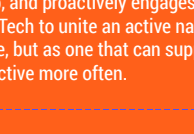


# ACTIVE / LAB

## THE CURRENT STATE OF FITTECH

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## FOREWORD

### Ukactive

Technology is having a wide impact across all industries. Be that transforming the way we book trains, through to how we design buildings, technology is here to stay.

The opportunity surrounding the adoption of technology to get more people active is tantalising. Gone are the days of just using technology sitting behind a screen. Technology is opening up a brand new world of physical activity to those who may not have known it existed before.

By harnessing the power of technology for physical activity, we have a real opportunity to have a widespread impact across the UK. The NHS is under tremendous pressure, and as the prevention agenda gathers momentum as a relief mechanism, technology has a key role to play in ensuring physical activity can be accessed by the whole population - regardless of societal boundaries and abilities.

To grasp the FitTech opportunity, it's imperative the physical activity sector fixes up, looks sharp, and proactively engages with technology in order to realise the potential of FitTech to unite an active nation. Let's not let technology as a disruptive force, but as one that can supplement our mission of getting more people, more active more often.

Life Fitness

Toni Grey-Thompson  
Chair, ukactive

Life Fitness

At Life Fitness, we support over two million workouts every day across the globe, and through our own product innovation and ever-growing network of industry specialists, we remain ahead of the curve and dedicated to our corporate vision of connecting the world to fitness.

Our relationship with ukactive allows us to go beyond a physical understanding of FitTech innovations in the UK and further afield, and we are proud to be involved in key research opportunities such as this latest ActiveLab study.

It's a hugely exciting time for our industry as the demand for technological integration within fitness is ever-growing, and operators and members alike are realising its positive impact on tailored fitness solutions and enhanced user experiences.

Our commitment to supporting the FitTech market is demonstrated by our own investment in product innovation and investment in new technology solutions that can support us getting more people more active - the launch of Halo Fitness Cloud in 2018 is just one example of this.

Technology shouldn't be deemed an inhibitor to active lifestyles. It should be embraced as a tool that can enhance our existing, engaging, rewarding and results-orientated exercise experiences.

## INTRODUCTION

Despite physical activity having the ability to help prevent and manage over 20 chronic health conditions, inactive lifestyles remain one of the most pressing public health issues of the 21st Century.

Technology is often associated with enabling increasingly inactive lifestyles - be that through ride hailing apps, virtual peer to peer interactions or next-generation autonomous vehicles - technology could be seen as removing all activity from daily life.

However, the opportunity for technology to be used to get more people active, as children, at work, as older adults, and everyone of all abilities in between, is quickly becoming a reality. As highlighted by recent research by RAND Europe, Fitness Technology (FitTech) has the potential to motivate individuals into being more physically active, and provide a platform to incentivise activity across the globe.

For FitTech to realise its potential, widespread commercial adoption throughout the physical activity sector is needed. Not only enabling commercial organisations to grasp the FitTech opportunity, but also enabling widespread impact as technology is utilised to its fullest extent to get more people, more active, more often.

This ActiveLab report takes the first steps into realising the FitTech opportunity for the UK's physical activity sector, setting out the future agenda for research and development of the FitTech space. Ultimately, ActiveLab and this report aims to ensure FitTech benefits the sector and those who use its services, from both a consumer and commercial point of view.

## THE CURRENT STATE OF FITTECH

The technology sector as a whole is growing rapidly. In Europe alone, technology is significantly contributing to the economy, with over \$23 billion invested in the European technology ecosystem in 2018 with no signs of stopping, as the EU software industry growing at 5x the rest of the economy.\*

This value spreads to the UK, which continues to position itself as a leader in technology - the opportunity for the physical activity sector to harness this is huge. The UK is already home to the largest proportion of FitTech and SportsTech businesses in Europe, and the amount of capital being invested in these businesses continues to rise (£363.9 million in 2018).\*

It is important to recognise that the FitTech market is a fledgling one - however it is growing rapidly. Consisting of 10 different market segments: consumers and commercial organisations alike are beginning to realise the benefits. This is showcased by the rapid expansion of the global wearables market - forecasted to be worth \$67 billion by 2024 - as the global technology giants (Apple, Google, Samsung, Fitbit) to embed the latest fitness technology into their businesses.

