SUCCESS STORY OF A YOUNG FITNESS BRAND

Social media influence as an indicator of success in the fitness industry

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ABSTRACT

The subject of this thesis is the upswing of a select number of brands in the fitness industry that focus their marketing strategy almost solely on the ambassadorship of professional athletes on social media profiles, such as Instagram and Facebook. The thesis tries to find out whether their success is solely due to their social media and marketing activity, or due to the quality of their products.

The thesis places these brands against the background of the fitness industry, thereby analysing the industry's history, current developments and future outlook. Placing the business model of these brands against this background allows us to understand their method of doing business and why they have achieved such success.

Another important aspect that this thesis takes into account is the consumer. To draw conclusions on why these brands have a successful business and marketing strategy, it is incredibly important to understand the consumer's behaviour and the stages of purchase they go through before actually buying a product from these brands. Are these consumers mainly driven by emotional decision-making, or do they focus their purchasing decision on rational facts and actual product characteristics.

The end result is an understanding of the consumer's behaviour and the brand's behaviour, showing how the brand's behaviour, by means of a brand's business model and marketing strategy, persuades a consumer towards purchasing their product.

KEYWORDS

Sport Business – Fitness Industry – Social Media Marketing – Consumer Health – Recreational Fitness – Consumer Engagement – Online Communities – Cultural Changes – Rational and Emotional Decision-Making

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Introduction

In recent years there has been an explosive increase of start-up companies that try to sell their range of dietary supplements or sports garment to the vast number of consumers in the industry. Very few companies actually achieve success in doing so. What differentiates the successful brands from the unsuccessful ones, and how do they translate their unique selling points into an effective business model and marketing strategy to stay ahead of competition in an increasingly competitive environment?

This thesis takes as an example two specific companies: Gymshark and EHPlabs:

Gymshark was founded by Ben Francis and his business partner Lewis Morgan back in 2012 in the UK. They focus on producing sports clothing. From the start they have seen rapid growth and an ever expanding quality customer base. Gymshark has recently been recognized as the fastest growing and biggest brand in gym clothing in the UK.

EHPlabs was founded back in 2011 in Utah, the USA, by Izhar Basha. EHPlabs is recognized worldwide for its high-quality dietary supplements aiding in sports performance. Hence the name EHP: Enhancing Human Performance. Their products are higher priced than the industry standard, backed up by scientific and pharmaceutical research in the areas of molecular biochemistry, human biomechanics, sports nutrition and exercise sports science.

The introductory question listed above can be translated into the following central hypothesis of this thesis:

H0: The recent changes in the sports industry, more specifically the rise and importance of social media, have had a direct impact on the success of young brands such as EHPlabs and Gymshark.

H1: The success of these companies is not directly related to the rise and importance of social media, but is caused solely by the quality of their products.

The thesis is divided into the following three parts: I. The industry II. The consumer III. The brands. Each chapter has its own hypothesis, and by means of field and desk research the thesis tries to state whether the specific hypothesis is fulfilled or not. The final conclusion of this thesis combines the conclusions from each chapter and answers the main hypothesis listed above.

Chapter I – ANALYSIS OF THE FITNESS INDUSTRY

1.1 - Introduction to the chapter

The first part of this thesis will focus on the analysis of the fitness industry. The consumers and companies that will be analysed in subsequent chapters are all parties that play a part in a world evolving against the same background: the fitness industry.

The industry is one of the fastest growing in the world, ever since the 1970's, which are seen as the beginning of recreational fitness (Smith, 2016). Big fitness chains started their establishments, which was characterized by an increase in centralized ownership. It has come a long way since then, and the industry has gone through big changes along the way.

Not only is the history of the industry interesting. What might be even more interesting is the future outlook of the industry. How is it going to look like in a few years' time, and how will companies have to adapt to the change in order to remain competitive? The industry has been characterized by its competitive environment ever since its beginning, and this competitive character will undoubtly play a big role in the future outlook.

The chapter is structured in the following way:

- Past and recent developments of the industry
  To get a good idea of the industry itself and its size, the chapter will start off with an analysis of the beginning years of the industry, followed by a general overview of the industry as well as its different sectors.
- PESTLE analysis of the industry

  The chapter will then continue with a PESTLE analysis, thereby analysing the political, economic, socio-cultural, technological, legal and environmental factors affecting the industry and companies doing business in the industry
- Future outlook of the industry
  The last part of this chapter will focus on the future outlook of the industry. The conclusions of both the developments and the future outlook will be used in subsequent chapters in this report.

The hypothesis that will be answered in this chapter:

H0: The industry has changed a lot, and has mainly been driven by technological advances and improvements.

H1: The industry has changed a lot, but this change hasn't been driven mainly by technological advances, but by consumer's needs and wants, and change in consumer behaviour.

1.2 - Past and recent developments of the industry

Throughout North America, Australia and Western Europe, the promotion of an active and healthy lifestyle and physical exercise is a widespread and growing phenomenon. In 2014, more than 63 million Americans used a health club. This is a 2.3% rise from 2013, with 62.1 million subscribers. For the second year in a row, total visits to health clubs have exceeded the 5 billion mark (IHRSA, IHRSA.org, 2015). Member's visits to their health club have exceeded the 100 visits a year, 103 to be exact, which is an all-time high (IHRSA, IHRSA.org, 2015). These numbers clearly demonstrate the importance of health clubs in helping people improve their overall health and wellbeing.

But it hasn't always been this way. In the first part of the chapter, the focus lies on the beginning of the industry in the 1970's and 1980's in the United States, and how it has grown to one of the biggest in the world.

1.2.1 - The 1970's

The rise of the fitness industry and the idea of having a muscular, well-toned body dates back to what used to be called the physical culture of the late 19th century. Teachings of Eugene Sandow and Charles Atlas started the bodybuilding culture. This culture was later developed and brought to the mass by the famous Arnold Schwarzenegger in the 1970's. What really led to a breakthrough was the documentary-drama starring Schwarzenegger called Pumping Iron in the late 1970's (Andreasson, 2014). It is specifically mentioned as documentary-drama, because some parts of the documentary were dramatized to raise more money. Schwarzenegger later admitted this in the making-of documentary: Raw Iron.

The documentary-drama films the weeks before, and the actual event called the Mr. Olympia contest, held in 1975 in South Africa. Filmed by documentary maker George Butler, the documentary-drama focuses on the three main competitors, of which Schwarzenegger is one. It was released to an international audience, and created a big following for the sport bodybuilding. It also made careers for many of the contestants, international superstars and most importantly: it created a multi-billion dollar market for bodybuilding equipment, trainers, and thousands of gyms for all the enthusiasts.

The production's greatest influence was the impact it had on the sport bodybuilding. In a decade characterized by the increased interest into physical activity, the movie acted as a catalyst to inspire a record number of people to start lifting weights (Robson, 2016). This can be considered as the birth of the fitness industry we know today. A fun fact showing the increase in popularity of the industry after this documentary-drama: in 1976, during its release, there was only 1 Golds Gym in the world. Nowadays, there are over 700 Golds Gym facilities worldwide, most of them are franchises (Entrepreneur.com, 2015).

1.2.2 - The 1980's

The industry started to grow at a very fast rate. It was reflected in the design and appearance of the gyms themselves. Instead of the old, rusty equipped basements, gyms were now stacked with fancy, cutting-edge fitness equipment in big air-conditioned halls.

At this time, newspapers and magazines started to pick up the craze that had started, as becomes apparent from an old article reported by the New York Times in 1981, in which they stated (Robert Lindsey, 1981):

"Health clubs are becoming the singles' bars of the 80's"

The news coverage also included the cover of the November 1981 of Time Magazine, which was called: "The Fitness Craze: America shapes up" (Reed, 2016). The cover is included in the appendices of this report. This era is characterized by the top-selling video of Jane Fonda's workout and the pop song "Physical" sung by Olivia Newton-John.

1.2.3 - The effect of these two decades

Prior to the 1970's, only few people exercised routinely. This situation would change significantly over the next two decades, as the number of people exercising increased with a very fast rate.

An interesting aspect of that growth is the number of commercial fitness centres from the 1960's until the year 2000. The emergence and growth of these fitness centres was driven by cultural changes, changes that were fuelled during the 1970's and 1980's. These changes helped transform the leisure habits and attitudes of millions of people in the United States, and would later be followed in Europe and other continents (Stern, 2008).

Interest into physical activity has increased and decreased during several periods, but the industry's growth has continued. The history of the culture in gyms is a global story (Robson, 2016). It is a story of the development of a globally operating, extensive and commercial business sector. There has been a drastic rise in the number of gyms, private fitness clubs, franchises in the sector, personal trainers etc., ever since the beginning of the culture in the 1970's.

Even though bodybuilding attained a high status in the 1970's, and was considered not a subculture, but a masculine mass movement, the view of the sport changed at the end of the 20th century. After the 1980's, the division between fitness and bodybuilding became clearer. Bodybuilding changed into a subculture, while fitness changed into a mass movement. The change to subculture was based on associations with fragile masculinity and steroids (Andreasson, 2014). In the 1990's and especially in the beginning of the 2000's, the effects of steroids were thoroughly investigated, something that hadn't happened on a large scale before. The industry kept on growing nevertheless, with a movement towards mass participation in fitness.

1.2.4 - The 1990's

The 1990's saw an explosion of fitness clubs, gyms, franchises, people working professionally in the industry, and people drawn into fitness. At first, gyms were still highly gendered rooms during this period, but this gradually changed. Not just men would spend their time in the strength-training sections of gyms, women also gradually found their way into these parts of the gym. The appearance of gym's changed and it turned into a more individualized space, where gender eventually played a different role (Andreasson, 2014) (Stern, 2008). Roberta Sassatelli captured this development in the following statement:

'Since the 1970s there has been a marked increase in the number of exercise premises presenting themselves in a new guise. They have addressed an increasingly large, mixed public. They have shifted the notion of the gym from a sub-cultural passion to a mass leisure activity, intertwined with pop culture.' (Sassatelli, 2010)

By this time, gyms were a place for everyone, both male and female, and fitness was a mass leisure activity. It became a business for larger parts of the population. Furthermore, the workout techniques developed in the USA and the concept of fitness and aerobics were exported to different countries around this time. It became a truly global market.

1.2.5 - Recent developments – Social Media

The two decades following the 90's are characterized by an even further growth of fitness franchises. More and more people are drawn into fitness and more businesses are set up every year. The appendices of this report include figures of the growth of both business entities and gym memberships during the whole period.

With such a vast number of business entities and new businesses set up every year, it is very difficult to stay competitive in this market. In recent years, many companies have failed to grasp the attention of gym-goers and have had to dismantle their business.

In recent years, social media has played a very important role in the success or failure of businesses in the fitness industry. Big companies with big budgets can go down when their social media strategy is off-point, whereas small business with limited resources can be successful due to their social media strategy. Social media has changed the way companies communicate with their clients, also in this industry. Sponsorship plays a very important role in this aspect.

Social media is woven into the daily fabric of people's fitness and wellness lives (Stevens, 2016). It allows its users to share ideas and to access the data widely available on the social platforms, such as exercises and the latest industry trends. Whereas in the past gym fanatics had to buy magazines and/or find gym partners to stay motivated, nowadays people find that motivation online.

Instagram is the preferred platform for this, as it is perfect for sharing photos, and not as cluttered as Facebook is (Wojdylo, 2016). Instagram allows millions of users to be connected to each other, and to create communities of people that share the same interests. It allows for fruitful marketing. Knowing as a company how to infiltrate into these communities most definitely pays off.

The problem with social media is that it can be very difficult for users to distinguish the good from the bad information. Because everyone can freely put information on the platform, it doesn't mean that the information is true and factual. As a reply to this we have seen the birth of a new breed of fitness personalities (Tao, 2016). These individuals exist across the online and the physical worlds, and operate as trainer, writer and social media guru. It is these individuals that are targeted by fitness brands to promote their product, as they have a great number of followers and will surely guarantee visibility to these brands.

"Fitness sells on emotion, and sharing content on social media relies on eliciting emotional responses". According to Jonathan Goodman, CEO of the Personal Trainer Development Centre (PTDC) and social media consultant, in an interview with David Tao from Forbes. (Goodman, 2013)

This is where the central focus of this thesis lies: young companies that are still relatively small in size but competitively play a role in the industry. They focus a lot of their effort and resources on their social media strategy and sponsorship contracts with online fitness personalities. Creating viral hits is one of their best ways to ensure brand recognition online.

1.3 - PESTLE Analysis of the Fitness Industry

1.3.1 - Introduction

A PESTLE analysis is a tool used by marketers or marketing departments of companies to analyse or screen the external marketing environment of a company (Makos, 2016). It assesses the macro environmental factors of an industry and improves decision-taking.

Applying the PESTLE analysis to this report results in an external framework of the fitness industry, which can be applied to the companies later analysed in this report. It provides a background to which these companies make their decisions, and makes it easier to understand their decision-making process.

The PESTLE consists of the following analyses: political, economic, social, technological, environmental and legal.

Figure 1 PESTLE Analysis
Source: http://pestleanalysis.com/page/2/

1.3.2 - PESTLE

For the sake of the length of this report, the complete PESTLE analysis is included in the appendices of this report. Subchapter 1.3.2 will conclude the main findings, in a brief and to the point fashion. The analysis takes into account three different companies operating in the industry: a gym/health club, a company specialized in dietary supplements and a company specialized in producing gym clothing.

What factors have affected the industry? Important conclusions that can be drawn from the analysis regarding the political aspect, are that political interest and government campaigns designed to boost the number of people having an active and healthy lifestyle positively affect every business operating in the fitness industry (CDC.gov, 2010).

Looking at the economic factors of the industry, we see that the economy has gone through a downturn in recent years, and unemployment has risen. The industry has felt this as well, as people have to make cuts in their budget, and spend less money on hobbies such as practicing sports (Fitness Australia, 2009). Especially companies producing dietary supplements or sports clothing have noticed this.

The socio-cultural factors tell us that the group of elderly people is increasing, as more and more people of higher age are actively going to gyms. On the other hand, there is a growth in the number of people ordering convenience foods and home entertainment (Volkwein, 1997) (Hanrahan, 2008). This leads to the opposite, sedimentary lifestyles, which obviously is a bad factor for the fitness industry

Looking at the technological factors it becomes clear that it is a very fast changing industry, in terms of technological advances and improvements (Kratzman, 2002). As a result, it is very important for companies operating in this industry to keep an eye on, and follow, these advancements in order to stay competitive.

The legal factors tell us that every company operating in this industry has to comply with health and safety regulations. Companies producing sports clothing have to participate in fair manufacturing processes, thereby taking into consideration that wages must be comparable with local standards, and hygienic and safety standards have to be met (Cross, 2016). Companies producing dietary supplements have to operate under very strict regulations, to ensure their products do not harm the human body (IFT.org, 2016).

The environmental factors have increased significantly in importance over the last few decades. All companies operating in the industry have to consider how big their carbon footprint is (Applebaum, 2016). Companies producing sports clothing have to avoid heavy metals and should focus on using organic fabrics. Companies producing dietary supplements in their factories have to make sure that these factories are up-to-date according to industry standards, and do not cause chemicals to damage the environment (Conner, 2016).

