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## Marketing Plan for West Hills Athletic Club

Loai Maddah

Western Michigan University, maddah\_l@live.com

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Marketing Plan for West Hills Athletic Club

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## West Hills Athletic Club

### **Introduction**

In the recent past, the trading environment has increasingly become competitive. Businesses are adopting various strategies to survive in the dynamic business environment. One such business is West Hills Athletic Club, which is located along South 11<sup>th</sup> Street, in Kalamazoo, Michigan. The fitness center was organized and incorporated in 1973. It was opened in 1974 and it has eight indoor courts for tennis. As of 1976, the enterprise expanded to twelve courts. In 1988, the firm converted 2 tennis courts to incorporate a track, basketball, and fitness equipment. In 1998, the facility was donated to the Western Michigan University. The institution undertook the initiative to renovate the facility expanding and improving on the fitness services being offered. The facility employs about 130 people, with the workforce having an average age of 45 years. It has a membership plan; the fitness club has 3900 members with 1200 of them being from Western Michigan University. The firm has come with a five-year strategic plan to target the millennials to increase growth. In spite of the facility facing stiff competition from other fitness clubs, its growth potential is in the tennis junior market. The mission of the fitness center is ensure that all participants attain their health, fitness, and tennis goals in an encouraging environment by the best-trained personnel, state-of-the-art equipment, and programs the fitness club provides.

According to recent statistics by the Fitness Industry Analysis there are more than 50 million Americans with memberships in health and fitness clubs. Majority of these clubs operate for commercial purposes. The remaining are non-profit centers such as YMCA. It implies that more than 40 million Americans pay monthly dues to be members of a fitness or health facility.

They assist the customers to attain their health objectives as well as make profit. With this in view, the paper will develop a marketing plan for West Hills Athletic Club.

## **Discussion**

### **Target Market Analysis**

West Hills Athletic Club operates in a very dynamic industry. The profile of the firm's customers are based on demographic and psychographic factors. First, based on geography the firm's target population are people living in Kalamazoo and guests. A 40-mile radius is also in need of West Hill's services. Demographically, the majority of the customers are male (52%) and the rest are females (48%). The income range is \$25,000-\$80,000. For the corporate customers, majority have undergraduate degrees. Next, the targeted customers have identified the need to live a healthy life. Western Michigan University has incorporated in its programs exercising and fitness, as well as sports in its programs. Its employees are full-time members at the facility.

### **Market trends**

In the last 10 years, there has been increased utilization of fitness facilities. Working out has become a major activity in the mainstream American culture. Initially, there was an impending crisis in relation to increased incidences of obesity. People in Europe and America were reported to have more cases of obesity. The risk factors were strongly associated with lifestyles. Fortunately, that has changed in the last decade. The amount of people engaged in active life has increased by 55%. More people are going to gyms regardless of their age or gender. Some are integrating the gym work in their households. Besides, corporate organizations such as WMU are offering fitness programs as part of compensation to attract and retain high-

qualified employees. Physically fit workers is motivated and more productive. In the coming years, the fitness industry is projected to grow.

### **SWOT Analysis**

In today's fast changing economic environment, every business is trying to evaluate its performances on a regular basis. As a result, the company managers are searching for appropriate tools to investigate both the external and internal cost of the products and services, acquire market information, cost of production, assess the consumers' needs, predict the future performance of the organization, and ensure competitive advantage. This requires a strategic management tool such as SWOT analysis. SWOT is an acronym for an analysis of strengths, weaknesses, opportunities and threats facing an organization. The analysis is useful in that it enables the exploitation of neglected opportunities, tackling of firms' weaknesses and maximization on the strengths of an organization (Verweire, 2014).

