

A Comparative Study of Business Strategies Between 24-Hour Gyms and Traditional Gyms Based on the SWOT Model-Take LeFit as an Example

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Abstract: With the development of sports in China, gyms of various operation models are gradually emerging. Today, traditional gyms still occupy a large share of the market in China, but 24-hour gyms are developing rapidly at a rate that cannot be ignored. This paper will analyze the current situation and problems of the 24-hour gym model in China today by observing and summarizing the competitive strategies and advantages of LeFit. It is found that LeFit has already fully satisfied the diversified needs of customers through its benefits and expands the brand value with its special communication channels. At the same time, this paper will also point out the problems and some drawbacks of LeFit at this stage and proposes practical construction for the gradual improvement of 24-hour gyms. Although there are still certain problems in its model that need to be optimized and adjusted, LeFit provides a new solution for the development of gyms in today's era.

Keywords: LeFit, 24-hour gym, business strategy, SWOT analysis

1. Introduction

The gym market in China is currently showing a rapid growth trend. According to Statista statistics, the market size of the fitness industry in China has experienced significant sequential growth from 2018 to 2022, and the growth trend will continue until 2026 [1]. In recent years, due to the increasing health consciousness of people, especially young people have been more concerned about their appearance and health, coupled with the middle class and accelerated urbanization, these have become the reasons for the development of China's fitness industry [2].

Today, various types of gyms can be found in China: from traditional large complexes to small private clubs, recreational-style dance, and yoga studios. And among them, 24-hour open service has become one of the mainstream development trends. With consumers' changing needs and lifestyles, the 24-hour operation mode is gradually maturing. 24-hour gym operation mode is more flexible than the ordinary opening hours, allowing people to exercise in their free time after work or study; it also provides a convenient, practical, and thoughtful service for running enthusiasts, white-collar workers, and employees who often need to work shifts. Therefore, this paper will first analyze the current situation and problems faced by traditional gyms, then analyze the situation and operational characteristics of 24-hour gyms at home and abroad, and finally, based on the latest development of 24-hour gyms in China, analyze the marketing strategies and shortcomings of 24-hour gyms today

based on the SWOT model, and try to propose solutions for the future development of 24-hour gyms. The aim is to provide suggestions for future innovative development of 24-hour gyms.

2. Analysis of the Current Situation and Problems Faced by Traditional Gym Operations

2.1. The Current State of Business of Traditional Gyms

Today, as people become more health conscious, exercising as an essential way to maintain a healthy life has become one of many people's daily activities and has led to an increase in the number of people going to traditional gyms. The customer base of traditional gyms is also gradually diversifying to include people of all ages and different social classes. In China, the gym market is also expanding, and traditional gyms' business model, service quality, and management level are gradually improving. With the development of technology, traditional gyms are also introducing new technologies, such as smart fitness equipment and fitness APP. Intelligent devices can record customers' exercise data and provide exercise suggestions and fitness plans. The fitness app enables online booking, online teaching, and community interaction, providing customers with a more convenient service experience. If traditional gyms want to stand firm in the competitive market, they need to strengthen their management and supervision and improve service quality and customer satisfaction so that traditional gyms can develop in the long run. In conclusion, fitness, as an important part of a healthy lifestyle, is gradually becoming a part of people's daily life.

