

A Competitiveness Analysis of a Selected Fitness Center

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Bachelor's Thesis
2024



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav moderních jazyků a literatur

Akademický rok: 2023/2024

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení:	Eliška Králíková
Osobní číslo:	H20684
Studijní program:	B0231P090005 Anglický jazyk pro manažerskou praxi
Forma studia:	Prezenční
Téma práce:	Analýza konkurenceschopnosti vybraného fitness centra

Zásady pro vypracování

Shromáždění literatury k problematice analýzy konkurenceschopnosti
Studium literatury a formulace cílů práce
Shromáždění dat z vybraného fitness centra
Popis a analýza současného stavu konkurenčního postavení vybraného fitness centra na trhu
Výsledky analýzy a tvorba doporučení pro zlepšení konkurenceschopnosti vybraného fitness centra na trhu

Forma zpracování bakalářské práce: **tištěná/elektronická**
Jazyk zpracování: **Angličtina**

Seznam doporučené literatury:

- Dibb, Sally, Lyndon Simkin, William M. Pride, and O. C. Ferrell. 2019. *Marketing Concepts and Strategies*. 8th ed. Andover: Cengage Learning.
- Kotler, Philip, and Gary Armstrong. 2020. *Principles of Marketing*. 8th ed. Harlow: Pearson Education.
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- Pride, William M., and O. C. Ferrell. 2018. *Marketing*. Boston: Cengage Learning.

Vedoucí bakalářské práce: **Ing. Jiří Bejtkovský, Ph.D.**
Ústav managementu a marketingu

Datum zadání bakalářské práce: **1. února 2024**
Termín odevzdání bakalářské práce: **6. května 2024**

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ABSTRAKT

Tato bakalářská práce se zaměřuje na konkurenceschopnost vybraného fitness centra. Teoretická část práce byla zpracována na základě odborných sekundárních zdrojů a obsahuje informace o konkurenceschopnosti a vybraných strategických marketingových analýzách. Cílem praktické části bylo zpracování analýzy současného stavu vybraného fitness centra mezi konkurenty na trhu. Na základě výsledků analýz provedených v praktické části byla navrhována doporučení pro vybrané fitness centrum pro zlepšení jeho současného konkurenčního postavení na trhu.

Klíčová slova: konkurence, konkurenceschopnost, McKinsey 7S, STP analýza, marketingový mix 7P, Porterova analýza pěti konkurenčních sil, benchmarking, PESTE analýza, SWOT-analýza

ABSTRACT

This bachelor's thesis is focused on competitiveness of a selected fitness centre. The theoretical part of the thesis was compiled by collecting information from secondary sources and contains information about competitiveness and selected strategic marketing analyses. The goal of the analytical part was processing of analysis of the current state of the selected fitness centre among its competitors on the market. Based on the results of the analyses recommendations were carried out for the selected fitness centre to elevate their current competitive position on the market.

Keywords: competition, competitiveness, McKinsey 7S, STP analysis, marketing mix 7P, Porters five forces analysis, benchmarking, PESTE analysis, SWOT-analysis

ACKNOWLEDGEMENTS

I would like to express my appreciation to my supervisor Ing. Jiří Bejtkovský, Ph.D. for his leadership, valuable advice and support which helped me to write this bachelor's thesis.

I would also like to thank my family and partner for their support.

Lastly, I would like to thank the owner of the selected fitness centre for his time and willingness to answer my questions.

Motto:

“Just remember, you can't climb the ladder of success with your hands in your pockets.”

Arnold Schwarzenegger

I hereby declare that the print version of my bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

The current market is flooded with various types of fitness centres. In Zlín, the market is limited by the number of people who are interested in visiting a fitness centre. As the popularity of this free-time activity has risen over the past few years, so has the competition. A good marketing strategy has become crucial in persuading potential clients to choose a preferred fitness centre. It is essential to stay up to date on market trends in order for the fitness centre to respond as quickly as possible. Customers are interested in many different types of workouts, and having the necessary equipment or space for various activities can be beneficial in the long run. It is imperative to understand the competition and identify their strengths and weaknesses. This can aid in the growth of the centre and improve its position in the market.

This bachelor's thesis focuses on the analysis of competitiveness of a selected fitness centre in Zlín. The selected fitness centre was chosen as is the most popular fitness centre among students and has been popular since it has been established in 2012.

The theoretical part of the thesis explains what competition and competitiveness are, and various marketing strategies are defined through different selected authors and selected situational analysis. This theory is supported by secondary sources from experts, and a summary is provided at the end of the theoretical section. Based on the theoretical part there were three questions defined that will be answered using the analytical part of the bachelor's thesis.

The analytical part of the thesis examines the current competitive position of the chosen fitness centre on the market. This is done by collecting primary and secondary data and information. The selected fitness centre is introduced and then analysed by these analyses: the McKinsey 7s model, STP analysis, and analysis of the marketing mix 7P. These analyses present the microenvironment of the selected fitness centre along with the analyses of competitive strategies by Porter, Kotler, Ansoff, Drucker along with the Blue and Red Ocean strategy. The fitness centre is then analysed in the mesoenvironment using Porter's model of five competitive forces and benchmarking. The last environment is the macroenvironment, where different variables of PESTE analysis are discussed. The last analysis done is SWOT analysis that uses the information from all of the practical parts.

Based on the analyses performed, several suggestions are presented to the owner to strengthen the fitness centre's current position on the market. The owner set aside a budget that will be used to fulfil the recommendations provided.

I. THEORY

1 COMPETITION

Competition is seen as a motivation for business owners and other high positioned employees. To put it simply, competition appears when communication between businesses goes wrong. It can happen in two different ways: on the macro level when one business tries to take advantage of another, there are not any relationships established between the competitors. The other level of competition is on the micro level, the main focus is still to have the best outcome for their own business, but the difference is that they operate with their own timing and relativities and take in account the competitors' costs and benefits. There are situations with weak communication and the relationships are not established as to their development and the level of commitment (Ford and Hakansson 2013, 1023). Usually, competition is forgotten about when coming to the market with new products and services. A problem could be solved in many ways, this is the thing most founders forget about (Srpová, Svobodová, Skopal and Orlík 2011, 57).

1.1 Types of competition

There are several competitive structures that can occur in the market. Pride and Ferrell (2018, 72) distinguish between four kinds of competition by how much they affect the strength of one another on the market. There is monopoly, oligopoly, monopolistic competition, and pure/perfect competition.

1.1.1 Monopoly

This is kind of an extreme that appears when there are no similar products on the market, only one firm is able to supply the product and therefore can control the supply, the price and can control the potential competition (Pride and Ferrell 2018, 70). Monopolies nowadays are rare, but we can still find them for example in some countries where railways and electricity providers are monopolies. The number of financial resources that is needed to keep the company going is so high that the monopolies are tolerated in these cases (Dibb, Simkin and Pride 2019, 94).

1.1.2 Oligopoly

Appears when the control of large part of production is in the hands of a handful of sellers, every change they make is reflected onto their competition. Oligopolies appear in with homogenous products, such as oil-refining industries. Or they appear in differentiated products such as parcel delivery services. Small differences between competitors are important to keep the competition going (Pride and Ferrell 2018, 70). For example, in the

automobile making industry they do offer the same products, but they keep differences in things like the designs of the cars (Pride and Ferrell 2018, 70).

1.1.3 Monopolistic competition

Monopolistic competition appears when an organization must come up with a marketing strategy that differentiates it from a large number of its competitors. This is common with fast food chains or with clothing stores. The main point is to create a well-known design, marketing strategy or image to set them apart from the other business on the market (Dibb, Simkin and Pride 2019, 95).

1.1.4 Perfect competition

This is a situation that would appear when all the sellers on the market would not be able to influence the price or supply. New organizations would be able to easily enter the market and have full knowledge of it, products would be homogenous. Perfect competition is almost impossible to achieve, the closest thing to it is an unregulated agricultural market (Pride and Ferrell 2018, 614). This is one of the two most extreme situations that could appear on the market. On the other hand, we have monopoly, usually businesses function somewhere in the middle of these two (Dibb, Simkin and Pride 2019, 99).

1.2 Competitiveness

In general, competitiveness means to sustain performance strong enough to compete on the market. Although the correct definition of this term is still in question. It is a concept that needs understanding of management, history, economics, and culture (Waheeduzzaman and Ryans Jr, 1996).

1.3 Competitive strategies by Kotler

Strategies are dependent on the market size and stand on the market position of the company. By Kotler's approach companies should reach market expansion by attracting new customers, reaching customers that might find the product useful and never came into contact with it. Creating more usage for their products by for e.g., changing the packaging size to make consumers use more of the product. Or protecting their place on the market by making the consumers more loyal to the brand, doing this by marketing the product in such a way that a customer has a connotation with the product. According to Kotler there are: market leaders, market-challengers, market-followers and market-nichers (Kotler and Keller 2012, 301).

1.3.1 Market leader

A position on the market with the largest market share. 40% of the market is in their hands and as Kotler and Keller (2012, 299) state: “Usually lead in price changes, new-product introductions, distribution coverage, and promotional intensity.” Some well-known companies that are market leaders are: Microsoft, McDonald’s, and Visa. These companies need to be in constant awareness because other competitors will try to use their weaknesses against them. By attacking their weaknesses, they will lower the amount of their market share (Kotler 2007, 581).

1.3.2 Market-challenger

About 30% of the market is created by corporations in the position of a market-challenger. To have more market value they plan on attacking the market leader or minor corporations in the industry. One of the ways they do this is by lowering prices and lowering quality. Or by the opposite, making top notch products or innovations (Kotler and Keller 2012, 305).

1.3.3 Market-follower

Adjustment to the competition mostly to the market leader are what makes these corporations successful. Making up about 20% of the market, they try to use segmentation and being profitable rather than focusing on having a larger market share (Kotler and Keller 2012, 307).

1.3.4 Market-nicher

Mainly smaller corporations that operate on the market where special abilities are needed. The specialization could be according to the market, a group of customers they try to reach, products or technologies. Market nichers have the advantage of knowing their customers well therefore can be more effective in satisfying their needs. Their margins on the products could also be higher than in bigger companies as they focus on providing additional value over selling huge amounts of the products. Creating about 10% of the market, they are represented mainly by small corporations (Kotler and Keller 2012, 308).

1.4 Competitive strategies by Porter

Strategies that come from knowing your competition and not forgetting about how much they can affect your market share were mentioned by Porter (1998, 1). Corporations’ goal besides successfully satisfying the customers’ needs should also be obtaining a revenue. The most idealistic way to achieve this is by having a strong enough market share. The corporation should also be able to answer what its competition situation is and how they are

perceived by their customers before they decide which strategy to choose (Tanwar 2013, 11).