#### Strength –

- Every full-time employee at WMU is a member at the club. Members benefit from receiving lower rates on all tennis as well as fitness programs, group fitness classes, full access to the fitness center, and every new members is oriented on how to use the equipment.
- Well-developed club with a wide range of amenities: a relaxing lobby with big screen television, pro-shop that has a wide range of tennis equipment, apparel, and other accessories, a massage parlor that takes care of pain and injuries, locker rooms with clean shower facilities, kid club that is open two hours every day, and swimming arena (West Hills Athletic Club, 2018).
- Experienced and well-trained staff who work with customers to attain their goals

- Strong management
- Flexible operating hours as the facility only closes four times a year
- It has a higher staff retention rate
- Short waiting times
- The average visits per day amount to 1000 people.
- Unique fitness classes that are not provided in other fitness centers

Weakness –

- With the advent of the Internet more people are downloading video on various workout and exercise from their homes
- High customer turnover as the firm only retain 65% of the customers (West Hills Athletic Club, 2018).

Opportunities –

- Growth in tennis in the junior market (West Hills Athletic Club, 2018).
- Employing more younger instructors as they are physically active
- Targeting the millennials
- New trends in exercising such as pilates and yoga
- An increasingly health-conscious population
- Expansion of the club to other regions

## Threats –

- Competition from Bronson Athletic Club, YMCA, and boutique clubs (West Hills Athletic Club, 2018).
- High costs of equipment
- Economic slow down
- Unfavorable government policies

**Financial analysis**

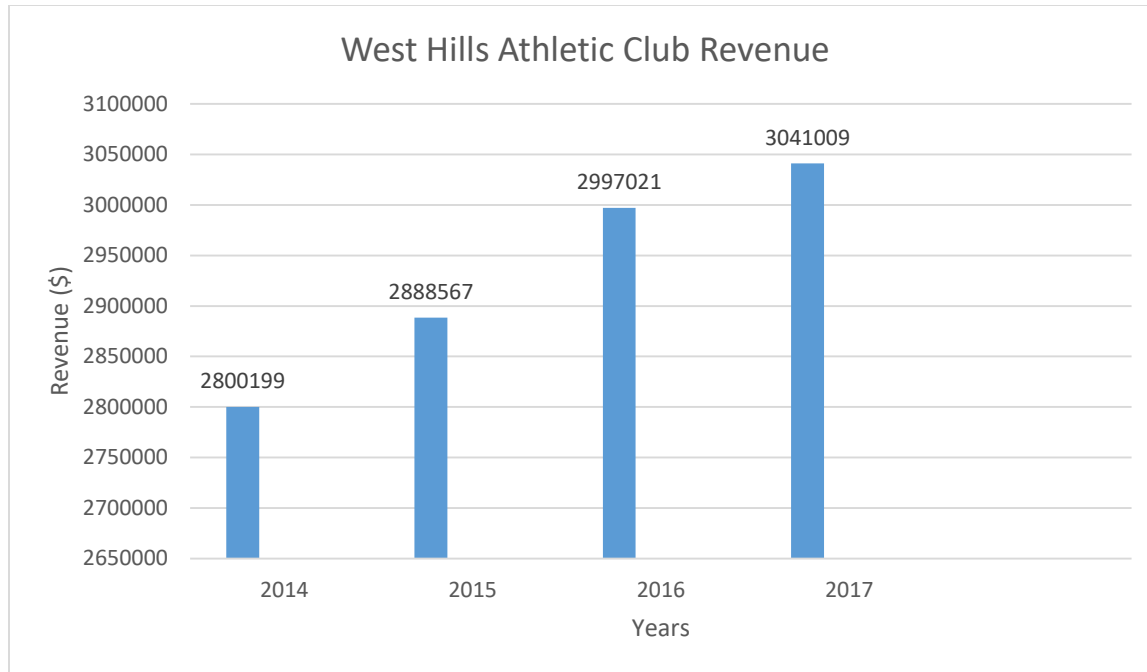
With 3,900 members and a revenue of \$2.9 million, the fitness club is doing well but it strive to grow further. In the 2017 fiscal year, the firm reported dues and membership fees amounting to \$957,856 compared to \$970,248 in 2016 and \$937,144 in 2015. It is projected that the amount in 2018 would be \$992,000. The revenue in 2015, 2016, and 2017 was \$2,888,567, \$2,997,021, and 3,041,009, respectively. In 2013, the firm's revenue was \$2,866,948, while in 2014 it was \$2,800,199.

