

THE GOLD STORY

G RAMACHANDRAN, Promoter and Founder-Director, Gold's Gym gives the lowdown on the business of fitness in India to **Sugatha Menon**

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RAMACHANDRAN is a mentor capitalist with impeccable entrepreneurial spirit and financial expertise. He has evolved beyond spreadsheets and scripted new success stories from new economy start ups like Tower Capital, Karrox, Key Profiles, Safe House and USP Age. At Gold's Gym, G. Ramachandran is spearheading the global fitness movement with his vision. In his past avatar G.R. (as he is popularly known) was a qualified Chartered Accountant who had done his articleship from Price Waterhouse Coopers. He has over 20 years experience in Investment Banking, Consulting, Business Process and Organisational Development. He had an incredible track record with Ernst & Young, JM Morgan Stanley, Citibank, Reliance Capital and The Times of India Group.





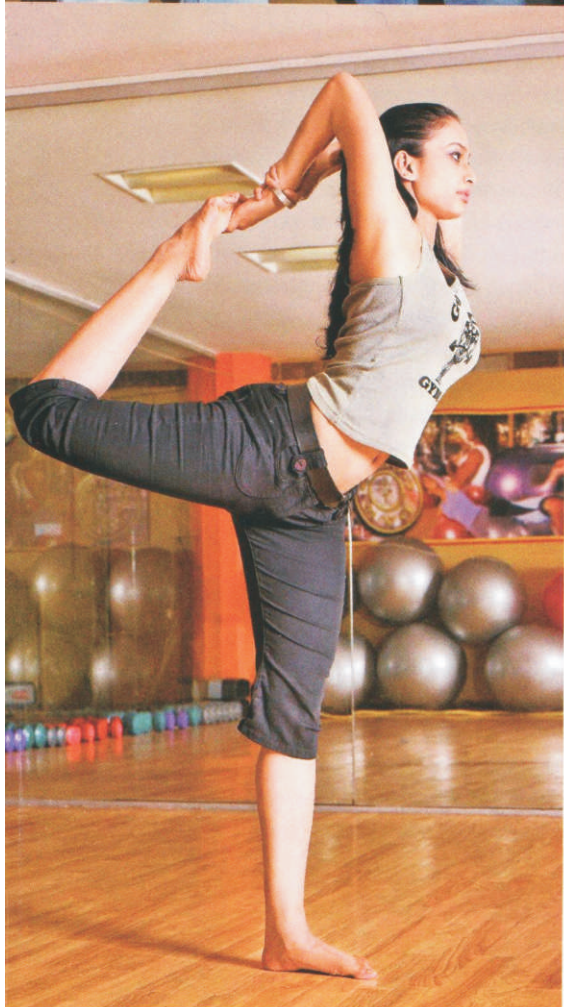
How lucrative is the business of fitness in India?

It is a business of high fixed overheads and needs to be rightly priced to have occupancy of over 75 per cent of the total capacity to be profitable. The market for fitness and weight loss businesses is only growing larger as people themselves are getting bigger. Health statistics reports that the obesity rate continues to increase.

This business has grown on

popular, in-demand programmes offered at fitness facilities are personal training, step/bench aerobics, cardio kickboxing, yoga, strength training, aerobics classes and spinning.

The biggest profit centres for these businesses are personal training, massage therapy, pro shop, pool and food and beverage sales. The diet industry is estimated to be at \$33 billion a year, with revenues coming from the sale of foods, supplements,



the fitness boom. In recent years, middle- and upper-class lifestyles have changed in small but significant ways; for instance, earlier, one used to walk to the local marketplace, now one drives to the malls. So people are now feeling the need to set aside a time for dedicated exercising.

In the last two decades, health club membership has grown by 231 per cent. Total revenues for this industry are estimated at \$17.6 billion. Of the total number of health clubs, commercial fitness centres have about 50 per cent of the market. Non-profits, such as the YMCA or university facilities account for about 38 per cent. The other 11 per cent of members belong to corporate clubs, aerobics studios, resort/spas, hotel and country clubs.

