A Research on the Profit Model of Mobile Fitness Industry

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ABSTRACT

Recent years, China is facing an increasingly severe obesity situation. With the further improvement of the life quality of the youth in China, fitness consciousness has gradually been deeply rooted in people’s heart, thereby, people’s demand of fitness is at a status of steep rise. Mobile fitness apps then attracted a large number of young people’s eyes. Nevertheless, the profit model of this kind of apps is still at a stage of diversified development, and the model is relatively blurry and chaotic. The problem of profit model is one of the significant reasons lead to the slow development of mobile fitness industry. Through comparing these three mobile fitness apps and make an analysis about the current situation of the profit model of mobile fitness apps in our country and then find out the deficiency of existing profit models and explore the potential profit models in the future.  

INTRODUCTION

In recent years, people have gradually attached more attention to body health. Nevertheless, on account of the more and more urgent working time of contemporary people, causing occupational diseases occurs at such a high frequency. So the State Council issued Opinions on Accelerating the Development of Sports Industry and Promoting Sports Consumption[1] in 2014 and distributed “Healthy China in 2030”Planning Outline[2] in 2016. Market and people also made a response along with the active of the government. In 2014, the outbreak period of mobile fitness app was coming, and the user scale was rapidly rising. The mushroom growth of mobile fitness industry influenced commuters and student group greatly. According to the Analysis Report of the Current Situation and Prospect of China's

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Internet Mobile Fitness Industry in the Years from 2017 to 2022 [3], the number of users using mobile sports app mounted to 6.644 thousand in the first half year of 2017 and a steady growth trend was presented. Even in the Chinese market where the profit point of mobile fitness field was weak and, many problems existed, there was more than sixty percent of middle-end and high-end consumers in 2017, thus the research on the current situation and future development of its profit model can also create more considerable commercial values and satisfy the health demands of most busy people. This essay selects three typical mobile fitness apps to explore its existing problems and find out its potential development direction of profits, hopes to provide reference for the improvements of profit models of domestic mobile fitness apps.

THE CURRENT SITUATION OF THE PROFIT MODELS OF MOBILE FITNESS APPS IN CHINA

According to the market report of fitness apps in the first half year of 2017[4], it can be known that the user scale and the output value of fitness industry in our country presented a steady growth trend from the year of 2015. From the data of apps, it can be seen that the profit market of fitness app platform is tremendous. Nevertheless, most Chinese fitness apps are just starting profit, and the profit model is still immature. Now, this essay properly classifies the existing domestic mobile fitness apps, it can be found that main appeared profit routes can be divided into the following categories: 1. fitness 020 which considering online mall, advertisement, and offline stores as main profits, Keep and Daily Yoga are the representatives of this kind of profit model; 2. fitness+coach which is one kind of pure online profit model whose main profits are member recharge, online mall and online training camp, Fit Time is the representative of this kind of profit model; 3. fitness+competition whose main profit is online competition and auxiliary profit are online mall and advertisement, Enjoy Moving Circle is the representative of this kind of profit model; 4. fitness+hardware which including the profit of intelligent hardware equipment and E-commerce, Bohe Health is the representative of this kind of profit model; 5. construction+system which mainly profit by online training camp and the SaaS system in the fitness room, ‘Hot Fitness’ is the representative of this kind of profit model.

Analysis of the Profit Models of Keep

According to website statistics, Keep is the first one on the ranking list of health and fitness apps in the year of 2018 because its entrepreneur team could effectively hit the market. The profit center of Keep lies in e-commerce, and 020 and its business profit methods are concluded as follows: 1. pay for Keep knowledge (paid courses), Keep Class. 2. online training camp, Keep will launch different kinds of training camps during different periods, and this is one kind of model operating by
the combination of online Wechat groups, small programs as well as keep and profiting by charging for registration. 3. advertisement, Some fitness-related advertisements such as health care products will appear in health care pages and then drainage and realize business profit. 4. e-commerce which mainly including sports equipment and brands. On the present online mall of Keep, it can be found that Keep is hammering at creating its own sports brand and form one kind of center-free and periphery-charged model. 5. online and offline Keepl and stores aiming at introducing the online traffic to offline and this kind of profit model, which is pay-per-time, is different from traditional fitness room.

Analysis of the Profit Model of Fit Time

Comparing with Keep, Fit Time has more salient profitability. Nevertheless, its user groups are relatively less than competitive products due to its less satisfied core functions. The profit methods of Fit Time can be concluded as follows: 1. membership system which also is one of the value-added services, discounts enjoyed by members including courses, no-advertisement, discounts of the mall, etc. 2. online training camp which is similar with Keep but what different from Keep is that the training model is changing along with the change of user group and nutritionist as well as personal customization are added. 3. e-commerce, Fit Time is focused on forming one kind IP based on e-commerce model with the core of contents to become an e-commerce platform with the high-quality vertical field. 4. advertisement. In Fit Time, advertisements are mainly inserted in fitness videos which could bring a higher transformation rate and more considerable profitability than in-app pages.