1.4.1 Cost leadership

High volume production of products that are commonly bought by a large amount of customers are produced at a low cost and at a low price. Cost reductions are constantly looked for by the businesses that use this strategy. Having the most extensive production of the products is what these businesses want and marketing them in a way to make a virtue out of the low-cost traits (Obasi, Allen, Helms and Spralls 2006). To succeed it is preferable to have better access than the competition to either raw materials, labour, or components. If not, the competition could easily adapt to the same strategy that the corporation uses. One of the examples could be low-cost airlines as Ryanair or EasyJet that ensure to keep their costs at the minimum possible level (Tanwar 2013, 12).

There are risks to this strategy such as unexpected inflation in costs, so the firm is not able to differentiate through cost leadership anymore. Copying this strategy by competition that entered the market later is also a possible scenario that can happen (Tanwar 2013, 17).

1.4.2 Differentiation strategy

A broad market is aimed at with differentiation, creating a superb product or a service that is seen as such in the industry and setting up a price according to the uniqueness of the product. Creating a loyal customer base means that price does not play such a high role for the customer and therefore the company earns higher revenue. Costs do not play such a role here as the price is not as important to the buyers as with low-cost products (Obasi, Allen, Helms and Spralls 2006). This could be used as a barrier for entering the market, because it requires that the competitors have to come up with a way to differentiate their products. An obvious example could be Apple products or Nike sports shoes (Tanwar 2013, 13).

The risk of customers preferring a low-cost producer over staying loyal to a brand is a risk of choosing differentiation strategy. The sacrifice of features that the differentiation company offers with its products or services would be outweighed by saving money by buying low-cost products (Tanwar 2013,17).

1.4.3 Focus strategy

A few target markets are selected to be the main focus of the company. By focusing on smaller and narrower segments the company has a bigger chance in meeting the needs of that segment and altering their marketing mix accordingly. Effectiveness is put into front

rather than efficiency, because of this it is a more suitable strategy for smaller firms (Obasi, Allen, Helms and Spralls 2006). Two variants can be chosen for the strategy:

- cost focus, looking for a cost advantage in a selected segment.
- differentiation focus, looking for a way to differentiate itself in a selected segment.

Either way both of the variants' focus is the difference between selected segments and the rest of the segments in the industry. The customers in the selected segments have usually unique needs or the segment stands out for having the production or delivery system that appeals to that certain segment (Tanwar 2013, 15).

By increasing costs with trying to focus on a specific segment it is possible that some customers would rather choose a firm with wider selection of products, but with the promise of saving money (Tanwar 2013, 17).

1.5 Competitive strategies by Ansoff

According to Ansoff firms can explore the market in four options which are: market development, market penetration, product development and diversification. Depending on if the firm is new on the market or already on it, it could be divided in new and present market and in present and new product (Lamb, Hair and McDaniel 2018, 16). In the table below you can see the Ansoff opportunity matrix layed out with the information mentioned already.

Figure 1. Ansoff's opportunity matrix (Lamb, Hair and McDaniel 2018, 16)

	Present Product	New Product
Present Market	<p><i>Market Penetration</i></p> <p>Starbucks sells more coffee to customers who register their reloadable Starbucks cards.</p>	<p><i>Product Development</i></p> <p>Starbucks develops powdered instant coffee called Via.</p>
New Market	<p><i>Market Development</i></p> <p>Starbucks opens stores in Brazil and Chile.</p>	<p><i>Diversification</i></p> <p>Starbucks launches Hear Music and buys Ethos Water.</p>

There is a connection between the market and the product which this strategy defines. Which strategy the firm chooses depends on the product and on the type of market it wants to enter (Srpková, Svobodová, Skopal and Orlík 2011, 664).

1.5.1 Market development

Market penetration is used with an existing product that wants to enter a new market. An example of this could be opening a shop in a new area or promoting product as ideal for a different age group of customers than it was marketed to before (Srpková, Svobodová, Skopal and Orlik 2011, 666).

1.5.2 Market penetration

This strategy is used with an existing product that is present on an existing market. The firm wants to enlarge their market share with customers that are already on the market (Lamb, Hair and McDaniel 2018, 16).

1.5.3 Product development

Developing a new product for a present market. This includes an innovative product or a enlarging the usage of a product by the way the new versions were made (Horáková 2013, 856-861).

1.5.4 Diversification

Developing a new product for an existing market. For example, a new product that is a variant of what the firm offers now but targeted to children or women. This could be a risky strategy as it is unpredictable how the market could react and if the product will do well (Lamb, Hair and McDaniel 2018, 17).

1.6 Drucker's competitive strategy

Compared to Porters strategy, Drucker did not develop framework for competitive strategy, however he believed that by following several key tools great market position could be achieved. These principles are based upon earning a good competitive position without being in long-term direct conflict with competitors. The strategy is based upon the theory that a true entrepreneur can create new markets that reflect the real value for customer and overall works with customer relationship management (Bartes 2011, 131).

1.7 Blue and Red Ocean strategy

The Blue Ocean strategy is based upon looking at the market from two different points of view. One is called red ocean which consists of already existing industries. The other one is called blue ocean, and it is market space that has not been used by businesses until now (Kim and Mauborgne 2016, 12).

1.7.1 Red ocean

Red ocean represents the present market space that consists of already existing businesses. It is essential, but highly competitive and boundaries are set in place (Bartes 2011, 126). The red ocean is based upon doing better than the competitors and therefore having a bigger piece of the already existing market. There is not much space for growth (Kim and Mauborgne 2016, 12).

1.7.2 Blue ocean

Blue ocean is based on markets that have not been developed, this could be done from red oceans by expanding the already existing boundaries of the market. But some can be created outside of the already existing markets. The competition is not yet relevant, because there are no rules of the market set (Kim and Mauborgne 2016, 12).

2 SELECTED MARKETING ANALYSIS

According to Lamb, Hair and McDaniel (2018, 26) marketing analysis are: “activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets.”

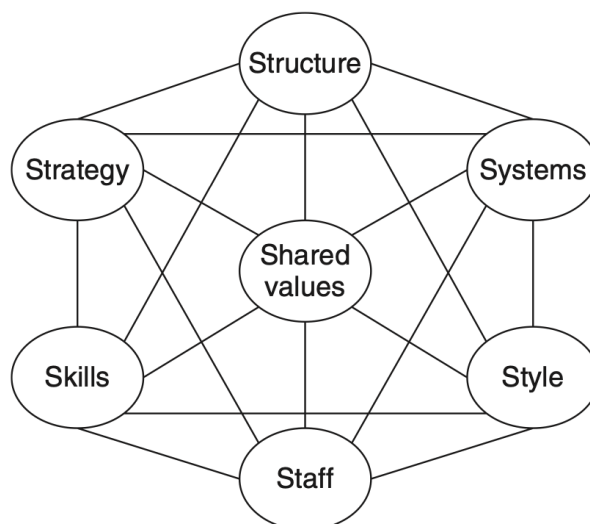
2.1 Microenvironment

The factors that affect how a company can serve its customers. According to Kotler and Armstrong (2020, 71) found here would be: the company, suppliers, marketing intermediaries, customer markets, competitors and public. Everything that is listed can positively or negatively affect creation of value or the customer and company’s relationship (Kotler and Armstrong 2020, 71).

2.1.1 McKinsey 7S

The model was developed in the 1970s as it is “useful in diagnosing the causes of organizational malaise and in formulating programs for improvement” (Waterman et al., 1980). According to McKinsey it is essential to analyse corporation including the relationships established. Seven factors are the base of this analysis as they have relationships between them and influence each other as can be seen in Figure 2. The name 7S is because of the first letters of the factors (Channon and Caldart 2015).

Figure 2. McKinsey 7S model (Waterman, Peters and Philips 1980, 18)



Strategy

Strategy is meant as the planning a set of actions that will help the corporation grow. Every goal will have criteria attached to it depending on how important it is (Channon and Caldart 2015).

Structure

The organizational scheme on which a company operates. This includes different parts of the organizational structure for e.g., production, marketing, human resources. Taking in account their relationships and evaluating their activities (Kaplan 2005).

Systems

All the managements techniques which help evaluate employees that work in different parts of the organization. It takes in account their skills, experience, and knowledge. Including all the procedures that are formal or informal. It is important that we take in account the informal too as it is also often the main part of real work that is done in the corporation (Channon and Caldart 2015).

Style

Style of management, how managers communicate with their subordinates, customers or colleagues (Kotler and Keller 2012, 53).

Staff

Staff is considered the group of people that influence how the organization is working. Their positions can influence the processes in the corporation, they have their rights that can influence the future of the corporation (Channon and Caldart 2015).

Skills

This includes all the skills, experience and knowledge the staff has. One hard change for the corporation to grow in the future will be to get rid of all the old skills that do not work in favour of the corporation (Kotler and Keller 2012, 53).

Shared values

This is the core of the model as they are the key beliefs of the organization, and all of the listed above factors are dependent on this. These are the main values that the corporation has, if the values have to be changed it leads to a complete overturn of how the corporation operates (Kaplan 2005).

2.1.2 The STP analysis

According to Dibb, Simkin and Pride (2019, 251) the STP analysis consist of targeting, segmentation, and positioning of the market. These practices help the company to target the different segments of the market they want to focus on. This helps to focus on the customers that would most benefit from the products and services the company offers.

Segmentation

Creating segments of the market to apply different marketing strategies to best promote the product or service that is offered by the company. They have similar needs in a product, they could prefer functionality of a product and will not care that much about the price. Another group could be more focused on the price than the functionality. Overall, the segments have to have something in common ranging from demographics, geographics, purchasing behaviour and needs (Kotler and Armstrong 2020, 75).

Targeting

Targeting is essentially choosing a group of customers that a company wants to focus their marketing strategies on, it could be one or more segments. Choosing a segment of customers that a certain marketing mix will be applied to (Kotler and Armstrong 2020, 168).

Positioning

The goal of positioning is to create an image in the customer's mind. Companies create it by utilizing how the product is different from what is offered by the competition and clearly presenting it to the customers. Which is why it is important to have knowledge about relevant competition on the market (Kotler and Keller 2016, 276).

