BUSINESS PLAN

CLIENT ORGANIZATION: PLANET FITNESS

PRODUCT/ SERVICE: GYM AND FITNESS SERVICES

ENTRY COUNTRY: PHILIPINES

TOWS STRATEGY PLAN

DATE: 03/16/2020

# Executive Summary

The purpose of the report was to develop a TOWS business strategy based on the SWOT analysis of Planet Fitness. The TOWS analysis aimed at identify critical strengths, weaknesses, opportunities and threats in the business environment, with the aim of developing strategies to exploit existing opportunities and mitigate threats. Based on the TOWS matrix, it is crucial for Planet Fitness to position themselves in the Philippine market as a leading provider of health and fitness services. The company already has a strong reputation for quality and innovativeness and must therefore strive to use this advantage to establish at least three strategically located facilities in the main cities. The facilities should promise customers to provider personalized services to serve the specific needs of each customer and improve customer experience. Quality of service will create an emotional connection and attachment with customers, leading to customer loyalty. The organization should further set low prices for their membership rates to accommodate a wider consumer audience. The Philippine economy is a developing economy with a higher population of middle and low income earners. Setting low prices will help compete against local service providers and appeal to more consumers. The organization should promote the product more among the local population by targeting community engagement, social media messaging and bill board advertising to create awareness on healthy behavior and reduce incentive for home exercise. This will not only help to position the brand better but also help reduce the threat of increasing customer preference for home exercising. The organization should introduce a special segment containing special equipment and trainers to deal with high risk clients with special conditions and disabilities. The special segment will help appeal to un-served consumers in the market and increase customer base for the organization. There should also be a special segment for premium customer service to serve high end customers. Being an international brand with strong reputation, the organization has the potential to appeal to the high end customer service. Training and development of employees will be a critical factor of ensuring quality customer service and retention of valuable talent. The organization must mitigate risks and exploit opportunities by having a strong monitoring and evaluation plan to constantly assess business outcomes and make changes effectively. Developing partnerships with local organizations will also help to access crucial information about the business environment and reduce information related risks.

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Business Strategy Plan

# Introduction

Planet Fitness aims to leverage opportunities in the Philippines market while maintaining risks at a minimum. Developing a competitive advantage in the new market will require the company to understand all the competitive strengths and weaknesses based on competitor’s position. The purpose of this report is to develop a TOWS analysis based on the SWOT analysis of Planet Fitness and competitors with the aim of recommending the best strategies to exploit in seeking competitive advantage. Based on the TOWS analysis, the report will exemplify the strategies for mitigating country and industry threats as well as the strategies for exploiting opportunities and opportunity support factors.

# List of Client’s competitive strengths and weaknesses

## Strengths

1. Good brand reputation – Planet Fitness is recognizes as an international brand and a trusted consumer brand. The organization has positioned itself as a high quality health and fitness center, with state of the art equipment and innovativeness. Good brand reputation will increase market confidence in the brand (Planet Fitness Inc).
2. Strong Cash flow – creates a strong financial base for expansion operations. The strong financial base will support adaptation needs in the new market and ensure the new health and fitness center is well equipped to support consumer needs
3. Relatively affordable prices and more flexible subscriptions – compared to competitors, the Planet Fitness Organization rates are affordable and flexible. Compared to Fitness First, who charge premium prices, Planet Fitness has a market advantage of price which fits into the current economic environment since Philippines is a developing country.
4. Provides a wide array of products and services ranging from strength training, cardio, sauna, steam bath, massage, swimming activities and indoor gaming activities (Planet Fitness Inc). The range of activities support the health and fitness needs of a wider market audience
5. Is an international corporation – being an international company, the organization has acquired information on a variety of customers and developed strategic methods of meeting consumer needs more effectively. Learning to adapt to the health and fitness culture of the Philippines will therefore be easy

## Weaknesses

1. High rate of attrition- reveals an underlying lack of employee satisfaction and motivation
2. Little involvement of the community – the business lacks a solid plan for community engagement which limits the business capacity to make more people aware of healthy behavior in a bid for more customers (Byrene, 2018).
3. Lacks specially trainers who can train high risk customers – some of the potential customers suffer disabilities or other conditions that need special skills and equipment. The lack of these trainers reduces incentive of attending gym for the high risk consumers.
4. Lower income groups may not afford the membership rates

# External opportunities and Threats

## Opportunities

1. Increased motivation towards health and fitness – the high prevalence of chronic diseases linked to lifestyle behaviors and need to maintain a healthy profile, has motivated individuals to seek out health and fitness services.
2. Acquiring new skilled trainers to handle high risk clients
3. Engaging the community through awareness campaigns and bill board to enhance motivation towards health behavior. When more people are sensitive about their health, motivation to attend the health and fitness center will increase (Byrene, 2018).
4. Invest in professional growth and motivation of employees to increase employee satisfaction.

