

Private Sector Benchmarking

—
2022 – 2023 annual report



Foreword



Huw Edwards
CEO, ukactive

Our sector is the engine room of physical activity in the UK, a hive of innovation and creativity, a united movement behind our nation's health, happiness, and productivity. Data and insight have played a key role in how we have navigated the past few years and will continue to be pivotal for the growth and development of the sector as we move forwards. From our collaboration on safety data reporting 241 million visits and worth an estimated £600 million to the sector, to tackling the rising cost of energy – presenting this data to Government has allowed our sector to recover and look to the future.

Led by our members, partners, and Vision 2030 strategy, we have been working with 4GLOBAL to improve the quality and regularity of sector data and insight. Through the Private Sector Benchmarking project, our private sector members can now track and benchmark their performance on a quarterly basis against sector averages, make decisions based on this data, and showcase the value back to the sector, investors, and Government.

The Private Sector Benchmarking work is evolving to provide reliable, accurate and timely data on performance trends which will give our sector the foundation it requires, and deserves, to grow and succeed. This milestone first report sets out the first two full years' worth of data and shows how the private sector is seeing year-on-year quarterly growth. Continued and greater data sharing, both in terms of the number of operators and metrics, will only add to the understanding we have of the sector and the impact we can demonstrate together.

Foreword



John Treharne

Chair, The Gym Group
and ukactive Board
member

There is real value in bringing our community of private sector operators together in this way. This information-sharing will help to drive innovation and growth, identifying trends and changes in the fitness landscape, and provide insights for us all to benefit from. By collectively producing reliable and accurate data, we can better promote the far-reaching impact of our sector, and our ambition for the future is that we can welcome more operators' onboard to broaden this data and demonstrate the value even further.

Engagement in health and fitness remains high, with people aware of the impact of exercise on both physical and mental health now more than ever, and demand for gym memberships also remains high. This sets the scene for a bright future in our industry, and we will now have this set against a backdrop of supportive data.

Introduction

The need for high-quality data and insight is fundamental in fully understanding and demonstrating the scale, impact, and value of the UK fitness and leisure sector, for the sector's relationship with the Government, and for future investment needed within the sector. Consistent, reliable, and regular data sets that cover public, private, and independent operators will give our sector the foundation it requires, and deserves, to grow and succeed.

For private sector operators, the ability to benchmark their performance against the sector and understanding how the wider sector is performing allows for decisions to be made using the data and trends. The consistent and reliable data collection and reporting provide regular updates across a year ensure this can be done in a timely manner to maximise the growth, development and impact of the sector and its role in supporting the health and wellbeing of the UK population.

The data collected from the multi-site private operators is undertaken through the Private Sector Benchmarking project, a collaboration between ukactive, 4GLOBAL and the contributing operators.

This project, which began in 2021 when facilities reopened following the Covid-19 pandemic, has collected quarterly performance data on a quarterly basis which has allowed for the tracking of Covid-19 recovery and sector trends, and the private sector to understand its performance against sector averages. The data collected through 2021 started midway through the year due to Covid-19 restrictions in place at the time.

This report

This report is the first annual Private Sector Benchmarking report produced by ukactive and 4GLOBAL. It sets out what Private Sector Benchmarking is, the development journey, the data collection framework, the data collected across 2022 and 2023, and context as to why changes may have been seen.



What is Private Sector Benchmarking?

Private Sector Benchmarking is a service provided by ukactive and 4GLOBAL to ukactive members that allows contributing operators to benchmark their performance against aggregated sector data.

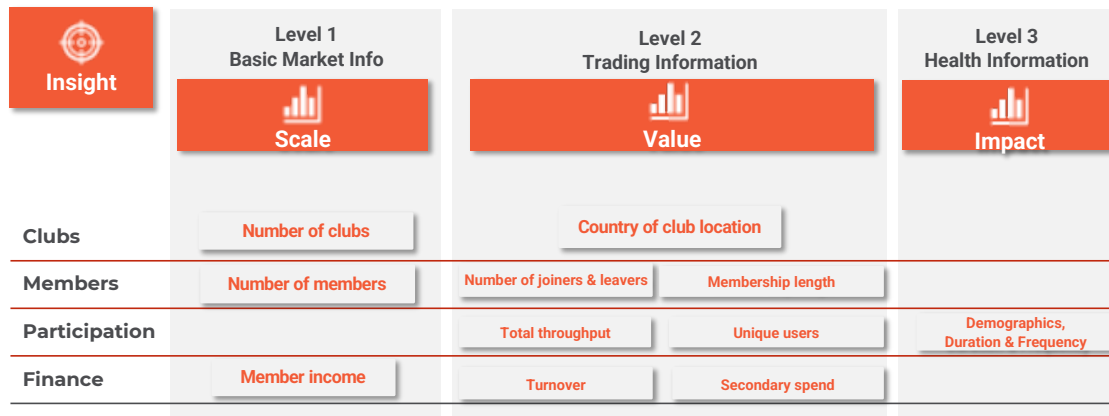
Data has been split into different 'levels' with contributing partners only being able to benchmark against the data that they provide.