2.1.3 Marketing mix

Marketing mix consists of marketing tools that help the organization get the reaction it wants from the chosen market. Having everything the company can do to engage with customers and ensure that customer value is created (Kotler and Armstrong 2020, 51). There are usually 4Ps marketing mixes that are in most of the literature. But as everything evolves so did the marketing mix as there was a need to take more things into account than just the standard 4Ps: price, product, place, and promotion. Added into the mix were: physical evidence, people, and process (Saidani and Sudiarditha 2019).

Product

All the services and goods that the company offers on the market and its combinations. It is the core of the marketing mix as it is important to start with how the company's product is offered. The product as such is not only the product itself, but also how it is packaged, the

warranty offered with it, the value of the product or the after-sale services offered with it (Lamb, Hair and McDaniel 2018, 27).

Price

Amount of money that customers must pay to obtain the product the company offers. Usually, it is the most flexible part of the marketing mix and the quickest to change according to the situation on the market. The most competitive weapon and the most important for the company as it is directly tied to its revenues (Lamb, Hair and McDaniel 2018, 27).

Place

The activities of a company that make the product available to the targeted customers. Including the physical distribution of the product, its storing and transporting of the finished products as well as the raw materials needed for its production (Lamb, Hair and McDaniel 2018, 27).

Promotion

The activities that lead to persuading the customer to buy the product of the company. This includes not only advertising itself, but also the public relations, sales promotion, and personal selling. The role in the marketing mix is to exchange information, to educate and persuade (Lamb, Hair and McDaniel 2018, 27).

People

This part of the marketing mix was added later to take in account that employees play a crucial part in marketing success. To have a good marketing it is necessary to have good people inside the organization (Kotler and Keller 2016, 25).

Process

All the creativity and structure that is brought to marketing management. By having the right processes and programs a company can have good long-term relationships that benefit both sides (Kotler and Keller 2016, 25).

Physical evidence

In the context of customer experience, physical evidence pertains to the tangible aspects of a product or service that customers encounter during their interactions. This includes packaging, logo, uniforms of staff, social media profiles, websites, and other things that the customer comes in contact with that help shape the overall brand image, quality of product and delivery of the service. By managing the physical evidence, the brands help shape the brands image that should be positive and cohesive (Vašítková 2014, 65).

2.2 Mesoenvironment

The analysis of the mesoenvironment includes the sector in which the company currently operates in or a sector in which it wants to operate in the future. The main analysis that falls into the mesoenvironment are Porters five forces and benchmarking (Fotr, Vacík, Souček et al. 2020, 232).

2.2.1 Porters five forces

Competition is not only seen as a corporation that are already known of, it is also:

- bargaining power of buyers
- bargaining power of suppliers
- threat of entry
- threat of substitutes
- competitive rivalry within industry.

Many corporations only take in account the last point, but it is essential for corporations marketing to ensure that all of these are taken in account (Dibb, Simkin and Pride 2012, 69).

Bargaining power of buyers

According to Keller and Kotler (2012, 286) concentrated or organized buyers become a threat to the corporation as they have power over bargaining about the price and overall affect the future revenues of the corporation. Other situations when the buyers create a danger for the corporation are when the product creates a large sum of their costs, when the product is undifferentiated. Corporations try to protect themselves by selecting buyers who do not have such power to negotiate or to switch suppliers or they come up with offers so strong that buyers cannot refuse them.

Bargaining power of suppliers

When company's suppliers can move prices up or to influence quantity that is supplied. Same as with buyers, when suppliers are organized or concentrated, they can be very powerful (Fotr, Souček, Špaček et al. 2020, 237). Other situations when suppliers have a lot of power over organizations: when the supplied product is an important input, when switching to a different supplier would be costly. Preventing these situations by creating a win-win relationship with the suppliers or to have more suppliers is the best defence (Keller and Kotler 2012, 286).

Threat of entry

If the entry barriers are low and the exit barriers are high, it is not easy to enter the segment. This is the worst-case scenario for competitors because there is no natural selection of poorly

performing companies (Fotr, Souček, Špaček et al. 2020, 240). The result is that the potential to earn profits is much lower than if it was the other way around and companies could leave the segment easily (Keller and Kotler 2012, 285).

Threat of substitutes

An attractive segment for a company is where there are not potential substitutes for the product. Limits on prices and profits are placed if the number of substitutes is high. With technological progress or more competition in substitute segments or industries prices and profits can lower by a noticeable amount (Keller and Kotler 2012, 286).

Competitive rivalry within the industry

Strong competitors are a threat when entering a segment more so when they are aggressive (Fotr, Souček, Špaček et al. 2020, 240). Company is likely to not enter a segment with high fixed costs or high exit barriers, or if the segment is stable or even declining. Situations like these can cause constant fight over pricing, hard time advertising products or coming out with new products. And it would be very expensive for the company to stay in such a segment (Keller and Kotler 2012, 285).

2.2.2 Benchmarking

Serving as a tool for measuring the quality of goods, services, and processes that an organization produces. It serves as a comparison to the companies in the industry that perform the best and enables the company to know where on the market it stands. This gives the company the ability to form goals for the future, which are to do better in the industry (Dibb, Lyndon and Pride 2012, 720).

2.3 Macroenvironment

Listed here would be the larger outside forces that affect the company, and they do not have any control over them (Kotler and Armstrong 2020, 71).

Corporations can take two stances against these forces: passive or proactive. Passive usually means that they work on strategies that help them accept the changes going on in the environment. Although the proactive stance means not only developing strategies, but at the same time working on changing the environment, this usually leads to new industries being formed (Kotler and Armstrong 2020, 96).

2.3.1 PESTE analysis

This analysis is focused on the environment of the company. Strategic analysis of the company's environment helps to determine the opportunities and threats that each of the

factors could present for the company. The focus should be on finding out what trends that could affect the corporation in the future. **P** stands for political-legal, **E** stands for economic, **S** stands for social, **T** stands for technological, and **E** stands for environmental (Akman 2020, 98).

Political-legal factors are political stability, stability of the government, influence of political parties, social politics, laws, etc. Economic factors are development of VAT, phase of the economic cycle, inflation, unemployment rate, interest rates, etc. Social factors are the organization of the society (classes), socio-economic background of the consumers, earnings, assets, development of the standard of living, etc. Technological factors are trends in research and development, the pace of technological changes, production, transportation, communication, social technologies, etc. (Jakubíková 2013, 460). Ecological factors are one of the most popular topics talked about nowadays, the current generation is mostly concerned about global warming, sustainability, and negative influences on the environment. This escalated into companies being held responsible for their carbon footprint, emission, pollution of the environment, how efficient they are with energy usage and the overall impact companies can have on the environment (Perera 2017, 15).

The analysis should have three main parts that should be interconnected (Dibb, Simkin and Pride 2012, 106):

- analysis of the present strategy (also how well the current strategy is reached),
- identification of the actual state and forecast of the development (what are the presumptions of the next progress of the corporate environment),
- evaluating of the importance of the changes (for the next improvement of the company as well as defining the new opportunities and threats).

2.4 SWOT analysis

Each of the letters stand for different part of the situational analysis. **S** and **W** stand for internal strengths and weaknesses. **O** and **T** stand for external opportunities and threats (Lamb, Hair and McDaniel 2018, 22).

Taking advantage of opportunities is one of the skills a company must have. After identifying the threats and opportunities the company should analyse its strengths and weaknesses as well as how it can possibly pursue the opportunities. Using the strengths, it must match the attractive opportunities. Working on eliminating their weaknesses and minimizing the threats. This helps the company by providing input on all its marketing management functions (Kotler and Armstrong 2020, 54).

A marketing opportunity is where there is a high probability or profitability of satisfying the buyers needs and interests. Three main sources of marketing opportunities can be found. First would be offering a product that is running short in supply. There is not much need for good marketing as the need is high enough. The second is supplying an already existing product or service in a new way that is more interesting than the previous. The last method can result in a new product or service, and this offers a lot of new market opportunities (Keller and Kotler 2012, 84).

3 SUMMARY OF THEORETICAL PART

Competition is a phenomenon that occurs between companies operating in the same market. There are several types of competition occurring on the market mostly depending on how much they affect each of the competitors. Monopoly is an extreme type of competition that occurs when one company can supply a product and can easily navigate the price changes in the market. Oligopoly appears when there are only a few competitors in the same market, therefore it leads to a highly competitive market. Monopolistic competition is when many competitors appear in one market and a company must come up with a marketing strategy or with a design of a product that will differentiate them from the competition. Another extreme is perfect competition which would mean that none of the competitors in the market could influence the price of the product and new competition would have perfect knowledge of the market before entering it. Competitiveness means to have enough power in the market to be competitive.

There are certain competitive strategies that were created to help companies recognize the market environment. Three strategies were mentioned Porter's, Kotler's, Ansoff's, Drucker and Blue and Red ocean each focusing on different aspects of being more competitive on the market. Kotler's strategy for example focuses on attracting new customers, Porter's focuses on strategies to differentiate from competition and Ansoff's focus is on exploring the possibilities of the market. Drucker tries to avoid conflict and puts emphasis on development, Blue ocean uses already existing markets and tries to either expand their boundaries or to find ways of creating new markets, Red ocean works with the market that already exists and tries to create ways of being better than competition.

The environment in which the company operates is crucial for understanding how to plan and where to look for any weaknesses. Three types of environments are distinguished: micro, meso and macro.

Macroenvironment is the outside world and its forces that can be hardly predictable and can be hardly changed. The PESTE analysis falls into this category: political, economic, social, technological, legal, and environmental forces are analysed.

Mesoenvironment can be affected by using the right marketing tools, but the company still isn't in full control of the situation. Porter's five forces examines the current market position of the company and benchmarking that compares the competition with the chosen company.

Microenvironment is about the internal environment of the company, here the company is in full control of the factors. McKinsey's 7S method is used, 7S stands for different factors

in the company – strategy, structure, systems, style, skills, staff, and shared values. Marketing mix is also one of the aspects that the company has a full control over, this includes: product, price, place, promotion, people, process, and physical evidence. STP analysis also falls into microenvironment of a company, here targeting, segmentation and positioning are dealt with.

The analysis used in practice to monitor the internal and external environment is the SWOT analysis.

Based on the theoretical part there will be three questions raised that will be answered in the practical part of the bachelor's thesis. The questions were formed based on the theory mentioned and based on the logical method – induction.

- *Question 1: Do students create the biggest segment of customers?*
- *Question 2: How does the selected fitness centre's promotion strategy compare to its competitors?*
- *Question 3: How does the selected fitness centre's cleanliness and overall ambiance compare to those of its competitors?*

Deduction as one of the logical methods will be used to answer the questioned raised above.