## Threats

1. Costly maintenance of machines and costly replacements – most of the machines in the fitness center are technology driven and often become obsolete. The organization has to replace old machines with new versions to keep up with competition, which may be a costly undertaking for the new establishment. The maintenance of existing machines is also costly, adding to the operational costs.
2. Technology advancements that have availed home gym equipment (Byrene, 2018).
3. Growing competition – the high demand for health and fitness services in the Philippines and around the world has motivated a lot of new entries into the market. This may create a threat from cheaper local gym alternatives
4. Local sedentary lifestyle behavior – a lot of people in the community still lead sedentary lives

# Strategy Generation Process (SWOT to TOWS)

The first strategy to competitive advantage will be to take advantage of the organization’s good reputation and brand position as a high quality health and fitness center to establish operations in different strategic locations. To reduce risks and ensure good use of organizational resources, the organization should start by establishing operations in Quezon City, Manila and Caloocan before expanding to other locations. These cities are the most developed and most populated cities in the country, which creates opportunity for larger marker audience. Strategic location will be an essential element of competitive advantage as it will create consumer access and convenience.

The organization should also position itself as customer oriented fitness center that provides personalized attention to consumers. Different consumers attend health and fitness facilities with different motives. Promising to treat each consumer as individual and assuring customers of personalized training will enhance the value consumers’ associate with the brand. Personalized training will also enhance the consumer experience and promote a feeling of belonging for clients, leading to greater customer loyalty (Woolf, 2018). Running a customer oriented model will boost customer satisfaction and create numerous opportunities for word by mouth promotion as well as sustained customer loyalty.

The organization should also set a flexible pricing model to appeal to as many target consumers as possible. The Philippines is a developing country with a higher population of low and middle income earners (World Bank, 2018). Introducing membership packages with lower price rates will accommodate the needs of both middle and lower income earners. The organization will also set flexible membership rates on an hourly and daily basis as opposed to monthly and annual rates to help break down the costs into smaller affordable units. However, the organization should offer some premium services to attract high end consumers in the market. The high end consumer prefer more luxurious and comfortable services which the organization should strive to offer in order to raise more revenue to meet the costs of operation (Woolf, 2018). The health and fitness equipment requires constant maintenance and replacement. As an international organization with a good reputation, the organization has the potential to appeal to high end consumers. The high end consumers are willing to pay more for quality services, raising the income potential and consumer variety of the organization. Having a higher source of revenue from the premium services will allow the facility to meet their operational needs while still maintaining a good cash flow.

The organization is currently disadvantaged from lack of specialized trainers to train high risk clients. Some of the high risk clients include clients with neurological disorders, physical disabilities, communication challenges and chronic illnesses. These high risk patients demand health and fitness services but normally lack facilities with enough capacity to handle their unique needs. By introducing a training segment with special equipment and well trained service providers, Planet Fitness will appeal to these clients and assure them of quality services. The lack of similar services in the market will give the organization an added advantage and create competitive advantage.

The organization can get a lot of advantage from engaging the community. A lot of community members also lack knowledge on the importance of healthy behavior and are therefore leading sedentary lives. In a bid to increase their competitive position, the company must engage in capacity building by initiating social media campaigns. The greater access of digital devices among the population makes social media a strategic tool for engaging members of the community in health awareness campaigns. Social media marketing messages can reach a wider audience and make more consumers aware of the organization and the services offered (Woolf, 2018). The organization can also participate or sponsor community sporting events with the aim of spreading promotional messages and creating better brand perceptions among local consumers.

The use of bill board advertising and distribution of promotional pamphlets will help the organization compete against home based training. Advancements in technology have introduced a variety of equipment’s clients can train with at home, threatening the sustainability of health and fitness centers. Appealing to consumers through attractive images of the gym and promotional videos on platforms such as You Tube has the potential to increase incentive for outside training by making the health and fitness center more attractive.

