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**Master thesis : "Medifit. A new business model for a health & fitness center in the rural area."**

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**medifit –  
a new business model for a health & fitness center in the  
rural area**



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## **Preface**

Connecting the dots and grabbing the opportunity.

Due to my background as a former physical therapist and graduate of a master program 'Healthcare Policy, Innovation and Management', I have a passion for the healthcare sector, a field that I have come to know inside and out in a variety of settings and countries throughout my career. Within this broad sector I am interested in healthcare innovations that mainly create social benefits. More precisely, I am very interested in health prevention of the society. Further, as a consultant for public-private partnerships I have witnessed the strength of cooperation. Creating win-win situations by steering stakeholders in the right way to reach a common goal feels like a victory every time. Finally, I have an affinity for nature. Whenever and wherever possible, I am looking for a moment to enjoy and discover nature in its variety.

Looking for an opportunity to combine my passions within a research for a master thesis project as part of this Open Borders MBA program, I was pleased to meet Nico Wolff, CEO of medifit, who shares the same passion for health and partnerships. Medifit, a health and fitness center in the rural area of Easter Belgium, is facing several challenges that force it to review its business model. It did not take long for us to decide that this is a great opportunity for collaboration.

During the OB MBA program I was inspired by the learnings on entrepreneurship which changed my view on the development of business models. Bringing all of the puzzle pieces together I was very happy that Professor Bernard Surlemont joined me as a supervisor on my journey to write this master thesis.

Many thanks to both men for the great collaboration and support during my research.

However, all of this would have not been able without the support and patience of my family. Therefore, my biggest thank you goes out to my wife Iryna and my sons Milan and Leon who show me every day that life is about moving forward, even if it is only a little baby step.

**Executive summary**

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# 1. Introduction

## 1.1 Scope of this research

### **General purpose of this research**

The overall topic of this research is business modelling and entrepreneurship within the fitness industry. The goal of this study is to develop a new business model for medifit, a health and fitness organization located in the rural area of East Belgium. This research was conducted between October 2021 and May 2022. Due to time constraints this research is limited to the development of the new business model and does not include a testing phase with a prototype to validate the new business model.

### **Definition of a health & fitness center**

Various terms are used for organizations that provide services and facilities for promoting health and fitness. A *gym* typically is referred to as a place where people can focus on weight-training and other similar individual physical activities. These rather old-fashioned clubs are mainly visited by athletic people. A *fitness center*, on the other hand, offers to both recreational and professional athletes, a range of individual and group workout programs. In addition it may also provide outdoor activities. A *health club* is more similar to a fitness center than a gym, but the focus is on the whole-body wellness rather than just physical fitness (Sisson, n.d.). Within this research the term *health & fitness center (HFC)* will be used as the focus lies on an organization that creates an environment which encourages and promotes an overall healthy lifestyle including physical and mental health.

### **Definition of health and its promotion**

As defined by the World Health Organization (WHO) health promotion is “the process of enabling people to increase control over, and to improve, their health” (WHO, 2018a). Further, within this research health is then defined as “the ability to adapt and to self-manage, in the face of social, physical and emotional challenges”, a positive health model which emphasizes the person, not the disease and his or her potential to experience healthiness despite any diagnosis (Huber et al. 2016). In this regard an HFC is an essential organization that can trigger and help all of us to take the initiative to maintain or improve our overall health status ourselves despite any health disorder and all kinds of everyday hassles of our modern life. Moreover, the WHO stresses that regular physical activity is crucial as it has various benefits for psycho-

physical health. At all stages of life, physical activity plays an essential role in the prevention of non-communicable diseases and significantly benefits society by increasing social interaction and community engagement. More precisely, physical activity

- contributes to preventing and managing cardiovascular diseases, cancer and diabetes,
- reduces symptoms of depression and anxiety,
- enhances thinking, learning, and judgment skills, and
- ensures healthy growth and development in young people.

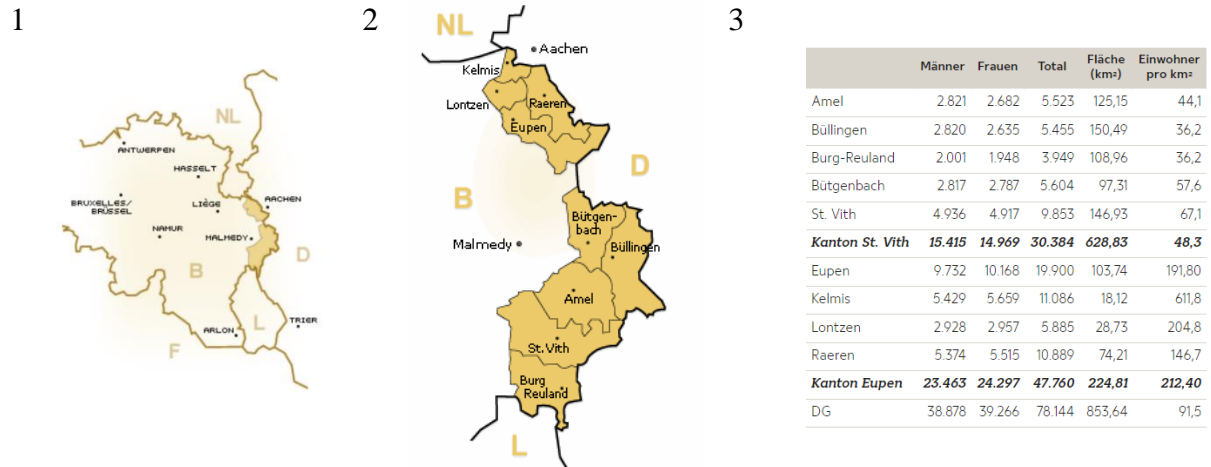
However, globally, more than 80% of the world's adolescent population is insufficiently physically active. 1 in 4 adults do not meet the global recommended levels of physical activity. Up to 5 million deaths a year could be averted if the global population was more active. Moreover, people who are insufficiently active have a 20% to 30% increased risk of death compared to people who are sufficiently active (WHO, 2020). Therefore, in 2018, the World Health Assembly agreed on a global target to reduce physical inactivity by 15% by 2030 (WHO, 2018b). In line with the above mentioned research findings and ambitions by the WHO, EuropeActive, the European Association for fitness and physical activity and the sole voice addressing key EU institutions on behalf of the European fitness industry, has set a target of 80 million members of HFC's by 2025 and 100 million by 2030 (EuropeActive, 2022). Hence, next to the medical evidence there is also political support on the European level for HFC's to provide the necessary services to achieve the WHO ambitions by tackling physical inactivity and thereby creating a healthier society.

### **Geographical focus area and population**

This research focusses on East Belgium, one of the three federal communities of Belgium, consisting of 9 municipalities and the 2 cantons Eupen and St. Vith. This German-speaking community lies in the eastern part of Belgium, covering an area of 854 km<sup>2</sup> along the nation's borders with Germany, the Netherlands, and Luxembourg (Figures 1 & 2). The total population of East Belgium counts 78.144. Figure 3 gives an overview of the population and population density of this federal community.



Figures 1, 2 & 3: Geographical location, population and population density of East Belgium municipalities and cantons (01.01.2021)



Medifit, is located in the municipality Büttgenbach. Next to this region, the geographical focus area of this research also includes the adjacent municipalities Amel and Büllingen as this is the maximum distance the majority of current members are travelling to participate in activities at medifit (Appendix 1: heat map). The closest HFC's which offer similar services as medifit can be found in St. Vith, Eupen and Malmhedy.

The geographical focus area counts a total of 16.582 inhabitants and its population density is, except for the municipality Burg-Reuland, lower compared to the rest of East Belgium. Further, Büttgenbach lies in the Ardennes and Belgian Eifel, south of the nature reserve the High Fens. Considering the low population density and the surrounding natural environment the geographical focus can be classified as a rural area.

### HFC in a rural area

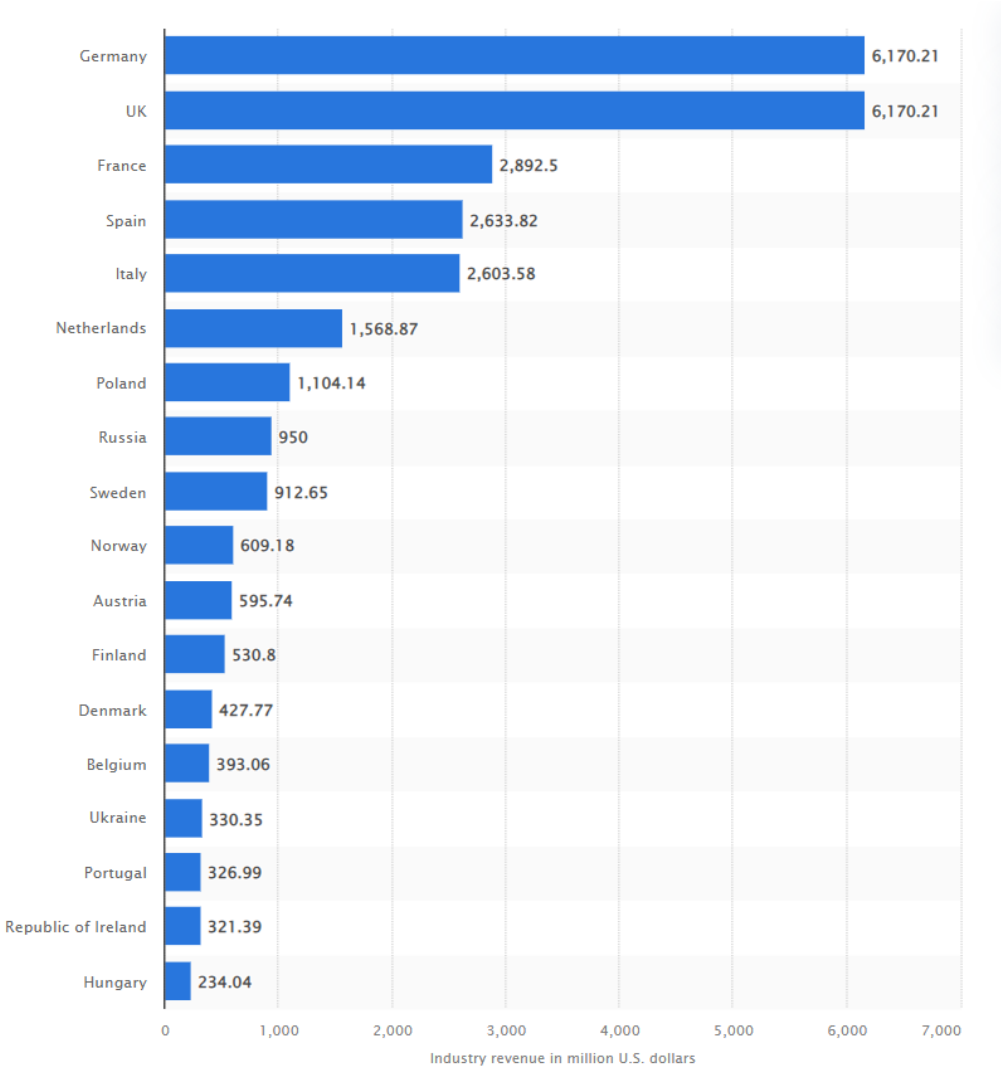
Green space may promote physical activity, and a number of studies have found that people living in rural areas undertake more physical activity (Shanahan et al., 2016, Sylejmani et al. 2019). In a study conducted among the Belgium population results showed that urban adults took more steps per day and, compared to rural adults, reported more walking and cycling for transport in the neighborhood and more recreational walking and cycling (Dyck et al., 2011). Nevertheless, urban residents often enjoy a better health and well-being than rural residents due to better access to healthcare infrastructure (European Commission-Joint Research Centre, 2019). In a study on the quality of rural life in Europe, the EU concluded that attention needs

to be given to providing adequate access to healthcare services in rural areas (Eurofound, 2019). Thus, providing fitness services in rural areas is therefore important. However, HFC's in rural areas run into challenges which similar organization in urban areas do not face, such as a limited population. Since an HFC is a business organization that has to be financially sustainable, the rather low potential volume of memberships in rural areas has a significant impact on its business model. For instance, the management of *Anytime Fitness*, a franchise of 24-hour HFC's, with locations in 50 countries has noticed differences in attracting new members regarding the geographical area. While franchised HFC's in urban areas use various kinds of advertisement to increase volume, word-of mouth and local events bring new members in rural areas in the door of *Anytime Fitness* (Eisberg, 2019). Hence, getting involved in the local rural community to understand the needs of people and delivering a tailored experience to these members is even more important than in higher populated areas. A good reputation for an HFC in a rural area is crucial to be financially sustainable as every inhabitant is a potential member and promoter within the rather small population size the HFC can target. Since medifit is located in a rural area it is also confronted with this challenge.

## 1.2 The fitness industry

The health and fitness industry in Europe encompasses everything from physical activity and sports participation, to health & fitness clubs and online fitness apps. In 2019 the market size of this industry in Europa counted for \$30,4 billion, with Germany and the UK generating the most revenues by far. However, in relation to their rather small population the Netherlands and Belgium also create substantially high revenues (Figure 4).

Figure 4: Revenue of the health & fitness club industry in European countries in 2019 (in million U.S. dollars)



Until 2019 the number of HFC’s , as well as the number of club members in Europe had been increasing, reaching approximately 65 million members across 65 thousand clubs (Gough, 2021). In 2019 Belgium counted 855 fitness center (HDD Group Academy, 2019). Basic-Fit, the European market leader in the value-for money fitness market, counts nearly 2.5 million members and 1.081 clubs across the Netherlands, Belgium, Luxembourg, France and Spain. It is the largest and fastest growing fitness chain in Europe and the top management expects to grow the number of its European fitness centra to 2.000 by 2025 and 3.000 by 2030. In Belgian there are currently 207 Basic-Fit fitness center and the top management of Basic-Fit sees potential to expand to 300 clubs. However, according to the CEO of Basic-Fit, this is only possible if public authorities do not introduce any new gym restrictions due to Covid-19, which previously has led to revenue losses of 125 million Euros for this fitness chain (Dereymaeker, 2021).

### 1.3 Impact of Covid-19

The fitness industry was severely impacted by the coronavirus pandemic. Governments issued restrictions on our way of life to prevent the spread of the virus, forcing gyms and fitness companies to announce temporary closure since the first wave of the pandemic in 2020. The number of active memberships across European health clubs fell by roughly 10 million – or 15.4% – during 2020. Clubs, studios and gyms across Europe had a total of 54.8 million members in December 2020 – a significant fall from the 64.8 million members in 2019. Many people quit or simply did not extend their membership, some switched to other exercise options being offered online, sometimes even for free. Consequently, revenues fell by nearly a third (32.9 per cent) across all European clubs. Still, the total number of fitness clubs declined by only 1.4 per cent, a relatively small figure, considering the pandemic lockdowns forced clubs to close, in some cases, between 40 to 50% of their operational days (Rutgers et al, 2021). However, the aftermath of the pandemic are still affecting the fitness industry. Most recently, for instance, an HFC in Lontzen (East Belgium) was forced to close due to the negative long-term effects of Covid-19 on its business as well as the rising energy costs (Habets, 2022). Thus, the corona pandemic continues to change the fitness industry and challenges the business model of HFC's.