Table 1: West Hills Revenue

	2013	2014	2015	2016	2017
Revenue (\$)	2,866,948,	2,800,199.	\$2,888,567	2,997,021	3,041,009,

The figure below shows the variation in review in the fitness and health center.





From the graph, it can be seen that the revenue has been increasing in the last four years. The company accrued its revenue from various projects: membership fees, guest fees, service charges, tanning fees, weight loss programs, USTA program, tennis court fees, permanent court fees, tennis league fees, tennis tournaments, tennis lessons fees, personal training, biometric fees, kid clubs fees, small group training pilates, permanent locker rentals, advertising, pro shop sales, food products sales, racquet stringing, and equipment sales. The activity that brought the highest revenue was personal training \$475,201,000 as of 2017, which is a reduction from the \$476,995 in 2014 as shown in the figures below.

**GLOW Summary Information Comparison** [GLOW Main Menu](#)

*selection criteria*

Fiscal Year: 2014  
 Fund/Department(s): 43-9470500 thru 43-9470640  
 Account(s): ALL

**Comparison Options:**

Two Years - Include Current Year Budget

NOTE: Click desired **account button** below in order to drilldown to accounting period detail.

Account	Current Year Budget 2018	Actuals 2014	Actuals 2013
<b>1654</b> Inventories-General	0.00	72,319.19	121,573.69
*** Assets/Liabilities Subtotal ***	0.00	72,319.19	121,573.69
<b>8250</b> Dues&Membership Fees	-992,000.00	-834,211.95	-861,326.62
<b>8491</b> Service Charges-A/R	-3,000.00	-2,275.00	-2,110.00
<b>8561</b> Project B <i>wt. loss / dietician</i>	0.00	-629.00	-1,085.00
<b>8562</b> Project C <i>guest fees</i>	-12,000.00	-12,385.75	-12,189.00
<b>8563</b> Project D <i>tanning fees</i>	0.00	-2,265.69	-2,761.25
<b>8564</b> Project E <i>USTA program fees</i>	-130,000.00	-118,652.57	-91,582.68
<b>8565</b> Project F <i>court fees</i>	-130,000.00	-112,411.54	-104,736.54
<b>8566</b> Project G <i>permanent court fees</i>	-45,000.00	-43,717.17	-53,140.67
<b>8567</b> Project H <i>Tennis league fees</i>	-5,000.00	-10,694.50	-4,426.00
<b>8568</b> Project I <i>special activity fees</i>	-45,000.00	-37,289.12	-31,481.05
<b>8569</b> Project J <i>Tennis Tournament</i>	-45,000.00	-44,949.30	-47,910.20
<b>8580</b> Project K <i>Tennis lesson fees</i>	-400,000.00	-318,544.90	-278,264.37
<b>8582</b> Project M <i>personal training</i>	-500,000.00	-476,995.31	-569,049.85
<b>8583</b> Project N <i>Biometric Fees</i>	-3,000.00	-3,350.00	-2,875.00