II. ANALYSIS

4 INTRODUCTION OF THE SELECTED FITNESS CENTRE

The selected fitness centre has been open since 2012, being one of the few fitness centres in Zlín it has been quite popular from the start. The selected fitness centre as such has multiple other locations of branches in Moravia: two in Olomouc, Uherské Hradiště, Prostějov, Brno and Liberec (Company's website 2024).

The fitness centre is listed as a limited liability company. Their monthly sales are around 600 000 CZK from which 330 000 CZK is the rent; 30 000 CZK is paid to the cleaning company and 150 000 CZK are wage costs (Interview with the owner).

The location of Zlín's branch is right in the centre of the town on the town square. In the year 2018 they moved to a bigger space that is twice as big as the previous one but remained in the same building. Offering cardio and functional zones, also a free weight section and machines from multiple brands as can be seen in Figure 3. It also offers multiple personal trainers that maintain a stable clientele, while still taking new clients. The offer of drinks and protein snacks is standard to what most fitness centres have to offer. There is a machine making protein drinks and vending machines with preworkout drinks, water, and protein snacks (Interview with the owners).

As was already mentioned the fitness centre offers different types of workout options for individuals depending on which type of exercising, they prefer. The fitness centre offers discounts for students and seniors for all the types of entries. Also offering one-time entries which not all the fitness centres have. Offering time dependent entries that are 10 days, one month, three months and a year. Aside from these there is also an option to have a credit on the same card that can be used for entries and depending on the sum of money put on the card the client gets a discount for an entry. Another advantage is that they accept Multisport, Sodexo and Edenred cards which are given to employees of different companies as a bonus that they can use in different fitness centres, wellness, and free time activities of their choice (Company's website 2024).



Figure 3. Selected fitness centre (The selected fitness centres website 2024 and Own processing)

4.1 McKinseys 7S analysis

This analysis is focused on the internal factors that make the company successful. The information provided is constructed from interview with the CEO, the company's website and the observations of the author of this thesis.

4.1.1 Strategy

As mentioned in this chapter the fitness centre offers multiple types of workout activities and multiple types of entries that can be used by the customers. With the rise of popularity of fitness centres among public, being accessible to multiple different groups of clients is a goal that could lead to keeping a lot of customers in the future. This is why reconstruction is taking place continuously and additional machines and functional zones were built.

The centre itself wants to be perceived as a “low-cost luxury” fitness centre as is stated on their website. Customers should get a premium fitness centre experience for a reasonable price. The customer should get a comfortable place to exercise in with enough equipment

that is functional, with personal trainers that provide enough support for their clients and overall, a positive and supportive environment. The goals for the future should be improvement in terms of customer service and creating a welcoming atmosphere.

4.1.2 Structure

The selected centre is made up of three types of staff. First are the owners that have the decision-making ability. They ensure that the renovations run smoothly and decide how the fitness centre will develop in the future. The second are the employees that work behind the bar, they are the first people the customers encounter when entering the centre. They are responsible for handing out the keys to the locker rooms, ensuring the customers have paid their entry and that there is enough stock of the products the centre offers. At the end of their shift, they must ensure that all the equipment is in its required place. The third kind of employees are personal trainers, they usually do not stay in the centre for the whole day, just depending on how many clients they have that day and, on the times, when the clients have reserved their training. All the trainers must have a permission from the fitness centres to train their clients there. Lastly the centre has hired a cleaning company to do daily cleaning like moping the floors, cleaning the toilets and showers and overall, more deep cleaning.

4.1.3 Systems

The first contact as was mentioned is with the employee working behind the bar. Anyone older than 15 can enter the fitness centre. If they are younger, they need to bring a form filled out by their parents that they agree with them going to the gym. Proceeding with choosing which type of entry they want to purchase or if they are a new customer with signing up into the system if they choose the option of a long-term entry. After filling out a form, their personal information is typed into the system and the customer gets a card with which they will enter in their following visits, and they will get a key in return. The only way a customer gets to find out how many entries they have left on their card is by asking the employee. They can enter the centre multiple times a day, the entry number is not limited.

If the customer has a personal trainer booked they pay extra for it and they pay it directly to the trainer. Otherwise, the customer has no other guide in the centre it all depends on his knowledge of the machines and of the training methods.

In terms of payments the fitness centre accepts debit and credit cards, there is also a possibility of paying via a smart watch or a mobile phone. The fitness centre also has towels available for clients for a fee which are washed and dried regularly. The offer of the basic product available to customers like water, protein drinks and snacks is the responsibility of

the staff members that check the quantity of each product at the beginning of each shift. There are regular orders placed usually 1-2 a week depending on availability of the products from the supplier. The fitness centre has separate bins available for cans and plastic bottles from the drinks that are sold in vending machines in the fitness centre.

4.1.4 Style

The centre is the biggest in the city and has a large clientele, its style of communication and providing to customers is commercial. The only exception is that there is a base of loyal customers that give off a more familiar atmosphere. All the employees are into fitness and exercising in general, so they have common interests which leads to a good atmosphere. When it comes to management style it is more autocratic, where the managements/owners usually give directions to the staff. Some of more democratic decisions can be made, but those are rare or not major.

4.1.5 Staff

As was already mentioned the staff number is not that big and the hierarchy looks something like this:

- management (owners) – 2-4 people,
- employees – 6-10 people,
- personal trainers – 3-5 people.

When it comes to management or the owners, they take care of suppliers of the basic products needed for everyday use and the products that are offered to the customers such as drinks and snacks. The employees are reliable for a clean gym, enough stock of products available for the customers. This includes ensuring that there are enough clean towels for example. Employees can come up with ideas from everyday observation of the fitness centre as they come in daily contact with the customers. But the changes still need to be approved by the management and are usually not anything major. Three types of staff members are present: full-time employees, part-time employees and self-employed employees. The personal trainers are usually not tied to the management by only paying a fee otherwise they are self-employed. They operate on their own with just ensuring that they will not make the centre look bad and will provide good service.

4.1.6 Skills

The selected fitness centre chooses its employees usually from the regular customers that are interested in a part-time job. When it comes to selecting the right fit for a future employee,

they look for students and people who can work in the afternoon and on the weekends. Some basic requirements are positive attitude, communication skills and basic knowledge of English. The program which is used for checking cards is not that complicated to work with and the operations required of the staff are fairly simple. When it comes to personal trainers, they require some type of certificate for personal training or school or enough practice to be reliable.

4.1.7 Shared values

Values that can be found among all the employees are professionalism and willingness to help customers better their fitness in the long run. The employees know each other and are all on first-name terms, the atmosphere is friendly and relaxed. Based on multiple interviews with the employees they are motivated to provide good services and are always looking forward to their shifts.

Summary

The fitness centre provides a range of workout activities and entry options. It is positioned as a "low-cost luxury" destination, offering premium experiences at reasonable prices. Personal trainers offer specialized services. The centre has established systems for customer entry, payment, and inventory management. Staffing includes owners, employees, and personal trainers, with a clear division of responsibilities between management and staff. The team shares a commitment to professionalism, customer service, and a friendly work environment.

4.2 STP analysis

By using the STP analysis the selected fitness centre will be divided into several segments that will be further described. The segmentation part of the analysis will be based on different characteristics of each of the groups formed. After forming groups, the focus will be on how to properly target them. Lastly, the situation of the fitness centre of the market will be in question and how to make the centre stand out from its competitors and how the customers recognize the centre on the market.

4.2.1 Segmentation

The selected fitness centre has segments it focuses on. All the segments presented below are either male or female customers that come from Zlín or live nearby Zlín. Their income is high enough to spend money on free-time activities and are determined to visit the fitness centre regularly.

The first segment are regular visitors of the fitness centre. These are customers that have been visiting the fitness centre for years and usually know the staff members and know each other well. For those the credit and long-term entries are the best and most wanted.

The second segment are students of the age of 16-25. With the raising trend of fitness influencers, a lot more younger students have started visiting the fitness centre on a more regular basis. This segment now represents the largest volume of sales as they fill up the fitness centre right from midday until the evening and usually spend a long time working out. They either use the one-time entry or the long-term entries for students.

The third segment are new customers in the age group 27-50 that want to try out the fitness centre and want to start working out on a regular basis. There are personal trainers offered to them or they use the one-time entry.

The age group 25-27 represents the lowest percentage of the customers mostly due to focusing on their career rather than having time for fitness that is why it is not included. The age group 50+ is also represented in low numbers.

4.2.2 Targeting

Nowadays the fitness centre focuses the most on the second segment as there is a possibility that a part of the segment could end up as a long-term customer. That is why there are student discounts available, and the fitness centre is in the process of buying new equipment as to try to be more accessible to the students that do not want to focus only on weightlifting. As the number of students increases due to the fact that fitness is now a trending activity it is logical that students make up the largest volume of sales. Due to this the centre wants to keep the students and focus on being more on trend and accessible to them.

The first segment and third segment do not make that large of a volume in sales. But for the third segment there is an opportunity for the future and that is why the centre wants to put more focus on them (Interview with the owner).

4.2.3 Positioning

The market of the selected company is competitive due to the boom of fitness industry on social media. Although it might seem that it is an obstacle for the selected fitness centre it has a lot of advantages compared to its competitors that make it stand out. Some of the associations that should be in the minds of the customers are:

- the space of the fitness centre where every customer can find a place to comfortably work out,

- the improvements that the centre has made in the past few months to keep up with the foreign fitness centres so that the customers feel more comfortable,
- availability of the fitness centre not only in terms of the place where the fitness centre is located, but also in terms of prices,
- enough equipment for customers to use for different types of workouts, including machines and free weights.

Summary

The selected fitness centre has identified three primary target markets: regular visitors, students aged 16-25, and new customers aged 27-50. With regular visitors the focus is on securing long-term memberships and maintaining relationships with other members and staff. Students represent the largest sales volume and are offered student discounts and trendy, accessible offerings. The third segment, new customers aged 27-50, is a growing segment with potential for future growth.

To retain students as long-term customers, the fitness centre prioritizes this segment, offering them discounts and updating equipment to cater to their preferences. Sales from the first and third segments are lower, but there is still focus on the potential growth of the third segment in the future.

In terms of positioning, the fitness centre highlights its spacious environment, ongoing facility improvements, affordability, and availability of equipment for various workout needs. Despite competition in the fitness industry, the centre aims to differentiate itself by emphasizing these key attributes to attract and retain customers.