The loss of revenues and decline in membership levels not only impacts the fitness industry but, most importantly, the wellbeing of the whole population, both in terms of physical and mental health. The pandemic has led to a renewed focus on public health and wellbeing across Europe. The protection of public health and the wellbeing of EU citizens has become a top priority for the EU. Research suggests that the fitness organizations can play a significant role in mitigating the negative effects of COVID-19. Physical activity can play a significant role in reducing COVID-related mortality as it enhances the immune system (Simpson et. al. , 2015), and helps reduce obesity, which is a predictor of mortality amongst COVID patients (Popkin et al., 2020). In addition, physical activity has shown to help to recover from the effects of severe lockdowns and restrictions on physical and mental health (Smith et al., 2020, Wright et al., 2021). In fact, Covid-19 has pushed people to think about health more holistically. In 2021, the fitness booking platform MindBody reported that about 50% of the platform's virtual bookings were yoga as customers seek classes focused on mindfulness indicating that in addition to physical health emotional and mental fitness has become a bigger priority (Davalos, 2021).

Thus, also in the light of Covid-19 and future possible health crises, HFC's play a crucial role in achieving a healthier population.

### **Conclusions on the fitness industry**

In conclusion, the fitness industry in Europe is a huge market which showed a steady growth of fitness center memberships until 2019. The severe impact of Covid-19 led to a decline in the volume of memberships, but post-pandemic the potential for growth is huge again as the importance of health services with a focus on the people and not their conditions has only increased due to the Covid-19. Physical and mental health has become an increasing priority for people and physical inactivity which already was a global problem pre-corona has only become a bigger challenge since the pandemic. The WHO and European Active have set ambitious goals to tackle physical inactivity and HFC's play a major role to promote physical activity and help people take control of their health status. Hence, the fitness industry is expected to bounce back from the corona-crisis, however, with a new face. HFC's will have to pivot their business models as the consumers behavior and demands have changed. This creates new business opportunities for HFC's which have to be discovered and captured. Therefore, research on business model development for HFC's is very important to successfully innovate by developing a sustainable and scalable business model.

## 2. medifit: context and managerial issues

Medifit was founded in 2009 by two physical therapists with the main focus on improving the fitness of people. Apart from the cleaning, these two persons were executing all activities within the HFC themselves. This included all administrative and other management tasks as well as all fitness instructions, medical advice and live courses. While this was highly valued by all members, especially the professional medical support during their fitness training, this business model was not sustainable and scalable in the long run. All provided services were included in the membership fee, hence, medical advice was basically offered for free. Moreover, the maximum capacities of both physical therapists quickly reached their limits and additional personal was hired. The personal, however, was not able to live up to the expectations of members. Membership sales did not increase while the costs were rising and consequently, in 2015, these two owners had to sell an in-debt medifit.

The current CEO and a former soccer professional, as business partners, bought medifit with the goal to bring the business of medifit back to life within 5 years by implementing a new concept that in addition to fitness & health also focuses on relaxation & wellness, fun, social interaction and personal goals. The core value of medifit is to improve the overall wellbeing, broken down in the following values:

- joy of living: enabling members to stay healthy and fit for life
- happiness: every member should be smiling and feeling like in dreamland at least for the time at medifit
- sense of belonging: we are one family, the medifit family
- motivating: motivating members to visit medifit on a regular basis
- connecting people: the medifit community is one of most precious things
- partnerships: creating a health network with various partners who offer their health services to medifit members

Medifit's mission is to help people get enjoyment of life due to health & fitness for nearly all ages (16 – 85 years) in the region Bütgenback and surroundings. Its vision is to create the probably healthiest region of the world by making regularly training an intrinsic part of the local population and to ensure this in the long term due to personal coaching and therapy.

Medifit followed this path successfully for the years after the takeover as the recovery showed very promising results. However, in 2020 when the corona-pandemic started, medifit experienced a hard crash with a loss many members while fixed costs remained high. When the

former soccer professional then decided to leave medifit and with no financial support from the government, the current CEO was forced to rethink the business model of medifit. He then decided to start implementing a new business model with a focus on partnerships to reduce personal costs. Since then the goal is to outsource as many key activities as possible to partners who provide their services at medifit.

Next to the CEO, medifit is run by a manager who is responsible for all day-to-day activities including the management and administration as well as the fitness support for members. However, the latter is offered at a basic level due to her basic knowledge on fitness instruction. Therefore, the fitness support is currently under criticism, especially by many longtime members who miss the type of professional (medical) support from the earlier days.

Medifit is a very innovative HFC which offers modern equipment, new training methods and courses of internationally high quality as well as healthy catering. When the fitness industry was hit by Covid-19 and its restrictions on HFC's, medifit quickly adapted by offering virtual training to its members. Nevertheless, many members left medifit during the corona-pandemic resulting in a decrease of memberships from ca. 550 pre-pandemic to ca. 350 as of today. Next to the frustrations and uncertainties regarding current and future corona restrictions, members gave the above mentioned lack of high quality (medical) fitness support as a major reason for leaving medifit.

Regarding the outsourcing of activities to partners, the biggest challenge is the fitness instruction for members at medifit. The goal is to give members professional fitness instruction that will answer their demand but simultaneously will not increase personal costs. The CEO is currently in advanced conversations with a fitness instructor who is interested to provide his services at medifit. Both agree that it is now essential to identify how to adjust the offers by medifit for the members as well the overall local population to retain customers and increase membership sales.

The other major challenge is the provision of live courses. Personal costs for instructors are very high and with the rather low attendance by members this concept is not financially sustainable. Therefore, medifit has started a pilot project with 'die Eiche', a non-profit association of the Christian Health Insurance Fund of East Belgium. It is a recognized adult education institution which offers various activities for elderly with a focus on aging in place, for instance by helping these people stay physically active. 'Die Eiche', located in Eupen, is seeking opportunities to provide their live courses in other parts of East Belgium. Within the pilot it was agreed that instructors from 'die Eiche' provide courses at medifit for their members

as well as for external customers. This pilot will be evaluated within this research to determine whether medifit should pursue a sustainable partnership with 'die Eiche'.

Originally the target was to reach 750 memberships although the facilities can even accommodate 1.200 people. However, considering the current situation the goal is to increase the total number of memberships to 450 by June 2022. Currently, medifit is not making any revenues and is confronted with the threat of losing more members and the difficulty to increase membership sales. Next to Covid-19 as a major risk factor, medifit is facing the challenge of implementing its new concept of partnerships in a fitness society and culture of members who are strongly shaped by the former high-medical quality but unsustainable fitness services. Therefore, an investigation is necessary to profoundly understand the demands and wishes of (future) members and the possibilities of collaborations with the above mentioned partners to help medifit develop a new sustainable and scalable business model.



### 3. Research questions

As we learned medifit has to revise its business model to tackle the above mentioned managerial issues. The starting point is the emphasis on outsourcing the major activities ‘fitness instruction’ and ‘provision of live courses’ to partners to avoid rising fixed costs for personal. While a potential partner for ‘fitness instruction’ has already been identified by the CEO of medifit, so far it is still unknown what exact value proposition should be offered to members and potentially new members. The pilot with ‘die Eiche’ on the other hand has already been started and needs to be evaluated. Thus, on the one hand it is necessary to fully understand the needs of (future) members, and on the other hand the development of the new business model for medifit has to be lean in turbulent times that can be best defined as the VUCA world, a volatile, uncertain, complex and ambiguous environment. Therefore, an entrepreneurial attitude, more precisely, a Lean startup and Design Thinking approach is needed to quickly learn how to steer, where to preserve or to change course the business of medifit to grow membership sales.

This investigation will be guided by research questions to define its clear focus. Based on the above described managerial issues of medifit the following research questions have been formulated:

1. How to improve the value proposition of medifit?
2. How to revise the current business model of medifit to tackle the current and future challenges in its rural environment?

## 4. Methodology

Relying on the **Lean start-up** approach and **Design Thinking Process** the following path has been chosen to answer the research questions.

The data for this research has been gathered in various ways. Following, the process of how data was collected and analyzed will be described.

A background research was undertaken to get a good understanding of the fitness industry and its trends and developments. First, a **literature review** was conducted to analyze existing knowledge on the fitness industry that is relevant for developing a new business model for an HFC (in a rural area). To gather this data a google search was conducted for research articles as well as websites containing valuable information for this study. This part was concluded with key points that served as hypotheses for the customer discovery phase.

Second, a **PESTLE** analysis for the macro-environment of medifit was conducted based on findings from the citizens' information platform of East Belgium as well as other national statistical websites. The key findings from this analysis also served as hypotheses for the customer discovery phase.

Next, the current business model of medifit was described in the **Business Model Canvas (BMC)**.

Several steps were then undertaken within the **customer discovery journey**. In the **Emphasize** stage a customer discovery journey took place which included the following techniques and concepts. First, a **customer journey map** was created where the researcher himself self-experienced the onboarding at medifit to walk in the shoes of a new member.

Second, **empathy interviews** were conducted with members of medifit, non-members from the geographical focus area and other stakeholders. Contact with the interviewees was initiated by the manager of medifit before the researcher conducted the interviews, digitally as well as live at the location of medifit. The technique of empathy interviews was used to build up a solid understanding of the customer's needs, emotions, motivations, pains and wishes about their physical and mental health in relation to physical activity. During these interviews the concept of **5W+H questions** was also applied to dig deeper into emotions and motives and to get to the root of the interviewee's values and decision making regarding their physical activities.

Next, an **online survey** among members as well as random people in the geographical focus area, referred to as non-members, was conducted to validate the findings from the interview within a bigger population. All members whose email address was known received a link to the

survey by email. Regarding the non-members, about 200 people, friends and acquaintances from the manager of medifit, received the survey by email. After a week a reminder was sent to both groups to increase the participation rate. In addition both surveys were posted on the facebook account of medifit to reach out to all followers.

The insights gained from the interviews and online surveys were then documented and visualized in an **empathy map**. The customer discovery phase was concluded with an **(in)validation of the hypotheses** from the background research.

Based on the insights from the customer discovery phase the empathy map was then transferred onto the **Value Proposition Canvas**.

After gaining a deep understanding about the (non)members in the customer discovery phase the **Define** stage followed to establish a clear idea of the exact problems that were solved for (non)members. First, the gained knowledge on the (non)members was condensed in problem statements, written expressions which include the users, their needs and the (surprising) insights about them, called the **Point of View (POV)**. A POV is a narrowly-focused actionable problem statement, that identifies the gap between the current state and the desired state, and will act as a northern star to steer in the right direction towards feasible solutions for (non)members (Dam, 2021). Next, the POV-statements were reframed to **“How might we...” questions (HMW)**, which is re-wording the core user’s needs into questions that do not suggest a particular solution, but offer the chance to answer them in a variety of ways. HMW questions form a good frame for innovative thinking (Dam, 2021).

Eventually, the **Pivot** of medifit is described as well as an analysis of the new value proposition in relation to the **30 elements of value**. Finally, the new BMC of medifit is presented.

## 5. Discussion of models and concepts

This chapter includes the main models and concepts that served as the foundation to answer the research questions. Next to a brief description the relevancy in relation to the case of medifit will be explained.

### 5.1 PESTLE

A PESTLE analysis will be conducted to understand the overall picture of the eco-system that medifit is part of. External factors such as Covid-19 but also governmental regulations, technology innovations and competition affect the performance and activities of medifit in the short and long term. The PESTLE framework was selected for this macro-environment analysis due to its wide application, familiarity and its ability to anticipate future threats and opportunities which will impact the decision-making process for the new business model of medifit. Moreover, since the external environment is not covered within the BMC, the PESTLE analysis will provide valuable information to set necessary constraints in the development of the new BMC for medifit. A detailed description of the PESTLE factors can be found in Appendix 2.

### 5.2 Business Model Canvas

“A business model describes the rationale of how an organization creates, delivers, and captures value.” The BMC is a shared language for describing, visualizing, assessing and changing business models. This method from the bestselling management book *Business Model Generation* is applied in leading organizations and start-ups worldwide (Alexander Osterwalder & Yves Pigneur, 2010). One advantage of the BMC is that it allows to easily describe and manipulate business models to create new strategic alternatives. Therefore, this method ideally fits in the research framework of this study. Within this research the BMC will be applied on the one hand to describe and assess the current business model of medifit (AS IS). On the other hand, the BMC will then be used to develop the future business model of medifit (TO BE). The BMC is a one-page document that lays out the most important elements for a business to make money while delivering a unique value proposition in 9 building blocks. A description per building block can be found in Appendix 3.

### 5.3 Empathy map

This Empathy map, a user-centric design to understand and prioritize user needs, will be applied to visualize the gained insights from (non)members on their to do's, their pains and wishes.

Thereby, this tool will help to summarize and clarify the huge amount of qualitative data from the interviews and online surveys. Moreover, the output from the Empathy map will be used to design to design a compelling value proposition.

#### 5.4 Value Proposition Canvas

To create a fit between the (new) services by medifit with its members and potential new members, the Value Proposition Canvas is a widely applied tool that helps companies position their product/services around the customers' values and needs (Pereira, 2016). It will act as a guidance in the transition from understanding the needs of (non)members to developing satisfactory services. Thereby, the core features of medifit's services the (non)members attach the biggest value to will be identified leaving out all other irrelevant elements.

#### 5.5 Elements of value

Understanding the true value of services is extremely difficult due to its psychological and highly personal nature, especially in the health and fitness industry. Members and potential new members of an HFC weigh the perceived value against the asking price. To understand this perceived value the Bain Company has identified 30 'elements of value' which go beyond needs and wants of customers. The elements are arranged in a pyramid (Appendix 4) with the functional or basic needs (e.g. saves time, makes money) at the base, then rising up through emotional (e.g. reduces anxiety), life changing (e.g. provides hope), through to social impact (Almquist, 2016). Since the introduction of this rather practical model, experts agree that while it is important to first meet some of a customer's functional needs to build a strong foundation, the three higher levels have a real/strong impact in terms of value leading to growth of a company.

Thereby this model offers an opportunity to help medifit to grow membership through gaining a deeper understanding of the perceived value by (non)members. The focus hereby will be to deliver value that does not only affect the members of medifit, but have a social impact on the whole population of the geographical focus area. Thus, connecting with the members' wish to do social good in society through their actions at medifit.

#### 5.6 Pivot

"A pivot is a change in strategy but not in vision". It is a special change designed to test a fundamental new hypothesis about a product/service or business model (Ries, 2011). Hence,

pivots consider not only radical or high-impact changes, but also more specific or incremental changes that are gradually changing a company's course. It is widely known that business strategies and business models undergo changes throughout a company's life, in order to improve its performance and success. For example, the difficulty in gaining customers can lead to a major change in the business model of a company, forcing the management to consider a pivot. In the case of medifit, a pivot is necessary as external forces such as the impact of Covid-19 and the internal pressure from the members' dissatisfaction with the fitness support are threatening the existence of this HFC.

According to Osterwalder & Pigneur (2009) each of the nine components of the BMC can be a starting point for a pivot as ideas for business model innovation can come from anywhere. The authors distinguish further between the following four epicenters, areas of fundamental focus in the BMC that help to derive the company's strategy approach. Also, business model innovation can emerge from several epicenters simultaneously.

1. *Customer-driven epicenter:*

These innovations are based on the needs of each client, in the facilitated access or in the increase of the convenience.

2. *Offer-driven epicenter:*

Innovations from this kind of epicenter create new value proposals to be delivered to the customer.