2.2. The Problems Faced by Traditional Gyms

Traditional gyms in the market today are facing many problems. First of all, the homogeneous competition among traditional gyms is becoming more and more intense. As consumer demand for the fitness industry increases, there are more and more gyms and, therefore, more choices available to consumers. As a result, attracting more customers requires more attractive marketing strategies and service quality, which places higher demands on gym operations. After relatively complete development, the service industry tends to be homogenized, which means that the differences between these companies become smaller and smaller in terms of the goods and services produced. In this case, some gyms will lower their membership fees to attract customers. However, non-benign price adjustments can cause significant operational problems. Second, traditional gyms have high operating costs. The daily operation of a gym requires purchasing a large amount of training equipment, recruiting professional staff, and renting the required space, which are all very high costs for traditional gyms. Therefore, traditional gyms generally have problems with old decoration and training equipment updates and maintenance, which makes it difficult to attract consumers' attention. Third, the membership renewal rate of traditional gyms is generally low. When purchasing a membership, many gym members join out of interest, but they lose interest and do not renew their membership over time. This means that traditional gyms must keep attracting new customers while maintaining the loyalty of old ones. However, the above requirements can be relatively demanding for operators who lack novel business marketing tools. Fourth, to maintain reasonable and acceptable daily operating costs, traditional gyms usually have fixed opening hours and do not operate all night. In the current functioning of society, establishing such operating hours does not seem to meet the time requirements of specific consumers. Fifth, traditional gyms tend to charge higher fees due to higher costs, which are unsuitable for some low-income people. Therefore, in a competitive fitness market, the above problems can lead to some unscrupulous gyms may run away to make profits, resulting in members not being able to get a refund or not getting fitness services, which can bring economic losses and a crisis of trust to consumers. It may also lead to some traditional gyms having a daily sales pitch, which reduces the member experience and even affects the reputation and word of mouth of the gym; having a daily sales pitch reduces the member experience. It even affects the

gym's reputation and word of mouth. In addition, it can lead to some gym prices not being transparent, members are not clear about the charges, resulting in members not being transparent, members not being clear about the costs, resulting in members not grasping their consumption, and even consumer disputes.

3. The Situation of 24-Hour Gyms at Home and Abroad and Their Operational Characteristics

3.1. Overview of Foreign 24-Hour Gyms

24-hour gyms have become a strong trend in the fitness industry worldwide, and there are many successful 24-hour gyms internationally, including: 1) Anytime Fitness: Anytime Fitness is one of the largest 24-hour gym chains in the world, headquartered in Minnesota, USA. The brand's stores are in several countries and regions worldwide, including the United States, Canada, Australia, New Zealand, and others. With its 24-hour opening model and comprehensive equipment and facilities, it has become a global leader in 24-hour gyms. 2) Snap Fitness: Snap Fitness is another globally recognized 24-hour gym brand headquartered in Minnesota, USA. With more than 2,000 stores worldwide and coverage in the United States, Canada, India, and other countries, Snap Fitness focuses on a self-service model where members can enter the store and use intelligent equipment to work out anytime during the 24 hours. 3) Fitness First: Fitness First is one of the largest gym chains in the UK and a well-known global 24-hour gym brand. It is also one of the world's leading 24-hour gyms. With a large number of stores in the UK and other countries, Fitness First also offers personalized fitness programs and personal trainer services to meet the needs of its members. Many well-known brands are innovating and improving to provide fitness enthusiasts worldwide with more convenient, flexible, and personalized fitness services. Meanwhile, 24-hour gyms are rapidly carving up the fitness training market with their unique business concept.

3.2. Overview of Domestic 24-Hour Gyms

As people's standard of living improves, healthy lifestyles are becoming a focus of public attention. Similarly, gyms are also innovating to meet the new needs of people, with 24-hour gyms being the new trend in the fitness industry. In China, the development of 24-hour gyms is not particularly mature, but as people become more health-conscious and market demand increases, more and more 24-hour gyms are emerging. The most crucial feature of 24-hour gyms is that they are open 24/7 and can exercise anytime, whether it's morning or late at night. This convenient service is also attracting more and more consumers, especially those with busy work schedules [3]. The 24-hour gym industry in China is proliferating and has gradually become one of the popular choices for people with different needs. In China, LeFit is one of the representative brands of 24-hour gyms. LeFit is one of the leading gym chains in China, with brands like LeFit and Leke+. LeFit has more than 700 stores in China, located in large and medium-sized cities across the country [4]. The brand's expanding number of stores is also growing rapidly, and as of June 2021, the brand has more than 3 million members. This also reflects the brand's influence and popularity in the market [5]. Today, LeFit has given birth to 68 stores with sales of over one million within the country. Sales have grown by an average of 50% year-over-year and membership by 24%. The overall revenue performance of LeFit in recent years has also been very bright. According to public reports, the overall revenue of LeFit reached over 3 billion yuan in 2020, once becoming one of the fastest-growing brands in the domestic fitness industry [6].

