The annual report from SGMA/AFIRM on the state of the fitness industry includes separate analysis of the Commercial and Retail markets, the view from a fitness professional on the frontline and unique top ten analysis of the fitness participant.
Contents

To Our Readers ............................................. 4
Fitness Insights 2010...................................... 6
Core Fitness Participation............................... 9
Key Trends.................................................... 12
Manufacturers' Sales of Fitness Equipment........... 19
Demographic Trends........................................ 22
SGMA’s Fitness “Top 10's”............................... 23
The Fitness Frontline ...................................... 24
SGMA’s Activities in Washington....................... 25
Special Report/PE At School Age..................... 26
Data Bank: Demographic Profiles of Fitness Participants........................................... 30

Keep In Mind

Research by SGMA Research/Sports Marketing Surveys
Unless the source is otherwise identified, all participation statistics are from studies conducted in early 2010 under the guidance of The Sporting Goods Manufacturers Association, (SGMA), and five other sports industry associations by Sports Marketing Surveys of Jupiter, FL. In addition to the SGMA, the National Golf Foundation, the Outdoor Foundation, the Tennis Industry Association, International Health, Racquet & Sportsclub Association and SnowSports Industries America also participated. All other data, if not otherwise identified, is attributable to the SGMA/Sports Marketing Surveys research partnership.

New survey, new methodology
The survey was conducted online. This methodology allows improved accuracy, broadens the scope of the study, increases the ability of users to analyze the data and permits additional follow-up research with key groups, such as core participants or those who had recently taken up or abandoned a given sport.

Special thanks
Special thanks to the following for their contributions:
Colleen Logan-V.P. Marketing, ICON Health & Fitness
Kelly Colwin-Marketing Mgr., Retail, Johnson Health Tech
Jill Scot-Director of Training, Juno Beach Fitness
Core participants
There is a strong focus in this report on “core” participants, who represent the key market for purchases of equipment, services and user fees. Core participants are identified statistically by the number of times they participate in a given activity. The frequency of participants varies from sport to sport. In fitness activities, a core participant is someone who participates at least 50 times a year.

Understanding participant rates
To provide users with a better understanding of their markets, all participants in each sport are divided into three groups: casual, regular and frequent. From these, a combined group, called core participants, is defined. Core participants = regular + frequent participants. Those wishing to discover more about the habits and attitudes of these groups should contact SGMA Research/Sports Marketing Surveys by contacting Neil Schwartz at (561) 427-0647 or neil.schwartz@sportsmarketingsurveys.com.

Sample volatility
During January 2010/early February 2010 a total of 41,500 online interviews were carried out with a nationwide sample of individuals and households from the U.S. Online Panel operated by Synovate. A total of 15,013 individual and 26,487 household surveys were completed. The total panel has over 1 million members and is representative of the general U.S. population. Over sampling of ethnic groups took place to boost response from typically under responding groups. A weighting technique was used to balance the data to reflect the total U.S. population ages 6 and above. The following data points were used: gender, age, income, household size, region and population density. The total population figure used represents 281,658,000 people ages 6 and above. We’ve shown the numbers in 3 frequency groups: casual, regular, and frequent.

2010 PREVIEW

The 2009 participation survey sample size of 41,000 plus completed interviews provides a high degree of statistical accuracy. Statistically significant changes in the report are highlighted in yellow. All surveys are subject to some level of standard error—that is, the degree to which the results might differ from those obtained by a complete census of every person in the U.S. A sport with a participation rate of 5% of the total population has a confidence interval of plus or minus 0.21 percentage points at the 95% confidence level. This translates to plus or minus 4% of participants. Small sports, especially those with less than 1 million participants, can be expected to fluctuate from year to year. For some of these small sports we have adopted a rolling average approach to maximize the sample size.
To Our Readers

After a difficult start in 2009 for the fitness industry, shipments of fitness equipment stabilized in late 2009 and early 2010. Sales recovered in the consumer market and declined more slowly in the institutional market. Lack of growth in the club market, corporate wellness centers and hospitality markets hampered a commercial market recovery. Movement of the “big box” sports chains and mass merchants into the consumer exercise equipment market actually raised equipment sales above the 2008 levels, though not approaching the last pre-recession year of 2007. The consumer specialty retail channel continues to suffer with sales reportedly down 25% to 60%. Online sales for larger fitness equipment have become business as usual for Mass Merchants, Big Box and Department Stores like Walmart, Sears, The Sports Authority and Dicks Sporting Goods, who use the Internet to compete with the “endless aisle” concept of Amazon.

