



## Thoughts on the Corona crisis and its impact on the health & fitness operators; Guidance for the closed period and how to prepare for the re-opening of clubs.....what will be the “new normal”?

*In Europe, the earliest closures due to the Covid-19 crisis by government orders were on February 24 in the Northern part of Italy and the last country to dictate club closings was the UK on March 20, 2020. Sweden is the only exception, where bars, restaurants and fitness clubs are still open to the public today.*

I am writing this piece while we are still in closed mode in Europe and a large part of Latin America and North America, and nobody knows when we will be allowed to reopen and under what conditions. The estimated dates that we could expect to reopen are ranging from May to June at the earliest, based on a study issued on 31/3 by Deutsche Bank \*(1)

However, it is important for leaders to start planning now for when we are allowed to open again, even if it would be a partly re-opening with some restrictions as happened in China. In many parts of China clubs were closed for almost 3 months and are now slowly going back to business...but it is not business as usual!

McKinsey China \*(2) published end March 2020 a study among 2,500 Chinese consumers on their attitudes pre and post corona. Here are some relevant findings for the fitness sector;

1. Around 50% of respondents say they are optimistic that the economy will recover 2 to 3 months after the end of the outbreak. In bigger cities this is 55%, smaller cities 40%.
2. Between 20 and 30% of respondents say they will be cautious in their spending post-crisis.
3. Consumers spent a lot more on online purchases, and the expectation is that the trend towards digital and online will continue after the crisis.
4. 70% say they will work to boost their immunity by exercising more and eating healthy.
5. Some of the themes created during the crisis/lockdown such as at-home- training may continue to be valuable. This reflects many peoples expressed plans after the outbreak to keep themselves fit and healthy!

Based on the above findings and some other observations, we can be somewhat optimistic about the rebound of our sector once we can open again our facilities. Why do we believe that after the end of the shutdown people might flock back to the clubs?

### **Here are some reasons, in addition to the above Chinese research findings;**

Members have been deprived from face to face social/human contact for weeks/months, and are tired of using Zoom, Skype and Hangouts for communicating and will love to go back to working out with colleagues and live group exercise.

Online / at-home cannot offer the same as face to face fitness/in-person fitness ( PT or small group ex) in empathy, personalization, and human interaction.

The fundamentals of the sector, providing facilities for safe and structured physical activity and helping people to live healthier lifestyles have not changed....on the contrary, as the McKinsey study among Chinese consumers shows, people are more convinced about the need to exercise...and this was further highlighted by a message from the WHO of April 2nd advising people to exercise, maintain a healthy diet, stop drinking alcohol and smoking; that the state of a person's health is crucial for the proper functioning of the immune system.

The sector has shown great resolve and is working together to weather this unprecedented storm. The associations of several countries as well as EuropeActive have written to governments for support and have suggested possible partial restricted openings under certain conditions in order to offer citizens a possibility to exercise in a controlled and safe environment. If and when this is going to happen, we don't know....

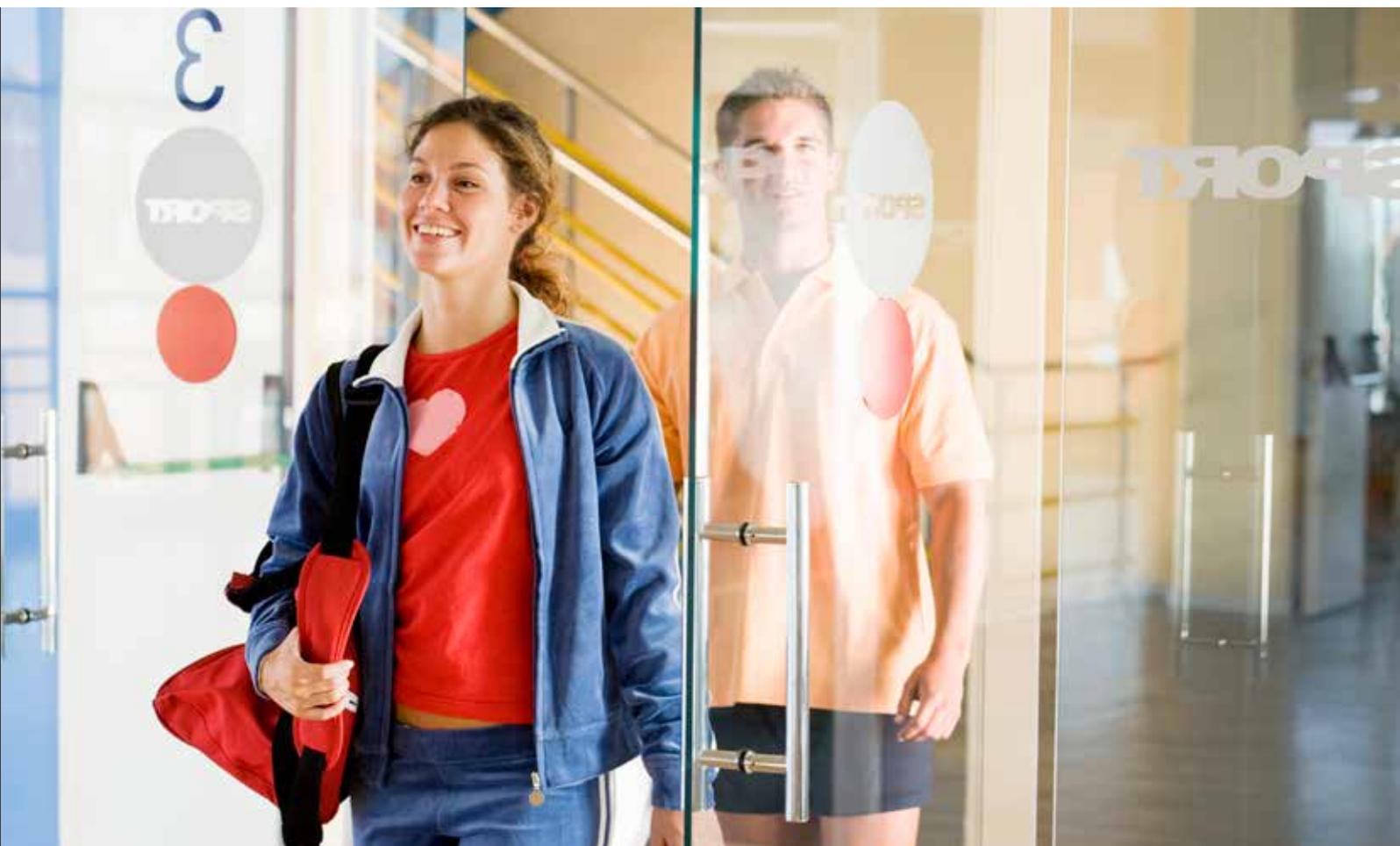
However, I am afraid there will be operators who will not be able to reopen their clubs after this crisis is over. But I have a lot of confidence in the many great entrepreneurs in our sector and the vast majority will show that we have not “wasted this crisis” and will come out even stronger. New and refined business models will emerge and for sure the share of “digital” in the ecosystem of our sector will be more substantial. In the next pages of this paper, a few checklists and tips will follow, based on learnings from operators who are already further in the cycle of this terrible Covid-19 crisis.

