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RUSSIAN FITNESS INDUSTRY IN THE CONTEXT OF CHANGES RELATED TO THE COVID-19 PANDEMIC

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Annotation. At the present stage of the development of economic relations, the issues of the development of the sphere of physical culture and sports are of great relevance, in particular, in the context of the problems caused by the COVID-19 pandemic. This article presents the analysis of key economic indicators of the Russian market of fitness services, disproportions in its development were revealed, factors of its destructive impact were also identified.

Introduction. Fitness industry as a formed subject of business activity in Russia, is relatively young. The industry began to rise approximately 20 years ago. Interest to this type of services is shown not only by young people, but also among business people, who strive to keep their shape and lead a healthy life style. According to the social orientation towards a healthy lifestyle, it is safe to assume that the area of physical culture and sports possess a significant economic, educational and health-improving potential.

Therefore, it seems fair to suggest a further extension of the examined market in the foreseeable future, after the COVID-19 pandemic.

Methods and organization. The content analysis of literature sources and statistical data was used as a method of our study.

Results and discussion. There are numerous studies dedicated to the research of different aspects of the market of fitness services in Russia. One of these studies is a scientific article by Lubyshev E.A., Krasil'nikov A.A., Zakirov F.Kh., in which the greatest emphasis was laid on the formation of value systems of young people to physical culture, formation of the market of fitness services in Russia and issues, with which the market has to deal with [2].

Authors note that the main factors, contributing to the development of the market of fitness services, are the involvement of Russians to the worldwide trend of growth in the popularity of fitness and outside activities, the development of

infrastructure of the fitness industry within regions and the healthy life style propaganda on the national level [2].

We are going to focus in more detail on the analysis of key indicators in the examined field. According to results of 2019, the volume of the market of fitness services in Russia was 132,7 billion rubles, as estimated by the “RBK market research”. It is by 6,7% higher than a year before, when the volume was estimated at 124,8 billion rubles [5].

Financial crisis and drop in the real disposable income in 2016 had an effect on the field of fitness services. Nonetheless, despite such negative effect, the market continued to grow. Growing tempo, presented on the fig. 1, according to some estimates, were quite significant for Russian economics during the period from 2015 to 2019.

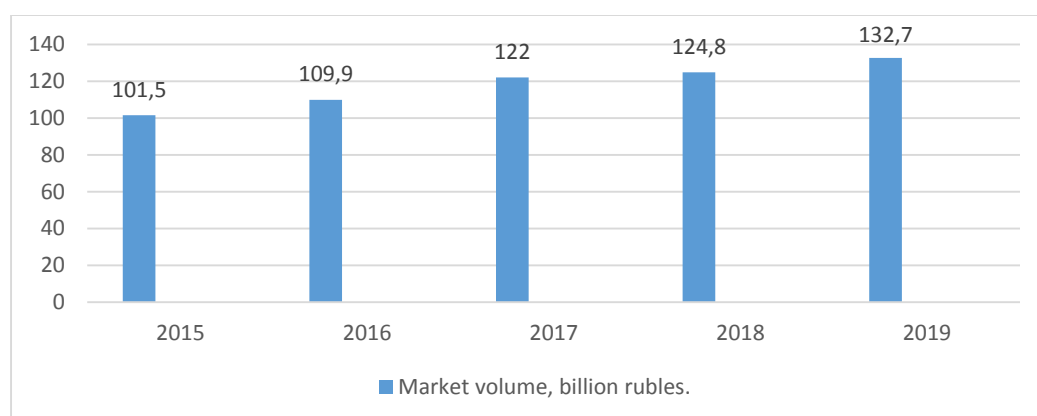


Fig. 1. Dynamics of volumes of the market of fitness services in Russia, according to prices of 2015-2019, billion rubles.

According to the data given by the “RBK market research”, in 2015 the market of fitness services was increased by 14,1% in monetary terms and by 3,6% in real terms [3].

At year’s end, the cumulative volume of the market, including accompanying directions, was 101,5 billion rubles approximately.

Thus, according to data given by the “RBK market research”, the volume of the market of fitness services in 2018 was 124,8 billion rubles, showing an increase by 5,7% in nominal terms. This is the lowest tempo of growth rate of the market in the entire history of observation made by the “RBK market research” [5].

From June 2018 to June 2019, more than 580 facilities were closed. One of reasons for the slow-down in the market growth was a decrease of a number of business setting ups made by network market participants and a decrease in the number of third party investors.

In 2019, almost all market participants note a decrease in income due to the growth of tax burden and other obligatory payments.

The market of fitness services in Russia has a profound geographical diversification. There are four main directions: the capital area, Saint Petersburg, cities of over one million inhabitants with a young and relatively weakly developed market and other cities of Russia.

Cities with a great number of population are considered as prospective for the development of the fitness industry. Moscow and the region, where, according to data given by the “RBK market research”, almost three thousand fitness facilities are located, generate the main part of the market in monetary terms [3].

It is approximately 47% of all monetary volume of the market. 12% and 21% are accounted for by Saint Petersburg and other cities of over one million inhabitants respectively (Fig. 2).

