	26%	14%
Future Sports	5	12	14	9,500	16,000	21,400	68%	34%
Kieser Training (1)	7	10	11	9,800	16,900	18,374	72%	9%
Meridian	3	3	4	16,400	16,600	17,600	1%	6%
Fitness Point	17	18	17	11,000	12,000	12,000	9%	0%
Selection Fitness (1)	7	7	7	6,700	9,000	9,100	34%	1%
TEAM World of Fitness (1)	5	7	9	4,500	7,000	13,000	56%	86%
Eisenhauer Training (1)	1	1	1	3,150	3,150	3,150	-	0%
Non-franchised clubs	117	148	175	233,760	303,250	359,364	30%	19%
Members per club				1,998	2,049	2,054	3%	0%
INJOY	0	0	72	0	0	94,320	-	-
Kieser Training (1)	43	58	80	60,200	98,100	133,626	63%	36%
TC Holdings (1)	37	39	41	56,000	69,600	80,500	24%	16%
TEAM World of Fitness (1)	6	11	11	6,500	12,000	14,000	85%	17%
Eisenhauer Training (1)	7	7	9	22,100	22,050	28,350	-	29%
Selection Fitness (1)	2	2	2	1,900	3,200	3,300	68%	3%
Franchised clubs	95	117	215	146,700	204,950	354,096	40%	27% (*)
Members per club (*)				1,544	1,752	1,817	13%	4% (*)
Total	212	285	390	380,450	508,200	713,460	34%	22% (*)

(1) Some companies operate both franchised clubs and their own clubs

(2) Membership growth in % between Dec 2000 and Dec 2001 (3) Membership growth in % between Dec 2001 and Dec 2002

(*) Without INJOY

Sources: Unaudited corporate information dated December 2002, D&T Analysis

Figure 2: Major players in the German health and fitness market

operators in the German health and fitness industry.

These operators, representing the major players of the German health and fitness market, are identified in Figure 2 above.

The large fitness operators (non-franchise and franchise) are growing much faster than the overall market. However, even they have experienced a slower growth rate in the last three years. Whereas the membership of larger operators grew by approximately 41 per cent in 2000, and 34 per cent in 2001, this growth dropped to 22 per cent in 2002. This decline comes hand in hand with significant downward adjustments to their budgeted growth.

The top four players in Germany account for approximately 75 per cent of the total membership of the selected non-franchise studios. Figure 3 above

Fitness operator	Shareholder/ Owner	Comments*
Fitness Company	Fitness First	Continued growth of 15 clubs a year
Elixia Holding GmbH	Compass Partners, Management	Focus on a quality concept; growth of 3 clubs a year
FSH Future Sports Holding GmbH	3i, private owners	Focus on existing clubs and increasing the membership
TC Holdings GmbH	Banc Boston, Management	Focus on existing clubs and increasing the membership

* Comments about the company's future on 31 December 2002

shows the top four players in more depth, with comments from their management regarding their future short-term goals.

The largest fitness operators in Germany are experiencing increased growth in membership figures despite

Figure 3: The top four players in the German market

the overall economic downturn. The outlook for 2003 is mostly optimistic and focuses on growth through new club openings or through growth in membership at existing clubs.

In recent years, the German health and fitness market has experienced market consolidation, expressed through the growth of the selected studio operators, which continues to be well above the market average.

Furthermore, growth is generated through existing clubs. This goes hand in hand with a further increase in the average number of members per studio. The trend is exhibited by large clubs, with an average of 1,500sq m to 2,500sq m, with a few clubs over 10,000 sq m. However, the market share of the five largest fitness operators in Germany was only approximately 7 per cent in 2000, less than the market share of the five largest fitness clubs in the UK of approximately 25 per cent. By the year 2005, we forecast the market share in Germany and the UK for the top five players to be approximately 16 per cent and 25 per cent respectively.

trends forecast

We predict that the larger fitness operators will increase their share of the German health and fitness market and, in the long run, consolidation will continue to push the smaller, single site fitness clubs out of the German market. Large fitness operations are well-managed and employ professional staff, and the image of fitness clubs attracting only 'Schwarzenegger wannabes' is long gone. The new clubs are clean, equipped with the most recent cardiovascular and resistance machines and attract a totally different type of member.

New requirements relating to bank loans are also making it harder for smaller fitness operators to access external capital, exacerbating what is already a difficult situation for them. Without access to appropriate financing, smaller operators are often poorly managed and cannot effectively compete with the chains. Unable to invest in new equipment and professional staff, often their only solution is to close.

Another important trend in the coming year will be the development of more premium and country clubs in Germany. Clubs in this sector are usually very large (more than 2000sq m) and most have 25m swimming pools, tennis courts and sometimes even golf courses, targeting the upper-middle

to upper class members. In our study 'The German Health & Fitness Market in the Year 2005', we forecast that the market share of premium and country clubs will increase from 3 per cent in 2001 to 9 per cent in 2005.

The German health club market will continue to grow and we predict that further consolidation in the industry will be driven by the large operators. ●

Consolidation will continue to push the smaller, single site fitness clubs out of the German market

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