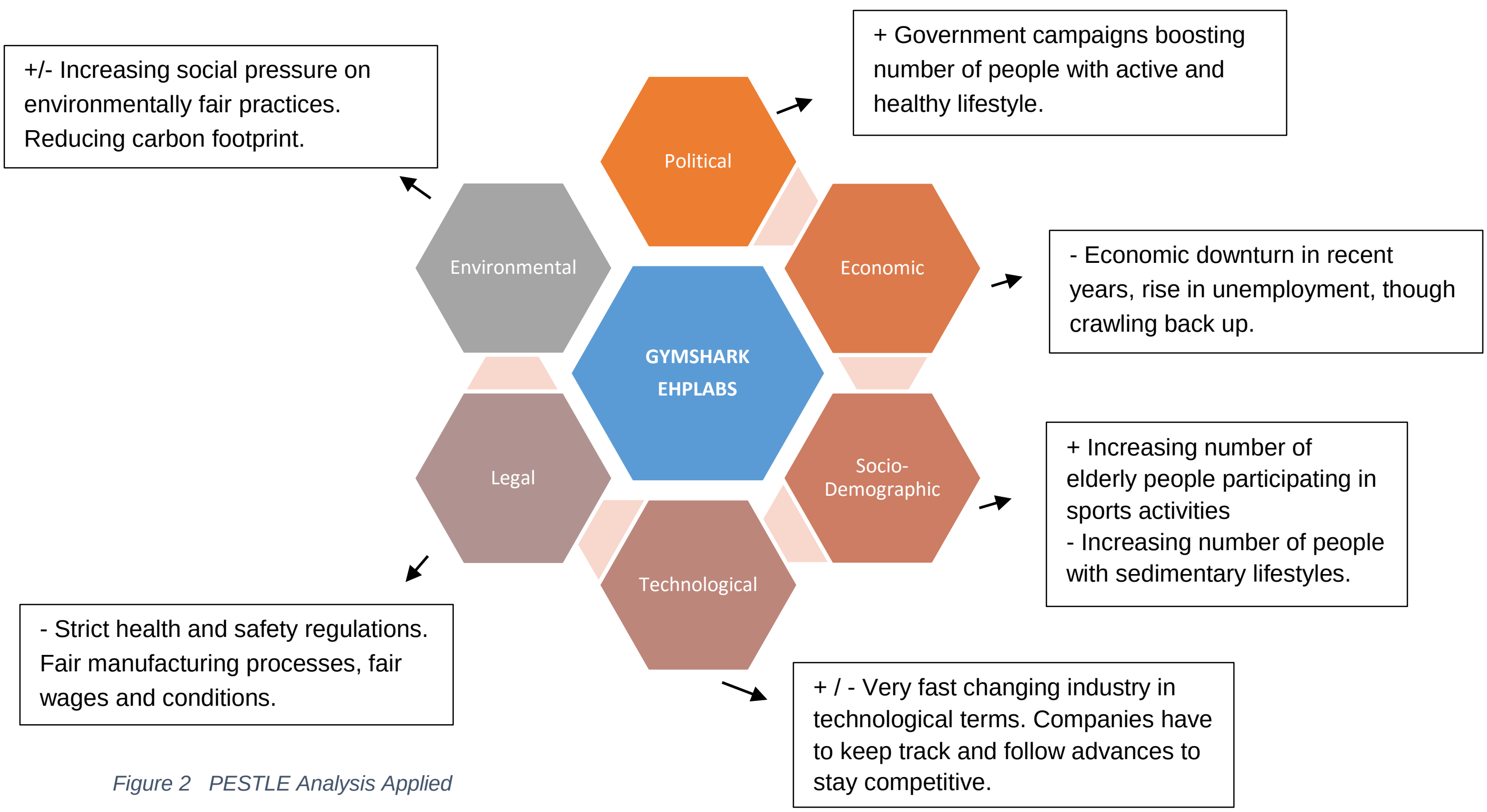

Figure 2 PESTLE Analysis Applied

1.4 - Future Outlook of the Industry

The industry has changed drastically in the last few decades, and will surely keep developing in years to come. Technology has been introduced widely into the industry, with more and more applications and equipment being developed every year. There is so much going on in the industry, that for the sake of keeping this report relatively short, the focus will lie on the most apparent and impactful developments.

1.4.1 - General industry outlook

The industry will continue its growth in the coming years, as the number of health clubs, gyms and members is still steadily increasing (IHRSA, The state of the health club industry, 2014). Because of the size of the industry itself, not every sector will grow at a same rate, and some sectors might even see a strong decline. Areas in which growth is expected are the following:

I. A strong growth in franchises
II. A growth in low cost clubs and small studios (personal training)
III. A growth in non-member usage of gyms, pay for play
IV. A growth in technology/application-linked equipment

As for the general overview, the following statistical data gives a good impression of the size and growth of the industry. The graphs of these statistics are included in the appendices of this report.

Number of health clubs worldwide (Statista.com, 2016)

Year	Number of health clubs in thousands
2009	128.52
2010	133.56
2011	133.76
2012	153.16
2013	165.30
2014	183.92

Table 1 Number of health clubs worldwide

Number of members worldwide by region. (Statista.com, 2016)

Year	North-America	Europe	Asia-Pacific	Latin-America
2009	53.20	42.56	12.97	6.38
2010	58.09	44.45	13.98	7.17
2011	59.55	43.45	14.14	7.17
2012	55.90	41.95	17.03	14.31
2013	58.60	44.87	17.40	15.26
2014	59.75	47.67	17.36	15.72

Table 2 Number of members worldwide per region

1.4.2 - Market size of the health club industry (Statista.com, 2016).

Year	Industry Revenue in Billion $
2009	67.19
2010	70.93
2011	72.75
2012	75.75
2013	78.17
2014	84.30

Table 3 Market size of the health club industry

As is clearly shown in these statistics, the industry has seen huge growth in recent years, a trend that will most likely go on for the next few years according to reports by the IHRSA and other institutions. Though, the industry has changed in its product life cycle. It is no longer in the growth stage, as explained by IHRSA chairperson Robert Brewster:

"In the second half of the last century, we saw the growth of the 'health club' concept. The industry segued into a growth phase, and, now, it's largely matured. The current phase is a very competitive one, characterized by increasing consolidation, new product extensions, and increasing pressure on growth." (Brewster, 2014)

The metrics of these reports show that the industry is clearly still growing and meeting the needs of consumers. The growth potential of the industry seems promising (IHRSA, The state of the health club industry, 2014). Global markets are improving, as such, club operators will continue to attract consumers. The global awareness of health and the importance of physical activity is growing as well, which means that the industry will benefit from engaging current consumers and by acquiring new consumers (Rodriguez, 2014).

1.5 - In what areas of the industry is the most growth expected?

Home gyms

Gym equipment has been available against an affordable price for many years, but not a lot of people have chosen for this option in the past, as compared to going to a fitness club or gym. As such, the concept of a "home gym" has not yet really taken off in a big way, but there is a greater push towards that direction (Sawers, The Future of Gyms, 2016). There is more affordable equipment available than ever that tempts people away from their local gym and onto their living room.

This is where we see the importance of new technology. Nike has partnered up with Microsoft to offer people in their own home the concept of Nike+ Kinect Training. This software assesses the person and accordingly developed customizable fitness regimes for the living room. To make it more competitive and fun, it allows people to compete with friends virtually as well.

This all is still very dependent on the pro-activity of the user to actually use it on a daily or weekly basis. For quite some people, there is no replacing the interactivity and engagement that a gym offers, compared to doing exercises at home (Sawers, The Future of Gyms, 2016).

GPS / Tracking applications

There is no shortage of applications for computer devices or smartphones that allow people to track their progress. Applications ranging from very simple tracking to applications that literally track every move a person makes. Runtastic is such an app (Dellinger, 2016). It tracks the user's pace, distance, speed and elevation and saves it to their online cloud. This is nothing new. Though, in the future it is expected that these applications, such as Runtastic, will be able to be plugged into the machine in the gym, thereby loading all of a person's information to the machine, and afterwards the machine sends the info back to their device. This is not as easy as it looks, as there are a lot of different brands and models of gym equipment on the market, and gyms usually do not change their gym equipment every 1-2 years.

Big companies are teaming up in this field, looking to really integrate technology and equipment. One example mentioned above is Nike and Microsoft. Another example is Nike and Apple working with Technogym, one of the biggest producers of advanced gym equipment, to make the equipment Nike+ iPod compatible (TechnoGym, 2016).

Even more, Anytime Fitness, a very big chain of gyms racking up to a total number of 2.000 worldwide is edging towards becoming a "Netflix for gyms" (David Tao, Forbes, 2016).

The company focuses on getting their customers online, to shift from a single geographic expansion toward building a strong online presence, by developing an online platform for clients to track their progress and connect.

"It's about merging digital with the brick and mortar store. The gym chain that can bridge the gap between a physical location and life … they'll win". (Chuck Runyon)

Automated gyms

Gyms are expected to be much more automated than they are now. Some big fitness chains have already included this partly or completely in their business model, but it surely isn't the standard yet. Chains such as Basicfit operate on a 24/7 model, where cameras substitute human personnel in the nightly hours.

In America, some gyms have taken this a step further. An example is the Alpha Venice gym in California, USA. Alpha Venice opened in November 2011, and is the first and only gym to be built in partnership with Nike (Zabonick, A one of a kind fitness experience - Alpha Venice, 2016). Members of this gym are part of a unique facility, where they are offered functional training with the help of the Nike Training Club (NTC) application. The NTC app offers the users an extensive and challenging personal training. Alpha Venice aims to automate as much as possible, which leads to cost-savings, such as personnel.

Another feature of this Alpha Venice is gym is the fact that everything in the gym can be purchased by scanning a QR code, and it follows a pay-as-you-go model (Sawers, The future of gyms, 2016). Customers can pay for a single training by scanning a QR code.

Other gyms worldwide will surely be following this business model, which could lead to automated, connected and contract-free gyms in the future.

Online training

As mentioned above, there has been an increased trend of people exercising at home again, with more technology advanced equipment and software. Another form of doing exercises at home is with online video-on-demand workout programs, which are becoming more common (Pete McCall, 2016). In the past, people have used VHS tapes and DVD's with workout routines to follow at home. With new technology, it is now possible to follow online video courses, on demand, on about every device. The difference is that these are interactive, and people from all over the world can participate online in any given class.

Another online trend increasing rapidly is online personal training. It used to be considered as a poor substitute to actual online training, but with the advances in technology it is now more feasible to offer a personalized fitness program via an online or mobile platform (Pete McCall, 2016). Clients have consultation in video conferencing sessions and wear tracking devices to record their performance and improvement. Trainers are becoming more comfortable using technology to offer virtual coaching services (Pete McCall, 2016). The difference between abovementioned two changes is that online on-demand workout programs are for general goals or a general group of people, whereas online personal training is aimed at one specific person.

Another significant online trend is the increasing accessibility to training information. People are now able to gather information easily on the internet, as it is widely available. Instead of buying a book or visit a specific seminar in person, people are now able to read books online, attend video conferences online, and download from a big database of information (Cressey, 2016).

1.6 - Hypothesis

As listed in the introduction of this chapter, the hypothesis that has been investigated in this chapter is the following:

H0: The industry has changed a lot, and has mainly been driven by technological advances.

H1: The industry has changed a lot, but this change hasn't been driven mainly by technological advances, but by consumer's needs and wants, and change in consumer behaviour.

As we have seen from the analysis performed, technological advances have indeed played a very big role in the industry's change, but more apparent has been the change in consumer behaviour. The emergence and growth of the fitness centres and health clubs was driven by cultural changes, changes that were fuelled during the 1970's and 1980's. These changes helped transform the leisure habits and attitudes of millions of people.

Around this time, technologically more advanced products were already available, but weren't produced for the market because there was simply not enough interest for them. This changed when fitness and the gym were introduced to the public by documentaries, writings and other publications. As a result of the increased interest, gyms started to follow technological advances in machines and workout gear, but this would not have happened if the public had not shown increased interest in exercising.

In recent years we have seen a lot of technological advancements, they come from a need or want of the consumer. These needs and wants are a result of cultural changes. Our culture changes constantly, and focuses a lot on technological advancements. As a result, these technological advancements are also introduced into the world of people exercising.

The industry is thus driven by change in culture. Culture is formed partly by lifestyle, and one of the most apparent changes in our lifestyle is technology. In recent years social media has played a very important role in the daily lives of many people, and the industry has picked up on this trend, with companies putting a lot of effort into social media marketing campaigns to reach these people.

Taking into consideration the above stated, we can conclude that hypothesis 0 is rejected, and we accept hypothesis 1: change in the industry has been driven mainly by consumer's needs and wants and a change in culture.

The second part of this report will shift the attention away from the industry, towards the consumer. The industry's characteristics and future outlook will later be applied to the companies specifically analysed later in this thesis.

Chapter II - ANALYSIS OF THE FITNESS CONSUMER

2.1 - Introduction to the chapter

The second part of this thesis will focus on the analysis of the fitness consumer. Consumers have played a very important role in shaping the industry to what it has become today, and they will keep on doing so. The consumers have specific needs and wants they want to see fulfilled, and companies operating in the industry do their best to fulfil these needs. Change in the industry has been driven by the change in consumer's mind and attitudes, as we have concluded in the previous chapter, and this change will be analysed in this chapter of the report.

As the industry continues to grow, understanding the behaviour of consumers is imperative for health club operators and companies manufacturing products for this market (clothing, accessories, and dietary supplements), in order to serve and engage the people exercising.

The chapter is divided into the following parts:

- A profile of the consumer in this industry
- What are their needs and wants
- What are their motives to buy products
- Consumer behaviour
- Change in behaviour

After sketching a profile of the generic gym-goer, their needs and wants will be analysed. There are a lot of different groups with different interests accordingly. For the sake of the length of this report, this chapter will focus on the groups that are directly related to a gym, whilst also being interested in buying dietary supplements and/or sports clothing. The conclusions drawn here regarding the profile of the consumer will be applied to the subsequent chapter.

Furthermore, the motives to buy products are analysed. What are the motives to spend money on a gym membership, on buying gym clothes, or on buying dietary supplements? What drives consumers to buy these products or services? Lastly, the chapter will analyse the consumer behaviour and change in consumer behaviour of fitness enthusiasts. Consumers change their attitude constantly, thereby developing new needs and wants. Companies operating in the industry have to act accordingly, to address these changing needs and wants, and to hold on to (and further expand) their customer base.

The hypothesis that will be answered in this chapter:

H0: A person's gym profile, such as the length of their membership, number of visits and diet pattern, is always directly correlated with their purchasing behaviour.

H1: A person's gym profile, such as the length of their membership, number of visits and diet pattern, is not always directly correlated with their purchasing behaviour.

2.2 - A profile of the generic consumer

Sketching a generic profile of the "normal/average" fitness consumer is rather difficult. There are a lot of different groups of people with different ages, different goals, different lifestyles and different characteristics. According to the IHRSA, the typical or average health club consumer is between the ages of 25-54, is educated and can range from a casual to avid exerciser (IHRSA, The IHRSA Health Club Consumer Report, 2009).

The IHRSA has performed an extensive study leading to a five cluster analysis. In this analysis, the market is divided into five groups, each with its own characteristics, age, education, income etc. The aim of this cluster analysis is to identify groups, which ultimately helps clubs to better understand and market to their members.

The five clusters are as follows (IHRSA, The IHRSA Health Club Consumer Report, 2009):

1. Predominantly male consumer/male strength
2. Mixed low usage
3. Predominantly 50+
4. Super avid, high spending
5. Predominantly female group exercise low spending

Cluster I (18%)	Cluster II (42%)	Cluster III (22%)	Cluster IV (7%)	Cluster V (11%)
~ Focused on strength and resistance ~ Predominantly male ~ 50% is aged between 25-44 ~ College grads, post-grads ~84% use weights and resistance machines ~75% use free weights	~ Evenly split between male/female ~ Younger, less affluent ~25% non-members ~ Lower attendance (59.2% less than once a week) ~ Less than 20% in activity groups ~ Challenge is to get engaged	~ Slightly more females ~ 60% is over 50 years old ~ Most affluent group ~ Concentrate on weights/resistance and cardio machines	~ Smallest, but spends the most ~ 2/3 is female ~ Over 50% spend more than $40 monthly on membership ~Highest participation in activity groups	~ 80% is female ~ 2/3 take part in group exercises ~ 55% spends less than $40 monthly on membership

Table 4 IHRSA 5 Cluster Analysis

This is very useful and important information for companies operating in the industry that want to focus their (marketing) efforts on a specific group of consumers, in order to effectively tackle a share of the market. To know your customers and to be able to provide the product or service that satisfies them is a critical issue for today's companies and at the core of today's marketing paradigm (McKenna, 2016). Knowledge of consumer behaviour helps in effective segmentation and to create successful service offers. Marketing campaigns are focused on consumer's goals.