Over \$23 billion invested in the European technology ecosystem in 2018

The UK is already home to the largest proportion of FitTech and SportsTech businesses in Europe

The wearables market is forecasted to be worth \$67 billion by 2024

## METHODOLOGY

Calls to develop FitTech in impactful ways are coming at us left, right and centre. Be that through harnessing the power of technology for positive change in children's physical activity levels, through to re-engaging older adults in physical activity - in the UK, the support mechanism to develop innovative FitTech already exists - the Start-Up Superhighway. Backed by Sport England and delivered by London Sport's Sport Tech Hub, "the Open Data Institute's Open Active programme and ukactive's ActiveLab," the Start-Up Superhighway provides the support structure and data infrastructure for small businesses to develop new products, and attract exciting FitTech businesses to the UK to get more people active. Since 2017, this approach has provided bespoke support for 66 small businesses in delivering FitTech approaches to the UK market.

With a fledgling sector comes the need for guidance. Both those developing FitTech solutions and those looking to adopt them don't fully understand where the real opportunities lie for technology to transform the way people get active. The physical activity sector has conducted paving the way for a strategic approach to harnessing the FitTech opportunity through understanding those it impacts most - the consumers using FitTech and the commercial organisations delivering it.

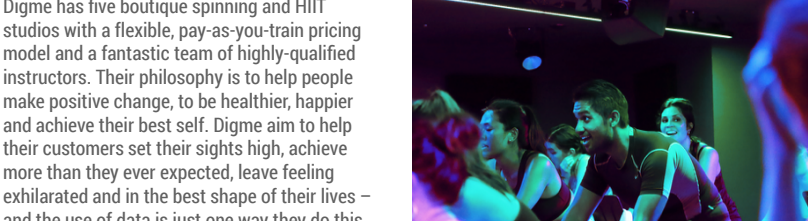
Through the delivery of consumer surveys and deep dives with key physical activity sector representatives - ActiveLab, Life Fitness and the ukactive Research Institute have outlined three key areas to boost the understanding of what FitTech has to offer our sector:

- Consumer demand for FitTech
- Commercial demand drivers and barriers to adoption
- Key FitTech opportunities for the UK physical activity sector

This approach has been designed to identify clear next steps needed in order to facilitate the impactful development, and successful adoption, of FitTech across the UK.

Life Fitness and ActiveLab would like to thank the key physical activity stakeholders involved in providing the necessary insight for this approach:

## THANK YOU TO THE PHYSICAL ACTIVITY STAKEHOLDERS



## 1. THE CONSUMER DEMAND FOR FITTECH

Preliminary research undertaken by the ukactive Research Institute into the consumer demand for FitTech has identified the current adoption of FitTech and trends, barriers to consumer adoption and the opportunities this presents. This research consisted of a survey undertaken by the ukactive Research Institute.

### The FitTech Demand

79% of people use technology to support their health and wellbeing.

79% of people who use technology agree or strongly agree that they have positive physical activity experiences when using technology and 73% felt technology is important for the physical activity sector.

However, there isn't an explicit need for technology, with less than half (48%) of people saying that they definitely or probably need technology to get active.

FitTech and Activity Levels

The majority of people who say they are active use technology to support their health and wellbeing.

85% of active people use technology to support their health and wellbeing.

The majority (55%) of people using technology reported that they were active.

### FitTech Consumer Habits

Those in the 45-54 year old age group were most likely to say that they use technology to support their health and wellbeing.

Females were more likely to use technology to support their health and wellbeing.

Smart watches are the most common types of FitTech used.

Respondents were least likely to use VR, AR, and connected clothing.

Reflecting the fact that these technologies are young and not yet wide spread, however this is not to say that the future opportunity is not there.