ary Information Comparison https://www.fs.wmich.edu/glow/comrpt.as

8584	Project O <i>Small group training Pilates</i>	-217,000.00	-130,110.00	-113,913.53
8585	Project P <i>Kids club fees</i>	-25,000.00	-17,552.00	-17,484.85
8714	Recr Rev-Lockers Rental <i>permanent locker rental</i>	-18,000.00	-19,068.75	-19,822.50
8716	Rec Rev-Machines	-2,000.00	-868.75	-1,055.00
8862	Advertising	0.00	-1,803.20	0.00
8936	Sales-Oth Merchandise <i>pro shop sales</i>	-190,000.00	-180,632.23	-196,034.60
8952	Sales-Merchandise-Non-Taxable <i>vending/food products</i>	-30,000.00	-35,235.62	-31,555.70
8953	Use Tax	-5,000.00	-4,338.30	-3,725.00
8954	Services-Non-Taxable <i>Racquet stringing</i>	0.00	-7,368.91	-6,432.50
8955	Income-Vending Machines	-1,000.00	-631.24	-389.46
8960	Surplus Equipment-Sales Non Ta	0.00	0.00	0.00
8980	Miscellaneous Income	149,144.00	341.26	182.90
8995	Support From Oth Funds <i>WMU memberships</i>	-305,000.00	-384,560.00	-413,780.00
***	<b>Total Revenues Subtotal</b>	<b>-2,953,856.00</b>	<b>-2,800,199.54</b>	<b>-2,866,948.47</b>
3211	Administrative Staff	373,338.00	405,375.71	394,338.59
3218	FRINGE BENEFIT APPT/PMT	170,000.00	156,571.51	83,267.52
3311	Support Staff-Clerical	145,757.00	158,026.83	200,331.35
3321	Support Staff-Maintenance	56,196.00	110,313.99	108,211.52
3511	Regular Student	23,479.00	110,370.19	128,328.11
3611	Support Staff-Overtime	0.00	108.17	74.70
3621	Support Staff-Longevity	8,000.00	7,704.10	7,177.77
3623	SPECIAL PAY-ONE FRINGE	0.00	0.00	0.00
3631	Temporary Staff - Non-Exempt	594,257.00	348,288.33	426,663.22

f 7

**GLOW Summary Information Comparison** [GLOW Main Menu](#)

*selection criteria*  
 Fiscal Year: 2017  
 Fund/Department(s): 43-9470500 thru 43-9470640  
 Account(s): ALL  
 Comparison Options:  
 Three Years - Include Current Year Budget

NOTE: Click desired *account button* below in order to drilldown to accounting period detail.

Account	Current Year Budget 2018	Actuals 2017	Actuals 2016	Actuals 2015
1654 Inventories-General	0.00	81,638.14	103,359.50	83,860.74
*** Assets/Liabilities Subtotal ***	0.00	81,638.14	103,359.50	83,860.74
8250 Dues&Membership Fees	-992,000.00	-957,856.36	-970,248.71	-937,144.74
8491 Service Charges-A/R	-3,000.00	-1,290.00	-1,720.00	-2,320.00
8561 Project B	0.00	0.00	0.00	0.00
8562 Project C	-12,000.00	-16,017.00	-16,019.00	-14,985.50
8563 Project D	0.00	0.00	-244.00	-3,244.00
8564 Project E	-130,000.00	-114,224.43	-122,690.41	-118,699.10
8565 Project F	-130,000.00	-122,145.32	-127,756.25	-123,003.06
8566 Project G	-45,000.00	-40,149.78	-49,755.58	-47,070.29
8567 Project H	-5,000.00	-4,966.25	-5,721.00	-5,084.02
8568 Project I	-45,000.00	-45,145.89	-43,139.49	-41,333.57
8569 Project J	-45,000.00	-38,010.50	-40,870.10	-42,600.60
8580 Project K	-400,000.00	-363,510.85	-359,863.12	-341,640.37
8582 Project M	-500,000.00	-475,201.54	-449,238.28	-447,573.20
8583 Project N	-3,000.00	-3,114.51	-875.00	-4,280.00

Figure 2: West Hill's projects

### **Conclusion**

To sum up, the firm strives to remain competitive in the fitness industry. It has experienced tremendous growth in the last two decades. In the recent past, the markets trends in the fitness industry has been changing. More people are exercising and companies are incorporating working out programs in their recruitment and selection strategies. The changing psychographic and demographics have indicated towards a growth and expansion of the health and fitness industry. A SWOT analysis identified the strengths weaknesses of the organization and the opportunities the company can advantage of in order to be profitable, as well being aware of the threats the organization is facing in the fitness industry.

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