Women make up 60 per cent of the commercial club membership, so it is not surprising that several fitness franchises cater exclusively to women. Fitness centres report that the most

weight reduction products, counselling and other services. It is projected that Indian fitness industry will rise on the graph annually by 20 to 30 per cent. The fitness industry in India is valued at anything between ₹ 300 crores to 2,000 crores.

Awareness about fitness and a healthy lifestyle is growing along with higher disposable incomes and a growing young population. India presents a huge opportunity for the health and fitness industry with over 65 towns having a population greater than 500,000 as per Census 2001 statistics.

What are the biggest stumbling blocks in this line of business?

It is a high fixed overhead business in India particularly rent and electricity and needs to have smart structuring to make it profitable.

Lack of fitness education – people do not understand the benefits about workouts, India still has to capture the market.

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Customer price sensitivity – A customer is looking for the best deals and bargains over good facilities.

Lack of qualified staff – Trainers/nutritionists. Because of the relative infancy of the personal training industry, clubs face many stumbling blocks on how to find and hire qualified staff.

Hiring the right trainers - This is the key to the success of your training team. When trainers leave, your organisation faces a potential loss of both clients and revenue.

High cost of Equipment - India does not have quality equipment manufacturers. The duty structure on the imported gym equipment inflates the cost, which leads to higher service cost for the members.

High real estate prices - Real estate rentals/prices are increasing every year making it difficult to find a suitable location for the health club.

Lack of Government focus – As the fitness industry does not have an industry status in India the Indian government doesn't look at it as

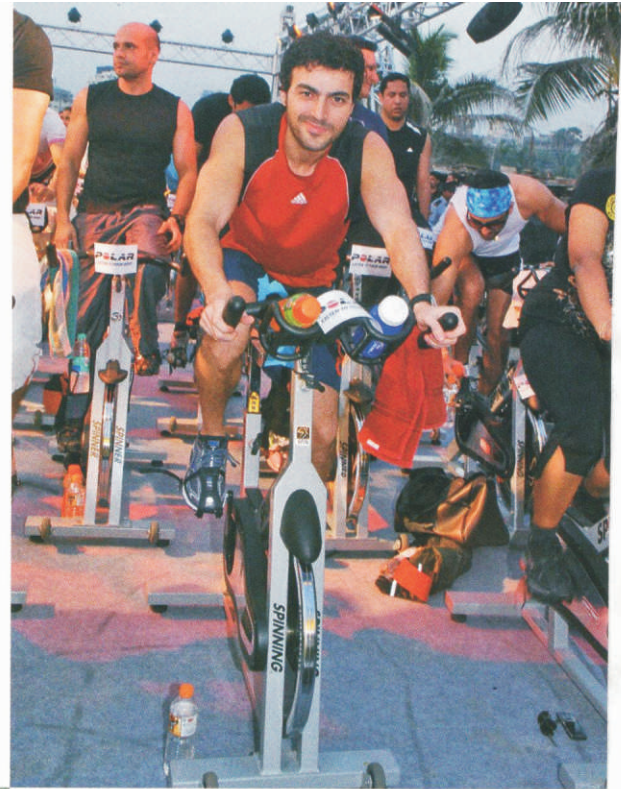
Is Gold's Gym here at par with any abroad?

It is at par and even occupies a premium position in India as a leader in the segment compared to our positioning abroad.

Gyms abroad have an advantage over India due to real estate. They can have huge stand alone structures unlike gyms here in India due to lack of space.

In terms of equipment, the equipment that we get for our gyms are at par with the ones available abroad.

In India we give more service than you may get abroad. For instance the trainers, you will not find floor trainers in any gym abroad, the complimentary



As of 2008, there are 765 fitness clubs in India with total membership of 0.23 million members (source: as per the statistics of The IHRSA Asia Pacific Market Report, 2008). Indian fitness industry is a hugely under penetrated market compared to several developed and developing countries in the world.

To tap this vast potential, organised domestic players like us have announced expansion plans in India, attempting to have a national footprint. Market share of the top 5 players in India is 14.4 per cent. This compares with over 40 per cent market shares in Japan and Singapore and about 20 per cent in Mainland China, Australia and New Zealand for the top 5 players. Thus, we do have a huge scope of consolidation going forward.