By providing data, contributing operators have access to online dashboards in which they can undertake this benchmark.

The framework

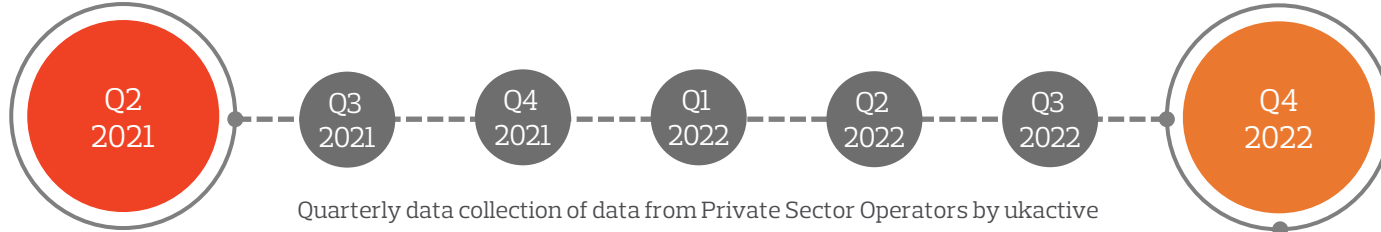
We are driven by the needs of the sector, ensuring a flexible and collaborative approach. As such the framework was co-developed with private sector partners and aligns with data collected across Europe through the 'European Datahub' project to allow for aggregation across the whole European private sector operators.

Through the different levels, the framework developed also looks to the future and how we can further demonstrate the impact and value through wider data collection and greater segmentation, providing contributing members and partners with an in-depth understanding of their performance.



The journey

Private Sector Benchmarking starts when facilities reopened following the Covid-19 pandemic.



Data collection paused to evolve the project to be a more efficient, timely and accurate service through automated data collection, interactive dashboards, and quarterly and annual trends across this part of the sector.

Ongoing quarterly data collection

Q1 2024

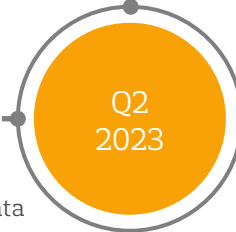


Q4 2023

Private sector operators engaged, and data collection brought up to date from 2022 to the end of 2023

Q4 2023

Q3 2023



Q2 2023

Creation of Private Sector Benchmarking annual report

Development of data framework and benchmarking dashboards

ukactive and 4GLOBAL announced a three-year strategic collaboration to strengthen reporting, benchmarking and lobbying evidence for the physical activity sector.

Data trends: Clubs

Over the course of 2022 and 2023, there was a net growth of 78 new clubs opened, at a growth rate of 7.7%. The greatest quarterly growth was seen between Q3 2022 and Q4 2022 with 27 new clubs opening, a 5.5% increase from the start of 2022. The final quarter of 2023 was the only quarter to see a net reduction in the total number of clubs with three more closing in this period than opening. However, 2023 still ended with a higher number of clubs than at the end of 2022.

Whilst there are continued operating challenges for the sector due in part to the increased running costs such as those presented by increases in energy cost and cost of living crisis, the private sector has seen overall growth from the start of 2022, opening facilities across the UK to support local communities and support wider health and wellbeing of the populations.



The above graph shows the quarterly change in the total number of clubs across the sector. These outputs are generated using a consistent data feed across all quarters included in the analysis from 12 operators.

Data trends: Memberships

Membership growth from Q1 2022 to Q4 2023 was 10.2% representing an increase of 345,958 members. Although growth was seen overall, 2022 saw a slight decline in memberships, before the largest quarterly change between Q4 2022 and Q1 2023. At this point there was an increase in total memberships of 8.5%. This may have been driven by the increase in total number of clubs through 2022, as well as the popular January sign-up period. The steep increase was maintained throughout the year despite the small drop off in Q4 2023 demonstrating the overall increase in members. Growth and higher membership levels were seen in Q1 and Q3 of both 2022 and 2023 reflecting peak periods for the sector in January and September.

The data suggests that the private sector continues to provide opportunities for activity participation. In the face of a cost-of-living crisis where there are rising costs across many sectors, positive consumer habits are seen with private sector gym memberships renewed or taken out despite competing demand for people's disposable income.



The above graph shows the quarterly change in the total number of clubs across the sector. These outputs are generated using a consistent data feed across all quarters included in the analysis from 12 operators.