To sum up, the 24-hour gym has become a new trend in China's fitness industry, and LeFit, one of the representative brands, provides a better fitness experience for our members through continuous innovation and improvement.

3.3. Features of 24-Hour Gym Operations

As one of the giants of 24-hour gyms in China, the business operating model and characteristics of LeFit can reflect the commonality of 24-hour gyms in China to a large extent. Therefore, this paper selects LeFit as a representative of 24-hour gyms and analyzes the operational characteristics of LeFit to reflect the common operational characteristics of 24-hour gyms.

3.3.1. All-Day Operation Mode

The most significant difference between LeFit and traditional gyms is the business hours. Traditional gyms usually have fixed business hours, but LeFit is open around the clock to meet the needs of users at different times of the day. As a result, LeFit has formed a unique positioning in the fitness industry that is different from traditional gyms and can meet more consumer needs, providing consumers with more convenient, flexible, and customized fitness services, thus having certain advantages in the market competition. It is convenient for customers to exercise at different times of the day and meet their individual needs.

3.3.2. Wide Range of Customer Acquisition Channels

Currently, many traditional gyms still use sales promotion (sales consultants) to get customers and recruit many sales teams to promote and pull customers offline. However, LeFit does not have a sales team in the traditional sense, and much of LeFit's customer acquisition is done online. For example, customers can purchase membership cards online by themselves, which saves a lot of the cost of sales staff. At the same time, through the use of social media platforms, LeFit is more inclined to use big data for its own marketing and customer promotion. When customers see the relevant online advertisement, they can complete the opening of the membership card and the subsequent instructions through a completely online method.

3.3.3. Usage of Intelligent Devices

Most of the traditional gyms still have the traditional means of registering at the front desk or carrying membership cards to enter the store, which can make it very cumbersome for customers to enter the store. In contrast, all of LeFit's stores are smart access control, a kind of intelligent access control based on electronic technology, which can provide venue managers and users with more convenient and secure access to the venue [7]. Specifically, LeFit's intelligent access control can be accessed through a QR code. Customers only need to use their cell phones to scan the access control QR code at the entrance of the corresponding store to complete all entry preparations. At the same time, through the support of intelligent equipment, the venue operator can easily count the daily customer volume and time distribution to achieve the ultimate goal of the rationalized operation [8].

3.3.4. Flexible Membership System

Traditional gyms usually use long-term memberships. Usually, the longer the membership is valid, the higher the benefits the customer will receive. For example, when a traditional gym has an annual membership of 2000 RMB, the price of a half-year membership is usually higher than 1000 RMB. Although this may seem like an actual consumer discount, from a marketing perspective, it can be considered a form of consumer entrapment. In contrast, LeFit offers more flexible membership systems, such as monthly payment systems, which are more in line with personalized consumer needs. In the traditional gym business model, customers would spend much money to buy an annual membership. However, there is an impulse to consume this kind of money. Some customers buy a membership but stop going to the gym for various reasons, such as the inability to keep up with their

workouts. This can make customers feel like they are facing a huge loss. What is great about LeFit is that it uses a monthly payment system and relies on users to renew their membership to earn revenue. The loss, if any, is only a month's worth of money, which is much less expensive than the annual fee system of traditional gyms. Therefore, LeFit must provide better service and cost performance to attract users to renew and enter a virtuous cycle.

3.3.5. Controllable Operating Costs for A Single Store

LeFit has put forward the slogan of "the world's leading fitness brand with over 1000 stores" [9]. This slogan plays to the unique advantages of Lekue and solves a certain trust problem in the industry. Traditional gyms with a large footprint cannot open many stores, but LeFit relies on the small footprint and low cost of its stores to achieve rapid store opening, and its scale and volume are not available in other gyms. In addition, the number of cities, stores, members, and coaches covered by LeFit's stores is also unmatched by traditional gyms [10].