3. *Resource-driven epicenter:*

This type of epicenter allows to expand or transform the business model of the company, through the innovations originated in the company's existing infrastructure or partnerships.

4. *Finance-driven epicenter:*

These innovations are driven by revenue streams, pricing mechanisms or from reduced cost structures.

While medifit continues to follow its original vision and values, it is clear that a pivot from the customer-driven epicenter is necessary to develop a new value proposition for its members. In addition, it will become clear during this research whether pivots from other elements from the BMC are required as well.

## 6. Results

### 6.1 Literature review

#### **The changing European Fitness Industry**

In a Delphi Survey of over 50 fitness experts from 26 countries, who were interviewed shortly before the outbreak of Covid-19, the main drivers for change and development in the European Fitness Industry over the next decade were identified (Moustakas et al., 2020). According to 69% of these experts digitalization and technologies will have a significant impact on the fitness sector in the next 10 years. Also, 65% of the spoken experts believe that health and demographics will have a huge influence on the industry by 2030. Nearly 50% also see society and communities as a significant driver, while economy and innovation was only rated by 30% of experts as highly impactful. However, this latter low rating can be clarified by the fact that experts were not yet confronted with the situation of forceful closure of fitness clubs due to the pandemic.

These experts also provided their opinion on the main characteristics of fitness clubs over the next decade. More than half of the experts (52%) believe that it will be extremely likely that fitness places will provide an experience to the users. More specifically, this experience should be inherently social and support the creation of fitness communities. Also, 45% of the experts mentioned that it is extremely likely that fitness clubs will work more on customer retention than at present. Finally, 41% of the experts reported that fitness places will adopt a special concept such as micro-gyms, boutiques, or high-tech gyms.

#### **Physical inactivity**

As mentioned in the introduction physical inactivity among the majority of adults has been identified by the WHO as a major challenge to tackle to create a healthier society. The question rises how to motivate people to be more physically active. However, first one needs to understand what are the reasons why people are inactive. This has already been studied long ago by Crawford et al. (1991) who listed 3 types of constraints, factors that limit the formation of leisure preferences and/or inhibit or prohibit participation and enjoyment of leisure by the personal perception or experience. These 3 constraints can be summarized as following:

1. Internal constraints:

Individual psychological characteristics that affect the development of leisure preferences such as anxiety, stress or lack of skills or confidence

2. Interpersonal constraints:

Social factors that influence the development of leisure preferences, such as lack of appropriate partners

3. Structural constraints:

Factors that occur after the development of leisure preferences, such as lack of availability or time and excessive costs

These factors which apply to physical inactivity in general are also valid for the fitness industry. A survey among British people for instance revealed that the main constraint for working out in a fitness center was lack of time. Other high-ranking constraints included ‘the gym is too far from home’, ‘lack of information for using fitness equipment’ and ‘membership is too expensive’. This study also showed why people quickly lose motivation and quit their membership. Almost half of these people do not have a specific goal in mind when joining an HFC, and of those that do have goals, nearly three quarters do not set a deadline for achieving their goals (Nuffield Health, 2018).

## **Digitalization**

The landscape of the fitness industry has transformed due to restrictions by COVID-19 measures and as we move into a post-pandemic world, the way that consumers approach their exercise and wellness regimes has changed for good too. The pandemic has focused the health & fitness industry’s attention towards providing digital or mobile services. The closure of fitness clubs and the compulsory limitation of direct social contact resulted in many people experiencing online home fitness for the first time. Consequently, during lockdown, many gyms began to provide their services online. Before the pandemic, technology was a useful addition to fitness business as it helped to manage for instance administrations, scheduling and payments. Nowadays, however, technology enables a lot more as members are becoming used to working out with live-streaming, virtual trainers and in-app progress tracking. Therefore, when gyms reopened after lockdowns it became essential for fitness businesses to ensure that online offering is on par with real-life fitness programs. Already in 2019, before the pandemic, almost 80% of owners, operators, and gym managers reported that online training and the use of technology are emerging trends in the European fitness industry (EuropeActive, 2019). A study by Les Mills (2019) which surveyed more than 12,000 people in 22 countries found that 85% of gym members also work out at home, and that 28% of home exercisers use a paid or



free online workout app. Home fitness apps were already available long before Covid-19 but their popularity has risen during the pandemic as health & fitness app downloads grew by 46% globally and 25% within Europe in 2020. Although fitness clubs have re-opened again the number of users of fitness apps continuously increases due to various factors including simplicity of use, increased privacy, time constraints and lower costs compared to fitness centers. The European fitness app market size is estimated to be growing at a CAGR of 21,5% from 2021 to 2026 (Market Data Forecast, 2022). Millennials and Generation Z account for 89% of total users of online or app-based workouts (Les Mills, 2019).

Thus, the digital fitness era is coming and it can help people to overcome the aforementioned main hurdles that have stopped them from joining a fitness club, namely perceived cost, convenience and lack of time. However, this increase in demand for virtual and on-demand workouts also creates challenges for HFC's. A recent research undertaken by Virtuagym (2020), among 6.000 European fitness clubs with a total of 5 million members, found that while the vast majority of these businesses are offering online classes and workout options, more than half of them surveyed are unsure how to monetize and market their new digital fitness plans. Hence, while digital fitness is changing the fitness industry, many fitness organizations seem to be still struggling to successfully integrate online training offers within their business model. Covid-19 has accelerated the adoption of a hybrid model where members can combine at-home and in-club workouts. Many experts foresee that the fitness industry will be dominated by hybrid solutions as these increase the convenience for people to exercise at the gym when they have the time, but at-home the rest of the time. Research has shown that HFC's that offer online training deepen their relationships with members by increasing interactions outside their facilities (Les Mills, 2019). Thus, when implemented effectively, the digital fitness trend enables to keep members engaged outside of an HFC, which in turn also drives them back for group classes and other services at the HFC.

### **Socializing at an HFC**

Digital and technology are important, particularly for growing the market, but live classes will always be the peak in terms of the experience and motivation that clubs can offer members. According to a study by The Retention People (TRP) in 2018, 58% of members reported being highly motivated by the social aspect of attending the gym. Another research by Grapensberger (2019) showed that gym attendees experience increased levels of individual enjoyment, exertion and satisfaction as a result of group exercise.

Further, as the proliferation of smartphones, social media and remote working continues to diminish human touchpoints in our lives, particularly among younger generations, loneliness is becoming a major societal issue. This issue has even increased due to Covid-19, especially during lockdowns, when people lived rather isolated as social interaction was only possible to a certain degree. This emphasizes the specific social benefits of HFC's as these organizations are well-placed to help people tackle (technology-driven) loneliness and facilitate camaraderie by offering group exercise. Interestingly, the aforementioned survey by LesMills revealed that Millennials and Generation who are the main users of home-fitness apps also represent 80% of all gym-goers. This group of consumers is willing to pay a premium price for health-related services as these generations want connectivity, community, and an innovative approach to fitness training. This has led to the rise of boutique fitness, small fitness studio's that offer only one or two types of workouts but with a strong focus on providing the best workout experience for their clients.

### **Fitness professionals**

Within the aforementioned Delphi Survey among EU fitness experts (Moustakas et al., 2020), the following opinions on the future skills and requirements of fitness professionals were reported First, there is a broad agreement over the need for these professionals to work on a variety of health issues and with a wide range of populations. Items including skilled to work with special populations (e.g. older people, people with special diseases or co-morbidities), skilled to work in health prevention, and being more of a lifestyle coach were rated as extremely likely by the experts. Second, various soft skills were seen as increasingly required, such as having better communication skills, maintaining an attitude of continued learning and providing more accurate information to customers were rated as extremely likely by the experts. This reflects the changing nature of the fitness profession, whereby how to communicate and engage with clients is now a cornerstone of the provision of services.

### **Customer retention**

The above-mentioned study by TRP (2018) found that members who engage in group training just once per week are 20% more likely to be loyal members (staying longer and referring friends) than those who visit 3 times per week and only workout on the gym floor.

Customer retention starts the moment a new member signs up at a fitness club as research in 2016 already showed that 87% of members onboarded successfully still remained active after

6 months (ISRA, 2016). The onboarding process is then the time between a sign up and the customer success story, when he/she achieves his/her goals. Industry experts have defined the following 6 building blocks for a successful onboarding process (Curley, 2020):

1. Understand customers to offer tailored solutions
2. Develop a communication strategy
3. Create customer-focused goals and milestone celebrations
4. Encourage new member engagement in group activities (trainings)
5. Share health and fitness knowledge
6. Measure customer satisfaction to evaluate and adjust

Further, once these customers become long-standing members it is important to re-energize them on a regular basis by constantly give people new reasons to visit HFC's and to increase the likelihood of staying members (ISRA, 2016).

#### 6.1.1. Hypotheses for medifit







Based on the results from the literature review the following hypotheses were formulated in relation to the context of medifit. These will be tested during the customer discovery phase.

1. (Non)members of medifit are demanding an experience which should be social and support the creation of fitness communities.
2. Group dynamics from live courses enhances medifit's members' exercise experience.
3. There is an increasing demand for digital training options, especially among the younger generations, in the geographical focus area of medifit.
4. On the other hand, due to (technology-driven) loneliness younger generations in the geographical focus area of medifit also have a huge need for in-club training to socialize with other young people.
5. Inhabitants from the geographical focus area do not engage in physical activities at medifit because
  - a. the HFC is too far from home
  - b. of lack of professional support (information for using fitness equipment)
  - c. membership is too expensive
6. Members of medifit quit their membership because they do not set a clear goal and deadline to achieve their goal.

7. Since Covid-19 Members of medifit and non-members from the geographical focus area, especially Millennials and Generation Z, train more at home and use more frequently fitness apps due to simplicity of use, increased privacy, time constraints and lower costs compared to fitness centers.
8. Members of medifit demand fitness instructors who are able to work as lifestyle coaches with a broad range of people with various health issues, who possess good communication skills and provide thorough information on fitness training.
9. Members of medifit demand new activities on a regular basis as a motivation to continue training at this HFC.

## 6.2 PESTLE

### PESTLE analysis of the macro-environment of medifit

 <p>POLITICAL</p>	 <p>ECONOMIC</p>	 <p>SOCIAL</p>	 <p>TECHNOLOGICAL</p>	 <p>LEGAL</p>	 <p>ENVIRONMENTAL</p>
<ul style="list-style-type: none"> <li>➤ Governmental strategic priorities and activities:               <ul style="list-style-type: none"> <li>A. Project ‘Strengthening of Sport Structures’</li> <li>B. Project Worriken 4.0</li> </ul> </li> <li>➤ Covid-19 regulations</li> <li>➤ 4-day work week</li> </ul>	<ul style="list-style-type: none"> <li>➤ Low unemployment rate</li> <li>➤ High number of employers, employees and self-employed</li> <li>➤ High inflation rate</li> </ul>	<ul style="list-style-type: none"> <li>➤ Aging population</li> <li>➤ Age distribution</li> <li>➤ Physically highly active population</li> <li>➤ Relatively high obesity rate</li> <li>➤ Work-related health problems</li> <li>➤ Commuting time to work</li> <li>➤ Tourism</li> <li>➤ Local sports facilities are important</li> <li>➤ Access to various health interventions is important</li> <li>➤ High solidarity among local population</li> <li>➤ Optimistic view on local economy</li> </ul>	<ul style="list-style-type: none"> <li>➤ Online training</li> <li>➤ Internet infrastructure to communicate with members and potential new members</li> <li>➤ Internet of Things such as ‘in-app progress tracking’ and ‘medical wearables’</li> </ul>	<ul style="list-style-type: none"> <li>➤ Code of conduct</li> <li>➤ Health and safety regulations</li> </ul>	<ul style="list-style-type: none"> <li>➤ High eco-awareness among local population</li> <li>➤ Attitude to climate change, carbon footprint and green technology</li> </ul>

Following there is a detailed description of the PESTLE analysis per factor.

### **Political factors**

#### ➤ Governmental strategic priorities and activities

##### A. Project ‘Strengthening of Sport Structures’

In Eastern Belgium, sport is an important factor in participation in social life, integration and health promotion. Therefore, the project ‘Strengthening of Sport Structures’ has been anchored in the strategic plan of the local government (*REK III*). A sport umbrella organization has been brought to life to support sport in general and its importance as a factor of integration, participation in social life, tolerance, acceptance and health promotion.

##### B. Project Worriken 4.0

The government of the German-speaking community will invest extensively in the Worriken destination in the coming years in order to offer even more diverse sports and leisure activities. This sports and holiday park is only about 3 km from medifit. An interview with the Eastern Belgium Ministry of Sports revealed that the local government does intend to create Worriken 4.0 as a competitor in terms of offering similar sports facilities for any age group, but will consider looking for synergies with medifit.

#### ➤ Covid-19 regulations

At the moment when this thesis is written gyms in Belgium are allowed to be open at limited capacity, as well as with social distancing and ventilation requirements. A covid pass or equivalent is also obliged. According to a survey among 270 Belgian fitness companies, these businesses lost 10-20% of their members in October and November 2021 due to the introduction of the Covid Safe Ticket (CST). About 86% of the fitness company owners indicate that members stop or freeze their subscriptions because of the introduction of the CST (Mazzagatti, 2021). This regulation can still be a negative factor for medifit as people may see a CST as inconvenient and decide not to join an HFC or extend their membership.

#### ➤ 4-day work week

Belgium has introduced the 4-day work week. Employees who want to opt for the new work regime will be able to work up to 10 hours per day if trade unions agree, instead of the current 8 hours, in order to work one day less per week for the same pay. This means that Belgians will

have more free time for physical activities. This creates an opportunity for medifit to attract more customers.

### **Economic factors**

#### ➤ Low unemployment rate

The main geographical focus area has a low unemployment rate of 3,2% in Bütgenbach, 2,2% in Amel and 3,3% in Büllingen. This indicates that there is only a little group of people that might not have the financial measures and priority to join an HFC.

#### ➤ High number of employers, employees and self-employed

The main geographical focus area counts in total 465 employers, 3.601 employees and 1.900 self-employed people.

#### ➤ High inflation rate

The inflation rate is 8,31% (April 2022). Compared to 2021 prices for gas and electricity have risen by 150% respectively 70%. This is a negative indicator for the business of medifit as it has to pay higher fixed costs for maintaining its facilities. Moreover, since the population has less money to spend on leisure activities which could negatively impact their decision on joining medifit.

### **Socio-cultural factors**

#### ➤ Ageing population

The population forecast for all age groups within Eastern Belgium shows that the group of people aged 65 years and older is the only group with a rising tendency (Appendix 5). The elderly have a high demand for interventions to stay healthy or improve their health which can be provided by medifit.

#### ➤ Age distribution

People between 15-64 years of age form the biggest age group in the geographical focus area (Appendix 5). This age group includes Millennials and Generation Z, who according to previously mentioned research, account for the biggest group of gym-goers.

#### ➤ Physically highly active population

About 72% of the population of East Belgium reported to be physically active for at least 150 minutes per week, the highest score within whole Belgium during a survey in 2018 (Appendix 5). The importance for East Belgians to be highly physical activity creates an opportunity for medifit to attract more customers.

➤ Relatively high obesity rate

About 50% of the population of East Belgium has a BMI  $\geq 25$  and are thus considered as being overweight (see appendix 2). Although until 2020 there was a decreasing tendency of the obesity rate in East Belgium (see appendix 2), this is still a huge group that can be approached by medifit to offer weight-losing activities.