Data trends: Membership Revenue

There was a quarter-on-quarter increase in the membership revenue generated by the private sector across 2022 and 2023 with an overall growth of 22.4% from Q1 2022 to Q4 2023. The largest increase, in line with the increase in members, was seen between Q4 2022 and Q1 2023 at 7.5%.

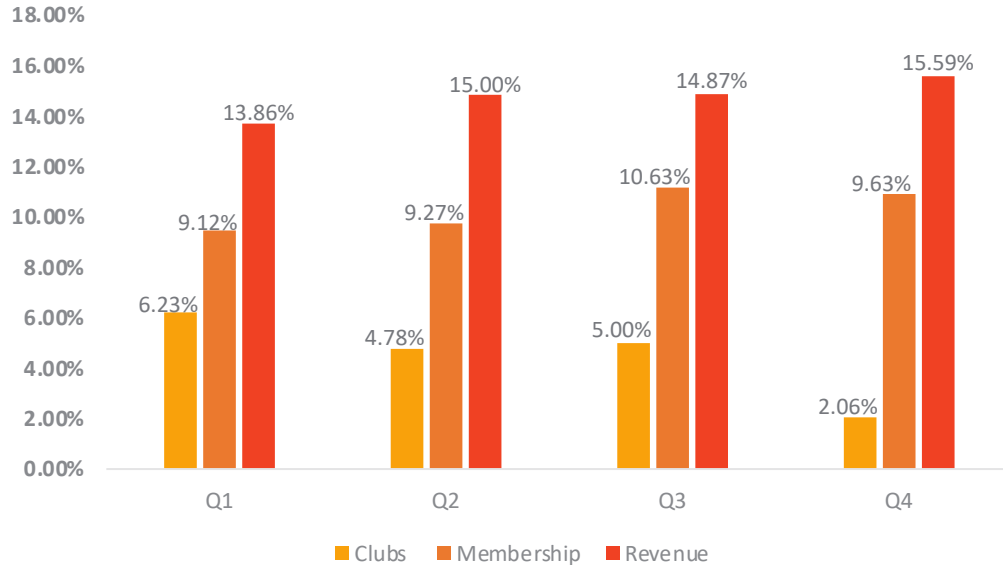
Whilst growth in clubs and members was seen across 2022 and 2023, membership revenue saw the greatest growth of the three metrics measured. Across 2022 there was a slight decline in membership, yet membership revenue grew. This may have been driven by increased membership fees from operators to protect themselves from high inflationary pressures such as increased energy and operational costs. This was similar in 2023, however membership did also grow over this period.



The above graph shows the quarterly change in the total number of clubs across the sector. These outputs are generated using a consistent data feed across all quarters included in the analysis from 12 operators.

Data trends: Year-on-year change

The following graph shows the percentage change in quarterly total number of clubs, memberships and membership revenue in 2023 from the same quarter in 2022. These outputs are generated using a consistent data feed across all quarters included in the analysis from 12 operators.



Data presented for the total number of clubs, members and membership revenue across 2022 and 2023 has shown positive growth in all areas for the private sector. In the face of adversity from external factors impacting both operating costs and consumers disposable income, this growth demonstrates the value the private sector plays with local communities to provide physical activity opportunities to the populations.

Year-on-year quarterly change further demonstrates this growth through 2023. The increase in total clubs has led to larger capacity and subsequently more members, further leading to revenue growth. The price driven growth has led to higher revenue across the private sector in response to the higher inflationary environment seen in the UK during this period.

Special thanks

This project would not be possible without the data provided by the Private Sector Operators, and the contribution of the Private Sector Benchmarking Steering group.

Steering group

- **Andy Thompson**, Chairman, Anytime Fitness
- **Niklas Ek**, Group Head of Insights and Analytics, PureGym
- **Adam Watson**, Head of Commercial – Gyms, Nuffield Health
- **Premal Desai**, Head of Data and AI, The Gym Group

Contributing partners

- | | |
|---------------------|-----------------------|
| • Anytime Fitness | • Mosaic Spa & Health |
| • David Lloyd | • Nuffield Health |
| • Fitness First | • Pure Gym |
| • Fitness4Less | • The Gym Group |
| • GymBox | • Total Fitness |
| • Lifestyle Fitness | • Third Space |

Data definitions

Total number of clubs:

Total number of clubs: The total number of clubs that are in operation at any point in the given quarter.

Total number of members:

Number of all >16-year-old memberships, including monthly Direct Debits and fixed term memberships. This excludes day passes and fixed term memberships of less than 30 days duration. Average number of memberships also included.

Total member revenue:

Membership income includes:

- Direct debit income
- Slider payments (the remaining balance due for that month when a new member joins)
- Annual payments as pro-rated income
- Gross income (inclusive of VAT)
- All joining fees and any secondary income are excluded

This includes payments received for all members, regardless of their membership status at the end of the month



✉ research@ukactive.org.uk

✕ @_ukactive