**Herman Rutgers, April 3rd 2020**

**Owner Global GrOwth Partners, EuropeActive Ambassador**

*Sources:*

1. *Deutsche Bank Research, Cross discipline Thematic Research, March 31, 2020*
2. *McKinsey & Company, Shanghai, March 2020*
3. *Ronnie Cai, VP Wills Group China, Paper March 31, 2020*
4. *Colin Grant, Founder /CEO Pure Group, SE Asia, webinar April 2nd, 2020*



# Checklist for club operators

Before we discuss the opening preparation let us review what needs to be done during the closed period. Following is some advice based on lessons from Asia;

## During close down checklist;

1. Communicate daily/weekly with your staff and engage with members
2. Provide information about staying healthy during home quarantine - such as workouts, workout challenges and healthy food recipes
3. Give members various options on compensation for their fee while closed, do not assume a blanket freeze is necessary
4. Keep the community engaged, spread the message wide and make the content accessible
5. Use the time your staff is working from home to have them follow a course and spend time on learning new skills
6. Use the time if possible, to do deferred maintenance in the facility and equipment
7. Reforecast your financials, preserve cash and talk to your bank
8. Talk with your landlords about support
9. Keep an eye out for Government support
10. Provide online classes, build an online community and use this in your pre-opening plan.
11. Manage expectations with staff and members about your likely opening date
12. Ensure enough supply and inventory of masks, sanitisers, thermometers, gloves, etc.
13. Work on a marketing & sales rebound plan for when you reopen
14. Prepare a PR message and website messaging
15. Determine how you will charge members when open again (Consider no charge for first few opening weeks' use of facilities?)
16. Create detailed and clear FAQs for members re billings, suspensions and other matters
17. Set up one-click-link for suspended members to reactivate their account
18. When opening the club, release club opening information on your online platform
19. Make a clear communication of all the rules and conditions for visiting and training at the club
20. Prepare your IT-systems for possible entry controls in case of limited nr of people in a partial opening situation
21. Shortly before the date of reopening do extra deep cleaning (take photos and videos of this!)
22. Prepare spacing between machines (1.5 meter distance)
23. Aircon may be not allowed (investment in air purifying system)
24. Make sure you have disinfecting gels on display for use

## Considerations for reopening;

1. Authorization for reopening; Align with government, obtaining health authorities' permission is key and also gains credibility and the public's confidence in your reopening
2. Work closely with local (health) authorities on opening logistics that conform to regulations and guidelines, keep them informed and invite them to view operations at your clubs
3. Communicate the measures you have taken to show what is being done to ensure the health and safety of staff and members - you need to build trust!
4. Openings will likely be phased in terms of what you can offer to members such as appointment only visits with a limit on the number of people who can be in the club at the same time