The information derived from the identification of different clusters will be applied to the companies analysed in the subsequent chapter.

2.3 - Needs and Wants of the Fitness Consumer

Consumers of fitness centres and consumers buying sports clothing and dietary supplements differ in many ways. Managers of these centres and companies face the difficult task of satisfying these people with different needs and wants. These needs and preferences should be directly linked with the creation of a customized offer (Davenport, 2016), which may be:

- Gym: a customized workout plan fit to the needs of the consumer
- Clothing: a piece of clothing made to fit the consumer in his or her sports activities
- Supplements: a dietary supplement made to assist the consumer in his or her diet and improve his or her sport abilities

Different clusters of consumers accordingly have different needs and wants they want to see satisfied. Generally speaking, it has become clear that health is being incorporated into almost all areas of consumer life. People are purchasing more products related to fitness and sports than ever. Sports apparel is being sold by an increasing number of boutiques and stores. Healthy juice and smoothie stores are following the same path by increasing their numbers. Even businesses have started to realize the importance of physical activity, related to the productivity of their employees (Friedman, 2016).

Even though not all consumers have yet decided to enter the world of fitness and health, it is difficult to ignore the society's growing interest in the field (Peterson, 2016). It should not be regarded as a trend or a fad, as it is a cultural shift in the way people choose to live their lives. This change in life brings with it different needs and wants, and these ever evolving needs and wants are a real challenge to cater to. Failing to meet these needs will lead to unfavourable business circumstances.

Consumers want to connect with brands that help them to live healthy (Moorhead, 2016). Brands that make it easier to live healthy. In return, brands that succeed in coaching consumers and supporting them in living a healthy lifestyle will benefit from the acquisition and customer loyalty. The expanding industry, together with the increase in use of social networks, have created a lot of sponsorship opportunities for companies focusing on meaningful connections and involvement with their customers.

To stand out in this world, companies have to really tailor their message to perfection in order to bond their customers. Something which is increasingly harder to do. Consumer's motives to buy are a central aspect in this, and will be analysed in the next subchapter.

2.4 - Consumer Behaviour

Consumer behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of their consumer wants (Dudovskiy, 2016). It is important for companies to find out what factors are influencing the behaviour of their consumers, and how to better understand them in order to better meet expectations and improve marketing strategy.

There are four main types of factors that influence the consumer's behaviour, which are (TheConsumerFactor.com, 2016):

- Cultural factors (buy culture, subculture and social class)
- Social factors (reference groups, family, role and status)
- Personal factors (lifestyle, economic situation, age, occupation and personality)
- Psychological factors (perception, motivation, learning and attitudes)

Applying this information to the fitness industry leads to the grouping of consumer's into cells, where each cell is shared by consumers that have in common certain behavioural characteristics. If we want to group consumers in this industry, we look at their cultural, social, personal and psychological factors.

This research has been performed countless times, leading to a wide variety of studies in which the consumers are analysed based on their personal characteristics, lifestyle and for example participation rates in gyms. For the scope of this report, the IHRSA consumer report is used, which follows up on the five cluster analysis earlier stated in this chapter.

In the IHRSA report, consumer behaviour in gyms is divided into four groups, based on their activity type in the gym (IHRSA, The IHRSA Health Club Consumer Report, 2009). This study was performed on an American group of participants.

1. Group exercise participants	**2. Soft exercise participants**
• Almost two third of this group is female • The largest age group is 25-34 years old, although there is a second peak ranging from 54 to 64 • Middle income households, 37% of the group earns between $50.000 and $99.999 • Very avid health club users, 53% attends the gym 100 times a year or more • 42% of this group pays $40 per month for their membership	• Almost two third of this group is female • One of the most affluent groups, with 58% earning more than $75.000 per household, yearly. • Two third are college graduates or post graduates • Over 50% attend the gym 100 time a year or more • 42% pay more than $40 per month for their membership

3. **Weights and resistance participants**	4. **Cardio machine users**
• 56% of this group is male • Ages differ from 25 to 64 • Affluent group, with 39% earning more than 100.000 per household a year • They tend to pay less, with 50% paying less than $40 a month for membership	• Most evenly divided between male and female • The widest age range, from the youngest up until the oldest participants • They tend to pay less, with 50% paying less than $40 a month for membership

Table 5 IHRSA 4 Types of Users

Grouping consumers according to their characteristics is important information for companies, in order to effectively target a specific segment of the market. Tailoring promotion and communication messages to a specific segment greatly increases the effectiveness of these messages.

In the subsequent chapter, the information about consumer behaviour will be applied to the selected companies, thereby analysing how these companies target their consumers.

2.5 - Change in Behaviour

Consumer behaviour has changed throughout the years, as people develop different needs and wants and based on that go through a behavioural change. To illustrate this we can take the future outlook of the fitness industry as an example. This future outlook is based on the changing needs and wants of consumers. Future changes in the industry might entail things such as home gyms, automated equipment and smart applications, fully automated gyms and online training.

Consumers go through a process of change, when deciding upon a new product or service. For companies this is a very important process, as it helps the companies to identify in which stage the consumers finds him or herself. Accordingly, companies tailor their message to this stage, to maximize its potential. An example of a consumer process of change is portrayed in the following image (Menzies, 2016):

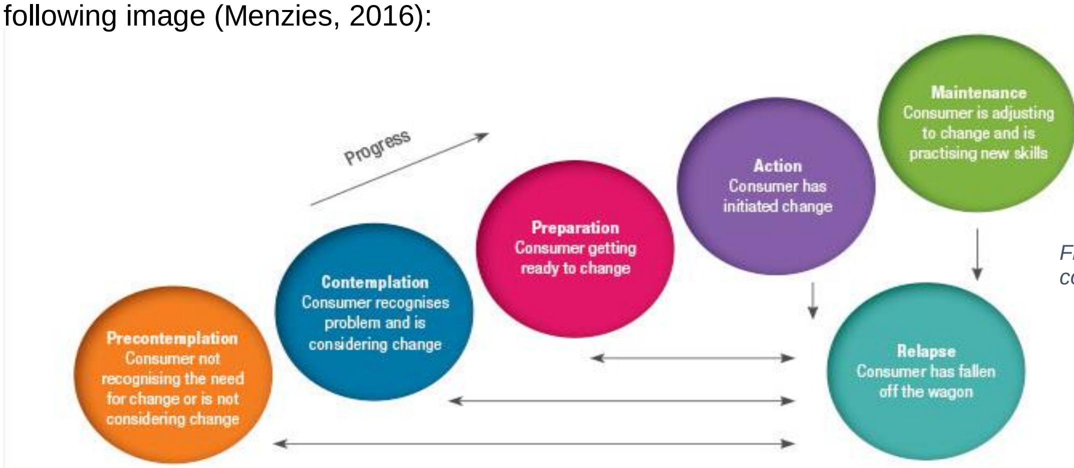

Figure 3 Stages in consumer behaviour

In a parallel model, companies intend to communicate with consumers in a way that is based on the stage in which the consumer finds him or herself. Strategies that build dialogue with consumers create a sense of trust and can provide a company with feedback that enables fine-tuning of the communication message even further (Linton, 2016). Translating the five step model of consumer's change above into a model that can be applied to a companies' communication strategy entails steps similar to the following (Pro-Change, 2016):

- Awareness stage → (Consumer) Precontemplation stage
- Choice stage → (Consumer) Contemplation stage
- Preference stage → (Consumer) Preparation stage
- Accountability stage → (Consumer) Action stage
- Personalization stage → (Consumer) Maintenance stage

1. In the precontemplation stage, consumers are not recognizing a need for change, or they are not considering change (Pro-Change, 2016). A companies' communications strategy should accordingly focus on making the consumers aware of the product or service. The core of this stage is to raise awareness.

2. In the contemplation stage, consumers are recognizing a problem or a need, and they are considering change (Pro-Change, 2016). A companies' communications strategy should focus here on informing the consumer about differences in price, quality or features of a product or service, enabling consumers to make informed choices.

3. In the preparation stage, consumers are getting ready for a change (Pro-Change, 2016). In this stage, a companies' communications strategy has to focus on making the consumers aware of the benefits of the product, and to differentiate the product from those of the competition. If the companies' strategy in this stage is effective, it will create consumer preference, and accordingly convince consumers to choose their product over competition.

4. In the action stage, the consumer has initiated change, for example by buying the product. Accountability is the core of a companies' communications strategy in this stage (Pro-Change, 2016). The strategy has to focus on encouraging consumers to provide feedback, which demonstrates that the company is accountable to its customers. This is where a company begins to develop a relationship with its customers, which will lead to stage 5.

5. In the maintenance stage, the consumer is adjusting to change (Pro-Change, 2016). The consumer has bought and used the product for a while, and has developed a relationship with the company. In this stage, a companies' communications strategy has to focus on personalization, in order to further extend, and build a one-to-one relationship. By collection and analysing information about the consumer's buying preferences and patterns, a company can further develop tailored communication.

2.6 - Motives to Buy

The importance of motives and selection criteria differs between the different types of consumers that a company identifies. Sport managers accordingly should carefully segment their market and customize their marketing efforts to fit the group of customers targeted.

It is important for these companies, may it be a gym, a sports clothing or a dietary supplement company, to enhance the power of their brand by strengthening the associations related to the motives of the target market.

In the following part, after conducting both field and desk research, the motives for people to subscribe to a gym, buy sports clothing and/or buy dietary supplements are listed. These motives will be used in the subsequent chapter, and applied to the business model and communications strategy of EHPlabs and Gymshark.

2.6.1 - Field Research

The field research has been set up as qualitative, and consists of a questionnaire sent to a selected group of people. The questionnaire has been filled in by 51 respondents. The purpose of the questionnaire is to obtain insight into the behaviour, needs and wants of people that visit a gym and/or have bought sports clothing or dietary supplements at one point in their life. The questionnaire can be split into three parts: general gym insights, dietary supplement insights and sports clothing insights.

The information provided by the respondents will be applied in a consumer analysis, linking the companies' marketing and communication strategy with the behaviour of the consumers:

- Chapter 2 of this thesis links the responses of the questionnaire with the general behaviour of the consumers: motives to subscribe, number of visits, length of membership, diet pattern and price sensitivity.
- Chapter 3 of this thesis links the responses of the questionnaire regarding motives to buy products and influence of advertising with the marketing strategy of selected companies.

Motives to subscribe to a gym

The first part of the questionnaire focuses on a general insight of the number of times the respondents have visited a gym, and what their main motives are to join a gym. This is a necessary insight to investigate if there is a correlation between the number of times respondents have visited a gym and what their motive is, and if they have purchased dietary supplements or sports clothing.

The main motives are the following (more than one motive possible):

Motive	Percentage	Number (Total 51)
1. Increase muscle / gain size	62.7%	32
2. To burn fat	47.1%	24
3. Cardiovascular activity	37.3%	19

Table 6 Motives to subscribe to a gym

Length of membership and regularity of visit

The length of membership and distribution in regularity of visits of the respondents is as follows:

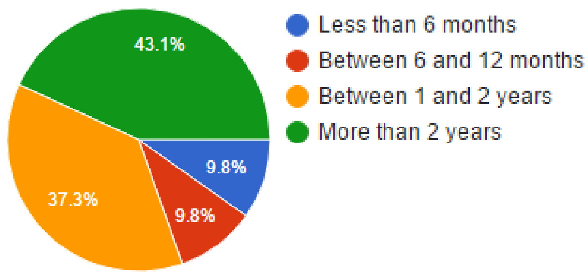

Figure 4 Length of membership

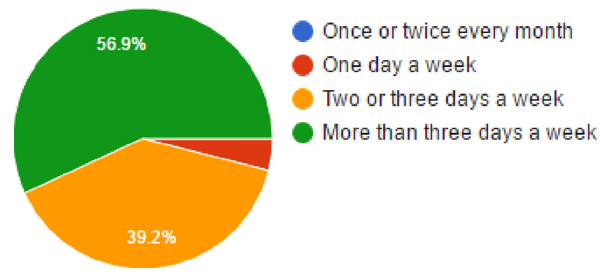

Figure 5 Regularity of gym visits

Purchase of dietary supplements:

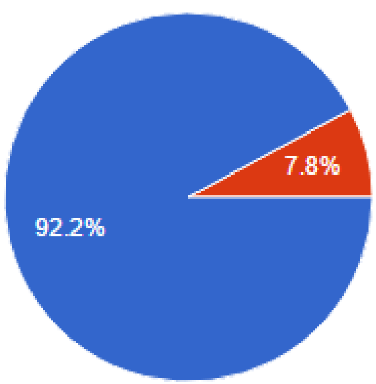

Figure 6 Respondents purchase of supplements

Purchase of sports clothing:

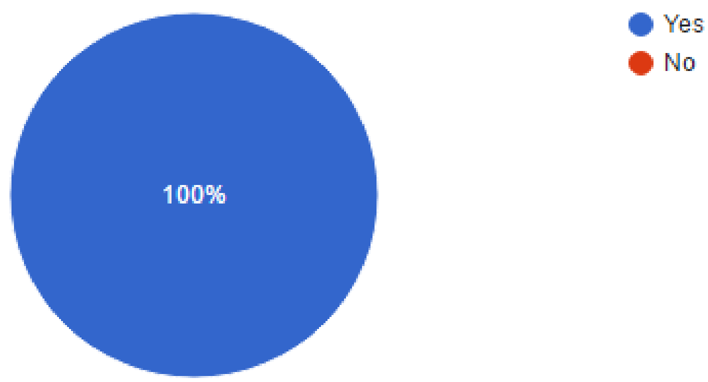

Figure 7 Respondents purchase of clothing

As nearly all the respondents have indicated that they have bought dietary supplements and sports clothing at one point in their life, there is no direct correlation between the number of visits, length of membership and purchasing behaviour. The conclusion that can be drawn from this graph is that gym visitors buy dietary supplements and sports clothing irrespective of the number of visits and period of training.

Diet pattern

The distribution in diet pattern of the respondents is as follows:

Figure 8 Diet pattern respondents

From the spreadsheet of answers of this questionnaire, we can look for possible correlations between the diet pattern and the purchasing behaviour of dietary supplements. Respondents that indicated that they eat to gain size/gain muscle purchase dietary supplements to increase muscle, whereas respondents that indicated they are trying to eat healthy or actually eat healthy to complement a healthy lifestyle purchase dietary supplements to complement that diet or for fat loss.

On the other hand, following a diet or not following a diet has no direct correlation with the purchasing behaviour. Respondents that have indicated to not follow a diet, still buy dietary supplements. In this aspect, there is no change between people that strictly follow a diet and people just eating what they want. Respondents should in the latter case be more focused on getting their diet on point, rather than be interested in purchasing supplements. This hints at strong company influence.