10 very important lessons you've learnt from your various work experiences?

Self discipline, greed and hunger for knowledge, courage, conviction, commitment to a cause, focus, timely execution, exploration of uncharted territories, team work and leadership with a mentoring approach.

What is Gold's Gym biggest advantage?

Gold's gym is a brand leader in its category and has a great brand



services like towels, water, valet services are not available in most gyms which we offer.

Even programmes like personal training and weight loss are more abundant in India due to personalised services.

What are the major difference between the fitness market here and abroad?

In India fitness is even now perceived to be a fad and has a status symbol whereas abroad it is a trend and felt that it is part of the daily routine.

Fitness abroad has captured about 16 per cent of the population as compared to a mere 0.4 per cent in India (taken on the base of the 4 metros). This is despite the fact that India has the highest incidence of diabetes in the world pegged at 50.8 million people.

a substantial business. It must be looked upon as a necessity and certain subsidies need to be worked upon so the public can avail of the benefits at a lesser rate.

How much have you achieved of what you set out to achieve?

We have achieved 90 per cent of the goals we set ourselves ten years ago when we started all this.

positioning and brand recall. Global brands are making their presence felt either through the master franchisee route or own ventures in Asia and GOLD'S GYM is the only foreign presence in India through the franchising route having being given the master franchisee for South East Asia to F2 Fun & Fitness. With international gyms Like Gold's Gym entering the market the quality of services improve and the members are provided with international facilities including world-class equipment and 5 star facilities.

Being an international brand Gold's Gym has access to more than 700 centres worldwide. So a member gets

Internationally, people between the ages of 18-54 exercise. However, in India age group 20-44 can be mainly identified as prime market for fitness clubs. Even if assume a modest 1 per cent of this eligible population enrol into fitness clubs, the potential addition to fitness market could be approximately 0.46 mn, which is very significant compared to the total current membership of about 0.23 mn in the fitness industry.

Gold's Gym plans to penetrate in the Tier 2 and Tier 3 cities with smaller models in the Gold's Gym Express model and plans to open up at least 25 clubs a year.

attrition and creation of a fun filled work place.

With personal fitness becoming commonplace, how does it affect the business of gyms?

On the contrary personal fitness being commonplace has created awareness and made the business more viable, scalable and sustainable.

Personal Trainers are a very important part of a Gym business. Though some people do prefer to work out in the privacy of their homes, a majority of people work out in a gym. About 20-25 per cent members opt for a personal trainer in the gym itself.

The gym provides all the infrastructure and ambience required for a complete workout as against a home gym so it doesn't affect the business in any way but boosts the business as almost 30 per cent of the gym revenue comes from personal training.

What is the mantra you live by?

Share knowledge and experience that one has gained and mentor youngsters to translate strategy and ideas to execution in a defined time line as I am actively involved with start ups and nurturing of new ideas.

How do you relax after a long day at work?

Reading , watching movies and going out with family for dinner.

What message do you have for those who wish to learn from entrepreneurs like you?

To be an entrepreneur be focused, have timely execution capabilities as a goal, let not failure dissuade and above all time management with self discipline and multi tasking.

How much of a fitness enthusiast are you?

I have been working out without fail for five days in a week having a combination of weight training and cardio with a proper diet for the last ten years. This makes me feel younger, lighter and fresh with each passing year. 🍌



access to all centres and doesn't miss his workouts when travelling.

What are your future plans for the organisation?

Taking Golds gym to be the best in Asia to begin with in the coming decade and make it one of the best in the world in terms of service, footprints, geography and quality. India has a population of around a billion which is growing at a rate of about 1.7 per cent.

In a people centric field like fitness, how do you choose the right people, and how do you make them stay on?

Choosing people is an art and not a science and more importantly having coaching and mentoring of youngsters is a constant process with knowledge sharing and creating better leaders than us. This has been the all pervasive goal of the promoters of Golds Gym, this has helped reduce