



COVID-19
FITNESS INDUSTRY
IMPACT REPORT

April 2020





COVID-19 FITNESS INDUSTRY IMPACT

Summary

The fitness industry is critically important to Australia's economy as a source of jobs, investment, spend, innovation and physical and mental health.

As a result of COVID-19, the sector has already faced, and will continue to face, unprecedented challenges.

Many facilities have been forced to close their doors indefinitely until the government officially allows gyms to open again.

This means tens of thousands of fitness professionals and employees across Australia are currently without pay or a job.

Fitness Australia has surveyed its members to ascertain the impact that COVID-19 and government restrictions has had on individual businesses, exercise professionals and the broader industry.

This report by Fitness Australia explores the ways in which government and industry can work together to secure a strong future for Australia's fitness industry and make it easier for the sector to grow, invest and employ in the aftermath of this pandemic.

Our overarching aim is to assess the impacts of COVID-19 on the fitness industry and present solutions to government on how we can best promote its full recovery.

A photograph of two women in a gym. The woman on the left is in profile, wearing a black tank top, with her arms raised and hands behind her head, appearing to be stretching. The woman on the right is also in a black tank top, smiling and looking towards the first woman. The background is a brightly lit gym with various pieces of equipment. The overall tone is warm and positive.

SNAPSHOT OF AUSTRALIA'S FITNESS INDUSTRY



The fitness industry primarily consists of health clubs, fitness and leisure centres fitness franchises, indoor and outdoor personal training, smaller fitness studios including yoga and Pilates.



These businesses provide a range of services including personal training, group exercise classes, casual gym entry or membership and merchandise.



A gym can mean a large multi-service gym, a boutique studio, yoga and Pilates studios, a personal training studio or a 24-hour fitness facility.

\$3b

Australia's fitness centres contribute a total of \$3 billion to Australia's economy



4.9%

Personal trainers also form an integral part of the industry, with the sector experiencing annual growth of 4.9 per cent over the past five years.



3.7m

With a collective membership of up to 3.7 million people, the demand for fitness services has never been greater.



A large proportion of employment in the fitness sector is on a part-time or casual basis.



Australian Bureau of Statistics National Health Survey (2017-18) reported that two-thirds (67.0%) of Australian adults are overweight or obese (12.5 million people)

\$8.5b

Australian's spend an estimated \$8.5 billion on fitness each year.



35,000
employees



6,426
businesses

The fitness industry's total employment contribution is 35,000 persons and the number of businesses totals 6,426.

The impact of the fitness industry extends beyond its contribution to the economy.

The sector plays a central role in improving the physical and mental health of Australians.

As a result, the fitness industry delivers a range of long term social and economic benefits to Australians.

\$13.8b ↓

It has been estimated that the cost of physical inactivity to the Australian economy is estimated to be \$13.8 billion.



It is estimated that 16,178 Australians die prematurely each year due to physical inactivity.



Productivity loss due to physical inactivity equates to 1.8 working days per worker per year.

FITNESS, MENTAL HEALTH AND WELLBEING





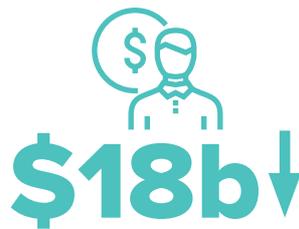
The cost to the Australian economy of mental ill health and suicide is estimated at around \$43bn-\$51bn a year.



Additional to this is an approximately \$130bn a year cost associated with diminished health and reduced life expectancy for those living with mental ill health.



Broader social effects such as the cost of mental health stigma or lower social participation were not quantified in the report.



The direct costs are broken down into healthcare support and services (\$18bn a year), lower economic participation and lost productivity (\$10bn-\$18bn) and informal care provided by friends and family (\$15bn) according to a recent report by the Productivity Commission.



The World Health Organisation define health as a state of complete physical, mental and social wellbeing and not merely the absence of disease.