Price sensitivity

How important is the price for the respondents regarding dietary supplements? To the question if they are price conscious or if they buy the product based on the perceived benefits, they answer the following:

- I am aware of the price but if the product has good reviews then I will consider buying something more expensive then I would normally do
- I don't buy things that are too expensive because most of the time there is not much difference between the cheaper products and the expensive ones
- Price is important, but so are reviews
- Price is important, when a product that normally costs more is discounted, I tend to buy it faster than other things
- I try to balance the quality-price
- It depends on the brand, some brands have a higher quality standard, as such I am willing to spend more
- Supplements directly affect health, so price is of lesser importance to me, I focus more on the quality when it comes to health

These answers are aimed pretty much towards the same direction: price is generally of lesser importance than quality. As a lot of respondents have indicated, this has to do with the fact that it directly affects their health. Dietary supplements should be safe, and paying a higher amount of money to ensure safety and quality is something the respondents are willing to do. What a lot of respondents do is wait for these higher quality brands to be offered in promotion. They spend less money, but are still guaranteed a high quality of dietary supplements. These products are frequently promoted on social media platforms. There are promotions related to holidays, general sales, or discount codes of certain ambassadors.

How important is the price for the respondents regarding sports clothing? To the question if they are price conscious or if they buy the clothing based on the perceived benefits, they answer the following:

- It doesn't affect me, I buy it for comfortable fitting
- Price shouldn't be too high, because I don't like spending too much money on it
- Same as with the dietary supplements. I would buy the things on sale which I like and when I need it. The fabric of the clothing is also important and most of the time the better fabric is more expensive, so when the price is reduced, I tend to buy it quicker
- Price if important but so is the quality, the performance and intended functions is what matters to me.
- I don't buy expensive brand because I feel they do not hold on to their promises, the quality is not as good as they advertise it
- Sports clothing in general are more expensive due to the fabrics used, I am willing to pay more for the quality of the fabrics

From these responses we can see that the majority of the respondents indicate that they value the quality of the fabrics and of the clothing in general. This garment is generally more expensive, and a lot of respondents indicate they are willing to pay this higher price, if it ensures good quality of the product: a good fitting, good sweat absorption, free movement during exercise. As with the dietary supplements, respondents also tend to buy in promotion here, but are less influenced by social media. These promotions are generally searched for in local stores.

The second part of this questionnaire will be used in the subsequent chapter of this report.

2.7 - Hypothesis

As listed in the introduction of this chapter, the hypothesis that has been investigated in this chapter is the following:

H0: A person's gym profile, such as the length of their membership, number of visits and diet pattern, is always directly correlated with their purchasing behaviour.

H1: A person's gym profile, such as the length of their membership, number of visits and diet pattern, is not always directly correlated with their purchasing behaviour.

As one might expect, the way a person behaves in the gym influences his or her purchasing behaviour. As such, different people that have trained for different period of times and visit the gym with different regularity, will have a different purchasing behaviour. Or not?

From the responses to the questionnaire it became clear that irrespective of the number of visits, diet pattern and the length of membership, people that go to the gym have purchased clothing and dietary supplements. That means that even people that have just started going to the gym, also purchase dietary supplements and clothing. As such, their behaviour is no different from people that have been going to the gym for many years and visit the gym many times a week. Looking at this fact, it could be stated that there is no correlation between the purchasing behaviour and the number of visits and length of membership. Though, this is very general. It says nothing about the specific products that have been purchased by these people.

When we take into account the different reasons to go visit a gym, there are of course differences, which also became clear from the responses to the questionnaire. These differences are dependent on the reason for training of the respondents, whether that is to gain muscle, lose weight or for cardiovascular activity. Accordingly, these people purchase different products, based on their goals. As such, there is a correlation between the products purchased and the goal in mind, which is obvious.

On the other hand, there is no such correlation between the behaviour in the gym (length of membership and number of visits) and the purchasing behaviour. Why is this interesting? It is interesting because apparently these consumers are influenced very strongly into purchasing products of which they do not even know if they actually need them. Someone that has just started going to the gym should be more concerned with getting his diet and workout routine straight, than with buying dietary supplements that are purchased by people training for competition, as an example.

As such, it is concluded that hypothesis 0 is rejected, and we accept hypothesis 1.

The third part of this report will shift the attention away from the consumer, towards the brands. The consumer characteristics and needs and wants will be applied to the brands analysed in the following chapter.

Chapter III - ANALYSIS OF BRANDS

3.1 - Introduction to the chapter

The third part of this thesis will focus on the analysis of the two brands listed in the introduction of this thesis. These two companies had to have certain characteristics to be selected as an example for this report. A very important aspect was the age of the company, it should not have been formed more than 5 years ago. A second aspect was the size of the company: they are still relatively small in size, and a third aspect was the marketing and sponsorship strategies of these companies.

As a short reminder, the two companies selected are Gymshark and EHPlabs.

Special about these companies is the way they have developed in the last few years into brands that are a very common sight in gyms and fitness centres in Europe and the USA. An interesting aspect here is their marketing strategy. These companies focus their strategies around sponsorship, more specifically: social media sponsorship.

The fitness industry information analysed in chapter I will be applied to these companies, thereby creating a view of Gymshark and EHPlabs as a part of the total industry, and in what area they do business, reflecting their business model to industry standards.

The consumer information analysed in chapter II will be matched with the strategies these companies have adopted to target these consumers. The needs, wants and behaviour analysed in the field research in former chapter will be matched with the profile of consumers Gymshark and EHPlabs are aiming for.

The hypothesis that will be answered in this chapter:

H0: The products that are made by these companies always have a direct effect on the performance and success of the people using it, thereby helping them to achieve their goals.

H1: The products that are made by these companies may or may not have a direct effect on the performance and success of the people using it, but promise to do so, and consumers base their purchase on this promise.

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3.2 - GYMSHARK

3.2.1 - Company introduction

Gymshark was founded by Ben Francis and his business partner Lewis Morgan back in 2012 in the UK. Ever since, they have seen rapid growth and an ever expanding quality customer base. Gymshark has recently been recognized as the fastest growing and biggest brand in gym clothing in the UK (Aston University, 2016).

Looking at their financial numbers, it becomes clear what growth they have grown through in the last years. Interesting here is the difference between fiscal year 2013 and 2014 (CompanyCheck.co.uk, 2016). Numbers in British pounds (£):

Accounts	2013		2014
Cash	57.352.00		993.760.00
Net worth	83.282.00		1.170.590
Total current liabilities	104.465.00		393.368.00
Total current assets	183.136.00		1.521.903.00

Table 7 Fiscal years Gymshark

The difference in increase between current liabilities and current assets is immense. The company's net worth has also skyrocketed. How has this been made possible?

3.2.2 - Marketing strategy

Gymshark's social media/marketing strategy can be regarded as a redefinition of the approach to launching a new brand. The focus of the company's growth has been built around this social media strategy, and they have employed this with great success.

From the beginning, Gymshark has focused on employing ambassadors with a large social media following. Starting with a very small range of clothes, Gymshark started to contact Youtubers and Instagrammers that were wearing their clothes (Brusin, 2016). The deal was simple: in return for free clothing, these people would agree to be an ambassador of the company and advertise the product on social media channels.

This is an interesting and upcoming strategy. With the importance of social media and the growth it has gone through came the growth of social media channels focusing on diet and exercise, in which they try to motivate people to work out. These channels' numbers of followers were growing quickly, which made it a very interesting and fruitful opportunity for advertising. The more followers a channel has, the larger the number of companies that want to be an ambassador of that specific channel.

It is an affordable approach to marketing (Wicks, 2016). When Gymshark teams up with fitness channels that have a vast number of followers, it allows them to reach a large number of people with their advertising, at just a fraction of the costs it would normally cost them.

The social media channels are full of ambassadors, and each of these ambassadors promote a specific selection of brands. For example, an ambassador of Gymshark cannot be an ambassador of another clothing brand, as it would take away the advertising from Gymshark. These ambassadors accordingly make choices as to which brands they want to wear: they have their own social media strategy.

The key here in this vast landscape of ambassadors and other brands in clothing and dietary supplements is to stand out from the rest. The way Gymshark stood out from the rest is by creating more than a brand, they have created a community: a community of ambassadors that already had a significant amount of followers. This way, Gymshark did not even need a large number of followers, as their ambassadors would do that work for them. The ambassadors that have joined Gymshark since the beginning are still with the company, which illustrates the importance of the community they have created (Parkin, 2016). It also illustrates the importance of the positive relationship the company has with its ambassadors, something which is very important when building a stable brand.

This type of sponsorship, with a focus on ambassadors, is nothing new. The difference is that with the importance of social media and social media strategies, it is now possible to contact ambassadors and build a brand with a smaller budget (Heitner, 2016). The Youtube channels and Instagram channels that Gymshark is using, are not costing them millions of dollars in marketing efforts. As mentioned before, they agree to advertise the product in return for free clothing and travel expenses to sports exhibitions worldwide.

Gymshark has carefully selected its team of ambassadors, thereby trying to create a community of people that want to help each other, instead of being after money, and this strategy has worked off extremely well for them.

Illustrating this strategy into a graph:

Gymshark Ambassador Followers

When Gymshark launches new clothing apparel, this will not only be advertised at their own channel, but will be advertised by all ambassador channels at the same time, for a specific period of time. If we start calculating the reach of one post on Instagram, this could add up to:

1. Gymshark channel posts the advertising message – 681.000+ followers
2. Athlete example 1: Steve cook – 1.100.000+ followers
3. Athlete example 2: Ross Dickerson – 1.200.000+ followers[1]

[1] Athlete page grew with over 300.000 followers during the writing of this thesis

Gymshark has a way broader spectrum of ambassadors on Instagram, but we can see clearly that with just 2 ambassadors and their own channel, they reach almost 3.000.000 people. A very affordable approach to reaching a large number of (potential) customers.

3.3 - EHPLABS

3.3.1 - Company introduction

EHPlabs was founded back in 2011 in Utah, the USA. The difference between Gymshark and EHP is that the latter produces, markets and sells dietary supplement instead of clothing. Products of EHP can be considered as more niche, as they have a significant higher price than other dietary supplement brands. They back it up with the claim that their products are of higher quality, for people that truly care about the dietary supplements they take, rather than going for the cheaper products (EHPlabs.com, 2016).

EHP focuses on innovation of dietary supplements, and they have made this their mission. All of their products are produced in their own manufacturing facility, thereby controlling every stage of the production process to ensure the quality (EHPlabs.com, 2016). They have grown exponentially since its beginning into a globally recognized premium nutrition brand.

3.3.2 - Marketing strategy

The marketing strategy of EHPlabs shows similarities and differences with the marketing strategy of Gymshark. They both operate in the sports industry, though they produce and market a different product to the consumers in this industry.

The difference between Gymshark and EHPlabs relates to the fact that they sell a different product. Whereas Gymshark focuses solely on the quality and performance of its sports clothing, EHPlabs focuses on the production and quality of qualitatively high dietary supplements. Their marketing strategy focuses on translating the quality of these products to the consumers, and in what way the specifications of these products aid them in achieving their goals – to Enhance Human Performance (EHP).

EHPlabs focuses on scientific and pharmaceutical research in the areas of molecular biochemistry, human biomechanics, sports nutrition and exercise sports science (Mendu, 2015). As they declare themselves: they leave the marketing efforts to the other companies. Although this is not completely true, and EHPlabs focuses a lot of effort on marketing as well, their claims are backed up by laboratorial results and science.

The similarities with Gymshark in marketing strategy relate to the contracting of ambassadors and focusing on social media channels to target consumers. Just as Gymshark, EHPlabs has a very broad spectrum of ambassadors that allow them to reach a large number of (potential) customers with one single post. When EHPlabs launches a new dietary supplement or a new taste, this will not only be advertised at their own channel, but will be advertised by all ambassador channels at the same time, for a specific period of time. If we start calculating the reach of one post on Instagram, this could add up to:

1. EHPlabs channel posts the advertising message – 843.000 + followers
2. Athlete example 1: Katya Henry[2] – 2.400.000+ followers
3. Athlete example 2: Ross Dickerson[3] – 1.200.000+ followers

EHPlabs has a lot more ambassadors, but with this example they reach over 4.336.000 people with one specific post.

3.4 - Quality of Advertising

When we look at these two companies we can see that they both make extensive use of social media to target their customers and potential customers. Though, we have to consider that just as with "normal" advertising, advertising campaigns on social media channels such as Instagram can be rated as good or bad. It is interesting to see which of these two companies reaches more engagement with their followers, and might accordingly develop better relationships with their customers. There are a few sites offering metrical systems that use algorithms to measure a specific channel's performance. In this report the metrics of PopularChips are used.

With the help of their software, the profile of EHPlabs (PopularChips, 2016) and Gymshark (PopularChips, 2016) can be analysed. First off, we can compare the engagement of fans on the two profiles:

Engagement	EHPlabs	Gymshark
Followers	838.010	680.409
Engagement	0.32	1.27
Quality	0.13	0.25

Table 8 Social Media Engagement Scores

The engagement score tells us how well a company can keep their audience interested and active, it is calculated by dividing the average number of likes on a post by the total number of followers. The higher the score, the stronger the influence and engagement with followers.
The quality score tells us how well the company is able to swiftly increase the number of followers, while keeping the followers excited and captivated. In other words: a high score means that the company has increased the number of followers, and thereby has not lost the percentage of engagement. It is calculated by taking the number of followers and engagement rate at two different points in time, and then calculating the change in percentage.

Even though EHPlabs has a higher number of followers, their engagement with their followers is lower - they have a lower quality of online relationships. Where it will take EHPlabs 377 followers to get a like and nearly 18.000 followers to get a comment, it will take Gymshark only 87 followers to get a like and 6.600 followers to get a comment.

[2] Athlete page grew with over 400.000 followers during the writing of this thesis
[3] Employed by both Gymshark and EHPlabs

These are interesting numbers, because it tells us that Gymshark is able to engage their customers better than for example EHPlabs. More engagement leads to more sales. More engagement also leads to a wider reach of the post itself amongst followers and non-followers on the social networks. A specific promotional post will reach more people, with a bigger change of converting a consumer into a customer.

3.5 - Putting this into industry perspective

As we have seen in the industry analysis in the former chapter of this report, there are several trends that have affected the industry, and trends that will most likely effect the industry in years to come. One of the most important and apparent trends is the increase of technology and the importance of social media. These two trends are linked.

As we have seen in the marketing strategy of EHPlabs and Gymshark, they focus almost completely on social media, thereby tapping into the trend of the industry. Social media can be used in many different ways. Abovementioned companies mainly use it as a way of marketing and reaching their (potential) customers. A second way of using social media is sharing. This is where the technology trend comes into play as well (Hold, 2016).

Social media is used by its users to share ideas and data. Data is specific and measurable, and so is the nature of goals (Stevens, 2016). There are applications allowing and enhancing the ability to track the metrics of performance. These metrics are accordingly shared by the people, to motivate themselves and others around them.

A way of advertising is sharing the metrics (results) of people's performance, thereby linking the performance to the use of a specific brand or product. This is where technology and social media meet each other. EHPlabs makes good use of this with a marketing campaign called #EHPLABSRESULTS (EHPlabs.com, 2016). Customers of EHPlabs are motivated to share their results, thereby linking their results to the products of EHPlabs. It is a simple and effective way of spreading a marketing campaign by the users of the products themselves. This works in two ways:

I. The users are proud of their results and accordingly share them by using metrics – User A lost 8 kilos in 2 months, using the hashtags of EHPlabs.
II. EHPlabs are proud of the results of their clients and accordingly share these metrics on their profile to spread knowledge of the products – User A lost 8 kilos in 2 months by using product B of EHPlabs

Social media plays a large role in motivation and participation. This campaign also tackles a problem that comes with social media. People compare themselves with others, continuously, leading to a sea of self-criticism. What EHPlabs does here is sharing the results of people that do not have reached their final goal, but are working hard and are on the way. This motivates people more, as they identify themselves with these people - they are struggling, and they are on their way to their goal.

Another way to pull customers in are online contests, used by both Gymshark and EHPlabs. People love contests, as they can win something. For a company it's an affordable way to marketing, as the people in the contest are asked to spread or share a specific post or product (Pickering, 2016).