There is a divide between generations in FitTech use

18-34 year olds were most likely to use mobile app activity trackers

35-64 year olds were most likely to use smart watches

The top 3 motivations for using technology for males and females were:

To track exercise I do

To monitor and achieve fitness goals

To keep motivated

Active respondents were very likely to use technology to track their exercise

### Consumer Barriers to Adopting FitTech

Cost is the biggest barrier to accessing FitTech. The second and third most commonly selected barriers were:

hassle

data privacy concerns

### The FitTech Market Opportunity

There is a committed consumer base already providing solid foundations for the development of FitTech

48% of people definitely or probably need technology to get active, suggesting technology is a primary motivator

Of those who use technology to support their health and wellbeing, 82% perceive technology to be important to them getting active.

There is an opportunity to engage new consumers

24% of people who do not currently use technology to support their health and wellbeing are neutral to using technology for these purposes. This may suggest they are open to using technology but are yet to find what is right for them

Of those who reported not using technology to support their health and wellbeing, 76% perceived technology to be important within the physical activity sector

There is a clear consumer demand for FitTech, with 79% of people already using technology to support their health and wellbeing, and many being open to adopt new technologies. This presents the physical activity sector with an opportunity to engage different audiences in unprecedented ways, which are suited to them.

The next section of this report explores what is driving the development of FitTech, and the barriers to its adoption.

## 2. COMMERCIAL FITTECH DEMAND DRIVERS AND BARRIERS TO ADOPTION

Building on the consumer demand, a group of physical activity sector leaders brought together by ukactive and Life Fitness discussed their thoughts on the demand, barriers and opportunities of FitTech and how the physical activity sector can harness this opportunity. Alongside this, a picture of the current FitTech landscape has been developed from a commercial point of view.

### COMMERCIAL DEMAND DRIVERS FOR FITTECH

Key Demand Drivers

The Demand for Better Experiences

Commercial organisations see a need to differentiate themselves and create better experiences through innovative, new technologies. A key area that FitTech enables to create better experiences is personalisation:

Utilising personalised data to deliver impactful group exercise classes, making experiences applicable to a vast range of abilities

Ensuring customer personal preferences are known and acted upon by front of house staff, building relationships and providing seamless experiences

### CASE STUDY: DIGME

Digme has five boutique spinning and HIIT studios with a flexible, pay-as-you-train pricing model and a fantastic team of highly-qualified instructors. Their philosophy is to help people make positive change, to be healthier, happier and achieve their best self. Digme aim to help their customers set their sights high, achieve more than they ever expected, leave feeling exhilarated and in the best shape of their lives - and the use of data is just one way they do this.

With the use of FitTech, Digme offer a unique and personal experience within a group exercise format, throughout the whole studio experience. From the moment customers enter the studio, they can check themselves into the class, and as their shoe sizes are saved to their profiles, cleats are ready and waiting next to their bikes.

Digme's use of connected bikes and a programme called Spivi controls the data that appears on the TV screens and the virtual road you cycle along.

Whether customers are motivated by the live TV screen display of their speed or power ratio in the RIDE and PERFORM classes, or they like to turn the visual data off and get lost in the music in the BEAT classes, customers can track and measure their workout. Within minutes of stepping off the bike, accurate feedback on their progress is sent to their inbox and seamlessly uploaded to their Digme profile, which can also be linked to Strava.

Within the classes, Digme run individual or team challenges that take into account customers' age, gender and weight, and as customers can see the actual physical proof of improvement, they are motivated to 'dig deep' whether they are brand new to Digme or if they workout with Digme multiple times a week.

Digme's future ambitions are to expand across the country, and spread the message that fitness technology is not just for elite athletes, but can be used by anyone and everyone to help them achieve their goals.

Digme have 5 studios across London and Oxford, engaging 65,000 participants a year, all of differing ages and abilities.

