

THE FORMATION OF CHINA'S FITNESS INDUSTRY

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Анотація. У статті подано інформацію щодо стану і розвитку фітнес індустрії Китаю. Статистичні показники доводять динаміку. Прогнозують, що 2024 року Китай отримає 6.173.5 млн доларів доходу від фітнес-індустрії.

Ключові слова: Китай, оздоровчий фітнес, статистика.

Abstract. The article provides information on the state and development of China's fitness industry. Statistical indicators prove the dynamics. It is predicted that in 2024, China will receive 6.173.5 million dollars in revenue from the fitness industry.

Keywords: China, health fitness, statistics.

Introduction. In the East, fitness developed mostly as an art of movement (for example, the popular Chinese system of health training Wushu with its varieties and yoga is a philosophy, a system of ancient commandments, a science of living in unity with nature, which is to one degree or another connected with meditation [1].

The first commercial sports clubs began to open in China in the early 80s of the last century. Since that time, the country's fitness industry has undergone tremendous changes, which became especially evident after the launch of the state program for the development of mass sports in 2011. Annual growth of the industry approached 12% between 2011 and 2016. China now has all the conditions for active sports: many fitness clubs, as well as «yard simulators» [1, 2, 3, 4].

Beijing announced a new five-year program to improve the nation. It aims to increase the number of people who regularly exercise in China.

The program includes the construction and renovation of more than 2,000 sports parks, fitness centers and community stadiums. It will boost the sports industry and help deal with rising unemployment among the younger population.

The State Council plan calls for an increase in the sports sector to 5 trillion yuan (\$774 billion) by 2025, up 70% from 2019 levels [1, 2, 3, 4].

The goal is to study the current state of the fitness industry in China.

Research methods: theoretical analysis and generalization of scientific literature, sources and information of the Internet.

Results. The fitness industry is actively developing in China. With the beginning of the COVID-19 pandemic, all fitness centers were closed and suffered great economic losses. However, some of them began to quickly reorient themselves with the fact that the virus in China is under control, some of the sports centers have reopened and are trying to quickly make up for the losses due to downtime.

During the pandemic, many clubs switched to online training or launched joint partnership programs with existing services. Many clubs began to work closely with medical institutions due to requests for monitoring general health. For example, conducting cardioscanning in a fitness club, partnering with nutritionists, introducing stress management practices. Digital coaching startups are showing good growth. Among them is an interactive mirror for home workouts, during which it turns into a touch screen with speakers that broadcasts exercises. Users watch and follow the interactive fitness instructor. Smart mirror saves training data, analyzes it and makes recommendations. Instead of «freezing» cards, fitness studio clients are provided with special vouchers confirming their right to free reimbursement of weeks or months lost due to restrictions. Various options are offered [1, 2, 3, 4].

China's multi-billion-dollar fitness market has been thriving along with a rising health awareness among Chinese consumers. In 2019, the health club industry in the top ten cities in mainland China generated almost four billion U.S. dollars, which was nearly double the figure in the whole mainland China in 2016. However, the average health club member penetration rate in the country was among the lowest group across the globe.

China's multi-billion-dollar fitness market is brimming with potentials. Among the top ten cities in mainland China in terms of fitness industry revenues, the average health club member penetration rate stood at 2.98 percent, much lower than the figures in Sweden and the United States at over 20 percent [1, 2, 3, 4].

In 2019, the sports services sector in China had a market value of around 1.5 trillion yuan, accounting for 50.6 percent of the total value of China's sports industry. That year, sports goods manufacturing amounted to 1.4 trillion yuan.

In 2019, fitness club members in China spent around on average about 4,085 yuan per person in the whole year. The annual average expenditure of a member in fitness clubs and personal training studios varied hugely between 3,800 yuan and 13,600 yuan in different city tiers [1, 2, 3, 4].

In Hong Kong, there were 430,000 members registering in health and fitness clubs in 2019. The average health club member penetration rate

was lower than that in Australia and New Zealand but higher than other Southeast Asian countries.