Social media helps people find like-minded people who are fanatic about fitness. The aim of Gymshark and EHPlabs is to create communities of these like-minded people. In a way, they act as a chain between people and results. Their products are aimed at bringing people results, and they want these results to be shared to inspire more people, and ultimately bring in more customers.

3.6 - Influence on Consumer

As mentioned before in this consumer analysis of this report: consumers want to connect with brands that help them to live healthy (Moorhead, 2016). Brands that make it easier to live healthy. In return, brands that succeed in coaching consumers and supporting them in living a healthy lifestyle will benefit from the acquisition and customer loyalty. The expanding industry, together with the increase in use of social networks, have created a lot of sponsorship opportunities for companies focusing on meaningful connections and involvement with their customers.

If we take the results from the five cluster analysis in chapter 2, we can see that Gymshark and EHPlabs mainly try to connect with consumers in the following clusters:

Cluster I (18%)	**Cluster II (42%)**	**Cluster IV (7%)**
~ Focused on strength and resistance ~ Predominantly male ~ 50% is aged between 25-44 ~ College grads, post-grads ~84% use weights and resistance machines ~75% use free weights	~ Evenly split between male/female ~ Younger, less affluent ~25% non-members ~ Lower attendance (59.2% less than once a week) ~ Less than 20% in activity groups ~ Challenge is to get engaged	~ Smallest, but spends the most ~ 2/3 is female ~ Over 50% spend more than $40 monthly on membership ~Highest participation in activity groups

Table 9 Consumer cluster applied to brands

Cluster I is interesting because it mainly consists of young people, such as college grads and post grads. People that spend a significant time in the gym, and while doing so, focus on strength and resistance training, thereby using free weights and resistance machines. These are the people that look up to the athletes, the athletes that are ambassadors of companies such as Gymshark and EHPlabs.

Cluster II is interesting because it consists of a large chunk of the total number of people (42%). As such, they are not interesting because of their behaviour, but because of their total number. The challenge is to get these people engaged, and to get them to frequently visit a gym/buy dietary supplements and sport clothing. Succeeding in engaging these people can lead to a significant increase in customers.

Cluster IV is interesting because even though it is a considerably small group, they spend the most money. Advertisement in this group would be directed towards women, as they make up for the most part of this group.

As their strong growth in recent years depicts, Gymshark and EHPlabs know how to target consumers and turn them into customers. In the vast landscape that is social media, it is not easy to stand out, but being able to do so will yield significant profit. Employing athletes as ambassadors yields them amazing returns, against an affordable budget.

Consumers are influenced in a way by these ambassadors to buy the products. If we break down the results of the questionnaire earlier in the report, and link them with the marketing strategy of Gymshark and EHPlabs, we can see the influence these companies have on the minds of consumers.

Repeating the question if these consumers have ever purchased a dietary supplement or a piece of sports clothing, the results are quite clear.

Purchase of dietary supplements:

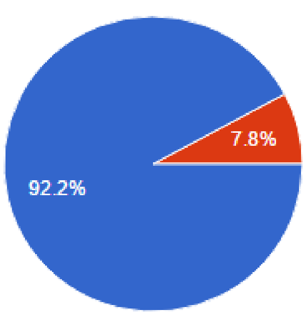


Figure 9 Respondents purchase of supplements

Purchase of sports clothing:

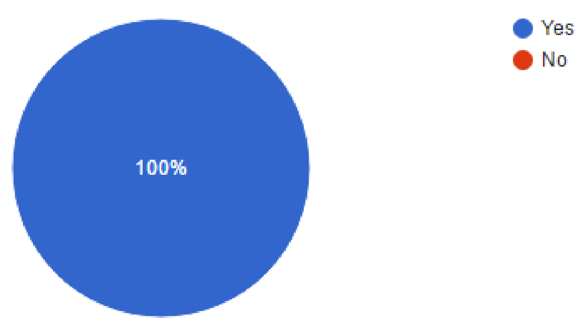


Figure 10 Respondents purchase of clothing

As we can see here, all of the respondents have purchased sports clothing, and more than 92% have purchased a dietary supplement. More interesting is the reason behind these purchases. If companies are more informed about the consumer's reasons to purchase, they are better able to communicate the benefits of their product, thereby linking the purchasing behaviour with the actual purchase of their product.

In the consumer analysis of this report, we have seen that consumers have a certain motivation to go to the gym. This also becomes apparent from the results of the questionnaire, in which respondents stated that they have purchased dietary supplements to:

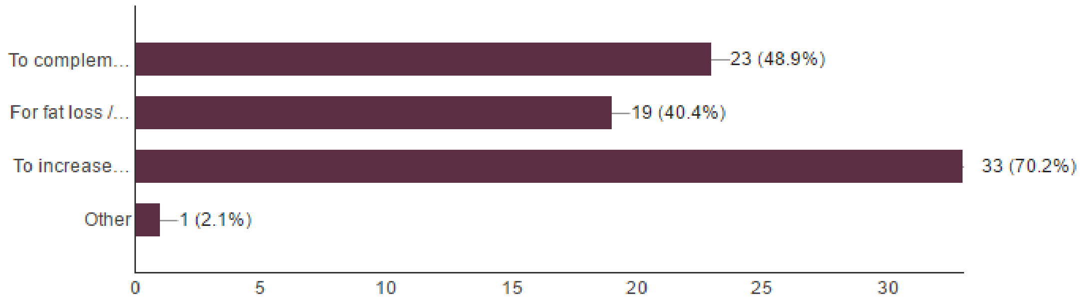


Figure 11 Respondents reason to purchase supplements

This is a rather generic result, but the results of the questionnaire also enable us to link this reason with a certain user profile. The questionnaire shows that:

I. Females are more likely to go to the gym for fat loss or loss of weight
II. Males are more likely to go to the gym to increase muscle or gain size

This is more interesting for companies like Gymshark and EHPlabs, because they can adjust their marketing strategy to the user profile they want to reach. They have different strategies for females and males, and for different goals of consumers.

This also accounts for the reason of respondents to purchase sports clothing:

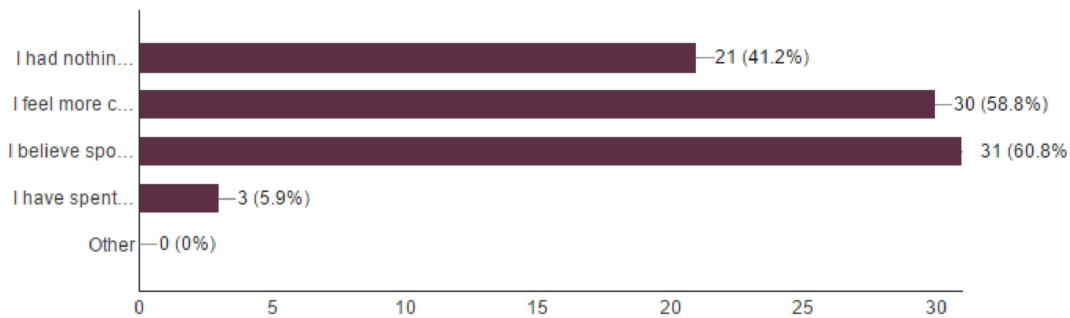


Figure 12 Respondents reason to purchase clothing

Here again, the results of the questionnaire enable us to link the reason for purchase with a certain user profile. The questionnaire shows that:

I. A larger percentage of women respondents have indicated that they have purchased sports clothing because it makes them feel more comfortable during exercises
II. A larger percentage of male respondents have indicated that they have purchased sports clothing because they believe it improves their performance.

As explained earlier in this chapter, these companies try to create communities of like-minded people. It works both ways: the consumers feel motivated to belong to the group and in turn motivate each other, the companies have the consumers in “their” community, and are able to reach them in more effective ways: they know where they are and what they want. If these companies are able to satisfy these communities, they create loyal customers.

To the question if the respondents were satisfied about the products, they answered the following:

Dietary supplement satisfaction	**Sports clothing satisfaction**
Positive	Positive
- It supplements my diet and improves my performance - Easier to achieve the nutrition goal - It helps me and boosts motivation - Faster recovery after training - It helps me burn fat, increase my metabolism	- It makes the process of achieving sport goals more fun - A good pair of shoes and weightlifting belt help with heavy weightlifting - Boosts your self-esteem, stingers and clothing alike show body contours better - It does not improve performance, but makes me more comfortable - It feels fresher and takes better care of sweat - Clothing such as sports legging provide good support in training
Negative/Unsure	Negative/Unsure
- Not sure if I am satisfied, because I think it also causes a placebo effect. I don’t know what I would look like without it. - More of a mental effect than a physical effects - Not the main reason why I am achieving my goals	

Table 10 Respondents level of satisfaction

A large percentage of respondents indicate that they are satisfied with the dietary supplements and/or clothing that they have bought. It is important for Gymshark and EHPlabs to clearly communicate the benefits of purchasing the products. There are many companies offering the same products, making it incredibly difficult to stand out from the rest.

Interesting to analyse is to what extend these opinions are influenced by the way of advertising of companies such as Gymshark and EHPlabs. Respondents were asked through what channel or method of communication they were introduced to the product:

Dietary supplements

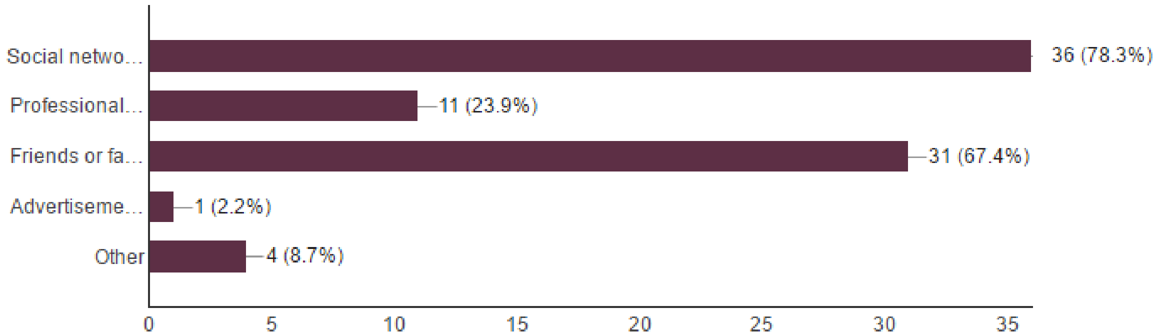


Figure 13 Method of advertising supplements

Clothing

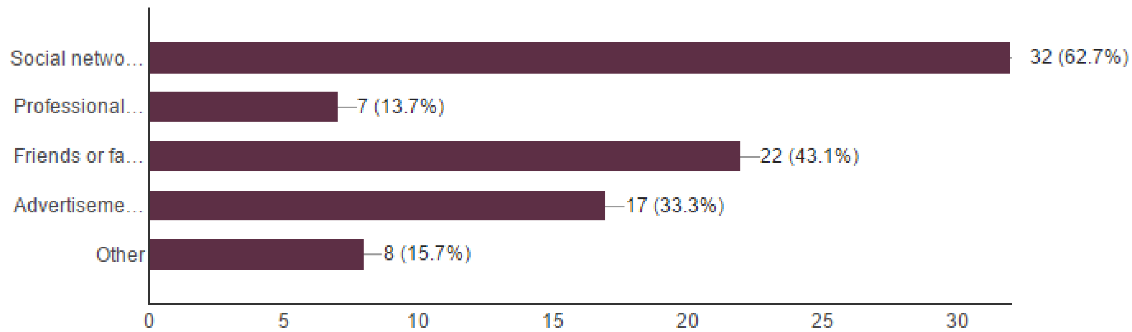


Figure 14 Method of advertising clothing

As we can see, in both product categories social media has the upper hand. A very large percentage have indicated to have been influenced by social media, more so with dietary supplements (78.3%) than with clothing (62.7%). Second is the influence of friends and families in both categories. Furthermore we can see that in sports clothing, a much higher percentage have indicated to have been influenced by advertisements in their own gym or direct surroundings (33.3%), against a percentage of 2.2% with dietary supplements.

The respondents have been asked the question if they believe they have been influenced themselves, or think people are influenced by advertising in general, and responded the following:

Advertising dietary supplements companies	Friends or family advice
INFLUENCED	
- Advertising plays a very important role in people's decisions - It influences the way people perceive the product, and their opinion on the effectiveness of the product itself - I do look at famous people and what they advertise, which influences my decision - I buy certain products faster when I know some athletes promote them, because everyone wants to look like these athletes - Stuff I see on Instagram or other social media channels influence my decision - A good advertised fat burner is my weakness - I am sceptical, but admit it influences me to a certain degree	- When my coach and friends recommend it I buy it more easily, because I trust their advice - It is a mix of both social media and friends by which I am influenced to buy products. Friends for their honest opinion and social media for specific promotions - If my friends tell me it is a good product, I check it on the internet. When the opinions match, I buy it
NOT INFLUENCED	
- I watch and read professional reviews before I buy a certain product - Important for me are third party companies controlling what the actual ingredients are - Marketing does no matter to me, I buy stuff when I know it is good	

Table 11 Respondents influenced by advertising of supplements

Advertising clothing companies	Friends or family advice
INFLUENCED	
- If an athlete wears a product, I am more inclined to buy it - I feel influenced by the way companies sell you the satisfaction of wearing and purchasing its brand, the advertisement works on me - I admit that I sometimes base my decision on good marketing - It depends on the brand. I am a fan of Adidas, so their commercials grab my attention.	- Good experience from friends and recommendations help me with my decisions to buy good gym clothing - I buy my products on friend's advice, as I am not very active on social media myself
NOT INFLUENCED	
- No, I buy what I like, not because someone promotes it - My decision is influenced by brand loyalty, not by promotions on social media or advertising campaigns - Clothing promotion doesn't influence me as much as supplement promotion, I buy it when there's a sale	

Table 12 Respondents influenced by advertising of clothing

As we can see, respondents indicated that in some ways they feel influenced by the way of advertising, next to the recommendations or opinions they receive from friends and family close to them. Interesting to note as well is the change in behaviour between the beginning period of training and where the respondents are now, a few months/years later. To the question if the respondents believed that their attitude towards going to the gym, buying sports clothing and/or buying dietary supplements has changed in any way, they answered the following:

I. Experience has changed my buying behaviour. I am less naïve about the purchase of products and do more investigation before buying a specific product.
II. In the beginning I bought products to discover everything, and I bought clothes whenever I wanted. Now I train in cheap shirts and I stick to buying protein powder.
III. I have bought more sports clothing, I started to dislike any other type of clothing while exercising
IV. I spend my money more conscious now, in the beginning I focused almost solely on advertising
V. I spend less money and consider my purchases better now than in the beginning
VI. I have increased expenditure of sports clothing and decreased expenditure of supplements

These statements are configured by adding multiple similar statements together to form one clear conclusion. In general we can see that the majority of respondents indicate that they spend less money on dietary supplements as compared to their buying behaviour in the beginning. Some of them have even indicated that they spent less money on dietary supplements, but more on clothing. To get very clear conclusions on this subject, another questionnaire should be performed focusing on this particular aspect.

The conclusions that we can draw in this report are that people in the beginning spend more money on dietary supplements without really investigating which ones they need. As they go along, they do their research and find they have been purchasing products that are overpriced or are not of much use to their particular situation or training pattern. Whereas they in the beginning of their sports “journey” buy a wide range of products, we can see that after a number of months or years, this range of products has decreased significantly and the people focus on just the basics such as protein.

Interesting to see as well is that some respondents indicate that their spending behaviour of sports clothing has gone into the opposite direction of that of dietary supplements. Whereas they in the beginning of their sports journey buy a small number of sports clothing, we can see that after a number of months or years, this range of products has increased significantly, as these people start buying more clothing. To find out the reason behind this behaviour another research should be performed. We can only presume that advertising has played a role in the purchase of dietary supplements in the beginning period of going to the gym. As indicated by the respondents themselves, they admit to have been influenced by advertisements they see on social media and by recommendations made by friends. As they go along, they realize that they have been purchasing products that they might not need, and they change their behaviour.