Find out more about Digme: Facebook: Digme Fitness Twitter: @digmefitness Instagram: @digmefitness Contact: Geoff Bamber, CEO, geoff@digmefitness.com

### Key Demand Drivers

The Demand for Greater Knowledge

Greater knowledge is being demanded on two levels, resulting in commercial organisations needing to react:

Consumers are demanding greater personalisation to their experiences, and prevention agendas by enabling them feed their motivations

Demand from operators to understand their consumer better to drive efficiencies, business development and enable better retention rates

However, it is key to understand that the data on its own is not what is in demand, it is what is done with the data to develop and act upon it

### CASE STUDY: UNIVERSITY OF EXETER AND HALO FITNESS CLOUD

With more than 22,000 students from across 130 countries, University of Exeter is ranked amongst the UK's top universities in the Higher Education league tables. In recent years, the University has also been recognised for its athletic achievement across a wide range of sports, underpinned by an investment of more than £25 million over the last decade into delivering quality training environments, resources and services for sport.

However, with increased competition from other local fitness facilities combined with the University's own high performance Athlete Development Centre providing students with an alternative place to train, the University was experiencing a 10% drop in membership uptake at the two main campus gyms.

Senior management consequently recognised the need to upgrade its health and fitness facilities in line with the University's strong sports offering, resulting in the refurbishment of the gyms at Streatham Sports Park and St Luke's Sports Centre, in partnership with longstanding fitness equipment supplier, Life Fitness.

The redevelopment aimed to engage more students and improve the member acquisition and retention rates at both facilities. To support this, digital technology was cited as a key area where the University believed it needed to improve and central to this strategy was the introduction of Halo Fitness Cloud, new software from Life Fitness designed to enhance exercise experiences and simplify facility management.

To support the implementation of the new system, University of Exeter worked with PROMAX Systems Ltd., Official Partner of Life Fitness, to identify key outcomes and milestones for the University, based on improving the interaction, engagement and influence within both gyms.

### Key Findings

In the first four weeks since launching Halo Fitness Cloud, the University recorded 14,000 workouts from 2000 students - an average of seven workouts each:

Equipment	Average Workout Duration
Cross Trainer	0:13:46
Treadmill	0:12:51
Upright Bike	0:11:33
Arc Trainer	0:10:43
Recumbent Bike	0:10:09
FlexStrider	0:08:28
Powermill	0:07:37

This data, whilst highlighting ways in which staff are using technology, also identifies opportunities for staff to influence exercise habits.

Staff are now focused on stimulating higher engagement with members through the delivery of 'taster' sessions to introduce effective technique and workout experiences, based on the usage data collected. Programmes and workouts are also now available to members to access through the Halo Fitness app.

The gyms have also introduced 21 small group training sessions per week, providing instructors with more time to engage with members.

The University's marketing department is also delivering targeted messaging via the console screens attached to the Life Fitness cardio equipment to raise awareness and encourage uptake of the Halo Fitness app and other services.

"The introduction of Halo has provided us with a fantastic platform through which to better engage with our gym members. By embracing digital technology, we are gaining the tools to grow our membership uptake without the need to increase staffing levels, whilst also creating more effective workout experiences for our members."

Neel Sheppard Assistant Director of Sport - Operations, University of Exeter

### Key Demand Drivers

The Demand Driven by the Tech Giants

The global technology giants such as Apple and Samsung are developing their technologies with health and wellbeing in mind.

This is driving consumer demand as FitTech becomes more ubiquitous within everyday technologies, as identified by smart watches being the most common form of FitTech. In turn, commercial organisations are being driven to keep up with the trends set by tech giants, pushing to enable integrations of everyday products into the experiences physical activity providers deliver.

## BARRIERS TO ADOPTING FITTECH

### Barriers Stifling Commercial FitTech Adoption

EDUCATION

Education around FitTech is needed on three levels to enable widespread FitTech adoption across physical activity providers:

1. The consumer

Consumers are inundated with new technologies constantly. With such rapid change, are consumers truly understanding how technology can support their activity. Especially as FitTech features are add-on features to many consumer products like smart watches, and fitness may not be the primary reason for the purchase, but may be discovered as a result.