In 2019, the number of fitness studios in China reached 97,746, increasing by around 31 percent from the previous year. More than 20 thousand gyms were located in Jiangsu and Guangdong provinces [1, 2, 3, 4].

In 2019, the fitness club market in China reached 110 billion yuan, increasing from 70 billion yuan in 2015. The fast-expanding fitness industry in China was estimated to maintain its growth and exceed 120 billion yuan in 2020.

In 2020, the total production value of the sports industry in China amounted to around 2.7 trillion yuan, representing a decrease of over seven percent. In the past few years, the industry experienced a strong development from around 1.7 trillion yuan in 2015 to almost 3 trillion yuan in 2019.

In 2020, the sales revenue of sports apparel had reached around 315 billion yuan in China, slightly decreasing from around 320 billion yuan in the previous year. In that year, Nike ranked first in terms of market share among all sportswear brands in China [1, 2, 3, 4].

As of 2020, Zhongtian Fitness increased its offline fitness studios in China from 546 to 617. Its closest domestical rival LEFIT owned 595 stores, up from 373 stores in the previous year. Apart from traditional gyms or fitness clubs, fitness studios provided personalized training plans to their members.

As a result of the COVID-19 lockdown, many fitness lovers (60 million) started to use sports apps to train. As of the first quarter of 2020, nearly 80 percent of the sports and fitness app users in China used these apps at least once a week. Around 3.2 percent of the users used them more than four times a week.

The income of the fitness industry in 2020 is presented in the figure 1.

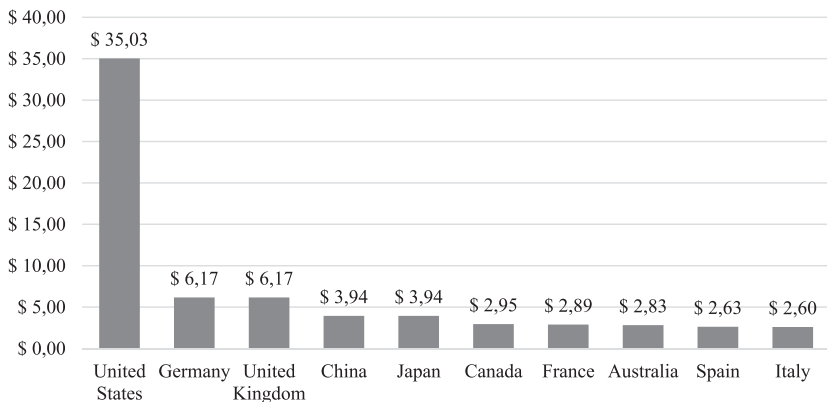


Fig. 1. Top 10 countries by gym industry revenue [1,2,3,4]

The United States' gym industry finished off 2019 with a recorded revenue of \$35.03 billion dollars, the largest of any country. Germany and the UK are in a distant 2nd and 3rd for the highest revenue in 2019, with both countries generating approximately \$6.17 billion each. China ranks 4th

Revenue globally has grown 10.88%, from \$87.20 billion dollars in 2018 to \$96.69 billion dollars in 2020. Despite being one of the fastest-growing industries over the past decade, the pandemic is expected to lead to an industry decline of 13.20%.

The fitness industry is booming in China as the Chinese middle-class have become more interested in maintaining a healthy and aspirational lifestyle. On the one hand, the number of physical fitness studios has been surging, especially in the first tier cities where annual membership fees can be as high as 6,000 yuan.

According to a market estimation, there were nearly 100,000 fitness studios in China, with a massive amount operating in more developed provinces. As the largest markets for gyms, Beijing and Shanghai are often the first trial cities for fitness studio brands with innovated concepts. However, the growth of fitness clubs in second-tier cities has been more significant partly because of lower rental and labor costs and more attractive membership packages. Currently, the fitness industry is still quite fragmented with various gym operators and types of services. While big chains like Zhongtian Fitness and LEFIT are still expanding, smaller boutique gyms which focus on individual fitness training for specific groups have become increasingly popular. Many young Chinese workout enthusiasts are willing to spend more in these boutique studios to achieve their health and fitness goals.