4.3 Marketing mix analysis

A marketing mix of the selected fitness centre considers parts of the marketing set up. These are product/service, price, place, promotion, people, processes, and physical assets. The description of the company's marketing mix follows:

4.3.1 Product/Service

As was already mentioned in the previous parts the fitness centres main product is the entry to the centre itself.

There are several types of entry offers that could be separated into three groups that are most usually wanted by clients.

One time entry is usually wanted by clients who do not want to feel like they should commit to coming to the fitness centre or are just trying out the fitness centre itself. There is the regular one-time entry and one with a student/senior discount offered.

Time oriented entries are bought by clients that want to visit regularly through a certain time period or think of the price as something that is worth for them over buying other alternatives.

Credit entries are popular for people that do not want to feel restricted by time and still want the benefit of getting a sale and putting the money forward to feel some type of commitment.

Personal trainers are another service that the centre provides, most of the trainers focus on basic weight-lifting workouts, but also bodyweight workouts and high intensity workouts. There are also **drinks, protein snacks, protein shakes** available for the customers to buy, either in the vending machines or at the bar.

4.3.2 Price

The prices are set based on the prices of competitors and costs of the fitness centre. One time entry is 100 CZK per an adult and 90 CZK per student/senior. Time oriented entries vary from 500 CZK – 7990 CZK for an adult and 400 CZK – 6990 CZK for student/senior. Credit varies depending on how large of a discount the client is looking for. For a 5% discount the minimum deposit is 300 CZK for 10% its 700 CZK and for 15% its 1500 CZK. But the rule is that the validity of the discount is six months and after that it is automatically set up to 5% if there is not a deposit in the required amount (The centres website 2024).

4.3.3 Place

The selected fitness centre is situated in Zlín. The location of the fitness centre is one of its biggest advantages. It is in the towns' square and is accessible by public transport, the closest bus stop is about a five minutes' walk. The bus stop is even one of the most frequent ones, so most of the buses stop there. Also, there is a shopping centre nearby that is visited by a lot of people and it also has one of the only parking garages in the town centre, so a lot of clients park there as there is no designated parking for the fitness centre. The city hall is also nearby and there is a popular restaurant below the fitness centre. Also, a lot of high schools are very near, actually in a walking distance, so the fitness centre is accessible by foot for many customers. The opening hours are 7:00-22:00 on weekdays and 8:00-21:00 on weekends.

4.3.4 Promotion

When it comes to promotion, the main source of information is the centres website where opening hours, the pricelist and basic information can be found. They also have their Facebook page that has the basic information about the centre, the changes in opening hours, but it is not up to date and usually the only posts that are uploaded are about changes in opening hours. Their Instagram page is on the same note as their Facebook page. Sometimes they share photos of their customers that tagged their fitness centre in their posts or stories, but this does not happen on a daily basis. There are also LCD TVs in the centre that show recent posts of the fitness centre and some additional advertising of local services. Staff members that work behind the bar are responsible for selling entries and ideally offering the types that are most favourable to the fitness centre. Engaging with customers and creating a community that is welcoming is another way of promotion and ensures that customers will keep coming back. When it comes to having leaflets in public spaces, showing up in local newspapers or engaging in events the selected fitness centre does not participate in any of those. Paid promotion is also not something they invest in (Interview with the owners).

4.3.5 People

The employees play a crucial part of the centre as they encounter the customers on a daily basis. There are not many requirements for the staff members that work behind the bar, simple English, communication skills and positive attitude so that the atmosphere is welcoming. Two kinds of staff work behind the bar, there are mostly part-time workers, but also one full-time worker. There are several personal trainers in the centre, however they pay a fee to be able to train in the centre. Clientele is in the hands of the trainers themselves and the centre is not required to get the trainers clients (Interview with the owners).

4.3.6 Processes

Contacting the fitness centre is possible through a mobile phone or social media, but the safest option is to call the mobile phone. Another option is to come in and ask any questions the customer might have and communicate directly with the staff member in the fitness centre. One of the most frequent questions is if they are eligible for a contribution from the insurance company and what is the minimum amount spend to be eligible. After going through what the customer wants, the customer fills out an application form so that he can be logged into the system and gets a card for a charge of 50 CZK. The card then allows the customer to get time-oriented entries or credit entries. After putting the card on the scanner, the customer then gets a key for the locker. In case a customer is younger than 15 they need

to bring a form from parent/guardian confirming they agree with them visiting the fitness centre. In case a customer has a personal trainer hired they pay a higher amount than for a regular entry and pay it directly to the trainer.

There are also towels available for customers that are for a fee, also a regular offer of protein snacks, drinks, and protein shakes. Separate bins that are for cans and plastic bottles only are also available in the fitness centre (Interview with the employee).

4.3.7 Physical evidence

The fitness centre itself has a lot of machines and fitness equipment that can be used by customers. Besides these there are locker rooms with toilets and showers that are equipped with hand driers. Also, on the same level as is the bar there are some chairs and tables so people can relax and take their time or have a place where they can wait for their friends. The fitness centre has a bar with the centre's logo on it, also the machines are all in the colours black, white, and purple. Black and white theme is also present on their social media and website. Some of the personal trainers have T-shirts and hoodies with the fitness centres logo, but this is not a coherent dress code that can be seen by customers every day.

Summary

The fitness centre offers various entry options tailored to different customer preferences, including one-time entries, time-oriented entries, and credit entries. Additionally, personal training services are available, focusing on weight-lifting workouts, bodyweight exercises, and high-intensity training. The centre also sells drinks, protein snacks, and shakes for customer convenience.

Prices are set competitively based on market rates and centre costs, with discounts available for students. The centre's prime location in Zlín, near public transport and popular amenities, enhances accessibility for customers. Opening hours cater to diverse schedules, with extended hours on weekdays.

Promotion primarily occurs through the centre's website and social media channels, with occasional posts and updates about opening hours and customer highlights. Engagement with customers and fostering a welcoming community atmosphere also contribute to promotion efforts. Leaflets, newspaper ads, and paid promotions are not utilized.

Employee roles vary, with part-time staff managing the front desk and personal trainers operating independently within the centre.

Processes for contacting the centre, purchasing memberships, and accessing amenities are straightforward, emphasizing ease of use and customer convenience.

Physical evidence includes well-equipped facilities with a range of machines and fitness equipment, locker rooms with showers and toilets, and a bar area for relaxation. The centre's branding is reflected in its colour scheme, logo, and occasional staff apparel featuring the centre's logo.

4.4 Analysis of the selected fitness centre by Kotler, Porter and Ansoff

The selected fitness centre will be analysed further by applying the competitive strategies by Kotler, Porter and Ansoff based on the interviews with the owners and the employees. According to **Kotler's** competitive strategy the selected company is in the position of the market follower. The fitness centre is aware of its position on the market and their pricing strategy is based on their competitors, they offer students discounts which is a standard practice among their competitors, and this doesn't set them apart from the competition. They can retain customers with their effort to differentiate by offering more equipment. Promotion is also not their priority and does not show evidence of innovative approach.

When it comes to **Porters** competitive strategy, the selected centre is mostly focused on differentiation by achieving the best possible environment for the customers to workout in. They choose this strategy because they want to achieve "luxury" well equipped fitness centre with reasonable prices. So, their main focus is on buying modern equipment that will ensure the customers have enough options for their workouts.

Last competitive strategy is by **Ansoff**, the selected centre uses market penetration strategy. This means that it uses a present service (entries to the fitness centre) in the existing market in Zlín to retain customers and to attract new customers from competitors and overall increase their market share.

4.5 Analysis of the selected fitness centre by Drucker and Red and Blue

Ocean theory

As for the **Drucker's** competitive strategy the selected company started in the business early on when there were only a few fitness centres on the market in that time. And they were the first centre that wanted to expand to a more commercial modern gym, so they switched to a different floor of the building they were in to expand. And with a bigger space they were able to make changes to become more of a modern fitness centre.

When it comes to **Red ocean** the centre comes into contact with multiple competitors in the same industry. To differentiate from them they offer enough equipment (multiple sets of dumbbells, free weights, machines, cardio and functional section).

Lastly, **Blue Ocean** is something that the fitness centre is trying to achieve in the future by coming up with innovations like functional zones, more types of equipment like multiple that hold up the standards of the modern fitness centres in bigger cities. These innovations can be interactive displays for functional zones that show possible exercises, earlier opening hours or 24-hour entry.

5 SELECTED MARKETING SITUATIONAL ANALYSES

In this part of the bachelor's thesis the selected company will be analysed by a PESTE analysis for their macroenvironment. Furthermore, Porters five forces analyses, and benchmarking will be used for the mesoenvironmental analysis. SWOT analysis will come last with the analysis of all the information in the analytical part of the thesis and its summary. The information used came from own observation, secondary sources and interview with the owners.

5.1 Macroenvironment

In the macroenvironment we can find PESTE analysis. With PESTE analysis the external factors that affect the company will be discussed and analysed. The external factors being – political and legal, economic, social, technological, and ecological factors. I will put political and legal into the same category as it is more logical.

5.1.1 Political & Legal

As the fitness centre selected is administrated as a limited liability company it falls under the Business corporations act (Act No. 90/2012 Coll.). The act decrees that the company (Zákony pro lidi 2024):

- keeps accountancy,
- submits the corporate tax declaration,
- sets up financial statements,
- proposes a profit distribution and informs about relations among people involved in the commercial register,
- registers for corporation tax in the amount of which 19% is paid out of the profit achieved.

The selected company must respect the Consumer Protection Act (Act No. 634/1992 Coll.). The relations coming from employment are under the regulations of the labour code (Act No. 262/2006 Coll.) (Zákony pro lidi 2024). Also, with connection to employment there is the EU legislation on the protection of individuals GDPR which every company is obligated to follow (regulation EU 2016/679).

5.1.2 Economic

Two economic factors are what the selected fitness centre should be focused on, inflation and unemployment rate. Average inflation rate for December 2023 was 6,9 % in the Czech

Republic compared to the European average of 3,4 %, resulting in inputs being higher for the selected fitness centre therefore the service and product prices provided will still be increasing.

The second factor is the unemployment rate for the Czech Republic was 3,7 % at the end of 2023 and 6,0% for the European union, which makes the Czech Republic a country with the third lowest unemployment rate in the European union (ec.europa.cz, uradprace.cz).

In Zlín region the unemployment rate was 2,88 % at the end of 2023 which was the second lowest in the Czech Republic (Czech Statistical Office 2024).

GDP in the European union in the year 2023 was 0,0 % compared to the Czech Republic with 0,4 %. The Czech Republic has therefore grown economically more than the European union (ec.europa.com).