There is a mismatch in expectations. What consumers think can / should be delivered isn't achievable in reality. Particularly when demand is being driven by technology giants who are providing seamless integrations amongst their own products.

To this end, those delivering FitTech experiences have a responsibility to ensure simplicity and customer centric experiences, educating when necessary to ensure experiences are maintained at a high level.

2. Decision makers

Decision makers need to be able to understand the impact and opportunity FitTech presents. Board level understanding is key to integrating FitTech into business strategies.

This is not an overnight transformation. Managing a software business is different to managing a hardware business which is different to managing a physical activity business - and technology is difficult to retrofit into an existing business. Key decision makers need to understand this to ensure FitTech is given a chance to have an impact.

A cultural shift is needed to be needed to adopt new technologies. The current 'say no' approach won't enable the opportunity of innovation. A brand new FitTech approach can be a risk, and should not be adopted without thought, but a considered can-do approach enables more successful transformation.

3. Front line teams

Staff are essential to improving consumer's experience, however not understanding technologies means mixed messages being delivered to consumers. As FitTech becomes more ubiquitous in everyday life, regardless of the presence of FitTech in a physical activity provider's organisation, staff need to be FitTech trained to provide high standard customer experiences.

### FUNNELLING FITTECH OPPORTUNITIES

Consumers and commercial organisations are overwhelmed with innovation:

For every problem there are 5 or 6 solutions, and technology is moving so quickly the industry is having to constantly reinvent.

There is so much data available which is useless unless used correctly. Data is just a currency if it can't used to personalise or for an experience it is useless.

This makes it very difficult for physical activity providers to choose the right technologies for their customers, often resulting in no decision at all.

### RIGID BUSINESS OPERATIONS

Business operations play a key part in adopting anything new, including FitTech.

Adopting innovative technologies in all sectors often includes working with Small to Medium Enterprises (SMEs) relatively new to the sector. This poses challenges from both the perspectives of those adopting and developing FitTech:

1. FitTech Developers (e.g. SMEs & Suppliers):

a. Large physical activity providers aren't often able to put time into the implementation phase of a new product - educating staff and doing necessary measures to integrate DHSC's technology and prevention agendas by enabling the results.

b. Resistance to adopting something new, with the status quo retorting back to tried and tested approaches, mainly due to the lack of understanding and therefore backing of new approaches.

2. FitTech Adopters (e.g. Operators):

a. Suppliers and SMEs can misunderstand the positioning of FitTech, with private sector innovations pitched at public sector operators. Motivations differ wildly across the sector, from targeting millennial audiences to enabling financial gain.

b. FitTech providers often have underdeveloped costs, which can often be very high with little justification due to the young nature of the businesses and products.

All technology, including FitTech, needs a fast paced, agile environment in order to thrive, which is currently blocked by:

a. Contract lengths, particularly in local authority environments, which can restrict change in terms of adopting new approaches.

b. Technology isn't being considered in contracts or strategy development possibly as a result of a lack of digital literacy throughout these organisations. This often results in FitTech opportunities being ignored, or retrofitted at a later date, causing further issues.

### COST

Like consumers, commercial organisations find it hard to invest in FitTech:

Costs to entry can be high, especially hard to justify when the products are new and untested at scale, so building the case for return on investment is challenging.

As the consumer survey identifies, combatting costs by raising prices may not be viable, as consumers find costs to FitTech their biggest barrier.

## THE FITTECH OPPORTUNITY

Whilst considering the current barriers to FitTech adoption amongst physical activity providers, FitTech presents clear opportunities for the physical activity sector as it stands:

### 1 MORE ENGAGING CONSUMER EXPERIENCES

The aggregation, simplification and contextualisation of data - making data easy for consumers and businesses to understand will enable:

1. More meaningful data available for physical activity providers and their staff is an enabler - enabling a better customer experience.

2. Personalised and meaningful experiences for consumers, be that through interaction with staff, equipment or classes, ensuring the consumer is paramount.