➤ Tourism

Bütgenbach is a touristic hot spot. In 2021 the municipality had the most touristic visitors compared to all other East Belgian regions. These visitors stayed on average around 3 days in this region. Although this is a rather short stay these people could also be interesting customers for medifit.

➤ Work-related health problems

In a national survey in 2020, 622.104 Belgians reported to have had a health problem due to their work. The majority of the respondents (55.4%) had bone, joint or muscle problems, followed by stress, depression or anxiety (25.9%) (StatBel, 2021). These findings underpin the fact that many mental and physical health issues are caused by working conditions.

➤ Commuting time to work

Many people living in the main geographical focus area commute to Luxembourg for work, for instance employees who live in Bütgenbach spend 1,5 hours daily to drive back and forth. This reduces their free time, hence possibility to be physically active in an HFC.

➤ Local sports facilities are important

In October 2021 89% of the population of East Belgium who participated in an online dialogue platform of the local government rated the availability of sports facilities as important. This underpins the positive attitude of the local population in doing sports, which is an opportunity for medifit to answer this demand.



- Access to various health interventions is important

In October 2021 93% of the population of East Belgium who participated in an online dialogue platform of the local government considered it as important to have access to a variety of facilities offering health interventions. This underpins the high level of importance the local population gives to their health. Again, this is an opportunity for medifit to fulfil the wish of these people to stay healthy or improve their overall health.

- High solidarity among local population

In the same online survey 87% rated a strong and solidarity cohesion within the villages and municipalities of East Belgium as important. This shows there is strong will for social interaction within local communities. This is a positive indicator for medifit as an HFC is also place to socially interact and build stronger communities.

- Optimistic view on local economy

78% of the population of East Belgium were very optimistic about the future local economic development in July 2021.

### **Technological factors**

- Online training

As earlier mentioned studies showed there is an increase in online training demand, especially by Millennials and Generation Z. Digital training provides the opportunity to increase customer retention and attraction of new members. Medifit already provides the opportunity for members to participate in online training by LesMills.

- Internet infrastructure to communicate with members and potential new members

As earlier mentioned studies showed people want to stay connected with each other and be informed about new developments at an HFC. Medifit uses social media (facebook), whatsapp and email to communicate with its members.

- Internet of Things such as ‘in-app progress tracking’ and ‘medical wearables’

Fitness apps and wearable technology can track progress during exercise, summarize post-workout performance and can compare this with historical performance data. This enables members of an HFC to take responsibility for their own fitness goals, to feel a sense of accountability, and to compete with themselves or other members. This has a positive effect on

member retention as more engaged members are less likely to feel demotivated, stop going to the gym and eventually end their contracts.

### **Legal factors**

#### ➤ Code of conduct

The professional associations of the fitness sector have drawn up this code of conduct, with the aim to deal with consumers in a balanced and transparent manner. It contains a number of rules of conduct that supplement the legal rules for protection of the consumer. Medifit is bound by this Code of Conduct so it insures strict compliance with the rules, for instance providing clear tariffs, offering a choice among various membership types, accepting termination of the contract under certain circumstances and handling of customer complaints and disputing settlements.

#### ➤ Health and safety regulations

For the fitness industry there are health and safety regulations that HFC's must follow such as insurance issues and regular machine maintenance. Further, medifit is required to keep their establishments clean and safe in order to avoid the chance of illness or injury of members.

### **Environmental factors**

#### ➤ High eco-awareness among local population

In October 2021 97% of the population of East Belgium who participated in an online dialogue platform of the local government rated the protection of the local nature and resources sustainability, and dealing with climate changes as important. Hence, the affinity of the local population towards nature in relation to physical activity is worth further investigation to explore opportunities for medifit.

#### ➤ Attitude to climate change, carbon footprint and green technology

Sustainability and climate change is high on the agenda of Eastern Belgium. The goal is to reduce CO2 emissions within this region by 40% by 2030 and to introduce various climate adaptation strategies. Medifit is committed to contribute their quota to this movement, for instance by using an energy-efficient infrastructure, reducing plastics, going paperless and using eco-friendly equipment.

## 6.2.1 Hypotheses for medifit

While some of the findings from this PESTLE analysis revealed insights that will be referred when describing the results of this research, this exploration has also led to additional hypotheses to be tested within the customer journey phase.

The next hypotheses has a close linkage with a hypotheses from the literature review and will therefore be added as following:

- Addition to hypotheses 1: Members of medifit consider social interaction and building a strong community as an important motivation for their training.

The new hypotheses are formulated as following:

10. Future covid-19 regulations such as the Covid Safe Ticket have a negative impact on the decision of medifit's members to extend their membership.
11. Potential new customers for medifit are more price sensitive and less willing to pay membership fees due to the high inflation and other increasing living costs.
12. Members train at medifit to improve their work-related health disorders.
13. Commuting time to work (in Luxembourg) negatively impacts the training of members at medifit and is a reason for non-members to not to join an HFC.
14. There is a demand among members of medifit to be connected with medifit via social media to communicate and to be informed about news.
15. Internet of Things such as 'in-app progress tracking' and 'medical wearables' motivate members of medifit to continue their training regularly.
16. Members and random people from the geographical focus area enjoy performing physical activities in the (local) nature.
17. Members of medifit pay a lot of attention to sustainability, in terms of an energy-efficient infrastructure at medifit.

Next, the current business model of medifit is visualized and described in the Business Model Canvas (AS IS).

### 6.3 Business Model Canvas (AS IS)

<b>KEY PARTNERS</b> <ul style="list-style-type: none"> <li>• ‘Die Eiche’</li> <li>• nutritionist</li> <li>• cleaning service</li> <li>• maintenance service</li> </ul>	<b>KEY ACTIVITIES</b> <ul style="list-style-type: none"> <li>• management &amp; marketing</li> <li>• fitness instruction and evaluation moments</li> <li>• providing live courses</li> <li>• nutritional advice</li> <li>• cleaning</li> <li>• maintenance of equipment</li> </ul>	<b>VALUE PROPOSITION</b> <ul style="list-style-type: none"> <li>• access to a highly modern and hygienic health &amp; fitness center offering a diverse exercise and wellness infrastructure</li> <li>• fitness support</li> <li>• enjoying course training at medifit (live) and anywhere (digital)</li> </ul>	<b>CUSTOMER RELATIONSHIP</b> <ul style="list-style-type: none"> <li>• personal interaction at medifit</li> <li>• via instructors from ‘die Eiche’</li> </ul>	<b>CUSTOMER SEGMENTS</b> <ul style="list-style-type: none"> <li>• any person in the age group of young adults to the elderly</li> </ul>
	<b>KEY RESOURCES</b> <ul style="list-style-type: none"> <li>• personal: manager</li> <li>• equipment</li> <li>• building (course room etc.)</li> </ul>		<b>CHANNELS</b> <ul style="list-style-type: none"> <li>• medifit website</li> <li>• social media</li> <li>• face-to-face</li> </ul>	
<b>COST STRUCTURE</b> <ul style="list-style-type: none"> <li>• energy &amp; electricity</li> <li>• interest charges and cost of capital</li> <li>• personal</li> <li>• cleaning and maintenance</li> </ul>			<b>REVENUE STREAM(S)</b> <p>Different membership options</p> <ul style="list-style-type: none"> <li>• MyBasic</li> <li>• MyPlatin</li> <li>• Day ticket</li> </ul>	

## **Detailed description per building block**

### **Value Propositions**

#### Infrastructure

Medifit offers a modern training and wellness infrastructure. The CEO has made huge investments to upgrade the training machines and equipment of international high quality. There is a huge variety of exercising possible for the bodybuilder as well as the housewife. The high standard and huge variation is offered to reach out to all kinds of people with various fitness interests and health status to help them stay healthy and fit or improve their physical health and fitness. In addition there is also a focus on the mental health of members by offering wellness such as sauna or infrared to provide relaxation moments. Moreover, fun and social interaction is promoted by creating a family and friendly atmosphere.

#### Course training

Digital courses from LesMills can be accessed by members from the medifit online platform. In terms of live courses the following agreement has been arranged for the pilot project with 'die Eiche'. Instructors from 'die Eiche' provide courses at medifit. While 'die Eiche' is not paying any rent for the course room medifit does not pay the instructors. Per course 10 places are reserved for members of medifit who can attend these classes as part of their regular membership. 'Die Eiche' can sell additional 10 places for other people. There is a huge variety of live courses ranging from yoga, pilates, indoor-cycling to the newest trends such as smovey. Although medifit does not make any direct revenues with live courses this concept ensures the continuity of live courses which is considered as an important value proposition to attract more customers to increase the total number of memberships.

Regarding, digital training members can participate in

#### Fitness support

The fitness support varies depending on the type of membership. Those members who have opted for 'Mybasic' are supposed to train on their own. Most of these people do not demand any support, but in case of any question also receive help and advice. Those members who have chosen 'My platin' start their first session at medifit with a 1 hour introduction to the 'Milon circle' to get their personalized settings. In addition they receive a standardized training plan and four evaluation moments per year. Further, these members can enjoy the whole fitness and wellness infrastructure of medifit such as any live course, plus free cold and hot beverages.

## **Customer Segments**

Due to the high variety of the training infrastructure as well as live and digital courses medifit is offering its services to any person in the age group of young adults (>16 years) and the elderly.

## **Key Partnerships**

As earlier described the focus within the business model of medifit is to outsource as many key activities as possible to partners. So far, the following partnerships have been initiated/established: :

- 'die Eiche': pilot project on the provision of live and digital courses
- nutritionist: nutritional advice in the form of an "in-house concept". The nutritionist works on a self-employed basis. A room at medifit is made available for her and in return she reserves 3 hours of her services for members of medifit.
- cleaning: twice a day this activity is done by a cleaning service
- maintenance of the training infrastructure is required regularly to guarantee safety use of the equipment

## **Key Activities**

Next to the above described outsourced activities the CEO and manager take the full own responsibility for the management and marketing as well as the earlier described basic fitness support. Apart from the latter the intention is to keep these key activities within the role of the CEO and manager.

## **Channels**

Next to the personal interaction medifit uses whatsapp to communicate with members and facebook to interact with all followers including non-members from the local population.

## **Customer Relationships**

Medifit maintains its relationships with members through personal interaction at medifit. Hereby, the family and friendly atmosphere plays an important role to build a strong social fitness community.

## **Key Resources**

There are only three major key resources, being the manager, the equipment and the building.

## Revenue Streams

The following different membership types exist at medifit:

- MyBasic: contract for minimum 3 months that can be cancelled anytime
- MyPlatin
  - Fix: a fixed contract between 6 months and 60 months with a decreasing monthly fee the longer the contract.
  - Flex: cancelling is possible anytime and the monthly fee will be adjusted at the moment of cancellation according to the length of membership.
- Day ticket for using all offers at medifit within 24 hours

## Cost Structure

Medifit is confronted with high fixed costs, namely the continuously rising high energy and electricity costs. In addition medifit has to pay cost of capital and the interest charges for the huge investments in the modern training and wellness infrastructure are. Finally there are costs for human resources, the manager, cleaning and maintenance service.

## 6.4 Customer discovery phase

### Interviews

In total 27 interviews (12 members, 10 non-members and 5 other stakeholders) were conducted. While all interviews with non-members took place digitally via MS Teams, half of the interviews with members were also conducted at the location of medifit. After these 22 interviews the saturation point was reached as the last interviews did not reveal any new insights.

### Online survey

Of the 258 members who received a link to the online survey, 197 have read the email, and a total of 72 people (57% female and 43% male) participated in the survey. The main age group was formed by 40 – 54 years (29%), followed by 25 – 39 years (27%) and 55 – 64 years (20%). Only 11% of elderly and 13% of young adults took part in this survey.

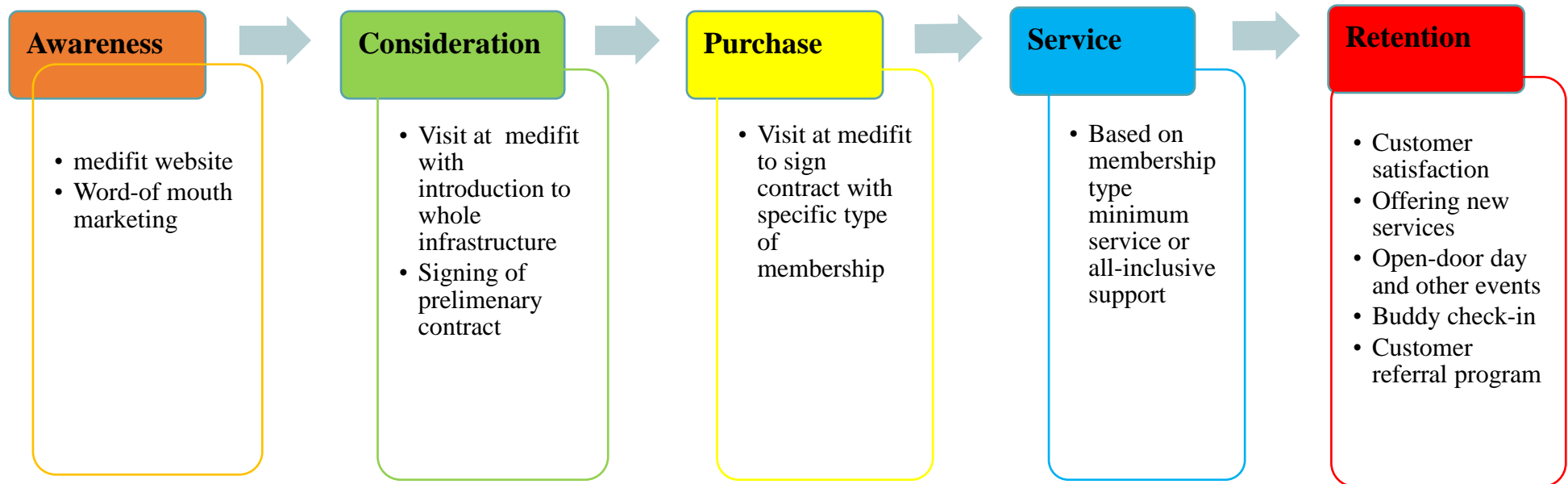
Of the 279 random people from the geographical focus area, non-members of medifit, who received a link to the online survey by email, a total of 54 people (60% female and 40% male) participated in the survey. The main age group was formed by 40 – 54 years (38%), followed by 25 – 39 years (31%) and 55 – 64 years (23%). Only 2 elderly and 2 young adults filled in

the questionnaire. The presentation of the results of the interviews and online surveys follows a visualization and description of the customer journey map, as presented below.



## 6.4.1 Customer journey map

This customer journey describes the different phases a person passes before becoming a vast member of medifit.



## **Detailed description of the ‘Customer journey’**

### **Awareness**

New customers learn about medifit from their website or through word-of mouth marketing. These people report that they discovered the HFC via a google search or from a conversation with friends or family who are either current or ex-members of medifit. Current members can also invite friends to medifit via the ‘Buddy check-in’ initiative, which gives a members’ friend the possibility for a free months of training to get to know the facilities.

First contact between new potential members and medifit is by phone to give some first general information and to plan a meeting at medifit.

### **Consideration**

During the first meeting new customers get an introduction to the whole infrastructure of medifit by focusing on its unique selling points such as the modern training facilities as well as the wellness facilities. Further, the new customer signs a preliminary contract and are given time to think about the type of membership tariff which suits them best. A second meeting is planned. At this stage there are rarely drop outs of customers.

