

Trends in Digital Fitness

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THE FITNESS INDUSTRY IS BEING DISRUPTED BY NEW BUSINESS MODELS, DIGITAL DELIVERY & SUBSCRIPTION COMMERCE

The fitness industry has already been experiencing the massive growth of digital fitness, out-of-studio experiences and connected / social fitness. Notable platforms, such as Peloton, have created enormous awareness, brand recognition and loyal followings. While some fitness platforms offer solutions that were able to fully replace the in-studio experience, they were often supplemental to the studio / gym experience. Consumers still desire physical human interaction but often schedules, travel and other issues impede their ability to get to a physical gym. While in-home fitness equipment and solutions have a long history and reputation as a “laundry rack” or a dusty collection of DVDs on a shelf, today’s new connected offerings provide fitness, training, social interaction, gamification and many forms of engagement for the consumer.

Fitness Consumption Disruption

- 1 Consumers expect convenient fitness options to fit unpredictable, hectic schedules, leading to innovation and development within the fitness industry
- 2 Fitness has become more inclusive for people of all ages and backgrounds, as evidenced by the surge of female-only gyms, youth exercise classes and fitness opportunities for older generations
- 3 Social media has cultivated niche fitness communities, where members share updates on fitness goals and support one another through the process
- 4 These changing consumer preferences have led to rapid technological advancement and innovation, such as connected equipment and gear, workout apps and at-home fitness technology

Disruption Accelerated by Technical Advancements



Enhanced Gamification

New technologies have enabled more immersive and entertaining fitness experiences through enhanced gamification



Personalized Offerings

Technology-enabled workouts offer personalized options to users based off their preferences, such as preferred instructors, virtual location, music genre, style of fitness and duration



On-Demand, Streaming Technologies

Professionally-coached classes through streaming technology continue to grow and provide the intensity of an in-person class in the convenience of one’s home

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\$4.2 Trillion

Total health and wellness industry

\$600 Billion

Global fitness and wellness spend

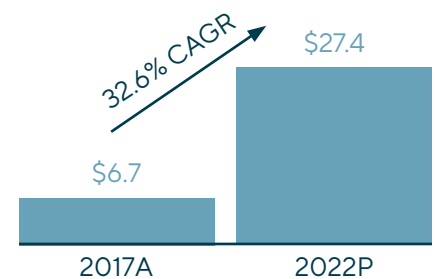
183 Million

Global gym members

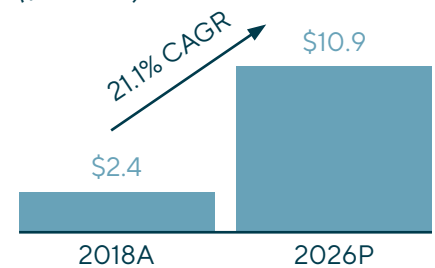
62 Million

U.S. gym members

Global Digital Fitness Market
(\$ in billions)



Fitness App Market
(\$ in billions)



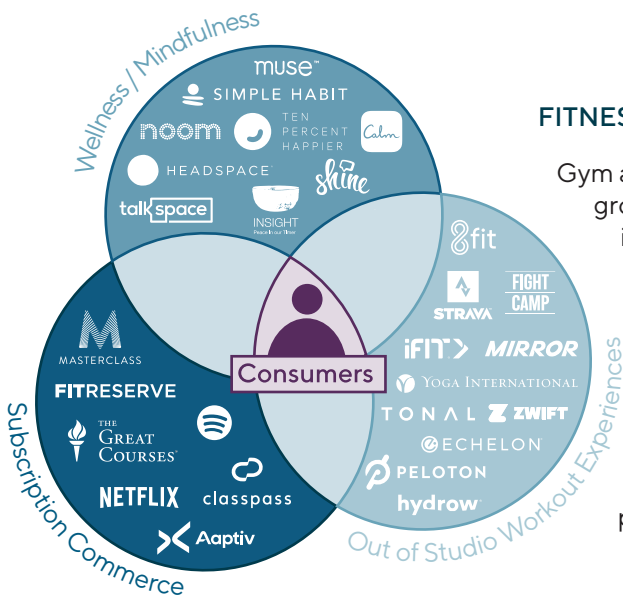
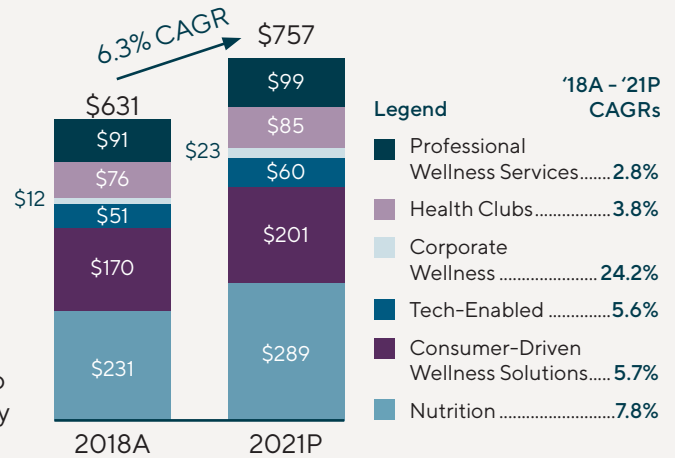
CONSUMERS ARE ADOPTING A BROADER DEFINITION OF FITNESS

The industry has also been evolving to create a broader definition of fitness which encompasses mental wellness and whole-body health. This includes meditation, stretching and nutrition, etc. Corporations have also been driving this as they seek to have happier, healthier and more productive employees.

Key Sector Trends

- The \$631 billion global individual wellness market is expected to grow 6.3% annually through 2021
- Many associate mental health with wellness, with consumers broadening their definition and understanding of wellness beyond the traditional indicators like physical condition
- Companies in various verticals ranging from mental health to diet to beauty are actively promoting wellness, with 70% of employees interested in taking proactive steps towards healthier living
- As consumers increasingly look for more natural treatments to improve chronic conditions and ailments, the global popularity of yoga and other fitness alternatives has increased

Global Individual Wellness Market (\$ in billions)



FITNESS, WELLNESS AND SUBSCRIPTIONS MERGE TOGETHER

Gym and studios have recognized that the digital fitness is here to stay and growing. Consumers are increasingly consuming services and goods in an on-demand or subscription model (e.g., Netflix, Spotify). As a result, the monthly subscription and per class model has replaced the annual gym membership and enabled consumers to be a part of multiple types of fitness and wellness programs and change them on a monthly basis.

Studios realize that a digital offering can enhance and supplement the studio experience – not replace it. Recorded classes from a favorite local instructor as well as access to new world-class third party content enhance the retention of studio customers.

LINCOLN PERSPECTIVE:

As COVID-19 has shuttered gyms and studios globally, adoption of digital fitness and wellness solutions has skyrocketed. This has come from multiple channels including: (i) consumers looking for in-home solutions, (ii) studios looking for digital solutions to stay engaged with their customers and generate some revenue, (iii) corporations seeking health and wellness solutions for employees in the current work-from-home environment and, (iv) non-fitness companies such as retail and apparel looking for partnership solutions to drive customer engagement.

While the current boom may retreat a bit as virus restrictions ease and consumers eagerly leave their homes to return to a normal life, the acceleration of digital fitness will be sticking around as a core part of daily programs.

Sources: CB Insights, Eventbrite, Forbes, Global Wellness Institute, Grand View Research, International Health, IPSOS, Les Mills, Luxe Digital, Racquet & Sportsclub Association, Redwood Advisors