The government surplus/deficit was in the European union in the year 2023 at - 2,5 % and for the Czech Republic the surplus/deficit was - 2,1%. Which means both European union and the Czech Republic were in a deficit for the year 2023, but the Czech Republic was doing better than EU (ec.europa.com).

5.1.3 Social

If the average age of the population in the Czech Republic is considered the percentage of seniors is slowly rising with now 20,4% of the population older than 65 years in the year 2021. Looking at the data from 2021 when the last census was taken and comparing it with the year 2011 when the percentage of this age group was 15,8% we can see a growing tendency (Czech Statistical Office 2021).

The centre focuses mostly on the age group 15-64 which still makes up 59,9% of the population in the Czech Republic compared to the older age group it is a considerable difference (Czech Statistical Office 2021).

Factor that intervenes into social factors is also the composition of the population. Czech nationality is the most dominant which is to be expected. The most represented nationalities then are Slovak, German, Polish, Ukrainian, Russian, Vietnamese along with other nationalities that are represented in smaller numbers (Czech Statistical Office 2021).

When it comes to the lifestyle aspect of the citizens approximately 18 % of citizens in the Czech Republic are obese, 20 % men and 18% women. 47 % of men are overweight and 33 % of women this is all a result of lack of healthy movement and right nutrition. About 40 % of adults in the Czech Republic do not do any sport or recreational activity (Czech Statistical Office 2017).

5.1.4 Technological

The fitness industry is trying to implement the new technologies by using various softwares and build them into the machines. As these are not so common in the European fitness centres there is no force to start implementing it into already existing centres. However, there are still innovations made for regular machines and new ones are innovated as well. The reaction of the fitness centre selected is that they are trying to buy some of these new machines so that they stay up to date with the new trends (Interview with the owners).

5.1.5 Ecological

There is no need for separate bins for recycling as most of the trash is usually plastic anyways. But the centre still decided to get separate bins for plastic bottles and cans sold in the machines. Most of the customers bring their own water bottles so there is no need for plastic water bottles. They also offer protein drinks that are made into regular glasses that can be washed so there is no need for plastic cups (Interview with the owners).

Summary

The fitness centre operates as a limited liability company and is required to comply with various laws and regulations including the Business Corporations Act, Consumer Protection Act, Labour Code, and GDPR.

Economic factors such as inflation, unemployment rate, GDP growth, and government surplus/deficit can affect the fitness centre's operations and pricing strategies.

Social factors such as demographic trends, including an aging population and lifestyle factors such as obesity rates and physical activity levels, can influence the target demographic and demand for fitness services. The fitness industry is incorporating new technologies into equipment and software, prompting the fitness centre to invest in updated machines to stay competitive. Although the fitness centre may not have a significant focus on ecological practices, it has implemented measures such as separate recycling bins for plastic bottles and cans to reduce environmental impact. The fitness centre must effectively operate while navigating various political, legal, economic, social, technological, and ecological factors to meet the needs of its customers and stay competitive in the market.

5.2 Mesoenvironment

With mesoenvironmental analysis first there will be competitors of the chosen company presented. The analysis of the mesoenvironment will be done by Porter's five forces analysis

and by benchmarking. The base of the information comes from the interview with the owners of the selected fitness centre and from secondary sources.

As was mentioned there was and still is a trend of people joining gyms and fitness centres due to the rising popularity on social media. The competition in Zlín as customer wants are rising. There are centres offering similar or the same services and products hoping that customers will come to their gym or fitness centre. For the analysis there were several parameters that were chosen for the competition to be analysed.

The parameters chosen were:

- location in the same town or nearby the selected centre,
- prices for services and products,
- the portfolio of services and products,
- communication with the customers.

5.2.1 Porter's five forces

The analysis focuses on the forces that affect the company. To list them they are the bargaining power of buyers and suppliers, threat of entry and substitutes and the competitive rivalry within the industry.

The bargaining power of buyers

The company has been on the market for 11 years which is enough time to build a customer base that is consistently visiting the fitness centre. The market is quite competitive as the city is of a medium size and there are quite a lot of other competitors. This gives the buyers enough power to affect the selected fitness centre, to fight this the fitness centre offers enough equipment for the customers to use and the price is also set at a reasonable level. Another advantage of the selected fitness centre is their large space and therefore they can have a lot more customers at the same time than their competitors. Another way to persuade customers to come back is to sell long-term entries to them.

The bargaining power of buyers is **medium to high**.

The bargaining power of suppliers

Machines that are currently in the fitness centre are from different suppliers, so in case the company wants to buy new ones they do not have to strictly supply them from one company. The offer of protein, snacks, drinks are all supplied to the fitness centre but in case of any problems they are easily replaceable. In case the supplier would be from a town further away the prices of products could change.

Also, the electricity, heating and water is supplied to the centre and affects the safety, functionality, and cleanliness of the fitness centre. The fitness centre may seek out better contracts with the suppliers to cut on costs but has to have the approval of landlord of the building as they are in rental.

They also have a cleaning company hired that does daily cleaning (mopping the floors, cleaning the bathrooms...), not every company is keen to cleaning such a large area, so the centre is limited with the number of companies if they wanted to change the current supplier. To sum up the bargaining power of suppliers is **medium**.

The threat of new entry

Entry to the market is relatively high as there are not enough spaces that could be made into a fitness centre at least not near the city centre. There is a possibility of a new shopping centre opening that could carry a fitness centre, but the project has been discussed for years and there is no clear plan of action for it yet. For the costs of the entry to the market there is a low chance of competitors entering it in the near future. The entrants would have to offer some type of new technology or new spaces with modern machines that would be at a relatively similar prices as the selected centre offers which would be very hard to achieve.

Also, the entry costs are high due to the prices of machines and equipment. Another problem a new entrant could meet is the problem with employees to be exact with personal trainers, the requirement to be a personal trainer is education and that takes a while to achieve and the courses are expensive. The conclusion is that the threat of new entrants is low.

The threat of substitute products

Since there are ways that working out in a fitness centre can be similar to activities that can be done outside of the gym. This includes for example running, working out by doing only bodyweight exercises. Also, with the rise of workout videos that can be done at home with minimal equipment it is easy for anyone to start exercising. But if the person wants to focus on building their strength by lifting weights it cannot be substituted to a full extent by bodyweight exercises. It is difficult and costly to buy weighted equipment and it is often not enough after some time. To conclude the threat of substitute is **medium**.

Competitive rivalry

The rivals of the selected fitness centre will now be presented.

Vita Sana

Vita Sana has been on the market for more than six years. Originally its location was a lot closer to the city centre, but they moved to new and bigger space in MAX 32 in Svit, where they also have a wellness centre and more rooms for separate classes.

Vita Sana offers a membership program which includes the entry to the fitness centre part, but also to a wellness part of the centre. In the centre the setup is quite similar to any other gym nowadays. They have machines by one brand PANATTA which is an Italian brand of a higher quality. They also have a function and cardio zone with treadmills. They also offer group lessons such as yoga, Pilates and spinning. They also have personal trainers that are included in the price of the membership. The interior can be seen in the Figure 4 below. The centre is kept clean with enough hygienic products (shower gels, body moisturizers, tissues). Children classes are available for the members and several types of courses and weekend courses. Although there is a lot of information about the club itself, they prefer to not show the price list as one of their business strategies. If there is a customer that wants to become a member, there is a personal meeting with their associate, a lease has to be signed to obtain the membership. This comes with a membership fee and then a monthly fee, but as was mentioned the centre doesn't have this information available for the public. There is a possibility of getting one-time entry with the fee of 200 CZK and usually with the promise of at least considering becoming a member. The centre also has a protein automated machine to offer protein drinks (Vita Sana 2024).

Customers can get in touch with the club through their website where the contact information can be found. Their Facebook and Instagram page is also active with information on the newest activities in the centre. They also have a "Reality Show" that takes place once or twice a year. The premise of this is that each of their personal trainers gets a client signed up to them and for 8 weeks they try to make as much of a progress on their body. They publish progress videos on their social media including YouTube (Vita Sana 2024).



Figure 4. Vita Sana Club (Vita Sana 2024)

Sportcentrum Malenovice

The centre is located not in Zlín as is the case with the rest of the competitors. It is in Malenovice which is about 10-15 minutes from Zlín, offering a variety of sports activities in a building together with a restaurant. The sport activities are a fitness centre, badminton, squash, CrossGym and various classes. The centre offers the option of giving a deposit for which the customer will receive a certain discount. The discounts start at 1 000 CZK deposit and more for 5% discount and the maximum discount offered is 15% and it is applicable to an entry to most of the activities offered by the centre. The advantage of the centre is the CrossGym which is a concept of an open gym that can be used in various ways by the customers, mostly for a variation of CrossFit training. However, the disadvantage is that the entry to the fitness centre and CrossGym are separate and have to be paid separately. The fitness centre offers one-time entry as well as time-oriented entry and student/senior discount for these. One time entry is 150 CZK and 120 CZK for the student/senior discount.

Table 1. Price list of Sportcentrum Malenovice (Own processing according to information from Sportcentrum Malenovice)

Duration	Regular	Student
1 month	1 350 CZK	1 050 CZK
3 months	3 700 CZK	2 800 CZK
6 months	6 700 CZK	5 200 CZK

As can be seen in Table 1 the pricing of the Sportcentrum Malenovice is higher than in the selected fitness centre. Sportcentrum Malenovice also offers a bundle of 10 entries with an additional free entry and diagnostics of physique included for 1500 CZK and 1200 CZK for student/senior discount. The centre also accepts company benefits for example FlexiPass as a form of payment and for these the bundle is offered. Regular products such as iont drinks and protein bars are offered to customers.

The fitness centre has PANATTA machines and cardio machines, while not offering a functional zone as they have a separate area focused on this type of training. The interior of the fitness centre can be seen in the Figure 5 below. The centre is being cleaned once a day and maintained regularly. The centre has their own website that is active and a Facebook page that has the newest information regarding activities and events taking place (Sportcentrum Malenovice 2023).