Physical activity is an important public health tool used in the treatment and prevention and/or maintenance of depression and anxiety disorders.



Exercise stimulates hormones that improve mood and parts of the brain responsible for memory, learning and builds an individuals immune function.



Regular exercise reduces stress and symptoms of mental health conditions and can help with recovery from mental health issues.



The mental and emotional benefits of exercise include sharper memory and thinking, higher self-esteem, better sleep, more energy and stronger resilience.

IMPACTS OF COVID-19 ON FITNESS, MENTAL HEALTH AND WELLBEING



The way that life has changed as a result of COVID-19 has impacted the mental health and wellbeing of many in the community.



30% ↑

Beyond Blue has seen a 30 per cent spike in contacts since COVID-19 with people stating they feel 'overwhelmed, worried, lonely, concerned about their physical health and the health of friends and loved ones, and anxious about money, job security and the economy'.



25% ↑

Lifeline has also reported a 25 per cent increase in calls compared to the same time last year as the 'impact of business closures, social isolation, health concerns and financial stress continue to take a toll on Australians' mental health'.



We know the measures the federal government has put in place regarding social distancing to ensure the eradication of COVID-19 are both important and necessary to protect the physical health of Australians.



We can minimize the impact that the virus and necessary social distancing has had on our lives by developing healthy coping mechanisms.



Regular exercise also improves immune and respiratory health helping us to stave off the virus or recover quicker if it is contracted.



Physical exercise is an essential component of improving both physical and mental health and regular exercise has been linked to better stress management.

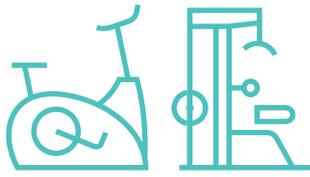


23,000 Fitness professionals

With a membership of over 23,000 fitness professionals servicing an industry that makes a significant contribution to Australia's economy, Fitness Australia is on the frontline of improving the physical and fiscal health of our nation.

SNAPSHOT OF AUSTRALIA'S FITNESS INDUSTRY - COVID-19





The forced closure of gyms in Australia due to the restrictions to prevent the spread of COVID-19 has had a massive impact on the fitness industry.



35,000

With around 35,000 people across the sector losing their jobs nationally, the financial and emotional impact of COVID-19 is taking its toll.



1,177



282

Fitness Australia has released new data showing the pandemic's impact on the fitness sector based on a survey of 1,177 exercise professionals and sole traders, 282 boutique and multi service facility gyms in the days after social distancing restrictions were announced on 29 March 2020.

The survey data shows dramatic changes in the fitness sector workforce.

80%

80 per cent of sole traders reported taking a hit to revenue or cash flow due to COVID-19 and 100 per cent of boutique and multi service facility gyms reported drops in revenue.

90%

90 per cent of boutique and multi service gyms reported they had suffered decreased demand.

100%

100 per cent of boutique and multi service facility gyms made changes to their workforce because of COVID-19, including both reducing work hours of staff and letting staff go.



Roughly half of boutique and multi service facility gyms changed how they delivered services with the same for sole traders.



These numbers paint a stark picture of COVID-19's impact on Australia's fitness sector and by default, Australia's well-being.

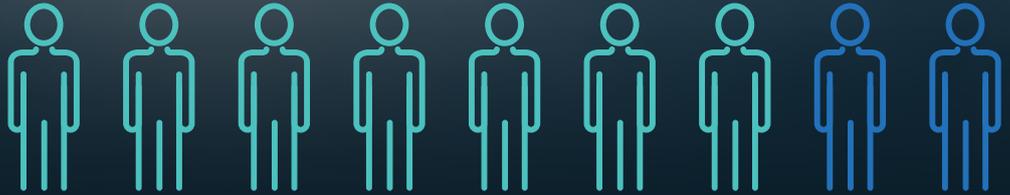
Considering the fitness sector's overall contribution to the health of Australia's economy, in addition to the social and mental health benefits of physical fitness, it is no doubt in the interests of government and the fitness industry to work together to get the sector back up and running as soon as practicable.