### **Purchase**

During the second meeting at medifit the final contract is signed. The new member has then chosen between either a ‘Mybasic’ or ‘Myplatinum’ membership.

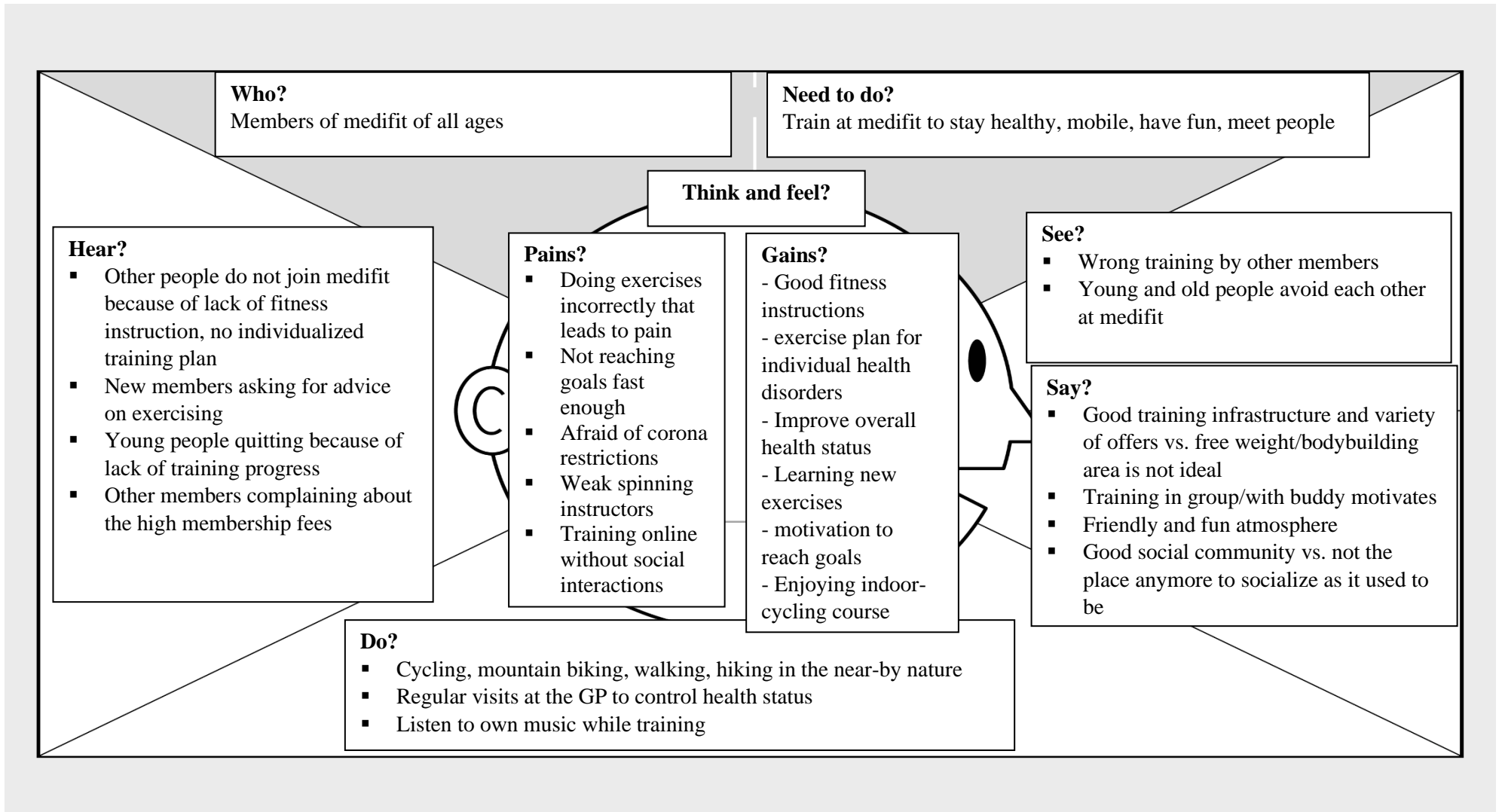
### **Service**

The service offered by medifit in terms of fitness support and live & digital courses, have been earlier described in the BMC (AS IS) .

### **Retention**

Medifit measures customer satisfaction by giving members the possibility to give feedback on a paper handout which includes an overall score and any general remarks to improve services at medifit. Further, several initiatives are undertaken by medifit to retain their members. On a regular basis new offers such as a summer program to reduce overweight or new live courses are introduced to keep members motivated and to continue their membership. Apart from this members can also collect points, which can be converted into a reduction of their fees, by bringing in new members to medifit.

## 6.4.2 Empathy Map Canvas for medifit members



### 6.4.3 Key findings from the interviews with members

#### Fitness instructions

There is agreement among almost all interviewees that the lack of fitness instruction is the biggest issue. The current concept of 4 moments per year when members receive instructions and advice on their training is insufficient to most of the spoken people. The following reasons are given why people need good fitness instructions:

- get treatment plan with exercises for specific health disorders
- avoid pain due to wrong exercising
- learn new exercises
- make more progress in training
- reaching goals faster
- include nutritional and other health advice
- increase motivation
- build in challenges

#### Course training

Overall interviewees are satisfied with the variety of course trainings while the indoor-cycling course enjoys the highest popularity due to the following reasons:

- individually determine own intensity of training
- group dynamic motivates to go beyond own limits
- good inspiring music
- strong social community in the group that also meets after the course

However, next to the rather small attendance rate for this course which has a negative impact on the fun factor, again the lack of a good instructor was mentioned as a downside for this course training. Interviewees miss someone who

- is highly competent to set up bikes and develop training plans
- engages with the group and individuals to motivate each participant
- be empathetic to know who needs to be pushed and who to be slowed down
- be a role model who inspires people to train hard
- has a positive aura and is a magnet to attract people to join the course

## Controversies

The interviews also revealed some controversies. The above mentioned lack of good fitness instructions is not an issue for the experienced sports people who join medifit with a ‘MyBasic’ membership type to follow their own training scheme and some old members who were instructed from previous professionals at medifit. Most of these members are also satisfied with the price/performance ratio while some of the interviewees who signed a ‘MyPlatin’ contract consider medifit to be too expensive in relation to the lack of good fitness instructions.

Moreover, there is a disagreement about the social aspect at medifit as some interviewees enjoy the good social fitness community while others complain that medifit is not anymore the place to socialize as it used to be, because the attendance at live courses has diminished and the reception is often not occupied, thus disappearing as a good meeting point for members.

Finally, a different view on medifit can be noticed between the younger and older generations. Older people are satisfied with the good training infrastructure. Younger people, on the other hand, who mainly train with free weights and bodybuilding machines have some complaints about the facility, such as:

- equipment in the bodybuilding area is inappropriately positioned (e.g. not in front of mirrors)
- lack of some training machines while other equipment is unnecessary
- lack of a soundproof floor causes many noise
- bad music which makes young people listen to own music by headphones and eventually isolates and reduces social interaction
- too warm in the summer period

### 6.4.4 Key findings from the online survey among members

Following, the results of the online survey, filled in by 72 members, are summarized. Per topic answers are ranked from most mentioned to least mentioned and the degree of agreement among respondents is presented in percentage.

Respondents reported the following goals for their training at medifit:

1. stay or get fit (64%)
2. improve health status/reduce pain, stress (30%)
3. bodybuilding/get stronger (25%)

4. reduce overweight (16%)
5. social contacts (8%)

The respondents use the following offers by medifit:

1. Milon circle (19%)
2. live courses (18%)
3. sauna (17%)
4. bodybuilding machines: Gym80 (16%)
5. specific equipment for back training: Dr. Wolff (14%)
6. specific equipment for stretching exercises: Flexx (9%)
7. digital courses: LesMills (7%)

The following motivational factors for continuity in training were reported by the respondents:

1. own will (40%)
2. trainings goal (20%)
3. other members (15%)
4. fixed training dates/schedule (9%)
5. evaluation and progress (8%)
6. reminders by medifit (4%)

The respondents consider the following factors as important for their training:

1. modern equipment with a high variety of training options (22%)
2. cleanliness (20%)
3. course training in a group (16%)
4. atmosphere: familiar, friendly, music (16%)
5. fitness instruction/support (12%)
6. social contacts (12%)

The following is mostly appreciated by the respondents about medifit:

1. training infrastructure (45%)
2. family and friendly atmosphere (21%)
3. cleanliness (19%)
4. proximity to home (19%)

5. live courses (15%)
6. long opening hours (15%)
7. not overcrowded (11%)
8. social community (11%)
9. fitness instructions (4%)

The respondents would like to see the following being improved at medifit:

1. fitness instruction/support (32%)
2. more and other live courses (27%)
3. better hygiene (11%)
4. new trainings equipment in the bodybuilding area (9%)
5. reception should be more often occupied (9%)
6. price reduction or more different membership types (9%)
7. 24/7 access (7%)

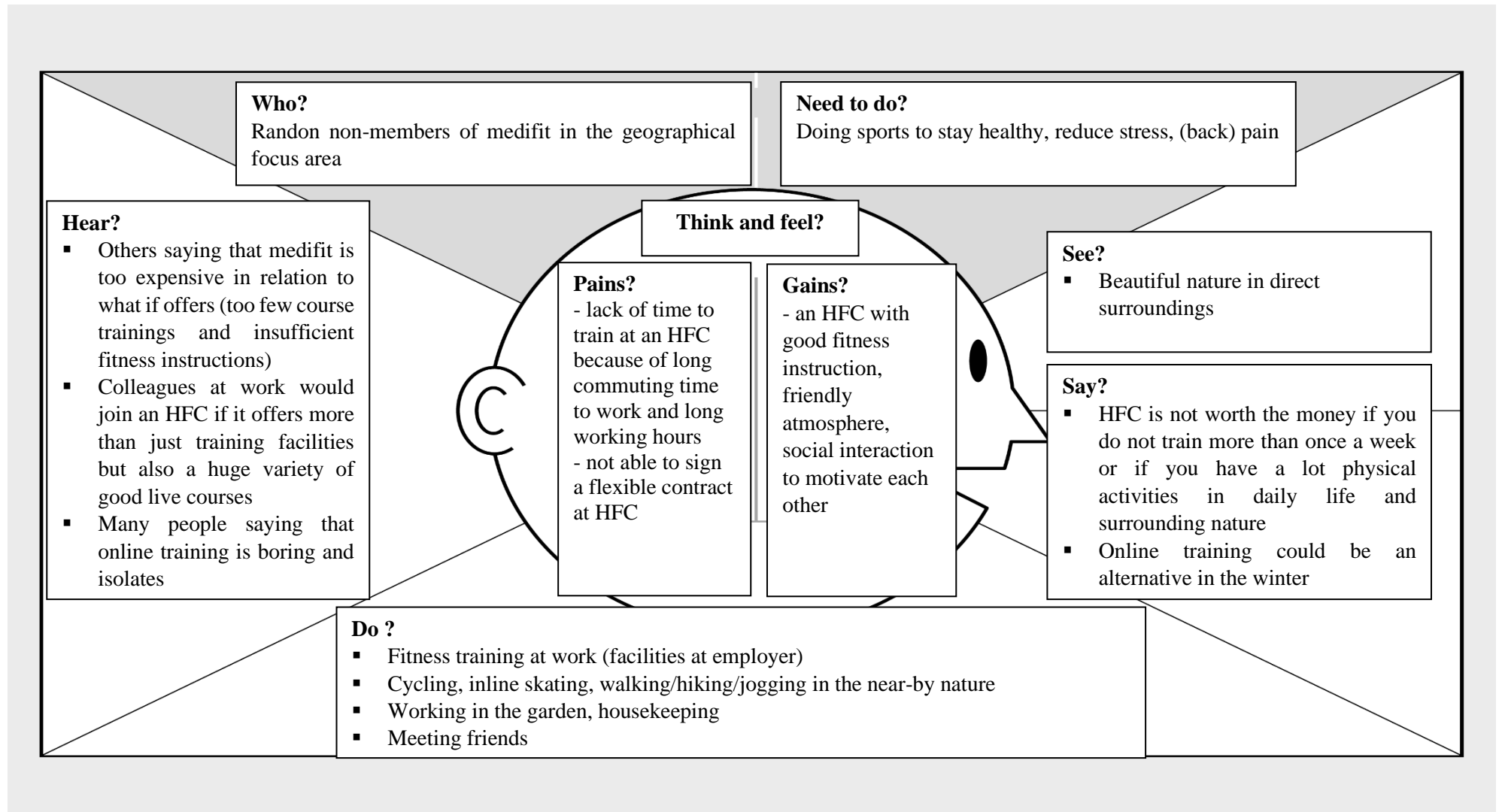
The respondents would like to communicate with medifit as follows:

1. personally at medifit or via phone (50%)
2. whatsapp (34%)
3. facebook (9%)
4. email (7%)

According to the respondents an ideal fitness instructor should:

1. be competent in explaining, demonstrating and correcting exercise techniques (61%)
2. be frequently available on the floor for questions (32%)
3. be competent in developing individualized training plan, measure the AS IS situation, setting personal goals, evaluating and adjusting training plan (21%)
4. be very communicative and pro-actively approach members (16%)
5. be a role model and motivator (13%)
6. be competent in giving general health advices (5%)

### 6.4.5 Empathy Map Canvas for non-members





## 6.4.6 Key findings from the interviews with non-members

### **Needs**

To stay healthy, reduce stress or pain almost all interviewees perform various physical outdoor activities, preferably in the near-by nature. Some people also make use of training facilities at their work place, while some housewives consider housekeeping as their “sport”. Almost all interviewees have a strong sense for the beautiful nature and a need to meet friends in their free time regardless of the activity.

### **Pains**

Those people who train at work and are fully engaged with housekeeping miss social contacts during these activities. Some of the interviewees who enjoy sports in the nature lack group dynamics. Thereby all interviewees experience less fun and some miss the challenging factor during their sports.

Being physically active in the winter period is a challenge for some interviewees who nevertheless still go to the nature as much as possible. Online training at home has not been tested by the interviewees and only some consider it as an alternative during winter, however, being seen as rather boring and isolating according to their peers. Joining an HFC is currently no option for the interviewees due to the following reasons:

- preferring to do outdoor sports in the beautiful nature
- lack of time due to circumstances around work
- too expensive in relation to the little available time for training, or in the case of medifit, as learned from their peers, lack of good and sufficient fitness instruction
- not willing to commit to a fixed long-term contract

### **Wishes**

Regarding their physical activities interviewees would consider performing these at an HFC if it offers:

- a huge variety of live course with a strong group dynamic
- possibilities to train outdoors with an instructor
- possibilities to socially interact with other members

- flexible contracts such as seasonal short-term membership types or on a pay and go basis, for instance only for live courses or for specific training only such as the ‘Milon circle’

#### 6.4.7 Key findings from online survey among non-members

Following, the results of the online survey, filled in by 54 non-members, are summarized. Per topic answers are ranked from most mentioned to least mentioned and the degree of agreement among respondents is presented in percentage.