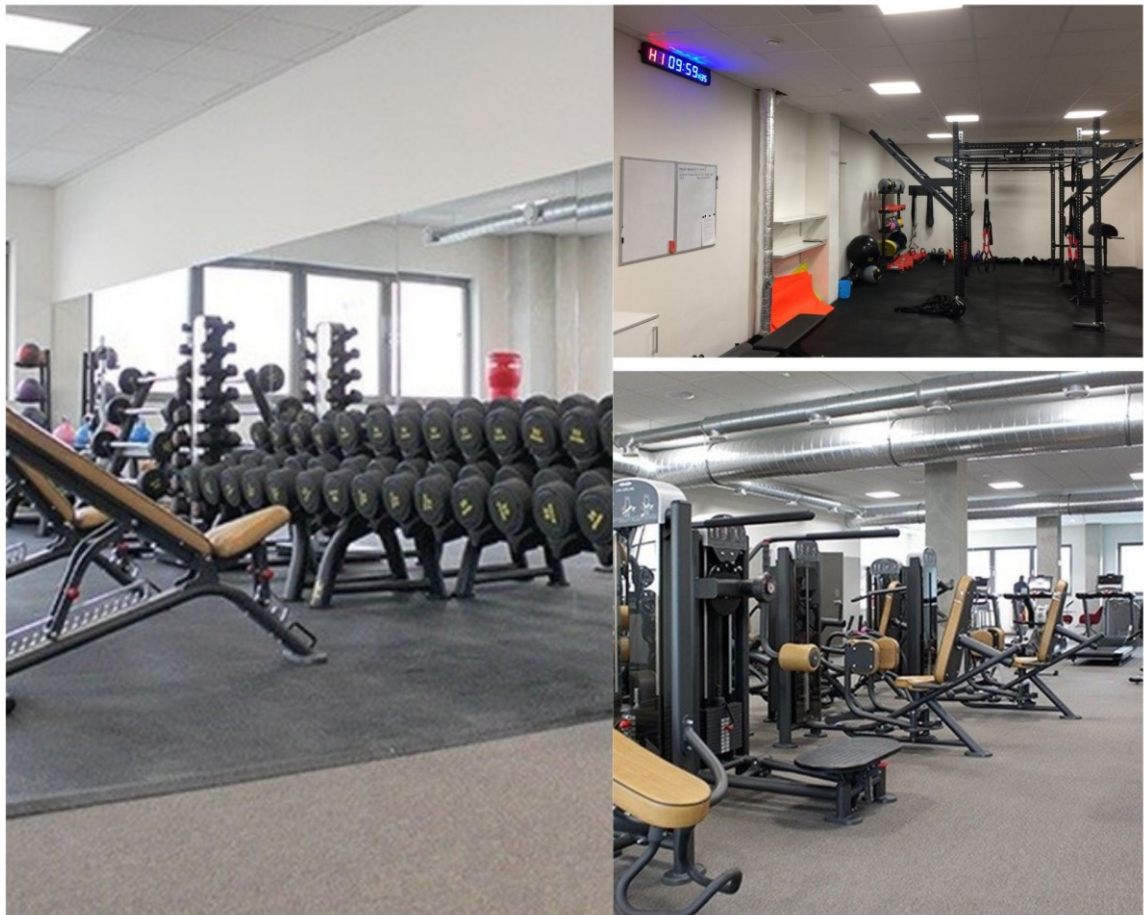


Figure 5. Sportcentrum Malenovice (Sportcentrum Malenovice 2024)

Fitness Relax Zlín

The centre is located near the city centre right below the city's swimming pool. Offering a mixture of older machines and newer machines, the centre is trying to slowly replace all the older equipment, there is also a weightlifting platform available. The space where the centre is located gets a bit overheated and lacks proper the air conditioning that most centres nowadays have. The interior can be seen in Figure 6 below. The centre is being cleaned daily.

When it comes to prices the centre offers one-time entry 95 CZK for regular and 80 CZK for student entry. Also offering time-oriented entries that are month and three months along with 10 entries. The centre offers MultiSport cards as a form of payment for a one-time entry. A regular offer of products to customers such as iont drinks and protein bars is available (Fitness Relax Zlín 2024).

Table 2. Prices at Fitness Relax Zlín (Own processing according to the information from Fitness Relax Zlín)

Duration	Regular	Student
10 entries	800 CZK	650 CZK
Month	850 CZK	700 CZK
3 months	2 200 CZK	1 900 CZK

The company uses only Facebook and Instagram page to communicate with the customers as it does not have a website. The communication is not very regular only on the bases of telling customers the changes in opening times (Fitness Relax Zlín 2024).



Figure 6. Fitness Relax Zlín (Fitness Relax Zlín 2024)

Fitness Hala

The fitness centre is in Zlín near the town's sports hall. It offers older machines and is mostly focused on classic weight training and how fitness centres used to look like in the early 2000s. There is no functional zone offered, but there is a cardio section offering treadmills.

The interior can be seen in the Figure 7 below, it is relatively clean, but the older machines can give the impression of being dirty.

When it comes to prices one-time entry is 99 CZK and 69 CZK for a student. The centre also offers time-oriented entries.

Table 3. Prices from Fitness Hala (Own processing according to the information from Fitness Hala)

Duration	Regular	Student
10 entries	699 CZK	599 CZK
1 month	799 CZK	699 CZK
3 months	2099 CZK	1899 CZK
Year	6999 CZK	5999 CZK

The prices are similar to the selected fitness centres prices, which are regular price levels. For what the centre offers compared to the selected fitness centre it seems a bit overpriced although they might have nice place that is close to the city centre. They do offer free drinks which include iont drinks and offer regular products to the customers.

The centre communication with the customers goes through their website and their Facebook page. The Facebook page is not so active only a post per month and basic information about the change in opening times (Fitness Hala 2024).

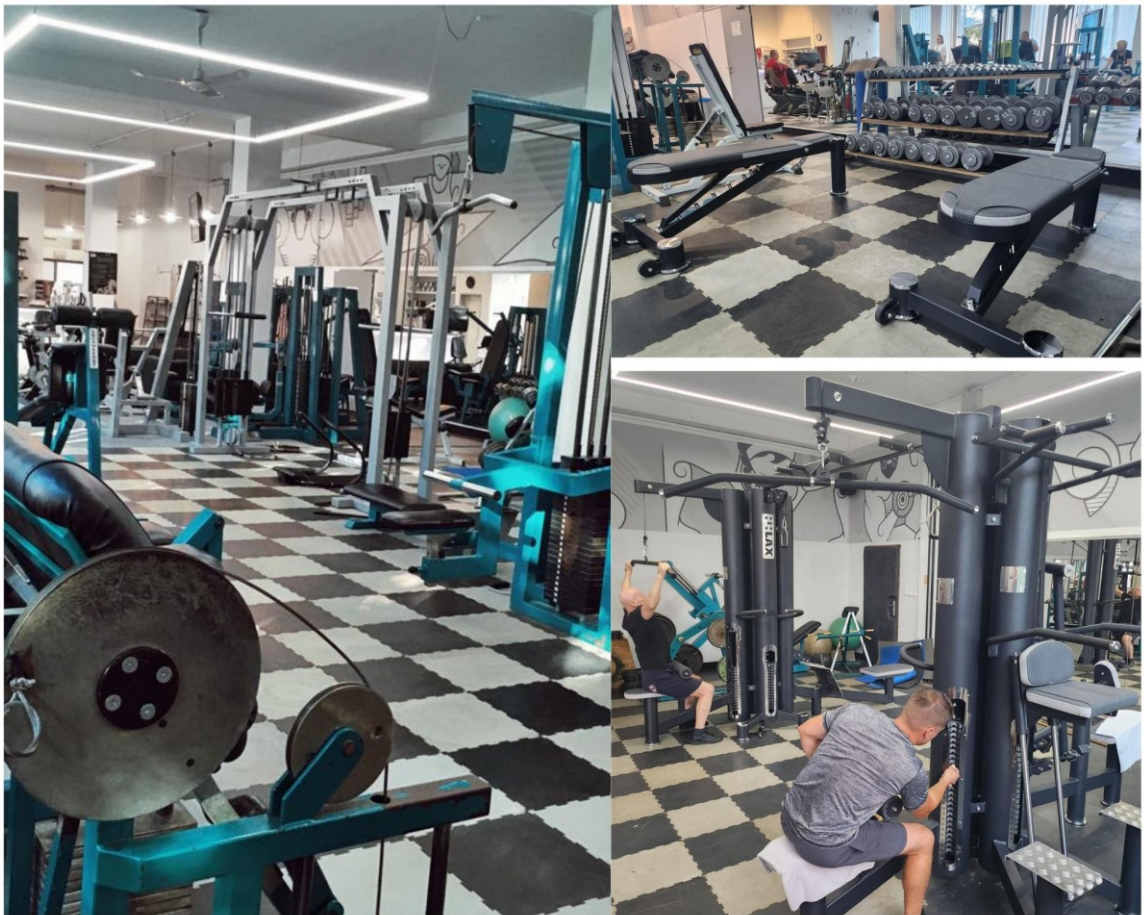


Figure 7. Fitness Hala (Fitness Hala 2024)

Besides the centres presented there is a new one that opened in March 2024 **Dynamic Fitness Studio**, it offers only a monthly entry that is paid via their website where the customer chooses whether they will visit the centre in the mornings or afternoons. The entry to the centre is via an application that must be downloaded on a mobile phone where you can find a QR code that lets you into the centre. Modern equipment is offered to the customers, there are free drinks on the bar. The only downside to this centre is that there is not a lot of space, and the member of monthly entrees is limited in order to not be overfilled. The interior of the centre can be seen in Figure 8 below, the centre appears to be very clean, this can be due to the fact that it has just opened so only basic maintenance has to be done. The monthly fee is either 1 300 CZK for the morning entry (6:00-14:00), 1 800 CZK for the afternoon entry (14:00-22:00) and a full day entry is for 2 200 CZK. But the limit for a full day entry is only 16 entries per month (Dynamic 2024).