We can see the influence companies such as Gymshark and EHPlabs have on these consumers. People that have just started going to the gym want to belong to a community, and these companies offer these people a community to belong to. As soon as they feel belonged, they buy the products these companies have to offer. Addressing the needs of these consumers in the beginning period of going to the gym is crucial. Their minds are susceptible to advertisement, and companies address this group of consumers with promotions and promises.

Another interesting fact mentioned above is the fact that the purchase of sport clothing goes the opposite way. The difference between these two might be explained by the question asked earlier if the respondents are satisfied with their purchase. We could see that a few respondents indicated to be unsure or unsatisfied with the results of dietary supplements, but there were no respondents that indicated to be unsatisfied with the purchase of sports clothing. This has to do with the volatile nature of dietary supplements. Dietary supplements do not work for everyone, and on top of that, if a consumer buys a dietary supplement without exactly knowing what it is and what it does, the respondent is more likely to end op unsatisfied with its results. On the other hand: clothing is clothing, it is the same for everyone. People buy sports clothing to feel more comfortable during work outs, and these clothes are exactly made for that.

Of course there are people that might be unsatisfied with a particular piece of garment, related to the size or fit, but this number of people is lower than the people unsatisfied about the results of a particular dietary supplement. Accordingly, we see that people increase their spending on sports clothing.

3.7 - Hypothesis

As listed in the introduction of this chapter, the hypothesis that has been investigated in this chapter is the following:

H0: The products that are made by these companies always have a direct effect on the performance and success of the people using it, thereby helping them to achieve their goals.

H1: The products that are made by these companies may or may not have a direct effect on the performance and success of the people using it, but promise to do so, and consumers base their purchase on this promise.

As we have seen from the analysis performed, these companies know how to perfectly drive consumers into buying products they might not even need. Something which also became clear from the hypothesis stated in chapter 2 of this report, where it was concluded that people purchase dietary supplements and sports clothing, irrespective of their number of visits to the gym, their diet pattern and length of which they have been training up until now. This means that even people that have just started going to the gym buy these products, which hints at a strong influence of the companies selling them.

If the products really have a direct effect on the performance and success is a very difficult question to answer, as we take into account personal opinions and experiences about these products, we cannot state that these opinions or experiences are actually true and factual. From the responses to the questionnaire we can see that consumers buy the products, but in many cases are unaware of the actual results of that product. From their responses we can conclude that these consumers fall for the promises that the companies make, and use this as a selection criteria to buy a specific product, and keep on buying this product, even though the results of their performance are not linked to this product. In this case, the products that are bought by this consumer may or may not have a direct effect on the performance and success of this consumer.

This does not mean that the products made by these companies do not work, it means that these products do not always make such a difference in performance as the way they are advertised. The promise is what customers base their purchase on.

As a result of the above stated, we can conclude that hypothesis 0 is rejected, and we accept hypothesis 1.

The following part of this thesis will list the conclusions drawn from the three analyses performed, thereby concluding if the main hypothesis of this thesis is rejected or accepted.

Chapter 4 - CONCLUSIONS

4.1 - Introduction

The final chapter of this report lists the conclusions that can be drawn from the findings presented in all of the previous chapters. The main conclusion answers whether the main hypothesis is accepted or rejected.

The conclusions are split up into three parts: the industry, the consumer and the brands. The end conclusion will combine these three parts to come up with the main conclusion of this report.

4.2 - The industry

How has the industry developed? As described in the first chapter of this report, the industry has gone through great changes and has seen an incredible growth ever since its commercialization in the 70's. Prior to the 1970's, only few people exercised routinely. This situation changed significantly over the next two decades, as the number of people exercising increased with a very fast rate.

The emergence and growth of these fitness centres was driven by cultural changes, changes that were fuelled during the 1970's and 1980's. These changes helped transform the leisure habits and attitudes of millions of people in the United States, and would later be followed in Europe and other continents.

What is the future outlook? Looking at the history of the industry we can see that technology has been introduced widely, with more and more applications and equipment being developed every year. This is a trend that will most likely develop even further in future years to come, think of GPS and tracking applications. Other future trends that have been recognized are automated gyms, in which personnel is kept to a minimum and replaced by technology, and online training, in which clients have consultation in video conferencing sessions and wear tracking devices to record their performance and improvement

What factors have affected the industry? To get a general overview of the industry, the PESTLE analysis was used. This analysis took into account companies producing dietary supplements for the market, or sports clothing, such as Gymshark and EHPlabs. The main points from this analysis has been visualized into a graph, and the complete analysis is included in the appendices.

4.3 - The consumers

What does the generic consumer look like? As explained in the report, it is difficult to sketch a profile of the generic consumer, because there's such a wide variety of people participating in the sports industry. The people have therefore been grouped into clusters, sharing characteristics, needs and wants.

Companies operating in this industry focus their marketing and business efforts on a specific cluster, to maximize returns. Applying this knowledge to the brands EHPlabs and Gymshark, we could see that they specifically focus on three clusters:

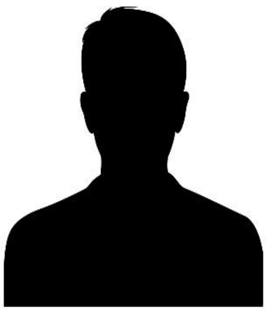
- A cluster which is predominantly male, aged between 25 and 44 years old. Consisting of college grads and post grads. The larger part (84%) of this group uses weights and resistance machines.
- A cluster which is evenly split between male and female, young. Lower attendance (59.2% less than once a week). Their behaviour isn't interesting for sales, their sheer size is. The challenge here is to get these people engaged.
- A cluster that is rather small, but with a high level of spending, predominantly female. High participation in activity groups.

Different clusters of consumers accordingly have different needs and wants they want to see satisfied. Cluster I consists of the same group of people as those that have been targeted by the questionnaire in this report. They spend money on dietary supplements and brands for specific goals, such as fat burning or muscle gaining. They look up to athletes, athletes that are employed as ambassadors by companies such as Gymshark and EHPlabs. Accordingly, they buy these products through athlete advertising.

What are the motives of consumers to buy fitness related products? Consumers want to connect with brands that help them to live healthy. Brands that make it easier to live healthy. In return, brands that succeed in coaching consumers and supporting them in living a healthy lifestyle will benefit from the acquisition and customer loyalty. As we have seen from the results of the questionnaire, respondents have indicated that their buying behaviour has changed. Whereas they spent more money on a wider variety of dietary supplements during the beginning period of their training, this number of dietary supplements purchased is narrowed down after a few months of training.

How has the lifestyle of the consumers changed? Even though not all consumers have yet decided to enter the world of fitness and health, it is difficult to ignore the society's growing interest in the field. It should not be regarded as a trend or a fad, as it is a cultural shift in the way people choose to live their lives. This change in lifestyle brings with it different needs and wants, and these ever evolving needs and wants are a real challenge to cater to. The future outlook of the industry also sketches the change in consumer lifestyle. Needs and wants predicted for the future, and accordingly products and services, are a result of changing consumer lifestyles.

From the responses given in the questionnaire, we can construct mind maps of both male and female people that have visited a gym with certain regularity in the last 6 months (included in the appendices). With the help of these mind maps we can construct a general thought process of the respondents:



- Main reason to join a gym: 1. Increase muscle 2. Cardiovascular 3. Burn fat or lose weight
- Purchasing dietary supplements mainly to increase muscle, secondly to complement diet
- Reason to purchase clothing: Improves performance
- Reached by advertisement: Social networks, secondly friends and family
- Satisfaction dietary supplements and clothing, based on quality above price.

- Main reason to join a gym: 1. Burn fat or lose weight 2. Cardiovascular 3. Increase muscle
- Purchasing dietary supplements mainly to lose fat, secondly to complement diet
- Reason to purchase clothing: Feel more comfortable
- Reached by advertisement: Social networks, secondly friends and family
- Satisfaction dietary supplements and clothing, based on quality above price.

4.4 - The brands

What recently established companies have proven to be competitive and are successfully striving for profit? For this report, Gymshark and EHPlabs were used as an example, as they belong to the select number of brands in the fitness industry that focus their marketing strategy almost solely on ambassadorship of professional athletes on social media profiles.

How do Gymshark and EHPlabs make use of innovation, advertising and sponsorship in order to stay ahead of competition? Social media helps people find like-minded people who are fanatic about fitness. The aim of Gymshark and EHPlabs is to create communities of these like-minded people. In a way, they act as a chain between people and results. Their products are aimed at bringing people results, and they want these results to be shared to inspire more people, and ultimately bring in more customers. Innovation is a very important aspect, as they have to stay competitive. EHPlabs has to continuously develop high-standard dietary supplements to stay ahead of competition, whereas Gymshark has to continuously develop high-quality fabric clothing with slick design to differentiate itself from competition.

How do these companies target these consumers? What media and marketing channels are used? As we have seen, these companies employ ambassadors, which are athletes with a big following, to guarantee high exposure on social media profiles. It is a very affordable method of marketing to reach a large number of people. These athletes are sponsored with monthly dietary supplements or clothes and paid trips around the world to attend exhibitions.

What drives consumers to buy these brands in their pursuit of achieving their goals? As we have seen from the respondent's indications to the questionnaire, the influence these companies have on consumers is strong. People that have just started going to the gym want to belong to a community, and these companies offer these people a community to belong to. As soon as they feel belonged, they buy the products these companies have to offer. Addressing the needs of these consumers in the beginning period of going to the gym is crucial. Their minds are susceptible to advertisement, and companies address this group of consumers with promotions and promises.

4.5 - Main Hypothesis

As listed in the introduction of the thesis, the main hypothesis that has been investigated is the following:

H0: The recent changes in the sports industry, more specifically the rise and importance of social media, have had a direct impact on the success of young brands such as EHPlabs and Gymshark.

H1: The success of these companies are not directly related to the rise and importance of social media, but are caused solely by the quality of their products.

From the three hypotheses of each chapter we have concluded the following:

- The industry has changed a lot, but this change hasn't been driven mainly by technological advances, but by consumer's needs and wants, and change in consumer behaviour: a cultural change.
- A person's gym profile, such as length of membership, number of visits and diet pattern, does not always have a direct correlation with the purchasing behaviour.
- The products that are made by EHPlabs and Gymshark may or may not have a direct effect on the performance and success of the people using it, but promise to do so, and consumers base their purchase on this promise.

The main question is if Gymshark and EHPlabs would have achieved the same level of success without the existence of social media. In this particular case, taking into account the three conclusions from every chapter, the answer to that question would be no.

Gymshark and EHPlabs focus almost solely on social media, and have become very good in persuading consumers through their social media channels into buying products that these consumers might not even need to achieve their desired level of performance or success. The products may or may not have a direct effect on the performance or success of the people using it, but still these people buy the products, based on the brand's promise.

As such, these companies have taken big advantage of the recent changes in the sports industry: the rise in importance of social media. They have adapted very well to the cultural change that has happened and is evolving at the moment. Being able to respond to these cultural changes and satisfy the needs and wants that come from these changes is crucial in their success. They use their social media channels to create communities of like-minded people, and focus their marketing efforts on pursuing these communities to buy and promote their products. As with any company, the quality of the products being produced should have a certain standard, otherwise bad word-of-mouth communication would soon make the specific company face grave problems. Though, the quality of their products is not the sole reason that explains their success.

Another very interesting aspect that became clear is that a person's gym profile doesn't directly affect their purchasing behaviour. It could very well be that a person that has just set his first foot in the gym has purchased the same supplements as a person training for a bodybuilding competition. Looking at a specific person's goals to go to the gym, we can see that correlation clearly. If someone wants to increase muscle, that person buys supplements to aid him with increasing muscle. Such correlation does not exist between a person's gym behaviour and purchasing behaviour. Irrespective of the number of visits, length of training and diet pattern, a person buys supplements. It is therefore not based on their behaviour but on their goals.

What this means is that there is a very strong influence from the companies selling these products. If these companies succeed in making consumers believe they need the product to perform, these consumers will accordingly buy it, even though they do not necessarily need it. You could compare this with buying a Ferrari and only driving within a speed-limited zone.

We do not reject the 0 hypothesis, based on the above stated.

We can look at social media platforms as landscapes of opportunities. These landscapes are inhabited by a very larger number of consumers, and open a window to measureable results. Results that range from increased brand awareness to an elevation of brand perceptions, or actual increases in sales. Social media allows Gymshark and EHPlabs to target the right people, and offer interest-based data. If used properly, this data can help reach a brand's consumer with relevant and well-informed content (Beacham, 2016). The amount and the quality of information these companies have about their audiences is very detailed, ranging from their location and age to their interests and education.

Furthermore, social media gives these companies measurability and real-time feedback (Wilson, 2016). It is incredibly important to have dialogue with their followers (Hastings, 2016). It gives brands the opportunity to optimize their message and ultimately their product or service.

Once these brands have sketched a detailed profile of their customer, and how to reach them, it becomes easier to sell their product. As we have seen from the responses to the questionnaire, male and female respondents differ slightly.

Key to reach these consumers is to tailor the message, either female or male, and further: education, location, and most importantly: their goals. Common methods to reach more people are discount codes, promotions and new releases. Followers are encouraged the share the message in order to win a prize, allowing more people to see the message.

Respondents have indicated to be influenced by these messages, and encouraged to buy a specific product. As we have seen, a very important factor here is to feel belonged to a community. It encourages them to buy a product, and to share the message to other people, inviting them to join their community. Gymshark and EHPlabs infiltrate into these communities, and create communities of their own. It is a smart and affordable way of establishing quality relationships with customers.

Not every brand succeeds this way, it is not a blueprint for success. The key is to have a clear view of the consumers you want to reach, and the ability to create and tailor messages to these consumers. Not every brand succeeds in creating quality long-term relationships with customers, because they are unable to have dialogue and give back to their customers (Hastings, 2016).

Ultimately, to succeed, a brand really has to believe their products help consumers in succeeding, in reaching their fitness goals. Every brand not focused on helping their customers/fulfilling their needs will ultimately fail.