While 7% of the respondents reported to be physically in-active at the moment, others perform the following physical activities:

1. cycling (35%)
2. fitness training (26%)
3. hiking (19%)
4. jogging (16%)
5. live courses such as yoga, bodypump (16%)
6. ball sports such as soccer, tennis, volleyball, golfing (16%)
7. bodybulding/strength training (14%)
8. specific training for back pain (7%)

The respondents perform these physical activities in the following environment:

1. nature (48%)
2. home (39%)
3. sport club (21%)
4. company (2%)

The respondents consider the following as important when performing these physical activities:

1. environment (27%)
2. social contacts (27%)
3. music (19%)
4. challenges (13%)

The following motivational factors for performing these physical activities were reported by the respondents:

1. own will (36%)
2. friends (17%)
3. progress and results (16%)
4. training goal (12%)
5. fixed training dates (10%)

When participants were asked to choose among reasons that keep them from joining an HFC, these were rated as following:

1. too expensive (41%)
2. prefer sports in the nature (28%)
3. lack of time (19%)
4. lack of motivation (16%)

Other reasons were described as following:

- not willing to sign a binding long-term contract
- bad price/performance ratio at most HFC's
- too costly for 1-2 times trainings per week
- taking a current break due to personal reasons

The following reasons were not chosen at all:

- prefer training at home
- already training at the company
- too far away from home

Respondents would consider joining an HFC if:

1. the pricing is fair with flexible membership types that are less binding (71%)
2. there is a huge variety of good live courses (43%)
3. good fitness coaching is available (28%)
4. a good training infrastructure is available (14%)

All respondents know about the existence of medifit and shared the following opinions about this HFC:

- has a good training infrastructure, but rather expensive compared to other HFC's

- used to be a good HFC, but the quality of live courses and fitness instruction has decreased
- lacking good fitness instructors
- variety of live courses is too little and the frequency is too low
- too expensive
- little flexibility in opening hours
- only offers long-term binding contracts which is not suitable for everyone

#### 6.4.8 Key findings from interviews with other stakeholders

##### **The new fitness instructor**

This person is originally from the Eifel area in Germany, but has been working and travelling worldwide for many years. Driven by the wish to go back to his roots he met the CEO of medifit and both discovered the opportunity for collaboration. Asked why he thinks he is the right person for solving the demand for fitness support at medifit, the fitness instructor gave the following arguments:

- growing up in this rural area he knows the culture and mentality of the local population very well
- he is very communicative and empathic, a strong networker and relationship-builder who also engages in social events to enjoy life with the local people
- he is leading by example as he recovered himself from a severe back injury and now motivates others to train for a pain free
- has international and intercultural experience related to health and fitness
- as lifestyle coach he has a broad knowledge and experience about fitness and health
- he has a strong affinity with nature and combines indoor and outdoor training within his fitness approach
- integrates challenges in his training plans: already participated personally in outdoor sport events, but also prepared others for these kind of events

Finally, he summarizes his motto as:

“Success means to me, inspiring people with my integrative lifestyle and helping them to put health first in order to have fun in all aspects of life.”

## **Nutritionist**

The nutritionist, who is providing her services at medifit since 2009, confirms the declining trend in the social interaction and development of a strong fitness community at medifit according to her clients. During her work she notices that there is a huge potential to increase the number of memberships as people have a high health consciousness and are willing to invest for their health. However, people outside of medifit hear little about this HFC. Therefore, she thinks that medifit needs to expand its marketing activities on various channels.

## **Cleaning service**

According to the cleaning lady members do not have a sense for sustainability and respect for the climate change as she noticed for instance the irresponsible behavior of turning up the heating during warmer days. Also, many members expect the sauna to be turned on warm days. Moreover, although members demand hygiene facilities they are not willing to contribute. On the contrary, many members leave a lot of dirt at the facilities.

## **Die Eiche**

The interview with the CEO of 'die Eiche' revealed the following regarding the evaluation of the pilot project for live courses.

The course attendance was very low, especially by non-members of medifit. Although 'Die Eiche' is a non-profit organization, still a minimum attendance of 5 persons per course is needed to avoid financial deficits. However, only 3 courses reached this limit. From the perspective of medifit, only 8 courses had a participation rate of at least 5 people. For 'Die Eiche', this resulted in a deficit of 306 Euros per week in May 2022. Based on the financial figures from the whole pilot project the yearly deficit would account 17.000 Euros, making this partnership not profitable for 'Die Eiche'.

The following reasons were given by the CEO for the low attendance rate of live courses at medifit:

- 'Die Eiche' is still unknown among the local population within the geographical area of medifit
- the awareness level of the partnership between medifit and 'Die Eiche' among the local population is low
- a representative of 'Die Eiche' is lacking at medifit
- lack of 'Die Eiche' marketing at medifit

- Due to the rural area poor accessibility of medifit compared to other locations such as Eupen or St. Vith

Nevertheless, the CEO of 'Die Eiche' is interested to continue the partnership with medifit, but with a different approach taking into consideration the above mentioned shortcomings for the low attendance rate at live courses in the upcoming conversations with the CEO of medifit.

### **Ministry of sports and culture of East Belgium**

During an interview with the minister of sports, culture, employment and media the discussion around the project Worriken 4.0 revealed that there there is no intention to compete with the offer of medifit. This new recreational park should attract tourists and not sports people or others who are looking for specific fitness and health interventions. Talking about tourists, however, the minister agreed that it might be interesting to explore the further use of the tourist card as has been already offered after the travel restrictions due to Covid-19 to help restoring the touristic sector. Providers of touristic attractions partner to make their services available for tourists at a discounted price. The minister argues that health and fitness offers could be included in this partnership, hence, this creates an interesting opportunity for medifit.

#### 6.4.9 Hypotheses (in)validation

Based on the findings from the interviews and the online surveys a validation of the hypotheses from the PESTLE analysis and literature review is formulated below.

1. (Non)members of medifit are demanding an experience which should be social and support the creation of fitness communities. Members of medifit consider social interaction and building a strong community as an important motivation for their training.
  - **True:** Members and non-members rate the social aspect as very important during and after the training.
2. Group dynamics from live courses enhances the exercise experience of members.
  - **True:** Members consider group dynamics and the fun factor as very important during the indoor-cycling course.

3. There is an increasing demand for digital training options, especially among the younger generations in the geographical focus area of medifit.
  - **Not true:** This tendency was not confirmed during interviews or within the surveys, however, some interviewees may consider digital training as an alternative in the winter period. Nevertheless, these courses do not have a good reputation among the spoken people and their peers.
  
4. On the other hand, due to (technology-driven) loneliness younger generations in the geographical focus area of medifit also have a huge need for in-club training to socialize with other young people.
  - **True:** Young people at medifit seek contact with each other, but their dissatisfaction with the music being played at the HFC makes them listening to their own music via headphones which limits social interaction.
  
5. Inhabitants from the geographical focus area do not engage in physical activities at Medifit because:
  - a. the HFC is too far from home
  - **Not true:** This was not reported as a reason to not join an HFC
  - b. of lack of professional support (information for using fitness equipment)
  - **True:** Many non-members heard about the lack of fitness instruction at medifit which is one of the major reasons to not join this HFC.
  - c. membership is too expensive ‘
  - **True:** Many non-members consider medifit to be too expensive regarding the lack of fitness instruction or the limited time they would spent at this HFC.
  
6. Members of medifit quit their membership because they do not set a clear goal and deadline to achieve their goal.
  - **True:** Members reported that goals are motivators for continuing training at medifit. Especially young people tend to leave medifit because they do not see progress in their training.
  
7. Since Covid-19 Members of medifit and non-members from the geographical focus area, especially Millenials and Generation Z, train more at home and use more frequently fitness

apps due to simplicity of use, increased privacy, time constraints and lower costs compared to fitness centers.

- **Not true:** Overall the interviewees and participants of the surveys do not give a preference to training at home or do not mention to use fitness apps for their training.
8. Members of medifit demand fitness instructors who are able to work as lifestyle coaches with a broad range of people with various health issues, who possess good communication skills and provide thorough information on fitness training.
- **True:** The majority of (non)members demand a personalized trainings plan to reach their goals including dealing with health issues, thorough instructions on how to train and motivation by a fitness instructor.
9. Members of medifit demand new activities on a regular basis as a motivation to continue training at this HFC.
- **Not true:** This was not mentioned by members as a motivational factor for their training at medifit.
10. Future covid-19 regulations such as the Covid Safe Ticket have a negative impact on the decision of members to extend their membership.
- **True:** Many members are afraid of future corona measures that will prevent them from training at medifit. Online training is not an alternative but only a possible, so far however unfavored, additional option for the majority of interviewees and respondents.
11. Potential new customers for medifit are more price sensitive and less willing to pay membership fees due to the high inflation and other increasing living costs.
- **Partially true:** The increasing living costs were not reported as a reason to not join medifit. As earlier mentioned the limited time and perceived value (lack of fitness instructor) are decisive. However, non-members have shown to be price sensitive regarding the contract type at an HFC as they prefer short-term contracts that are less binding and expensive.
12. Members train at medifit to improve their work-related health disorders.
- **True:** many members train at medifit to reduce backpain and stress.



13. Commuting time to work (in Luxembourg) negatively impacts the training of members at medifit and is a reason for non-members to not join an HFC.

- **Partially true:** While members did not complain about commuting time to work as an inhibiting factor for their training, non-members reported this as being one of the reasons not to join medifit due to lack of time.

14. There is a demand among members of medifit to be connected with medifit via social media to communicate and to be informed about news.

- **Not true:** The majority of members prefers to be contacted by medifit personally, either at the HFC or by phone.

15. Internet of Things such as ‘in-app progress tracking’ and ‘medical wearables’ motivate members of medifit to continue their training regularly.

- **Not true:** This was not confirmed during the interviews or within the online surveys.

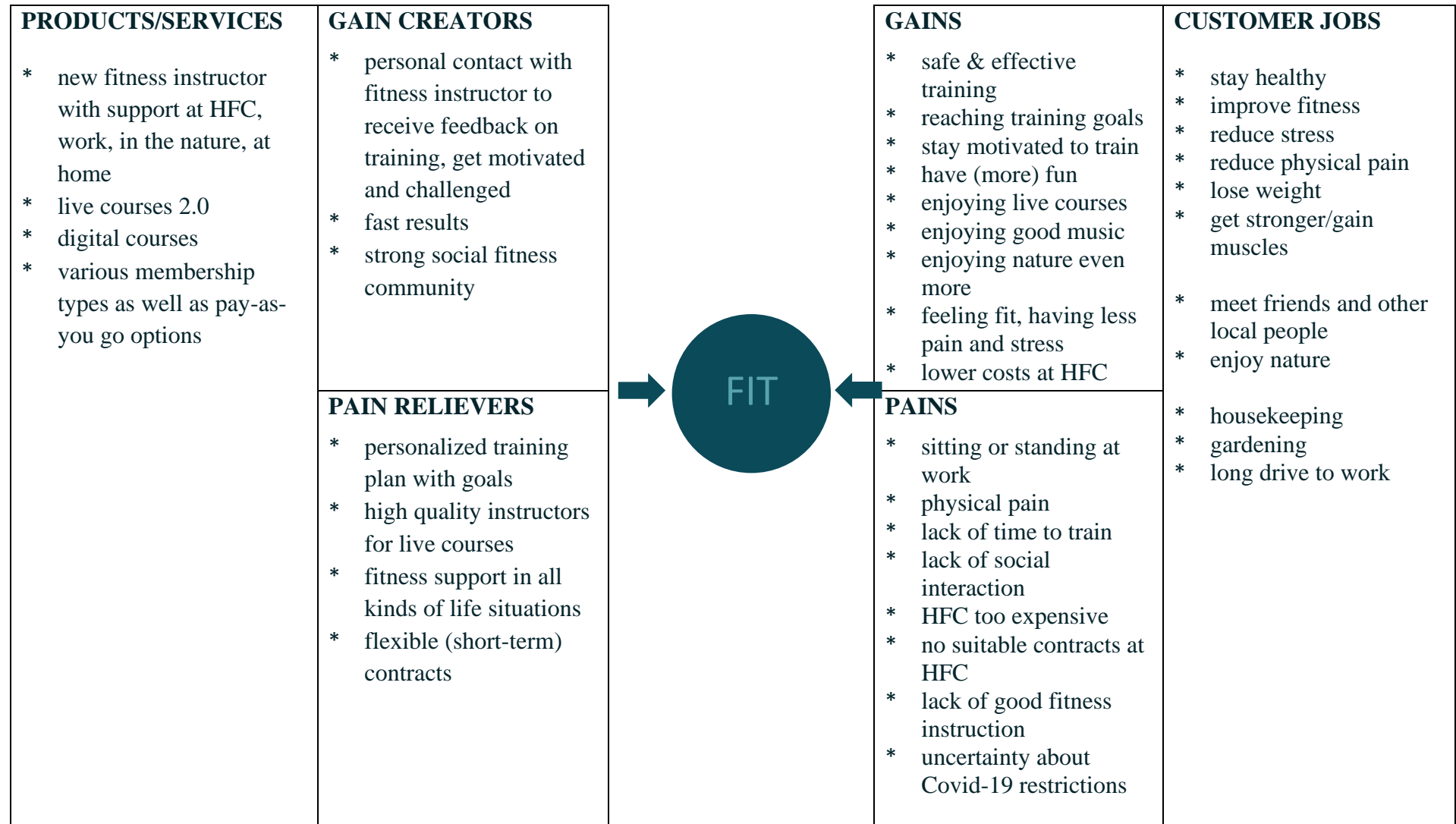
16. Members and random people from the geographical focus area enjoy performing physical activities in the (local) nature.

- **True:** This has been confirmed in the interviews and online surveys.

17. Members of medifit pay a lot of attention to sustainability, in terms of an energy-efficient infrastructure at medifit.

- **Not true:** This has not been confirmed as described by the cleaning lady.

## 7. Value Proposition Canvas



Based on this Value Proposition Canvas the following value proposition has been formulated for:

**Members**

“We help medifit members who want to stay healthy, get fit, have fun and enjoy social contacts by offering high quality fitness instruction, live and digital courses in a challenging, fun and dynamic group environment to train safely, effectively and enjoy a strong fitness community.”

**Non-members**

“We help (non)members who want to enjoy physical activities in various environments (nature, work and home) by offering high quality fitness instruction and very flexible short-term membership types at medifit.”

## 8. Pivot

Before the actual pivot of the business model will be described, first the main challenges that need to be addressed, as agreed between the researcher and the CEO of medifit, are summarized in the Point of View and HMW questions. These served as guidance for brainstorming about the pivot.

### **Point of View**

The following POV-statements were formulated.

1. Members need good fitness instructions because
  - a. they perform exercises wrongly that lead to pain
  - b. they do not reach their goals
  - c. want a personalized trainings plan with evaluation moments
  - d. want to learn new exercises
  - e. want to be motivated on the training floor
  
2. Non-members need fitness instructions while doing physical activities
  - a. at work
  - b. at home or
  - c. in the natureto have more fun, because they cannot join medifit due to
  - a. lack of time
  - b. the preference for nature or
  - c. the lack of flexible short-term contracts
  
3. Members need social interaction to have more fun
  - a. on the training floor
  - b. at the reception and other meeting areas of medifit
  - c. during the live courses
  - d. while being physically active in the nature or at home
  
4. Members need a good instructor for the indoor-cycling course to

- a. enjoy the group dynamics
  - b. be challenged to push own limits further
  - c. have more fun
  - d. listen to good inspiring music
5. Members need a higher variety and frequency of live courses to be motivated attending these courses.