SURVEY RESULTS

Exercise professional and sole trader survey



1,169
respondents



81%

of exercise professionals and sole traders lost their job or main source of income due to gym closures and social distancing restrictions.

71%

of respondents have not had a single client since gyms closed on 23 March 2020.



A significant majority of respondents said revenue was down between 75 and 100 per cent since social distancing measures were put in place.

60%



Most respondents said that clients had cancelled memberships with 47 per cent stating they had lost more than 60 per cent of their total client base.

44%
of respondents



61%
loss of income

The majority of respondents reported significant disruptions to cash flow with 44 per cent of respondents losing 61 per cent or more of income.



90% paying ongoing costs

All businesses are continuing to pay business operating expenses, with around 90 per cent of sole traders paying ongoing insurance costs.



\$5,000 per month

Most sole traders paying up to \$5,000 per month for business expenses despite drop in clientele.



An overwhelming majority of sole traders have lost a large proportion of their clientele compared to pre-COVID-19.



Personal Trainers are an ingenious bunch. Just under half of respondents have been able to generate new sources of ongoing income by moving online or adopting one on one outdoor PT sessions.



10%
of usual income



less than
10%
of clients using
online training

Nevertheless, most sole traders have only been able to generate less than 10 per cent of their usual income and less than 10 per cent of clients have been converted to online platforms or one on one training.

Boutique businesses and multi-service facilities



282
respondents



ALL

Less than 10 per cent of staff still working



respondents have had to stand down staff due to gym closures as a result of COVID-19, with less than 10 per cent of staff still working in most businesses.

100%

decline in memberships



90 per cent of respondents had no new clientele in the first two weeks of gym closures, with 70 per cent of businesses citing a 100 per cent decline in memberships.

61%

loss of memberships



Most gym owners lost memberships to a significant degree, with 24 per cent of businesses recording a loss of membership of 61 per cent to suspensions and cancellations.

50%

reported

100%

loss of revenue

50 per cent of gym owners stated revenue is down 100 per cent compared to usual operation, with all respondents citing a reduction in revenue since the advent of gym closures.



All businesses are continuing to pay ongoing operating expenses including insurance, rent, electricity, licensing, and wages.



up to
\$50k

Most business owners are paying ongoing business costs of between \$10,000 and \$50,000 per month.



Fitness professionals are an ingenious bunch. Just under half of gyms have been able to generate new sources of ongoing income with the majority moving customers to virtual training.



10%
of usual income

Despite this ingenuity, gyms have only been able to generate less than 10 per cent of their usual income by adapting the delivery of training to online or outdoors.



GETTING THE FITNESS INDUSTRY BACK UP AND RUNNING

Fitness Australia wishes to continue conversation with all levels of government to maximise the opportunity for the fitness industry to contribute to our collective economic recovery.

The future of the fitness sector is dependent on industry and government working together to create the right policy environment to allow the industry to flourish in a post-COVID-19 world.

Through research and consultation with our members, Fitness Australia has identified the following policy priorities to realise a vision of full recovery for fitness professionals across the nation.

Policy solutions for the fitness industry in response to COVID-19

- » As soon as the science allows, wind back staged restrictions on gyms and personal training activities.
- » Work closely with the fitness sector to implement best practice health and safety standards for when studios re-open.
- » Once protocols for reopening gyms are confirmed, work with Fitness Australia to incorporate procedures into existing standards by which members must abide to retain their registration.
- » Work with banks, mortgage brokers and landlords to facilitate a three-month rent holiday for fitness professionals.
- » Accelerate financial assistance to fitness professionals and offer interest free loans and/or tax relief.
- » Work with insurance companies to manage ongoing premium costs for fitness professionals when doors are closed.
- » Provide or fund free training sessions on 'going digital' for fitness professionals.