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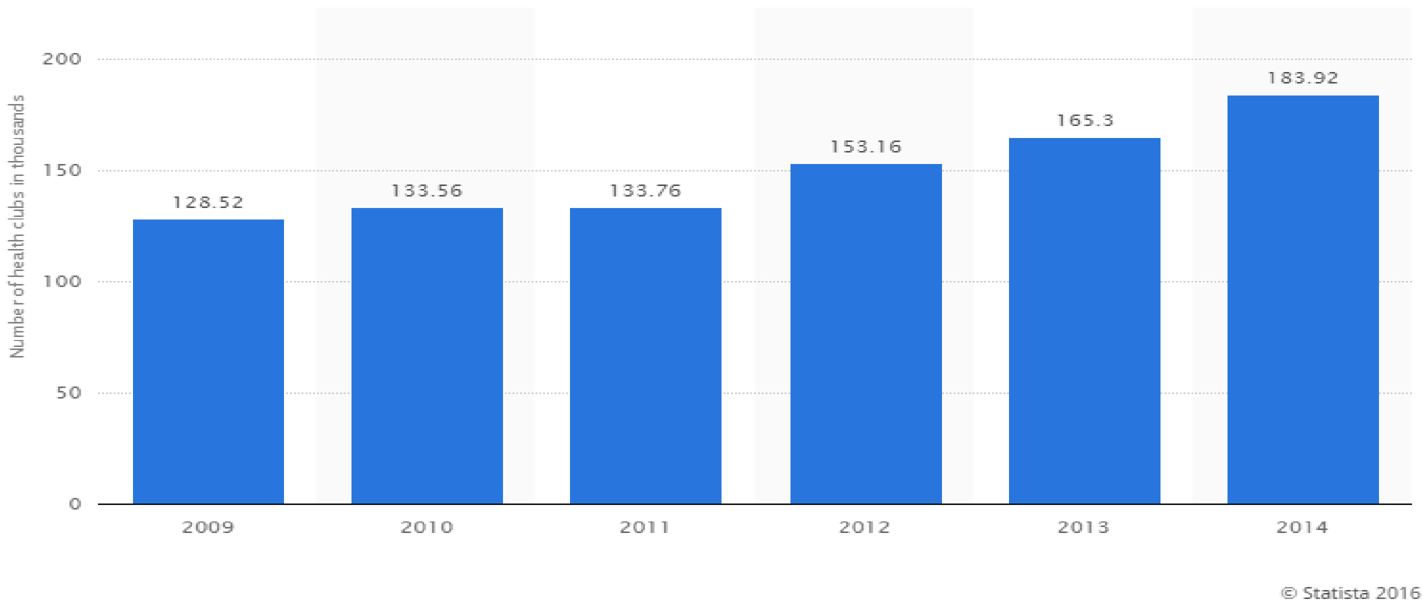
Appendices

Appendix 1 - General Outlook Industry

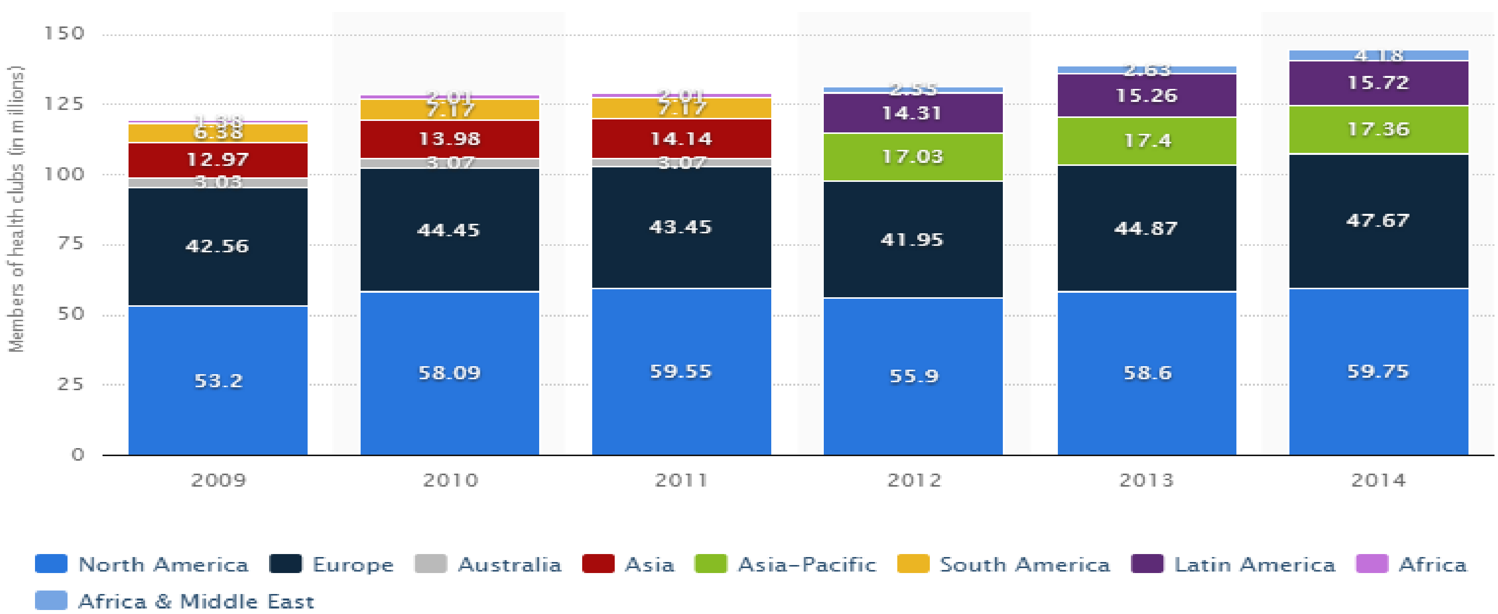
Statistical data showing the growth of the fitness industry in recent years (time period 2009 to 2014).

1. This graph shows the total number of health clubs worldwide in the period from 2009 to 2014. In 2014, the total number of health clubs exceeded the number of 183.000.

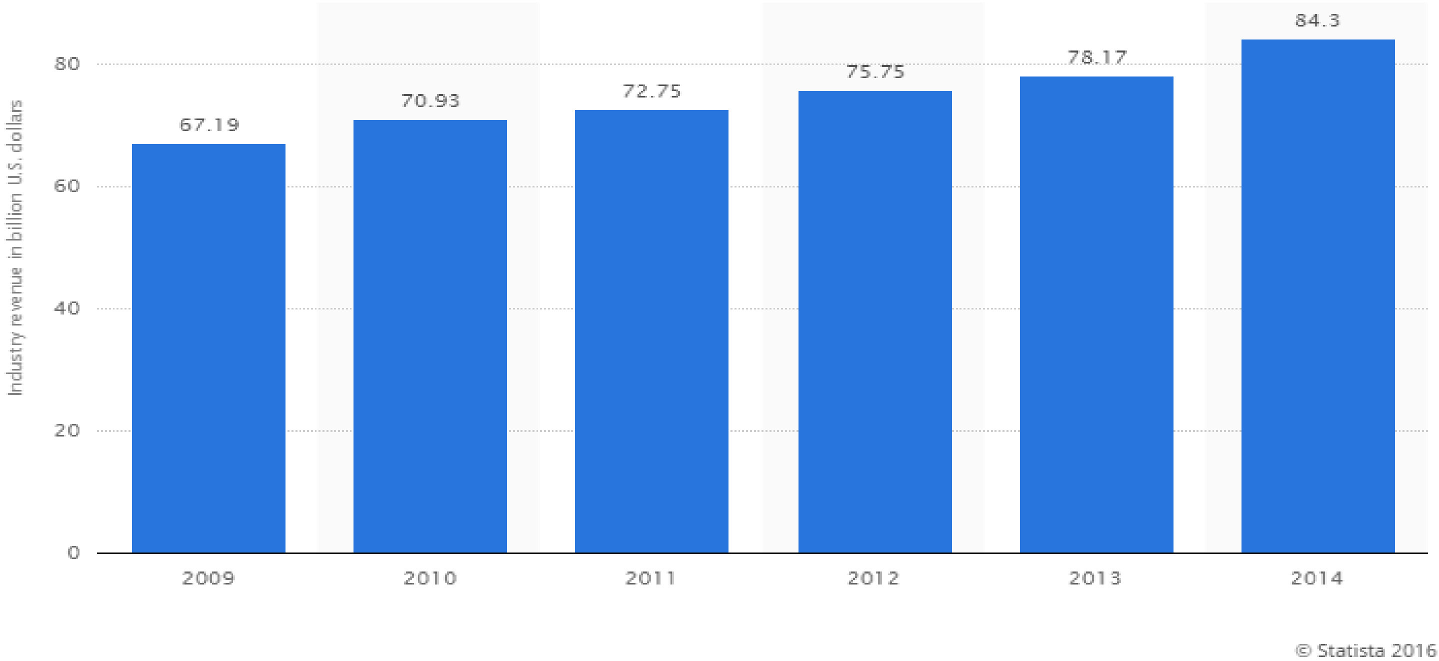
→



2. This graph shows the total number of members in health clubs worldwide, divided into regions, in the period of 2009 to 2014.



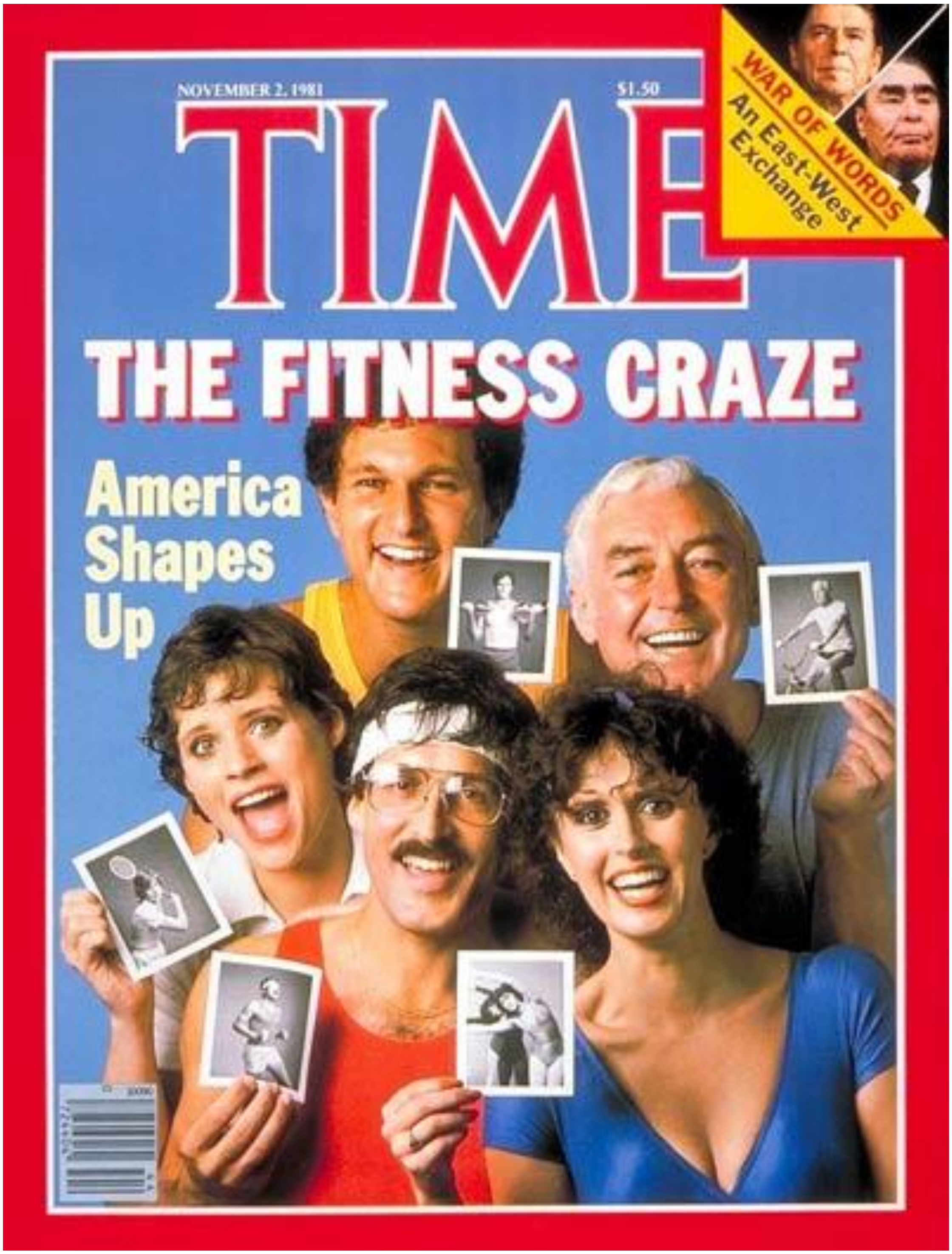
3. This graph shows the global market size of the health club industry in the period of 2009 to 2014. The fitness industry generated an estimated revenue of over 84 billion dollars (over 77 billion euros).



Source: (Statista.com, 2016)

Appendix 2 - Cover Time Magazine

The cover of the November 1981 of Time Magazine, which was called: “The Fitness Craze: America shapes up” (Time Magazine, 1981).



Appendix 3 - PESTLE Analysis

The extended version of the PESTLE analysis, as listed in chapter 1 of this thesis.

Political

Companies operating in the fitness industry have to comply with certain political guidelines to assure they operate their business in a legal way.

As the industry is very big, and the range of companies differs a lot, it is hard to focus the political analysis on a certain number of company operating in the industry. This accounts for all six factors of the PESTLE analysis. As a result, a distinction has been made for every factor into three different sectors: a gym, a sports clothing company and a dietary supplement company. Reason for this being is that later on in this report, the two companies analysed are a sports clothing company (Gymshark) and a dietary supplement company (EHPlabs).

GYM	**CLOTHING**	**DIETARY SUPPLEMENTS**
Political interest to boost the number of people having an active and healthy lifestyle positively affects a gym. Government campaigns designed to promote a healthy lifestyle will directly increase the number of gym memberships. Trade restrictions and tariffs do not significantly influence a gym.	Political interest to boost the number of people having an active lifestyle positively affects a sports clothing company. More gym memberships will lead to more people buying sports clothing to work out in. When exporting gym clothing worldwide, the company has to comply with trade restrictions and tariffs.	Political interest to boost the number of people having an active lifestyle positively affects a dietary supplement company. More gym memberships and an increased focus on a healthy and active lifestyle will lead to more people buying dietary supplements to complement their diet. When exporting dietary supplements worldwide, the company has to comply with trade restrictions and tariffs.

Economic

In this sector of the analysis, key areas include inflation rates, unemployment rates, interest rates and general economic conditions. How does an economic downturn influence companies operating in the fitness industry?

GYM	CLOTHING	DIETARY SUPPLEMENTS
As can be seen the appendices of this report, gym memberships and number of gyms have rapidly increased over the past few decades. Even though, in recent years the economy has seen a downturn and unemployment rates have risen, together with inflation. In times like these, when people have to make cuts in their budget, there is a big chance they will cut down in gym expenses and membership.	Not only has the number of gym and gym memberships increased, also the number of companies specialized in selling sports clothing has increased rapidly. [graph appendix 1] As previously mentioned, the economy has seen a downturn in recent years. People will less likely spend money on sports clothing when they have to make cuts in their budget. They will make cuts in these accessories, before they will make cuts in actual gym membership.	Not only has the number of gym and gym memberships increased, also the number of companies specialized in selling dietary supplements has increased rapidly. [graph appendix 1] As previously mentioned, the economy has seen a downturn in recent years. People will less likely spend money on dietary supplements when they have to make cuts in their budget. They will make cuts in these accessories, before they will make cuts in actual gym membership.

Socio-cultural

This part of the analysis considers demographical factors, such as age, wealth and general interest in health and health issues. With a lot of different groups of people and accordingly socio-cultural factors belonging to each group, it is difficult to make conclusions applying to a vast majority of the industry. The group of elderly people for example is increasing, as more and more people of higher age are actively going to gyms. On the other hand, there is a growth in the number of people ordering convenience foods and home entertainment. This leads to the opposite, sedimentary lifestyles, which obviously is a bad factor for the fitness industry.

GYM	CLOTHING	DIETARY SUPPLEMENTS
Social pressure to look good increases the number of people pursuing an active and healthy lifestyle, leading to more gym memberships. An increase in sedimentary lifestyle, caused by convenience food and home entertainment, leads to a decrease in gym memberships/less people signing up for a gym. An increase in the amount of elderly people regularly being active is a positive factor for gyms.	Social media is flooded with athletes sponsored by gym clothing brands. In this sector there is a social pressure to look good while exercising. There has been a vast increase in number of sports clothing companies, catering to the needs to look good in the gym. These companies make smart use of sponsorship and sign contracts with athletes that have a wide reach online. Fitness enthusiasts buy these clothes because they want to look like these sponsored athletes.	Just as with sports clothing, social media is flooded with athletes sponsored by dietary supplement brands. There has been a vast increase in number of dietary supplement companies, catering to the needs to improve the lifestyle and diet. These companies make smart use of sponsorship and sign contracts with athletes that have a wide reach online. Fitness enthusiasts buy these dietary supplements because they want to look like these sponsored athletes.

Technological

In this sector of the analysis, key areas include technological developments, entry barriers and level of expertise and technology required. How are companies in the fitness industry influenced by technological developments?