Analysis of the Profit Models of Enjoy Moving Circle

Enjoy Moving Circle, whose operating model is the combination of step count tool, social intercourse, and e-commerce, is the only sports platform that realized profit within three years[5]. Profit methods of this app can be concluded as follows. 1. advertisement. Enjoy Moving Circle have 200 million users which makes it very popular with advertisers. Yixun Net, Mengniu, and some other companies have launched advertisement cooperation and activity sponsor in this app. 2. e-commerce, what different from the other two apps is that the online mall of Enjoy Moving Circle focuses on its self-supporting electronic equipment and sales the sports equipment of other brands simultaneously. 3. online value-added service and there also is membership service but what different from Fit Time is that the value-added services enjoyed by Enjoy Moving Circle members are only discounted but not free for online courses. The differences between these two apps add profit points to it.
THE EXISTING PROBLEMS OF THE BUSINESS PROFIT OF MOBILE FITNESS APPS IN CHINA

Until the year 2018, most fitness apps have realized the profit model of the combination of e-commerce and advertisement and had made profits. Since many people are influenced by the ‘National Fitness,’ the liveness and viscosity of users of mobile fitness apps will also increase, and the competition between all kinds of fitness apps will be more fierce[6]. At this moment, sports and fitness apps should improve self-problems to keep users.

The Division of The Target Audience is Not Enough Detailed

As for the current mobile fitness apps, the platform profit-making object is aiming at the female group at the age from 20 to 25 who need to reduce fatness and exercise, whose consumption ability is relatively stronger, is the main consumer of mobile fitness platforms at present. But profit points aiming at the youth, young men, and adults who need to exercise have been neglected by these platforms. So the current mobile fitness field did not yet provide users at different ages and of sex with different services or explore the profit points of different groups. Nevertheless, to realize the profit by subdividing self-services according to different user group is not only one of the methods for platforms to widen and also one of the problems need to be handled.

The Profit Models Are Too Chaotic

Most the fitness apps have online malls, advertisements, and online training camp. E-commerce is the most direct profit method of mobile fitness apps. Nevertheless, the e-commerce models of most apps are chaotic. First of all, the online mall entrance of part apps is not obvious. It is difficult for users to find out the entrance directly because the page layout is not reasonable enough, a large number of users were lost consequently. Secondly, the orientation of an online mall is not specific enough, and whether platforms are focusing on developing a self-supporting brand or cooperating with other brands should be presented in the layout of malls. As for online training camp, platforms should push personalized notification aiming at different seasons and different groups to attract more consumers, but all the present online training camp provided by mobile fitness apps are not equipped with the model of pushing personalized notification.

Did Not Make Full Use of the KOL Advantage of Fitness Field

The phenomenon of internet celebrity has brought profit to numerous apps, and the most prominent ones are Weibo and Taobao among them all. However, the phenomenon of the internet celebrity in fitness circle also has appeared from the Korean Zheng Duoyuan in the early period. Nowadays, most Chinese fitness
celebrities choose direct seeding or joining Taobao to make profits. But few mobile fitness platforms have invited these fitness celebrities to enter their platforms and then bring traffic to create the e-commerce model of internet celebrity+community for profits. What the popularity of present fitness coaches appeared in fitness platforms is not a circumstance to the VIP bloggers on Weibo and Bilibili. As a result, it is difficult to stimulate users to purchase paid videos.

THE FUTURE PROFIT MODEL OF MOBILE FITNESS APPS IN CHINA

From Online To Offline

Online traffic has reached a relatively higher value. Online profit model has reached a diversified level whereas the offline one has not yet been explored, only Keep and some other few apps have opened a small number of offline stores. Nowadays, the supply of offline fitness rooms is still not adequate to the demand which will be further expanded in the future, thereby, establishing an offline business circle is one of the important methods of drainage. Not only offline fitness room should be constructed, but the business about gymnasiums also can be explored such as cooperating with well-known gymnasium to self-owned gymnasiums. As for platforms has smart device, offline fitness room and equipment experience store is also one of the trends in the future.

Connecting With the Sharing Economy

The appearance of sharing fitness further promoted the transformation of the traditional fitness industry towards new-type fitness industry[7]. New-type business opportunity can be caught by connecting offline layout with sharing economy. Offline stores can adapt the model of ‘sharing’ to aim at user groups with self-dependent fitness ability and to further reduce operation cost, moreover, It will help to attract more users to consume compared with the expensive annual in traditional gyms.

Create Exclusive IP System

Creating self-exclusive IP will become one of the new methods of profit. Only some of the platforms are building self-owned brands including brand sports-related products, smart device and nutritious supplementary, etc. If the future development of profit model relies on brand self-supporting products, the situation of inadequate profitability and disadvantage will occur. Thereby, contents profit should be unfolded through building self-owned brand and establishing complete IP commercial chain which including components of self-supporting sports products, offline stores, exclusive videos, offline training camp even TV variety shows and sports competitions to form a complete profit industry chain.
Mobile fitness apps have become the necessary apps of most people’s life. Moreover, the ‘Internet+’ fitness field in our country has been fully developed, and a series of profit models have been established, the transformation of free users to paid users of fitness apps has been achieved. A number of users have been attracted by mobile fitness apps, nevertheless. With the rapid growth of the number of users, mobile fitness apps have to search for one kind of more steady and more diversified profit method.

REFERENCES

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