### **‘How might we...’ questions**

The POV-statements were then transformed into the following HMW questions.

1. How might we offer fitness instructions that make medifit members feel safe and motivated while exercising, help them to reach their goals and be challenged?
2. How might we offer fitness instructions that can be applied during work, at home and in the nature as well?
3. How might we offer contracts/membership options to make non-members decide that it is worth joining an HFC in relation to the limited time they have for their training?
4. How might we increase the social interaction among members and with the staff at medifit?
5. How might we increase the quality of the instructor of the cycling course?
6. How might we increase the variety and frequency of live courses?

Next, these HMW questions will be addressed when describing the pivot of medifit.

## **Pivot**

The CEO of medifit and the researcher led multiple brainstorm sessions to come up with the most feasible options for the pivot of medifit's business model. Following, these are presented as well as some further considerations before plotting these changes into the new BMC (TO BE). Further, a zoom-in on the value proposition 'fitness instruction' is presented in a separate BMC.

## **Training infrastructure**

As learned during the customer discovery journey, there are different views about members on the training infrastructure at medifit. These can be grouped into opinions by younger people versus the elderly. While the latter are overall very content about the infrastructure, many younger members expressed their wishes for a better and other equipment in the bodybuilding /strength training area. However, this adjustment could demotivate the elderly to train in this area as these people have a rather basic but important demand in terms of strength training. Further, this would increase the split between the younger and elderly, which is not in line with creating a strong social fitness community at medifit. As learned from the PESTLE analysis, next to an ageing population, there is also a huge group of obese people in this region compared to many other regions of Belgium. Hence, there is big group among the local population that has a high demand for a basis strength training infrastructure. However, it is worth further investigating the need by the younger population to offer advanced strength training/bodybuilding options in a different setting or structure.

## **Live Courses**

The evaluation of the pilot for the partnership between medifit and 'Die Eiche' has shown not to be successful. Nevertheless, both CEO's agree to not give up this partnership but to look for new approach after the pilot. Hence, a pivot is necessary to make the provision of live courses profitable for 'Die Eiche' and deliver better value for course participants. Based on the evaluation and the findings from the customer discovery journey the following advices are given to consider in the future collaboration.

While interviewees expressed their overall satisfaction with the live courses, many members reported in the online survey their wish for other courses and a higher frequency. The variety of courses is already high. Still, a further investigation is worth undertaking to find out which other type of courses are demanded. Further, as the attendance rate is low for almost all live

courses this might suggest there is a mismatch between the schedule/times of courses and the availability of participants, which could explain the demand for a higher frequency of courses. Hence, this needs to be further investigated before determining the next schedule for live courses. Regarding the demand for higher quality of live courses some members have reported their discontent with the indoor cycling-instructors. Hence, in-depth interviews with all course instructors and participants should be conducted to fully understand both views and to determine the profile of right instructors for live courses at medifit. After gaining these insights the pivot of the provision of live courses can be taken by deciding about the type of courses, the schedule and the appropriate instructors. Then, as has been concluded by the CEO of 'Die Eiche' and is supported by the CEO of medifit, a better marketing strategy is crucial to increase the attendance rate. The focus hereby should be on promoting the live courses that will bring high quality content, fun, social interaction by high quality instructors to any kind of participant from the geographical focus area.

### **Fitness instruction**

Based on the interview with the new fitness instructor and findings from conversations and surveys with (non)members it can be concluded that there is a good match between the profile of the new fitness instructor and the demand by (non)members.

As learned from the validation of hypotheses 7 (characteristics of a good fitness instructor) the majority of (non)members demand a personalized training plan to reach their goals faster, thorough instructions on how to train, motivation and challenges. This fits with the approach of the new fitness instructor as has been described in the interview.

In a brainstorm session with the CEO and the new fitness instructor it was concluded that within his role he will focus on:

- the development of individually tailored training plans and evaluation moments
- guaranteeing safe exercising to prevent injuries caused by incorrect exercising
- the integration of fitness and health support in all life situations and for all lifestyles
- the strengthening of the community feeling, for instance through fun sports activities
- also attract tourists to visit medifit and its events during their short stay

The latter also implies a pivot within the customer segment. As learned from the PESTLE analysis, Bütgenbach is a touristic hot spot and therefore this is an opportunity to promote health and sport activities for the high number of tourists visiting this region every year with an average stay of 3 days. Medifit should lobby for a tourist card which includes next to various

touristic offers also fitness and health activities for discounted prices. This idea is supported by the Minister of Sports, Culture, Employment and Media and will be followed up.

Further, the role of the new fitness instructor will be also crucial during the onboarding process of new members. As described in the literature review, the research by Curley (2020) has shown that a good onboarding process is crucial to increase member retention. Based on these findings and the self-experienced customer journey by the researcher of this study it can be concluded that the following should be added to the future fitness support for new members joining medifit:

- understand the reasons and motivations why people join medifit to use this information as input for developing individualized training plans and goals
- define the AS IS situation of new members goals and plan evaluation moments to celebrate (little) successes
- determine how new members want to communicate with medifit to build close relationships from the beginning on
- encourage new members to join live courses and become part of the fitness community
- measure member satisfaction with medifit on a regular basis

To summarize, the new fitness instruction will include the following four key activities:

1. Indoor

Pro-active individual support for all medifit members, ranging from the initial consultation, to analysis of the current state of fitness, the development of an individually tailored training plan including evaluation moments and adjustments, advice, inspiration and motivation during the training sessions, to small talk.

2. Outdoor

Coaching individuals and groups during their physical activities as well as organizing small fun sports events in the nature, next to the coaching at medifit.

3. At-the-workplace

Development of a holistic health and fitness program for the individual work place as part of the individual training plan at medifit.

4. At-home



Turning housekeeping and gardening into sport activities by developing appropriate training plans to be combined with these household activities and integrated into the training plan at medifit.

### **Pricing strategy**

Although many (non)members consider medifit too expensive the membership fees should not be adjusted as of now. As learned from the customer journey the lack of a good price/performance ratio, mainly in the form of good fitness support, seems to be the underlying reason. Therefore, this will be addressed first addressed by pivoting the value proposition as described above. Further, medifit offers the same price as the other HFC's in Eupen, St. Vith and Malmedy. Thus, once members experience the new value proposition it should be re-evaluated whether these people still consider medifit to be too expensive.

However, medifit should still consider a pivot from the revenue streams, the type of membership options. As learned from many non-members there is a demand for more flexible short-term contracts or pay-as you go tariffs. The former already exists since the 'MyBasic' membership enables members to quit their contract any time after a minimum period of 3 month. The fact however, that this is still unknown among many (non)members shows that there is a need for medifit to expand its marketing activities by also increasing the awareness of available flexible contracts. The demand for pay-as you go options is also already covered in the day ticket, however, it still may be too costly for those who only want to visit medifit irregularly for a 1-2 hour training for instance. Hence, here lies an opportunity to consider a pivot where various pay-as you go options for very short training sessions are tested with (non)members.

### **Social interaction**

The earlier described controversy regarding social interaction among members at medifit should not be neglected neither in the new business model of medifit. For instance, results themselves and the low response rate from the online surveys showed that there is only little demand by members to use social media or whatsapp for communication. The overall preference goes clearly to direct personal contact. However, as stated in the original value regarding the sense of belonging, the creation of one big medifit family might not be the wish of most members. The findings from the interviews and surveys suggest that a strong fitness community among participants of live courses, younger people in the bodybuilding area and

the elderly at the reception is rather demanded than building one family at medifit. Therefore, a pivot within this value of medifit should be considered towards developing a strong and healthy medifit fitness community. Further, a suggestion is to adjust the vision statement partially as following

Medifit aims to create the probably healthiest region of the world by making regularly training an intrinsic part of the local population and to ensure this in the long term due to a **sense of belonging to a strong and healthy medifit fitness community.**

This adjustment will not change the original vision, but shift the focus more on the social impact of medifit which is more and more important to our society as it is necessary for our sustainability in a world that is changing rapidly and unpredictably. This will also become clear when we will look at the following.

As discovered by research from the Bain Company, there are 30 elements of value that drive the decision of people to purchase a product or service. While it is obvious that the above described new value proposition of medifit will cover elements of the lower levels (functional and emotional needs) such as high quality fitness support or reducing anxiety and increasing fun during the training, it is the life changing level and especially the top level of the pyramid, social impact, that should matter mostly for medifit when developing a sustainable business model. At the life changing level, this means delivering a sense of belonging as well as helping to motivate members reaching their personal goals. Regarding the pinnacle of the pyramid, self-transcendence is about helping others because you want to make a positive difference in the lives of others. On the other hand, research has shown that self-transcendence can bring positive intrapersonal and interpersonal outcomes, especially in the COVID-19 era in which people are suffering huge mental stress (Liu, 2021). However, if you want to help others, you first have to find out what will help the others the most. Therefore, developing a strong fitness community at medifit will not only help members to reach their personal goals but also enable other people in that region to live healthier lives.

## 9. Business Model Canvas (TO BE)

<p><b>KEY PARTNERS</b></p> <ul style="list-style-type: none"> <li>• Nutritionist</li> <li>• Cleaning service</li> <li>• Maintenance service</li> <li>• Fitness instructor</li> <li>• 'die Eiche'</li> </ul>	<p><b>KEY ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>• Management &amp; <b>Marketing</b></li> <li>• Fitness and health instructions</li> <li>• <b>Providing live courses</b></li> <li>• Nutritional advice</li> <li>• Cleaning</li> <li>• Maintenance of equipment</li> </ul>	<p><b>VALUE PROPOSITION</b></p> <ul style="list-style-type: none"> <li>• Access to a highly modern and hygienic health &amp; fitness center offering a diverse exercise and wellness <b>infrastructure</b></li> <li>• Fitness and health support anywhere</li> <li>• Enjoying course training at medifit (live) and anywhere (digital)</li> </ul>	<p><b>CUSTOMER RELATIONSHIP</b></p> <ul style="list-style-type: none"> <li>• personal interaction at medifit</li> <li>• via instructors from 'die Eiche'</li> </ul>	<p><b>CUSTOMER SEGMENTS</b></p> <ul style="list-style-type: none"> <li>• any person in the age group of young adults to the elderly</li> </ul>
<p><b>COST STRUCTURE</b></p> <ul style="list-style-type: none"> <li>• energy &amp; electricity</li> <li>• interest charges and cost of capital</li> <li>• personal</li> <li>• cleaning and maintenance</li> </ul>	<p><b>KEY RESOURCES</b></p> <ul style="list-style-type: none"> <li>• Personal: manager</li> <li>• Equipment</li> <li>• Building (course room etc.)</li> </ul>		<p><b>CHANNELS</b></p> <ul style="list-style-type: none"> <li>• medifit website</li> <li>• Social media</li> </ul>	
			<p><b>REVENUE STREAM(S)</b></p> <p>Different membership options</p> <ul style="list-style-type: none"> <li>• MyBasic</li> <li>• MyPlatin</li> <li>• Day ticket</li> </ul>	

**Business Model Canvas (TO BE) for fitness instruction**

<b>KEY PARTNERS</b> <ul style="list-style-type: none"> <li>• nutritionist</li> <li>• other instructors from live courses</li> </ul>	<b>KEY ACTIVITIES</b> <ul style="list-style-type: none"> <li>• Fitness instructions <ul style="list-style-type: none"> <li>• indoor</li> <li>• outdoor</li> <li>• at-home</li> <li>• at-workplace</li> </ul> </li> </ul>	<b>VALUE PROPOSITION</b> <ul style="list-style-type: none"> <li>• guarantee safe exercising to prevent injuries caused by incorrect exercising</li> <li>• individually tailored training plan and evaluation moments</li> <li>• integration of fitness training and health advice into everyone's situation and for all lifestyles</li> <li>• strong community feeling through small fun sport activities/events</li> <li>• support in the onboarding process</li> </ul>	<b>CUSTOMER RELATIONSHIP</b> <ul style="list-style-type: none"> <li>• personal interaction at medifit and in the geographical focus area</li> </ul>	<b>CUSTOMER SEGMENTS</b> <ul style="list-style-type: none"> <li>• all members</li> <li>• tourists</li> </ul>
	<b>KEY RESOURCES</b> <ul style="list-style-type: none"> <li>• medifit infrastructure</li> <li>• outdoor facilities in the geographical focus area</li> </ul>		<b>CHANNELS</b> <ul style="list-style-type: none"> <li>• direct marketing via personal contact, also outside medifit within the local community</li> <li>• local events</li> </ul>	
<b>COST STRUCTURE</b> <ul style="list-style-type: none"> <li>• basic salary</li> <li>• costs for organizing small local community sport events</li> </ul>			<b>REVENUE STREAM(S)</b> <ul style="list-style-type: none"> <li>• membership fees paid by all members</li> <li>• pay-as you go by tourists</li> </ul>	

## 10. Conclusions

This research succeeded in providing answers to the following research questions:

1. How to improve the value proposition of medifit?
2. How to revise the current business model of medifit to tackle the current and future challenges in its rural environment?

Moreover, suggestions were formulated for further investigations that will help to gain additional insights to continuously improve the value proposition and determine further Pivots within the business model of medifit, which is crucial in this VUCA world.

However, first a prototype for the value propositions formulated in this research should be developed for validation purpose with members as well as (non)members in the geographical focus area. Especially, the low response rate of members, as well as the low participation of elderly in the surveys, are limitations that demand a further testing of the value proposition among a bigger group of (non)members.

This research, that has led to the BMC (TO BE) helps medifit to make strategic decisions. In addition, a plan will be presented on how medifit can reach its specific goal of increasing the total number of memberships.

1. Strategic planning: goals and positioning of medifit

The main goal of medifit is to have 450 memberships in June 2022.

Medifit positions itself as an HFC with a focus on physical and mental health.

2. Value proposition

The research within this research has led to the following value propositions:

“We help medifit members who want to stay healthy, get fit, have fun and enjoy social contacts by offering high quality fitness instruction, live and digital courses in a challenging, fun and dynamic group environment to train safely, effectively and enjoy a strong fitness community.”

“We help (non)members who want to enjoy physical activities in various environments (nature, work and home) by offering high quality fitness instruction and very flexible short-term membership types at medifit.”

### 3. Unique selling point

What are the USP's of medifit? For instance, a fitness instructor of high international quality.

### 4. Interaction customer & medifit

Medifit should be able to answer the following questions:

Awakeness: how should new potential customers become aware of medifit?

Absorption: how should customers get information about medifit?

Action: what do potential customers have to do to become a member of medifit?

### 5. Strategic marketing

This has not been addressed within this research, but it became already clear from the interviews with other stakeholders that medifit needs to develop a new marketing strategy.