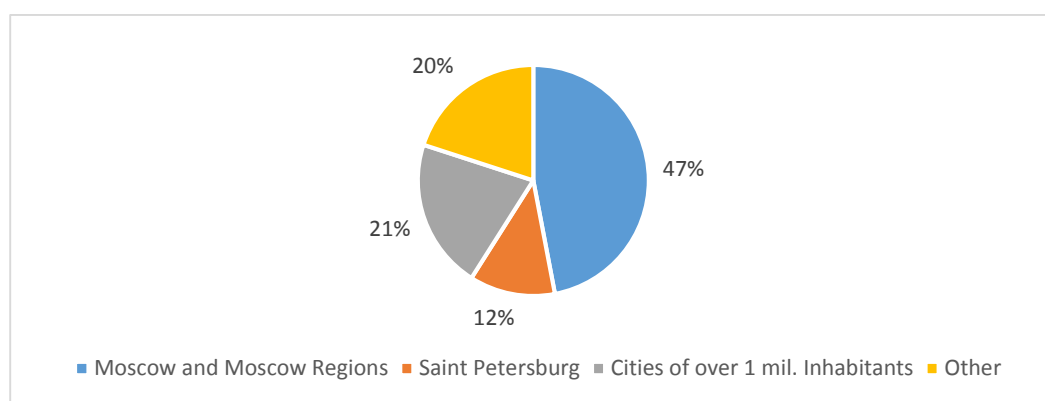


Fig. 2. Geographic structure of the Russian market of fitness services in 2019

A differentiating feature of the Moscow Region is a significant degree of market consolidation – the biggest part of it is distributed between some big market participants.

The situation in regions remain different – the market is diverse, a big number of small market participants, including regional, are operating.

In terms of revenue, the top 5 included WorldClass, X-Fit, AlexFitness, FitnessHouse and Territory of Fitness: their total revenue was more than 20 billion rubles (Fig. 3).

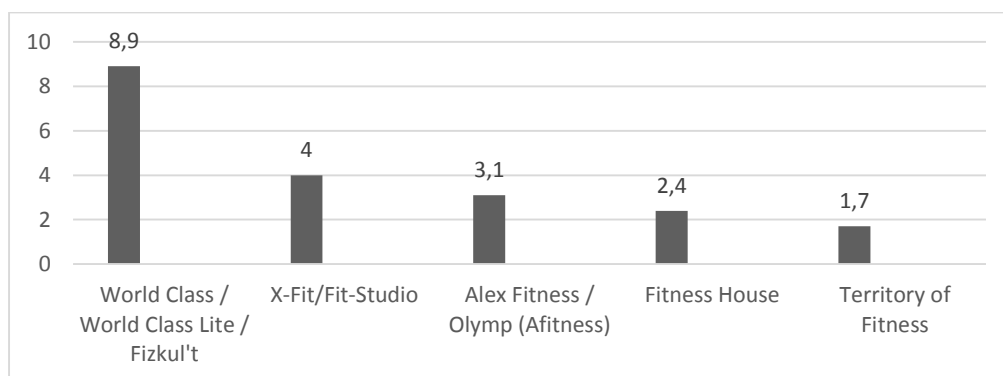


Fig 3. The revenue volume of fitness clubs, in billion rubles, in 2019

Now we are going to focus on the examination of the Top 5 Fitness Club Leaders in terms of revenue:

- WorldClass: currently, WorldClass is the biggest fitness corporation in Russia. The revenue volume in 2019 was 8,9 billion rubles;

- X-Fit/Fit-Studio: the X-Fit federal network of fitness clubs is a big fitness operator in Russia. The revenue volume in 2019 was 4 billion rubles;

- AlexFitness/Olymp (Afitness): AlexFitness expands their network of ALEX FITNESS и ALEXGYM fitness clubs of democratic level. The revenue volume in 2019 was 3,1 billion rubles;

- FitnessHouse: the first club of the FitnessHouse was open in 2007. The revenue volume in 2019 was 2,4 billion rubles;

- Territory of Fitness: the Territory of Fitness club network operates since 2010. The revenue volume in 2019 was 1,7 billion rubles.

Due to the pandemic, a demand for fitness services was brought down. Revenue of facilities located in Moscow and Saint Petersburg was decreased by 39% and 33% respectively. After removing restrictions related to the COVID-19 pandemic, 37% of non-network fitness clubs were not opened in Russia. According to data from August 2020, fitness centers earned 30% less than in 2019 [6].

According to experts' predictions, at the time of opening, the revenue of fitness clubs from membership may decrease to 50%, 10-15% of fitness clubs will soon recover, and other 35% will be recovering within six months [6].

In order to attract clients, fitness clubs need to implement new products. Clients are offered to choose the set of services with a price, which is convenient and suitable for them. Memberships, which combine a mix of online and offline services of fitness clubs, are also introduced.

Conclusion. Fitness clubs are required to carry out a flexible differentiated pricing policy, take into account a paying capacity of various groups of population. Tendency to promote a healthy life style has aroused the interest of the main solvent stratum of the country's population in sports, which creates a favorable environment for a strong and healthy competition.

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