GYM	CLOTHING	DIETARY SUPPLEMENTS
A gym has to stay up-to-date with the latest technology on gym equipment and needs to make sure that the staff working in the gym is capable of working with the machines and explaining how they work. The founding of a gym is a capital-intensive investment. This can be regarded as an entry barrier.	Sports clothing companies have to stay up-to-date with latest technology regarding the fabrication of sports clothing. New technologies on hydration, lightness, thermal properties etc.	Dietary supplement companies have to stay up-to-date with the latest technology on supplement ingredients, processing equipment technology, packaging etc. This can be a capital-intensive investment and can be regarded as an entry barrier to start selling dietary supplements.

Legal

This part of the PESTLE analysis takes into regard the legal framework of having a business in the fitness industry. It considers legal factors, such as: legislation on health and safety and more specific legal requirements (Blackshaw).

GYM	CLOTHING	DIETARY SUPPLEMENTS
It is necessary for all gyms to comply with the basic health and safety regulations. This accounts for equipment as well as for the people working in the gym. Employees have to be suitably qualified for the job, both personal trainers as well as trainers that give classes. Insurance (liability) has to be maintained and all necessary employment law provisions have to be complied with.	An important legal factor regarding clothing companies is the manufacturing process of the clothes and fair labour practices. Manufacturing clothing in countries such as Taiwan is cheaper due to lower labour costs, but attention should be paid to the legal aspects of this (Cross, 2016). No exploitation of child labour or illegal immigrants, the wages	Dietary supplements are made in factories and people take them to improve their health. The regulations are therefore very strict. There are a lot of regulatory institutions testing dietary supplements to make sure they are safe and don't harm the human body. An exemplary graph of the process of the research and

Permits, licenses and certifications also have to be complied with. These vary per country and per region.	must be comparable to local standards as well as the hygienic and safety standards of the factories.	testing procedure is included in the appendices.

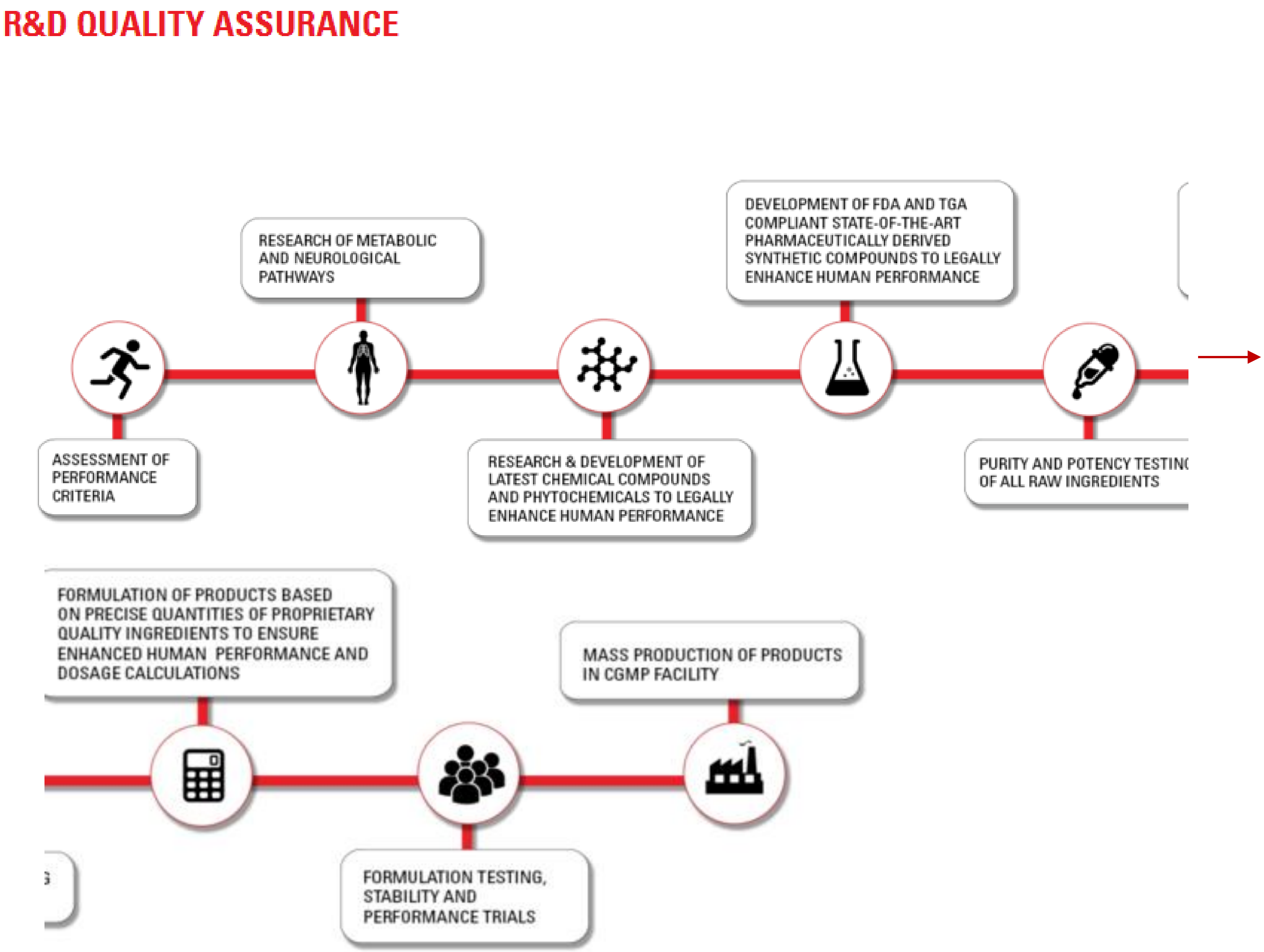
Environmental

With the increased importance and attention paid towards environmental matters and practices, this aspect can make or break a business. Neglecting environmental practices will most likely have a negative influence on sales, whereas marketing your environmental behaviour and concerns in the right way can lead to more sales. These environmental factors apply differently on gyms, clothing companies and dietary supplement companies.

GYM	CLOTHING	DIETARY SUPPLEMENTS
Gyms have to consider how big their carbon footprint is. Methods of improving the environmental aspect of gyms can be: efficient water usage by installing low-flow toilets and showers, efficient light and electricity usage for equipment, eco-friendly cleaning supplies, environmental friendly paint and choosing products with minimal chemical emissions (Scanlin, 2007). It is also important for a gym to communicate these environmental friendly measures to their staff and (new) clients. Promote!	Producing clothes in a green way is important. This applies to the whole production process: fabrication, painting etc. Manufacturers should avoid to add heavy metals and heavy compounds. Eco-manufacturers use organic cotton, soy and hemp to weave fabrics and to colour the clothing they use plant-base dyes (Cross, 2016).	Dietary supplements are produced in factories. There are a lot of environmental regulations to comply with, to make sure the factories do not produce products or chemicals that can, in any way, damage the environment. Keeping factories and processes up-to-date and according to industry standards is capital-intensive, and can thus be regarded as an entry barrier to start selling dietary supplements.

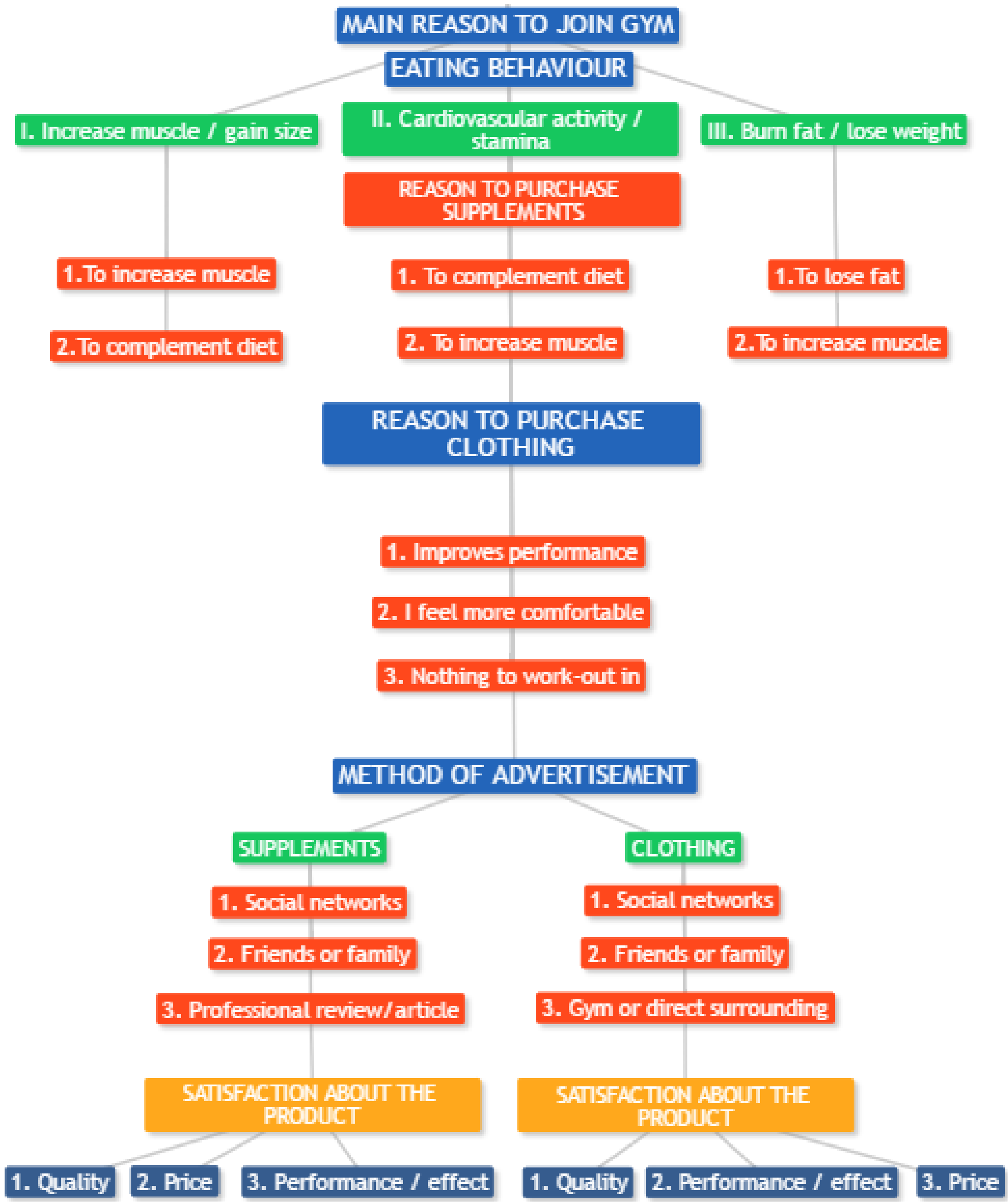
Appendix 4 - Example Research Structure Dietary Supplements

Below is an example of the process of bringing a dietary supplement product onto the market, which entails strict quality control, profound testing and research on the human body. This figure is taken from the website of EHPlabs.com (EHPlabs.com, 2016).

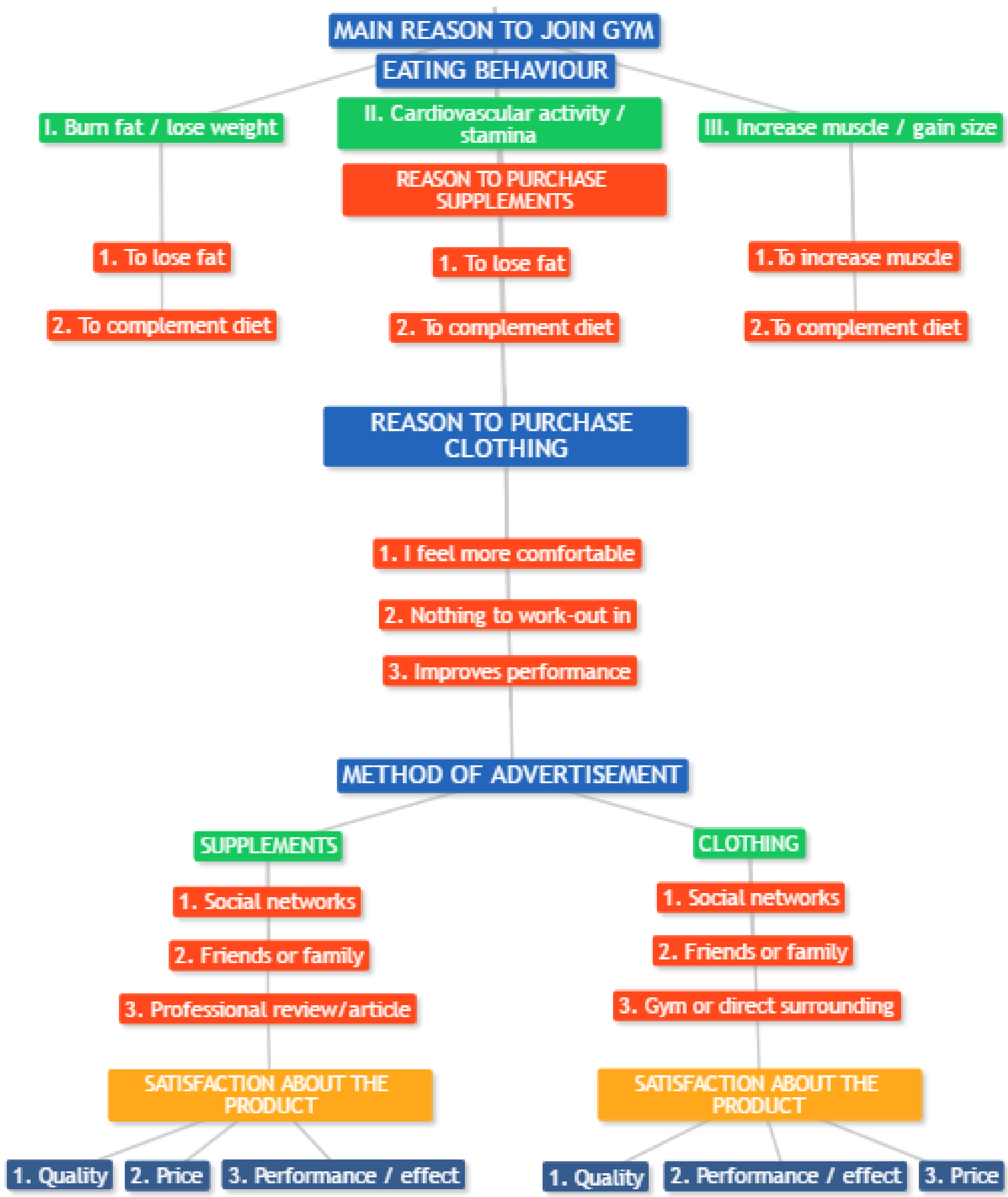


Appendix 5 - Mind Maps Questionnaire

Male



Female


MAIN REASON TO JOIN GYM
EATING BEHAVIOUR
I. Burn fat / lose weight
II. Cardiovascular activity / stamina
III. Increase muscle / gain size
REASON TO PURCHASE SUPPLEMENTS
1. To lose fat
2. To complement diet
1. To lose fat
2. To complement diet
1.To increase muscle
2.To complement diet
REASON TO PURCHASE CLOTHING
1. I feel more comfortable
2. Nothing to work-out in
3. Improves performance
METHOD OF ADVERTISEMENT
SUPPLEMENTS
1. Social networks
2. Friends or family
3. Professional review/article
CLOTHING
1. Social networks
2. Friends or family
3. Gym or direct surrounding
SATISFACTION ABOUT THE PRODUCT
1. Quality
2. Price
3. Performance / effect
SATISFACTION ABOUT THE PRODUCT
1. Quality
2. Performance / effect
3. Price