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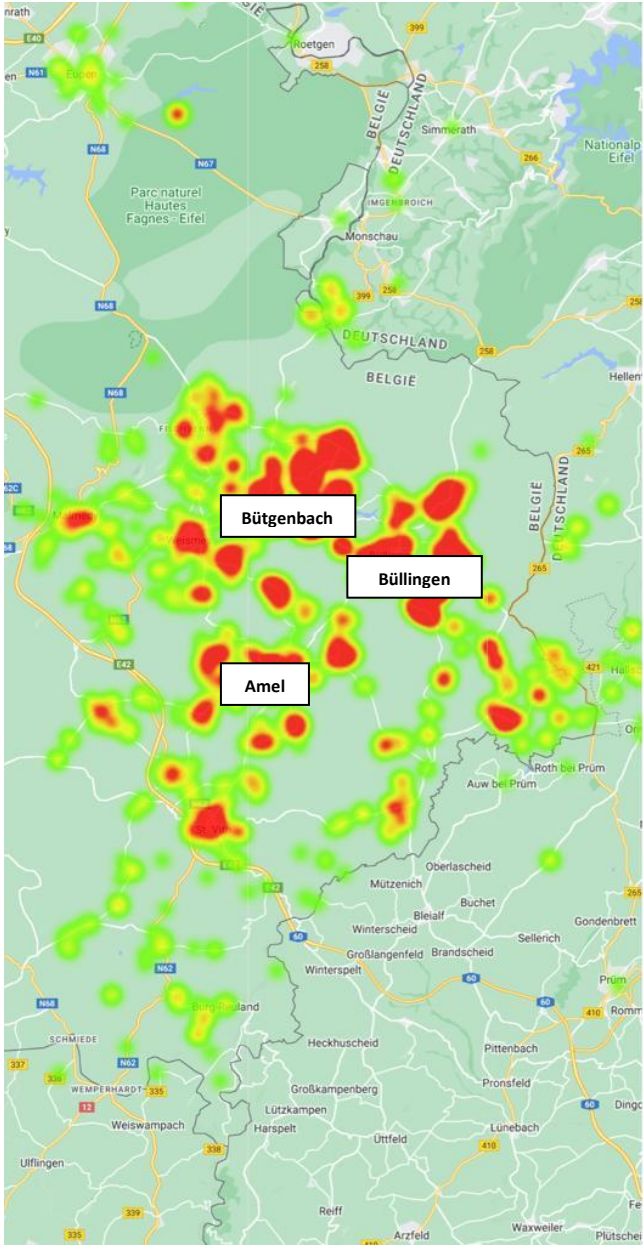
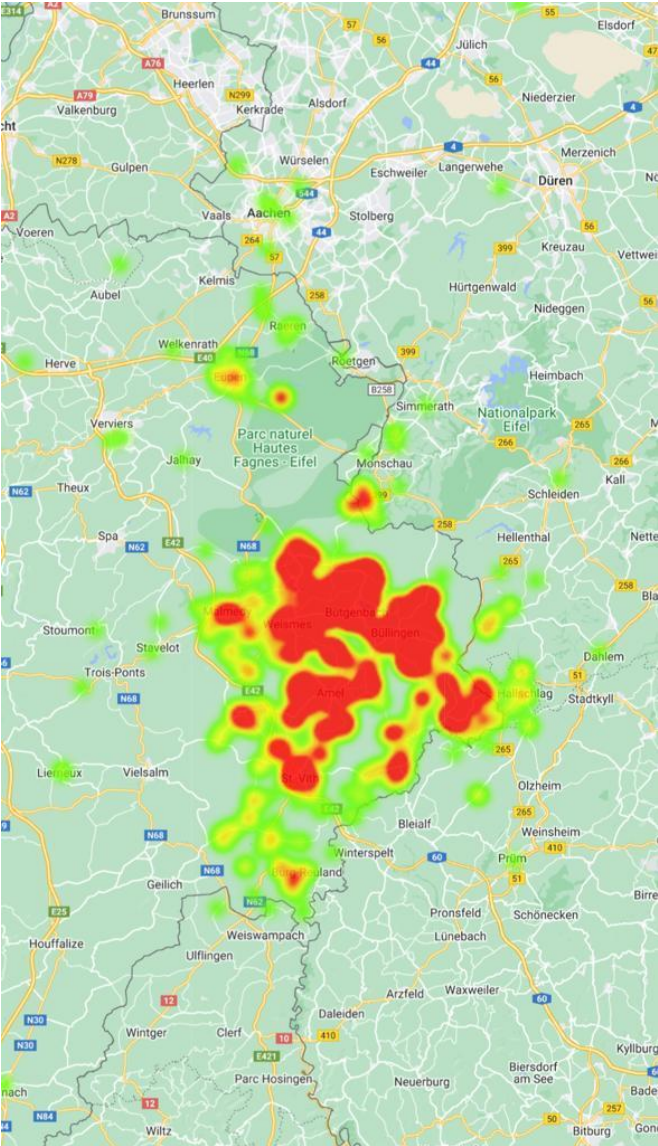
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# Appendices

## Appendix 1: heat map

### Heat map of place of residence of all members of medifit



## Appendix 2: PESTLE

### **Political**

The business of medifit is affected by the regional as well as national political landscape. Local governmental decisions on public recreational facilities for instance need to be taken into consideration in the development of the new BMC for medifit. On the other hand, national decisions on COVID-19 measures within the fitness industry is an example of a very current and dominant factor impacting the business of all HFC's.

### **Economic**

Since medifit is a leisure service provider that offers services which are not reimbursed by health insurers the participation of members depends on their willingness to pay for these services. Hence, the overall economic situation and in particular the income development of citizens will affect medifit's business.

### **Sociocultural**

This factor is in particular very important for medifit as it includes demographics, culture and attitudes of the local population, which are all correlated to the decision by people whether to join at all and if so which HFC.

### **Technological**

Technology is fast disrupting various industries including the healthcare sector. Especially with continuous entry of new fitness technology innovations health and fitness service providers should be aware of these developments.

### **Legal**

Closely linked with the above mentioned political factors this element of the analysis refers to all laws and regulations medifit needs to adhere to. The healthcare domain is regulated by a legal framework ranging from the application of devices up to various health and safety laws.

### **Environmental**

An increasingly important element of the PESTLE analysis is the environmental factor. The climate change and the demand for a 'greener world' is also present in the health and fitness industry. HFC's have to shift towards 'green' or ecological products to act in line with the EU sustainability goals, but also with the increasing demand of customers for environmentally-friendly alternatives.

## Appendix 3: Business Model Canvas

Below a detailed description is presented per building block of the BMC.

### **Customer Segments**

What sets of customers will be served? Which are most important for the business?

### **Value Propositions**

What products and services will be offered to meet the needs of customers? What challenges will be solved for customers? How will the business be different from competition?

### **Channels**

Through what means will targeted customers be reached and services be delivered to them? Which are most cost effective? How are the channels integrated?

### **Customer Relationships**

What types of relationships will be forged with the customer segments? What are the relationship expectations of each customer segment? How are they entwined with the rest of the business model?

### **Revenue Streams**

How much will be charged for services? What are customers willing to pay for? How will customers pay? How much will each revenue stream contribute to the overall revenue?

### **Key Resources**

What resources are needed to create value for customers and sustain the business?

### **Key Activities**

What are the most important activities medifit must engage in to fulfill its value propositions, to secure distribution channels, to strengthen customer relationships, to optimize revenue streams, etc.?

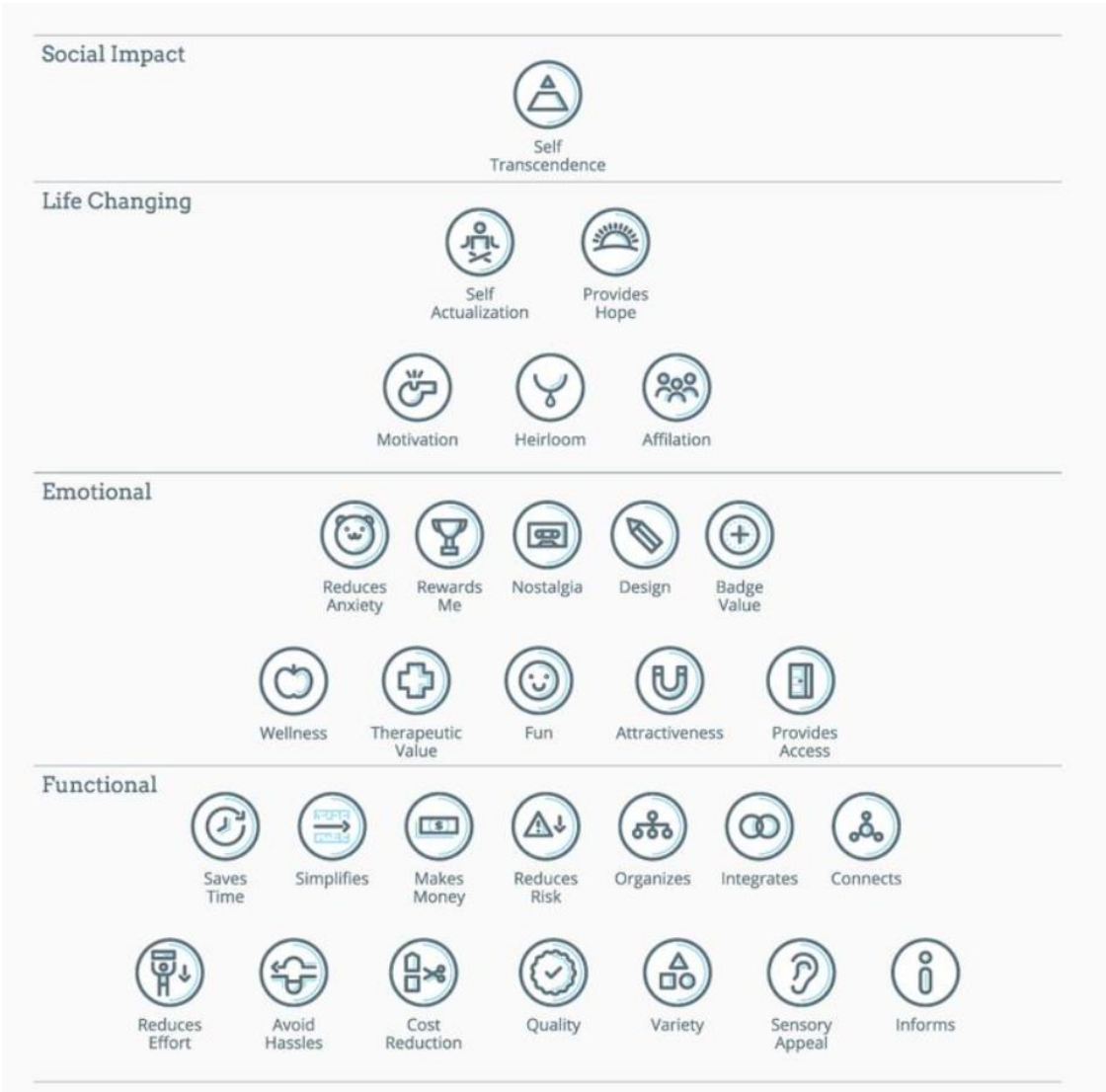
### **Key Partnerships**

Who are the buyers and suppliers medifit need to form relationships with? What other alliances will help to accomplish the core business activities and fulfill the value proposition to customers?

### **Cost Structure**

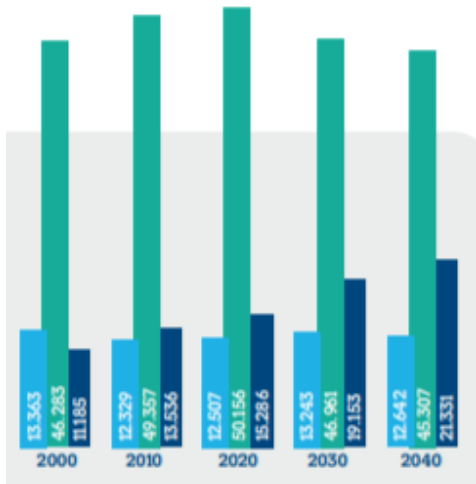
What are the key costs medifit will face? Which resources will cost the most? Which activities will cost the most?

Appendix 4: elements of value

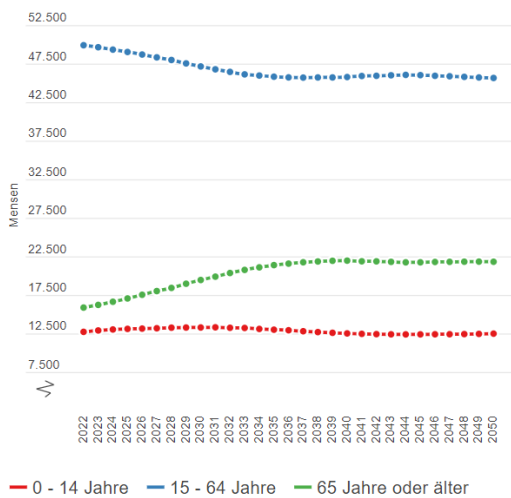


## Appendix 5: characteristics of the East Belgium population

**Development of the population in East Belgium based on age groups** (light blue: 0-14 years, green 15-64 years , dark blue: >65 years)



## Population forecast in Eastern Belgium based on age groups



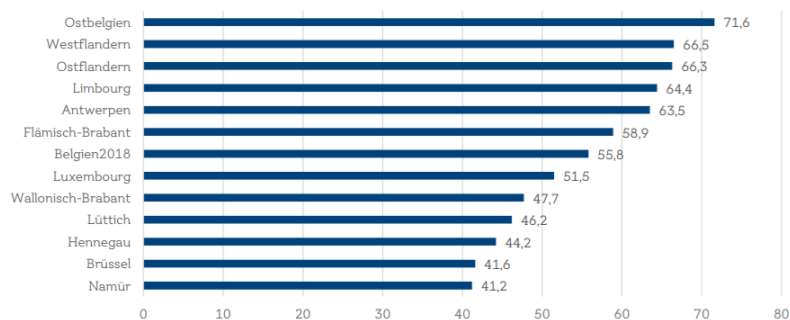


## Age distribution of the population of Eastern Belgium (2021)

	0-14 Jahre	15-64 Jahre	über 65 Jahre	Total
Amel	885	3.592	1.046	5.523
Büllingen	798	3.490	1.167	5.455
Burg-Reuland	634	2.562	753	3.949
Bütgenbach	811	3.607	1.186	5.604
St. Vith	1.550	6.426	1.877	9.853
<b>Kanton St. Vith</b>	<b>4.678</b>	<b>19.677</b>	<b>6.029</b>	<b>30.384</b>
Eupen	3.204	12.715	3.981	19.900
Kelmis	1.838	6.951	2.297	11.086
Lontzen	1.018	3.786	1.081	5.885
Raeren	1.787	6.929	2.173	10.889
<b>Kanton Eupen</b>	<b>7.847</b>	<b>30.381</b>	<b>9.532</b>	<b>47.760</b>
DG	12.525	50.058	15.561	78.144

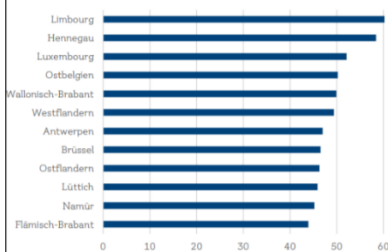
## Percentages of the whole Belgian population which perform at least 150 minutes of physical activity per week (2018)

Prozentsatz der Bevölkerung ab 18 Jahren, die mindestens 150 Minuten pro Woche körperliche Aktivitäten von mindestens mäßiger Intensität (nicht berufsbezogen) ausüben und/oder die Aktivitäten ausüben die zumindest mäßige körperliche Anstrengungen bei der



## Percentage of Belgian population ≥ 18 years with overweight (2018)

Prozentsatz der Bevölkerung ab 18 Jahren, die übergewichtig sind (BMI ≥ 25)



### Development of % of obese East Belgians ≥ 18 years