4. SWOT-Based Analysis of LeFit Operation and Marketing Strategy

4.1. Internal Strengths

The main internal advantages of LeFit are as follows: 1) High brand awareness: LeFit is one of the leading gym chain brands in China, with a large number of stores and a clear and transparent consumption model, so it has a strong brand influence and reputation. 2) 24-hour open mode: The main business mode of LeFit is open all day, which meets the fitness needs of different members and makes it possible for members to exercise at any time. 3) Service Comprehensive: The stores of LeFit can provide personalized fitness plans and personal trainer services for different people to meet the needs of different members.

4.2. Internal Weaknesses

The main internal disadvantages of LeFit are as follows: 1) Lack of staff management: 24-hour gym stores often need staff shifts to supervise, but their staff management model is relatively loose, resulting in poor staff management and difficulty in ensuring customer service quality. 2) Safety issues: 24-hour gyms need to maintain business frequently, and issues such as fire safety and personal property safety may increase the risk and responsibility of the stores. Also, accidents to personal property may occur in the stores during non-business hours, so safety hazards are also a potential problem. 3) Difficulty in quality control: Due to the long operating hours of the stores and the small number of employees, customer service is difficult to implement, and it is also difficult to manage equipment failures and sanitary conditions, making it easy to have customer complaints and other problems. 4) Limited space: 24-hour gyms are often in space rented in commercial areas in the city is limited in area, with high traffic flow, and sports equipment and facilities may be restricted, which may easily lead to poor use of the gym. 5) The limited number of customer groups: Although 24-hour gyms have been developed to a certain extent with the development of the fitness industry, at present its customer groups are still mainly concentrated in people with fixed working and resting hours, and for people with non-fixed For people with irregular working hours, the opening hours are not the advantage of the 24-hour gym, so the number of customer groups is also limited.

4.3. External Opportunities

The main external opportunities for LeFit are as follows: 1) Increased market demand: As people's living standards improve, the demand for fitness is also gradually increasing, and LeFit can seize this opportunity to further expand its market share. 2) Social media and digital marketing: LeFit can use

social media and digital marketing to promote its brand and get more potential customers. 3) Support from national policies: Our government has included fitness in the lifestyle and vigorously promotes the national fitness movement, which provides policy support for the fitness industry. At the same time, tax incentives are implemented for the fitness industry, such as tax incentives for sports equipment, gyms, and sports goods, which provide a good environment for the healthy development of the fitness industry. Encourage private investment in the development of the fitness industry, for example, through the PPP model and agreement transfer. To increase the participation and enthusiasm of private investment. Increase support for the fitness industry, for example, through funding and technical support, to improve the industrial scale and competitiveness of the fitness industry and promote the development of the fitness industry. Strengthen the management of the fitness industry, ensure market fairness, maintain a healthy and orderly market environment, and promote the healthy development of the fitness industry.

4.4. External Threats

The main external threats to LeFit are: 1) Competitive pressure: LeFit is in a highly competitive market with many emerging companies ready to develop the 24-hour gym business and occupy market share. If LeFit cannot promptly keep up with the market demand, or if the quality and performance of the equipment and services do not meet consumer demand, it will lead to challenges to LeFit's position in the market. 2) Uncertainty of industrial policies: With the turbulent global trade relations and the instability of domestic policies, the market environment in which LeFit operates has become uncertain. The uncertainty of the policy may have an impact on the operation and development of LeFit. 3) Global situation: For example, in the past three years, China has been in the defense phase of the new pavilion outbreak. The outbreak of the new virus will also have an impact on LeFit. As the severity of the epidemic has increased, people's habits have changed a lot. It may back lead to fewer people going to the gym to work out and more inclined to work out online, which will have an impact on LeFit.

5. LeFit Differentiation Analysis

5.1. Low Cost

The cost of LeFit is more transparent than traditional gyms, and the monthly cost will be less. The monthly card renewal fee is 239 RMB, while the average monthly cost of traditional gyms such as Wales has been more than 300. In addition, LeFit will also make additional price reductions for renewing the monthly card to encourage users to renew, while traditional gyms usually have a one-year membership system with a longer-term membership program that costs more money.