In 2021, Nike ranked first in the Chinese sportswear market with a market share of 25.2 percent. Anta, the local sportswear brand, overtook Adidas to come in second with approximately 16.2 percent market share that year.

As of December 2021, Keep, an app providing online fitness programs, topped in the sports app ranking with about 13.1 million monthly active users. The success of Keep based on the combination of the Instagram-style social media and e-commerce functions. Apart from sports enthusiasts benefit from Keep, business brands also promote their sales in the app's own sports store and create social campaigns in the community space. As more Chinese pursue a healthy and active lifestyle, the fitness industry in China is expected to thrive.

In global comparison, most revenue will be generated in China (US\$26,400.00m in 2022) [1, 2, 3, 4].

The statistic presents a forecast of the revenue for selected countries in the eServices market for the segment Fitness in the year 2024. According

to the Digital Market Outlook, the revenue of the eServices segment Fitness in China is expected to be 6.173.5 million U.S. dollars in 2024 (Fig. 2).

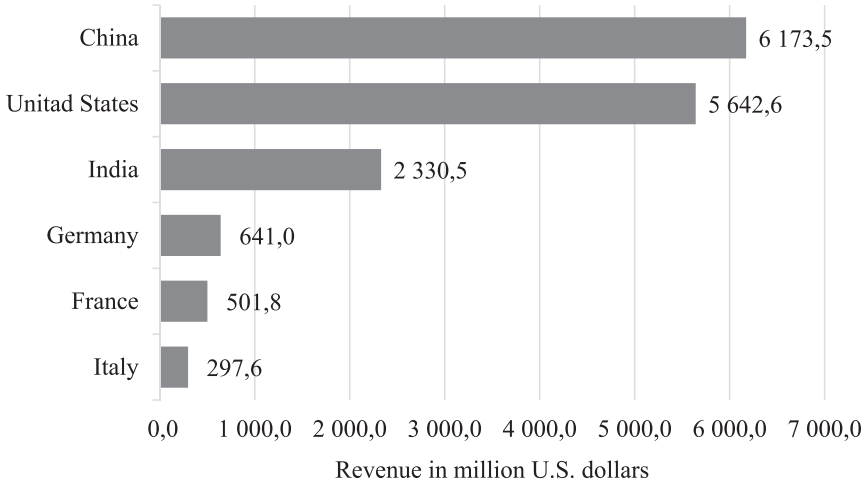


Fig.2. Revenue forecast for the segment Fitness by country 2024 [2, 4]

108,000 gyms are predicted, the average number of participants in a fitness club is 194 [1, 2, 3, 4].

The coronavirus pandemic has caused large scale business closures in China, it comes as no surprise that physical fitness clubs have been struggling to survive. Furthermore, the trend for home exercise accelerated during the lockdown periods and will very likely continue after the pandemic, posing a long term challenge for physical gyms. Sports apps such as Keep, Codoon, and Mi Fit have been well received among millions of online fitness users in China. App users can easily get training tips, find online fitness courses, and get connected with other fitness enthusiasts and professional trainers via their smartphones.

In the coming few years, technology will continue to reshape China's fitness market. Fitness studios with high-tech apparatus were expected to be more competitive in the market, while less qualified trainers will face pressure from their customers who can get professional information from various online channels. In addition, the consumption of high-tech sportswear and wearable devices was projected to rise. Market observers predicted that the fitness industry in China would integrate online services and offline operations to provide more personalized, convenient, and goal-oriented offers.

Conclusions. The fitness industry is actively developing in China. The coronavirus pandemic has caused large scale business closures in China,

it comes as no surprise that physical fitness clubs have been struggling to survive. In the coming few years, technology will continue to reshape China's fitness market.

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