5. Prepare for appointment slots with cleaning in-between slots
6. PT maybe not allowed or with restrictions such as no touching or staying 1.5m apart
7. Group X or indoor cycle classes; distance 1,5 or 2 meters
8. Check on allowance use of showers, sauna, spa, etc.
9. Possibly establish shorter opening hours
10. Prepare for the possibility that everyone must wear a mask
11. Maybe mandatory temperature checks at entrance of both staff and clients
12. Member motivation and offering reassurance and a sense of 'togetherness' for retention of member loyalty
13. In the beginning extra staff support of membership team to manage suspension cases and billing adjustments

## Reopening

1. Clubs to have gone through deep cleaning before opening and with a list of operation procedure ready and strictly followed by all staff and members upon opening
2. Ensure all staff of the club have gone through quarantine and meet the approval before entering the club to work
3. Have available full set of member and staff communication outlining such protocol (eDM, app push messages, website, in-club/in-studio notices)
4. Have a protocol for eventual revelation of COVID-19 confirmed case of a member (Immediate closure and cleaning of the club; Full disclosure and transparency all members and staff, etc.)
5. Maintain physical distancing (1,5 meters ) no close contact and communicate regular hand washing and forbid hand shaking
6. Suspension of private stretch area / classes like boxing, kickboxing, partner yoga not yet allowed
7. Reception staff to stand 1,5m apart; maximum 3 staff in pantry and reception area at any time
8. Pre-booking workout sessions through App – limit 50 members per session, each 90-min session followed by 30-min cleaning, limit one session per member per day
9. Gym floor divided into clear zones with limited capacity per zone and staff patrolling to ensure safe distancing
10. Usage of alternate cardio equipment / 1.5-3m between fitness equipment / blocking off reception lounge sitting area
11. Group classes – review schedules to avoid large numbers of members in changing rooms at the same time / limit participants per class, possibly reduce class length to 45 min and run more classes / cover alternate bikes (or remove some) in spin and marked spots for floor classes
12. Block changing room lockers so that available ones are spaced out
13. PTs only be in clubs when they have sessions to minimize congregations during quieter periods
14. Usage of lockers and toilets only – no shower, sauna, steam room facilities
15. Alcohol wipes / diluted Dettol spray and cloth available for members to wipe machines before and after use
16. Hand sanitiser stations available throughout the premises
17. Cleaners on standby to wipe down equipment, toilets, lockers at regular intervals Strengthened cleaning process and frequency of disinfection
18. No hairbrushes or similar shared amenities /spin dryers in changing rooms
19. Ventilation and air purifying system will be switched on throughout the day
20. Reminder notice at reception to wash hands upon entering and leaving premises

## **Q&A with a leading Chinese club chain**

### ***What have you done differently since reopening regarding cleaning, physical distancing, etc?***

- Cleaning of the club mandated every 2 hours and each cleaning will be recorded and sign off by operation manager.
- For club access, we have limited at any given time no more than 40% of each club's peak hour check in volume before the virus situation.
- We have implemented a minimum distance between member of 1.5 meters space (mandated by government) between member at weight area, and cardio equipment is one equipment apart distance. Group exercise classes with 50% of head count capacity average at 1 member per 7sqm.
- All opened clubs have also shortened operating hours by 4 hours and by 1st April back to normal hours, that's 2 weeks since we re-opened.

### ***How did you manage your workforce during the shutdown (e.g., layoffs, furloughs, etc)? What were the staffing challenges at reopening?***

- During shutdown, we have not laid off any employees.
- For club level employees we continue paying basic salary during shutdown.
- For head office staff, first month shutdown we paid basic salary for the first 9 days which is mandated by government, rest of the month if employees have annual leave can use to substitute, otherwise non pay leave.
- The only challenges were some employee from other province and during quarantine time they are not able to go back to their employed cities and when they come back still need 2 weeks home quarantine.

### ***You mentioned activity is slightly below 50%. What was it like when you first reopened?***

- NMU (new member units) at first week was at 12%, the second week was at 8%
- PT conduction at first week was at 28%, the second week was at 22%
- Check in number for the first batch 12 club first week open was 50%
- Check in number for the second batch 62 clubs second week open was 33%

### ***What do you think is driving the low activity percentage?***

- Check in low due to concern of the virus still exist in China.
- Gym still seen as confined space where members don't want to take risk to be in contact of the virus
- Performance low also due to production activity (sales and PT productivity and leads generation)

### ***Did you have to limit the number of people at any given time? If so, how did you manage that process?***

- For club access, we have limited at any given time no more than 40% of each club's peak hour check in volume before the virus situation. (Can be controlled through check in system)
- Group exercise classes with 50% of head count capacity average at 1 member per 7sqm. (through class booking system)

### ***Did you freeze memberships when you first closed/shutdown?***

- We give all members complimentary suspension during club closed. For prepaid membership we extend the expiry date.
- For PT sessions, we also extend the expiry date.

### ***Is there anything you did during the shutdown that was successful regarding engagement of members?***

- We have kept daily communication with our members through multiple online platform (Wechat, APP, TikTok, Weibo). We focus on club information update, current virus protection information, home training ideas.
- We have also created online over 114 sessions of live streaming for home training classes for online engagement.
- When we start opening the club, we release club opening information on our online platform, all the rules and condition visiting and training at the club to be clearly communicated.

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