Based on the 2009 SGMA Participation Study, the decline measured in 2008 for CORE participants, those who participate at a regular or frequent level in an activity, was totally reversed with many activities approaching or exceeding their 2007 participation numbers in 2009. We believe this positive change is based on consumers feeling more comfortable or resigned to the current economic conditions and finding ways to integrate fitness into their weekly routines. This was not only true in CORE, but in total participation numbers as well, indeed positive news for the industry. The SGMA did measure a small change in venue for fitness participation with slightly higher numbers of participants preferring to do their favorite activity at home. This analysis supports the trend of online sales for fitness equipment and the move of the larger retail channels into the fitness market.

The International Health, Racquet & Sportsclub Association (IHRSA) reports that club industry revenues reached $19.5 billion in 2009, up 400 million dollars from 2008 which represents an increase of 2%. IHRSA also measures the number of health clubs in the U.S. at 29,750 in 2009 versus 30,022 facilities in the U.S. in 2008. While the number of clubs declined slightly in 2009, trend predictions for industry revenues based on Q1/Q2 of 2010 shows membership revenues increasing 2.4% and non-dues revenues by 9.6%.

“Your health-club membership, your cable TV and your cell phone are in the last third of things that you’re going to cut off in a tough economy.” said Anthony Gikas, a leisure analyst at Piper Jaffray & Co. in Minneapolis.

Additionally, IHRSA’s annual health club membership survey indicates health club memberships in the U.S. totaled 45.3 million in 2009 compared to 45.5 million in 2008, a statistically insignificant number, although it indicates membership growth for clubs continues to stagnate. Their trend data predicts memberships will
increase by 6.2% in 2010. A recent survey indicates health and fitness clubs have become a diversion for the unemployed as people network and use long workouts to relieve the stress of job searches and unemployment.

In 2009, fourteen of the top twenty sports and activities Americans participated in were fitness activities. Fitness activities with the largest growth rates in 2009 were cardio kickboxing, yoga, high impact aerobics and free weight use.

With more than 60% of Americans contributing to the increase in fitness and equipment sales, we believe the fitness industry has responded aggressively and well to the consumer’s needs in 2009. To explore these activities further, we will take a closer look at industry sales trends and profile a club on the frontline of the fitness business later in this report. This report also includes compelling new data that shows physical education be a powerful driver for lifetime fitness activity participation.

With the rebound of fitness activities in 2009, the SGMA continues to work in Washington, lobbying Congress for programs to support efforts to grow physical education in American schools. We are working aggressively to make physical activity more accessible and affordable through the PEP Grant program and PHIT, legislation to allow reallocation of medical care tax deductions to pay for fitness cost.

We hope you find this report valuable and we welcome your comments.

Thomas J. Cove
President & CEO
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SGMA Research powered by Sports Marketing Surveys (SMS) is the sole provider of the marketing research and analysis for the Sporting Goods Manufacturers Association (SGMA). This partnership places SMS at the forefront when it comes to marketing research for all things sport, sports participation and current trends in sports.

More information about SMS can be found at www.sportsmarketingsurveys.com or contact Neil Schwartz at neil.schwartz@sportsmarketingsurveys.com or 561.427.0647.

Sporting Goods Manufacturers Association
8505 Fenton Street, Suite 211
Silver Spring, MD 20910
p: 301.495.6321
f: 301.495.6322
e: sgmaresearch@sgma.com
www.sgma.com

SGMA Research /Sports Marketing Surveys
6650 West Indiantown Road, Suite 220
Jupiter, FL 33458
p: 561.427.0647
f: 561.427.0648
e: sgmaresearch@sgma.com
www.sgma.com