The organization should invest in employee growth, engagement and motivation schemes to enhance retention rates. The organization currently has a high level of turnover, which has undermined consistency in service delivery. Customers often develop personalized relationships with trainers and develop a sense of confidence in particular trainers. The high rate of attrition disrupts customer- trainer relationships and may reduce customer incentive for attending the health and fitness center. Improving employee satisfaction is a unique opportunity for the company to ensure sustained value for clients.

# Mitigating strategies for country and industry Threats

The development of competitive advantage must take into consideration the external forces that go beyond the control of the business. The country and industry environment pose significant risk to the business, creating the need for Planet Fitness to understand and mitigate the risks. A critical analysis of the business environment should be conducted to guide decision making on critical factors affecting the business.

Developing a strong monitoring and evaluation plan will be essential for the organization to help track the implementation of the business plan. The monitoring and implementation plan should have performance indicators and risk measures to compare performance outcomes to those expected by the company (Woolf, 2018). The risk measures should help detect risks in the business environment to allow for proactive and relevant risk management.

Developing partnerships with local organization will enhance the competitive positioning of the company. Having a local partner will help fill the information gaps needed to make adaptive decisions to the new business environment. To remain competitive, the business must take into consideration the unique cultural, legal and political environment. Having a partner will create an avenue for relevant information and ensure the organization makes informed decisions.

# Exploiting strategies for Opportunity and Opportunity Support factors

According to the theory of comparative advantage, every nation possesses unique factors and resources that create unique opportunity for certain business activities. To remain competitive and sustainable in the Philippines, the Planet Fitness organization must have strong understanding of exploiting strategies and support factors to optimize competitive advantage. The Philippine economy has continued to grow significantly, registering a 6.7% growth in 2018 (World Bank, 2018). Such growth will mean increased employment opportunities and expansion of the middle class. Planet Fitness should take advantage of the economic growth and development by promoting the business more on a community level to appeal to more consumers. Critical monitoring and evaluation will be essential to track market trends to take advantage of opportunities.

# Conclusion

The purpose of the assignment was to exemplify the SWOT analysis developed in the business plan to a TOWS analysis articulating the different strategies Planet Fitness must adopt to gain competitive advantage in the new market. Planet Fitness have a variety of strengths and opportunities which they can use to reduce business weaknesses and mitigate business threats. According to the report, the business should position itself in the new market environment as a leading provider of health and fitness services, supported by the existing brand reputation. The good cash flows of the company will act as a strong financial base and allow for business growth. To leverage opportunities, the organization must adopt social media campaign and engage community through activity participation, sponsorships and health education to improve incentive for health behavior. The organization should further acquire specialized skills and equipment to help deal with high risk clients and also invest in employee motivation to enhance employee retention. Building a competitive position is crucial for business sustainability and profitability in the new business environment.

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# Appendices

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| --- | --- | --- |
| **TOWS MATRIX** | **Strengths**   * Good brand reputation * Strong cash flow * Relatively affordable prices and flexible subscriptions * Wide range of health and fitness products and services | **Weaknesses**   * High employee turnover * Low income earners may not afford the membership rates * Lack capacity to handle high risk clients * Little community involvement |
| **Opportunities**   * Increased motivation towards health and fitness * Expanding consumers base by employing trainers to handle high risk clients * Professional growth of employees * Community engagement and capacity building | 01 + S1,s3 = Set lower prices than competitors    O4 + S1= Open several health and fitness centers in different strategic locations    O1,S1 = Offer premium services to attract high end consumers and increase revenue streams | 01,W4 =Develop social media campaigns, bill boards and community education forums to increase awareness on healthy behavior  01,04,W4= Take advantage of major sporting events in the community to advertise their operations  03,W2=Offer training and bonuses to employees to increase satisfaction  02 + W3= Acquiring new equipment and trainers to handle high risk clients |
| **Threats**   * Technology advancements that have availed home gym equipment * Large cost of maintenance and equipment replacement * Competition from international organizations and cheaper gyms in the local environment * Local sedentary lifestyle behavior | T1,S1 = Position the health and fitness center as a unique and customer friendly brand  T1, T2,S2= Adopt bill board and social media advertising to encourage home based consumers that the gym is better than home | T3, W2= Develop membership rates based on hourly or daily training to appeal to low income earners  T4, W4= Get health and fitness activities to the local community |