3. Curation of new, engaging content. Managed by the operators delivering physical activity, delivered based on the data the operators collect about their business. This can be done on a simple level and need not be complicated.

Technology also provides the opportunity to reach a wider audience, outside the four walls of an organisation's real estate. This should not be feared. Engaging customers in ways that suit them, when and where they are, is the customer base and keeps them engaged in a physical activity provider's service.

### 2 ENHANCING BUSINESS OPERATIONS

The clear consumer demand for FitTech provides the opportunity for physical activity providers to engage new customers. Alongside this, there's an opportunity to enhance existing practices to drive better business operations:

1. Understanding a physical activity provider's consumer base using the right more meaningful data enables better business decisions to be made. E.g. better gym design, more appealing timetables and more impactful use of staff.

2. The ability to automate more back of house / operational tasks enables a focus on the front of house, utilising staff resource in the most impactful way.

It is key that FitTech is used as a supplement to staff, and does not remove the need for them. There are areas that FitTech is not able to deliver to the high standards the physical activity sector demands yet, such as building relationships and providing motivation. By adopting FitTech, staff are able to focus on the softer skills that makes a physical activity environment unique.

### 3 IMPROVED CUSTOMER RETENTION

FitTech enables further customer retention as:

1. FitTech and the personalisation of services can form allegiances, as data is collected, progress can be shown over time and programmes can be built around this.

2. More informed staff interaction with customers builds relationships, encouraging customers to retain memberships for more than just the physical activity service provided.

### CASE STUDY: MYCUSTOMERLENS AND KA LEISURE

#### MAKING CUSTOMER FEEDBACK ACTIONABLE

Whether you run classes, a gym chain or leisure centre, customers come and go based on how you make them feel. Customer feedback is to make the way you do keep up, using tailor-made algorithms and cloud technology to:

Collate feedback shared across social media, survey responses and feedback forms

Turn this raw text data into real-time actionable insights and responses

Instead of wrangling data, MyCustomerLens' clients are now free to focus on making decisions and taking action.

MyCustomerLens have been working with KA Leisure to collate and analyse customer feedback to enable better customer experiences.

The aims of the KA Leisure project are to:

Increase the breadth and quality of customer feedback

Transform the insight creation process by automating data capture and analysis

Provide the management team with actionable insights about the customer experience

To aggregate customer feedback, MyCustomerLens has:

Automated the capture of Twitter and online review comments. This gives KA Leisure a fast and simple way to keep track of the public perception of their centres

Set up real-time feedback tablets in each Fitness Suite. These give members a quick way to share what they liked or disliked about today's experience

Incorporated text data from the leavers survey, to identify the underlying churn drivers

Aggregating and analysing these text comments gives managers a real-time view of the customer journey. KA Leisure can now see which emotions are being triggered, and the key themes and activities driving them. This makes it easier to decide how to allocate limited resources to reach, engage and retain more members.

To further expand the actionable insights, MyCustomerLens is now designing a prospective customer survey that benchmarks results across a number of Scottish Leisure Trusts.

"Allowing us to understand our customers better is key in realising our vision of More People, More Active, More Often. Partnering with a business that takes this same passion was an easy decision and has allowed us to integrate MyCustomerLens into our processes, aligning the growth and success of both our businesses."

Fraser MacKenzie, Company Fitness Manager

MyCustomerLens has been working with a number of KA Leisure centres across North Ayrshire, analysing over 7,400 data points over the past 6 months. Since founding MyCustomerLens, over 200,000 text comments have been analysed to enable better customer understanding for organisations around the UK.

Find out more about MyCustomerLens:

Website: [www.mycustomerlens.com](https://www.mycustomerlens.com)

Facebook: [www.facebook.com/mycustomerlens](https://www.facebook.com/mycustomerlens)

Twitter: <https://twitter.com/mycustomerlens>

Contact: Paul Roberts, co-founder & CEO | paul@mycustomerlens.com

## CONCLUSION

Ultimately FitTech enables the physical activity sector to grow and provide more value, as user bases expand, business operations become more efficient and revenue increases.