LOOKING TO THE FUTURE OF AUSTRALIA'S FITNESS INDUSTRY

The fitness and wellness industry experienced strong growth prior to the outbreak of COVID-19.

New trends across the sector have been increasing competition and saturating the market.

For example, wearables and fitness technology, group training classes, high intensity interval training and fitness for older Australian's are all par for the course across Australia's new fitness landscape.

Nevertheless, qualitative data tells us that once gyms re-open once COVID-19 restrictions are lifted, membership is likely to fall and many exercise professionals will have already left the industry.

Once the nation recovers from COVID-19 be it V shaped, U shaped or L shaped, what are the policy settings for governments to keep in mind to ensure the fitness sector reaches its full potential?

Policy solutions for future growth in the fitness sector

- » Provide training via vocational education on digitization to develop and maintain online / virtual delivery models for fitness professionals.
- » Create more incentives for employers to invest in employee health and wellness.
- » Place greater emphasis on entrepreneurial skills and training through apprenticeships and traineeships.
- » Develop an industry accreditation model alongside Fitness Australia to ensure the delivery of quality service and best practice for exercise professionals.
- » Use levers such as the instant asset write off and other tax incentives to encourage exercise professionals and gym owners to invest in technology to take their business online.
- » Mandate a version of Fitness Passport for the public service right across Australia.





ABOUT THE COVID-19 FITNESS INDUSTRY IMPACT SURVEY AND REPORT

The COVID-19 Fitness Industry Impact Survey was conducted by peak industry body Fitness Australia to assist in ascertaining the impact COVID-19 has had on the fitness industry.

The purpose of the survey and report is to collect industry specific data to inform the contents of this report to demonstrate to all levels of government the impact the pandemic has had on the broader sector.

The survey contains data from a sample covering the entire breadth of the fitness community in Australia.

The survey period is for 1 April 2020 to 13 April 2020 and covers responses from 282 boutique and multi service facility gyms owners and 1,177 exercise professionals and sole traders.

Data sources

1. Department of Employment, Employment Projections, available from the Labour Market Information Portal Website
2. ANZSIC employment projections and ANZSCO, selected occupations, employment projections to May 2023
3. Australian Bureau of Statistics 2019, Employed persons by Industry, Sex, State and Territory
4. Australian Bureau of Statistics 2017, 2016 Census – Employment, Income and Unpaid Work
5. Sport and Recreation 2019 Skills Forecast
6. Data to represent employers in the fitness sector:
 - a. 4521 Fitness Instructors
 - b. 4523 Sports Coaches, Instructors and Officials
 - c. 5412 Information Officers
 - d. 1311 Advertising, Public Relations and Sales Managers
 - e. 4319 Other Hospitality Workers
 - f. 9111 Health and Fitness Centres and Gymnasias Operation
 - g. 9112 Sport and Physical Recreation Clubs and Sports Professionals
 - h. 9113 Sports and Physical Recreation Venues, Grounds and Facilities Operation
 - i. 9114 Sport and Physical Recreation Administrative Service
7. Australian Financial Review, The fitness industry goes fully digital, 14 April 2020
8. Fitness Australia Ltd 2020
9. Ibis World, Gyms and Fitness Centres in Australia – Market Research Report, October 2019
10. The Guardian Australia, Australian job loss tracker: the industries and places most affected by the coronavirus crisis, 23 April 2020
11. Australian Financial Review, No industry spared as job losses soar, 25 March 2020
12. Australian Institute of Health and Welfare, Australia's health 2018, Australian Government
13. Beyond Blue Ltd 2020
14. Mental health and wellbeing during the Coronavirus COVID-19 outbreak, Lifeline 2020.





PO Box 6453 Alexandria
New South Wales 2015

P: 1300 211 311

E: info@fitness.org.au

fitness.org.au