5.2. Corporate Social Responsibility

To increase their popularity and attract more customers, some traditional gyms will sign Olympic athletes. And LeFit is trying to go to help some athletes who have retired to achieve re-employment. For example, Gong Lijiao, who won the world championship in the women's shot-put final of the 2020 Tokyo Olympics in track and field, is a store partner of LeFit and has opened a LeFit gym (franchise) in Beijing.

5.3. Unique Distribution Channels

The communication medium for gyms is extremely limited because, unlike an online consumer product, there are numerous and ready channels to purchase. This has led to the user taking pictures to become one of the most important communication media for gyms [11]. This is because most

fitness people have the habit of taking pictures. They want to take pictures after working out hard, they want to take pictures when they are in good shape, and they want to take a picture of themselves running on the treadmill even if they don't show their faces. Based on this, LeFit made a considerable lightning bolt logo on the background wall of the exercise room to ensure that the core scene must reveal LeFit, and also made the logo reveal on the wall opposite to the mirror where users are most willing to take pictures so that everyone can show LeFit when they take pictures of the mirror. There are many users of LeFit, and they take photos and post them on Xiaohongshu and Moments, which is a vital advertising communication and a perfect communication channel.

6. Problems and Optimization Strategies of LeFit

6.1. Customer Perspective

First, it increases the safety risk for customers. Due to the different mobility of people at different times of the day, there may be a situation where there is only one person working out in the gym. If there is a safety hazard currently, it is difficult to rescue and solve it. In contrast, traditional gyms have their business hours, and employees are present during business hours, so such problems are much reduced. Therefore, LeFit can post safety tips in a conspicuous place to remind members of safety issues [12]. In addition, it can be equipped with professional rescue facilities, such as first-aid kits and evacuation channels, to deal with unexpected situations. Members can also be strongly recommended to train with other partners to ensure that they can monitor each other and ensure exercise safety. Secondly, LeFit has less fitness equipment and no luxurious lobby and shower, but these are the problems that LeFit cannot avoid as a 24-hour gym to realize the multi-store number model. Thirdly, uneven distribution of sports venues: although there are many sports venues in LeFit, they are unevenly distributed, and there are fewer venues in some areas, resulting in users not being able to use them conveniently in their area. Therefore, LeFit can ensure that the location of branches becomes more even through some financial support; for example, it can provide a certain degree of financial support to partners who want to open stores in areas with few venues.

6.2. Merchant's Perspective

First, the access control system of LeFit is to scan the QR code to enter, so although it is convenient for fitness customers, there are also hidden dangers. Because it is impossible to control the number of people who enter at one time, it may face the situation that one person sweeps the code, and many people enter, which will cause many losses [13]. Therefore, LeFit can further improve its access control system to prevent this kind of situation from happening. Secondly, the marketing channels are not diversified enough. The publicity of LeFit Sports mainly relies on online promotion and user word of mouth, and most of the users are only temporary experienced users, so the business needs more channels to attract more long-term users. For example, a member referral program can reward existing members for introducing the gym to other users to attract new members and promote word-of-mouth communication. Free experiences, member benefit days, and special holiday events can also be held regularly to increase user stickiness and conversion rates while improving customer satisfaction.

7. Conclusion

Nowadays, 24-hour gyms like LeFit are the new trend of gyms that make full use of people's fragmented time. It combines the nature of exercise itself to improve physical skills with the fast-paced life of today's people, making it highly compatible with the needs of today's audience and gaining popularity and attention for its closeness to the audience. Through the study, it was found

that LeFit has gradually formed its gym model by taking advantage of its multiple advantages and has received good feedback results. Although there are still certain problems in its model that need to be optimized and adjusted, LeFit provides a new solution for the development of gyms in today's era.

The case selected for this study is the single LeFit. However, in today's gym market, there are other relatively mature 24-hour gyms in addition to LeFit, even though there may be some differences between the stores of these brands and LeFit. Therefore, using LeFit to refer to all 24-hour gym operations in China may have specific drawbacks or incomplete considerations. Based on this limitation, this paper suggests that subsequent studies can be conducted on different 24-hour gyms as well as discuss the analysis of advantages and disadvantages between traditional gyms and different 24-hour gyms.

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