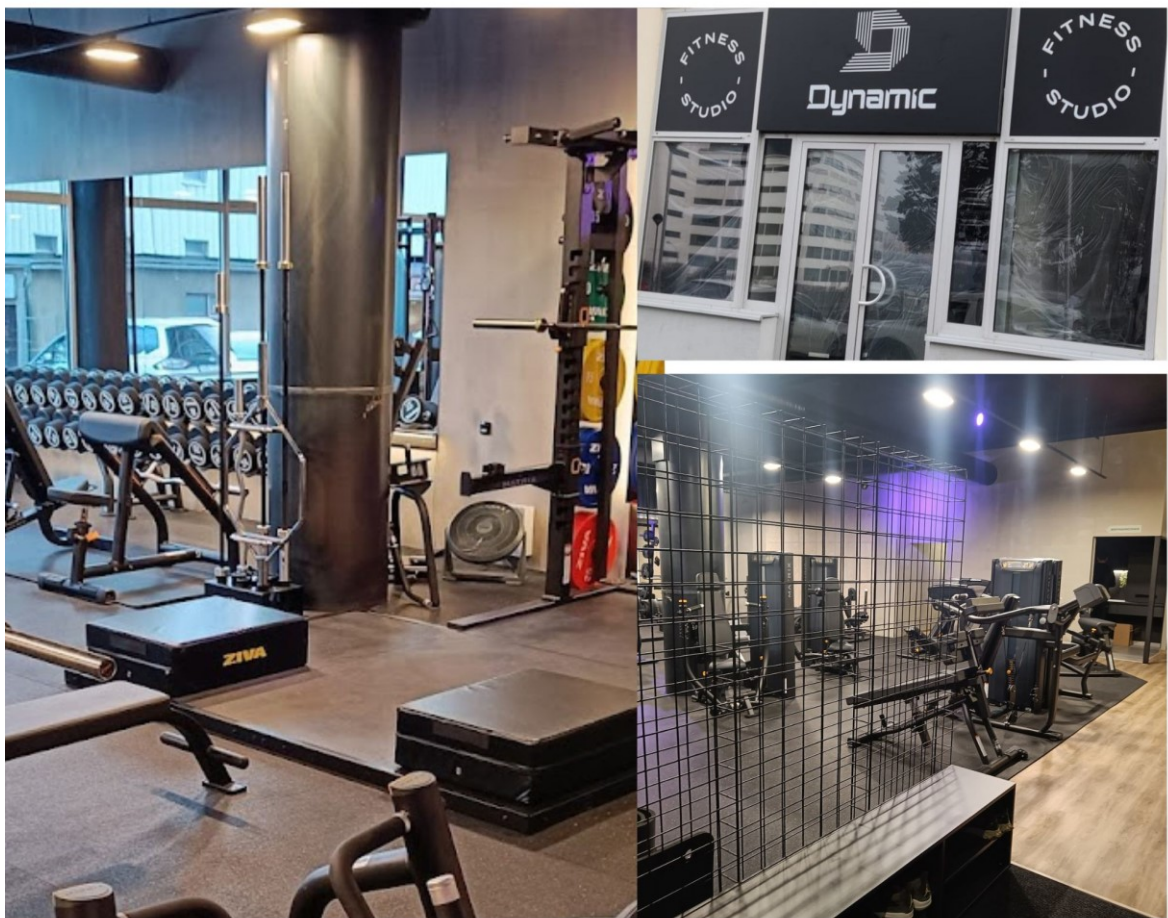


Figure 8. Dynamic Fitness Studio (Dynamic Fitness Studio 2024)

Competitors offer the same or very similar products in Zlín and near the city. The most threat is presented by companies that could be divided into 2 categories: same service providing ones and ones that provide additional services in the price of the membership.

Vita Sana falls into the second category with a membership program that also includes a wellness centre. Most of the memberships include the entry to the wellness part of the centre and the centre itself has more rooms for different types of activities. Also, the centre offers classes focused on activities such as Pilates, alpinning and physique building classes. The centre has been in Zlín for six years (Vita Sana 2023).

The first group that is more similar to the services offered by the selected fitness centre includes **Fitness Relax Zlín**, **Fitness Hala**, **Dynamic Fitness Studio** and **Sportcentrum Malenovice**. These centres focus on providing similar services. Most of these are in Zlín with the exception of Sportcentrum Malenovice that is about 15-20 minutes from the city centre.

Sportcentrum Malenovice offers an entry to the fitness centre part for higher prices than the selected fitness centre. They offer only one-time entries and time-oriented entries with a couple bundles that include time-oriented entry to the fitness centre and body diagnostics with also one free entry. However, the fitness centre is in a much smaller hall with only a few machines and not enough free weights. Although there are several other activities offered at the centre such as a Crossgym, squash and table tennis for example where the customer can put a deposit on a card and get a discount, but it is all to be paid individually and is not as a one price for all activities offered (Sportcentrum Malenovice 2023). Fitness Relax Zlín and Fitness Hala are similar as to having older machines and represent the older generation of fitness centres. Both only offering one-time entries and limited offer of time-oriented entries. Although the prices are lower than in the selected fitness centre the surroundings and the machines are old, and the centres do not plan on expanding or renovating so the quality offered is lower than in the selected fitness centre (Fitness Centrum Relax Facebook 2023, Fitness Hala 2023).

Dynamic Fitness Studio has not been on the market for a long time and offers entry only through their application on a mobile phone and the customers are limited by the time slot they selected with their membership.

Overall, the competitive rivalry is **medium to high**.

5.2.2 Benchmarking

An analysis of the selected company will be done by using benchmarking with the competitors that have been selected depending on the services offered along with the location. The competitors selected are:

- Vita Sana Zlín
- Fitness Relax Zlín
- Fitness Hala
- Sportcentrum Malenovice
- Dynamic Fitness Studio

There are several criteria that will be compared among the selected companies. To each criterion there is corresponding weight. Each company will be evaluated on a scale of 1 to 5 on the selected criteria. The weight 1 is lowest on the scale and 5 is the highest. Benchmarking will be represented in the Table 4.

The criteria selected are:

- prices of services and products,

- location,
- website,
- social media presence,
- parking availability,
- atmosphere and spaces of the fitness centre,
- hygiene,
- sufficient cardio zone,
- equipment for various activities.

Table 4. Benchmarking (Own processing)

Criteria	Weight	Selected fitness centre	Vita Sana	Sportcentrum Malenovice	Fitness Relax Zlín	Fitness Hala	Dynamic Fitness Studio
Prices	0,20	3	2	3	3	4	2
		0,60	0,40	0,60	0,60	0,80	0,40
Location	0,20	4	3	2	2	3	3
		0,80	0,60	0,40	0,40	0,60	0,60
Website	0,10	3	3	4	1	2	4
		0,30	0,30	0,40	0,10	0,20	0,40
Social media	0,10	2	4	4	3	3	4
		0,20	0,40	0,40	0,30	0,30	0,40
Parking availability	0,05	2	4	3	3	3	3
		0,10	0,20	0,15	0,15	0,15	0,15
Atmosphere and spaces	0,05	3	3	2	3	2	3
		0,15	0,15	0,10	0,15	0,10	0,15
Hygiene	0,10	2	4	3	4	3	4
		0,20	0,40	0,30	0,40	0,30	0,40
Sufficient cardio zone	0,10	2	4	3	1	3	4
		0,20	0,40	0,30	0,10	0,30	0,40
Equipment for various activities	0,10	4	3	3	2	2	2
		0,40	0,30	0,30	0,20	0,20	0,20
Total	1,00	3,05	3,15	2,55	2,4	2,95	3,10
Placing	x	3.	1.	5.	6.	4.	2.

When looking at the results we can see that the selected fitness centre placed third among its competitors, poorly in several criteria:

- social media presence,
- hygiene,
- atmosphere,
- website,
- prices,
- parking availability,
- sufficient cardio zone.

In order to be more competitive, the selected company should focus on these areas in the future.

5.3 SWOT analysis

The SWOT analysis of the selected fitness centre is based on the information and data acquired by all of the analyses done, the interviews with the owners, from own observation and interviews with the staff members. The SWOT analysis of the selected fitness centre is represented in the Table 5.

Table 5. SWOT analysis of the selected fitness centre (Own processing)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Location in the city centre. • Pleasant environment. • Continuous effort to improve. • Popular with students. • Additional products (drinks, snacks). 	<ul style="list-style-type: none"> • Insufficient amount of hygienic products. • No use of social media. • Unclear website. • Insufficient cardio zone. • No official parking spots.
Opportunities	Threats
<ul style="list-style-type: none"> • Lower inflation rate. • More people want to start with sports. • The age group of 50+ joining the fitness centre. 	<ul style="list-style-type: none"> • Declining interest in sports. • Rising inflation rate. • Entry of new competitors.

The selected fitness centre is right in the centre of town where the biggest passage of citizens is, this is one of the biggest **advantages**. The constant even if slow improvements of the centre is an advantage as it is trying to get closer to bigger chains of fitness centres. The environment of the fitness centre is also pleasant as the space is big with enough equipment. Another advantage is that the selected fitness centre is popular with students which create a big group of clients and therefore bring sales to the centre. The centre also offers drinks, snacks, and protein drink from vending machines. The customers can choose from multiple kinds of drinks (ionic drinks, water, protein drinks) and protein snacks (mostly protein bars). When it comes to **weaknesses** insufficient amount of hygienic products is one of the complaints that the customers mention the most (no toilet paper in the afternoon, no soap, no shower gels). Also, one of the most used ways of promotion nowadays is social media as it helps the fitness centre to be seen as relatable and up to date and can create more stable community. Unclear website is something that can discourage the potential customers as it is hard to find certain important information. There are a lot of treadmills in the selected fitness centre, but most of them do not work as they should, the same can be said about Stairmaster, stationary bikes and ellipticals. The selected fitness centre does not offer any parking spaces that are for their customers only, which is a problem mainly because of the location of the centre.

Concerning **opportunities** for the selected fitness centre are lower inflation rate which could lead to higher amount of customers that are able to afford visiting a fitness centre. Another opportunity could be if there was a shift with adults wanting to join in sports activities. As the age group of 50+ is one of the smallest ones represented if there were a shift in preference of sport activities and more people in this category shifted to activities that could be done in a fitness centre.

Threats facing the selected fitness centre is overall decline of people that are interested in sports. Also, another big threat is the rise of inflation as this would impact the customers' ability to spend money on free time activities. A big threat of the selected fitness centre are new entries to the market.

6 FINAL SUMMARY OF THE ANALYSIS OF CURRENT COMPETITIVE POSITION OF THE SELECTED FITNESS CENTRE IN THE MARKET

Microenvironment of the company was analysed using McKinsey 7s, marketing mix 7P and STP analysis. Looking at the outcome the company should focus more on overall better promotion of the centre to target the segments of customers and create a more stable community.

Kotler's competitive analysis suggested that the selected fitness centre is a market follower, one of the things the fitness centre does is setting up prices based on their competitors. According to Porter the selected fitness centres main focus is to differentiate from its competitors. The result of Ansoff's competitive strategy is that the selected fitness centre uses market penetration strategy as it uses a present service in an existing market.

Drucker's competitive strategy says that the centre is focused on creating a great space for customers as they are focusing on becoming a modern fitness centre. When it comes to Red ocean there are multiple competitors the centre comes into contact with, to set themselves apart they offer enough equipment for the customers. Blue ocean theory also suggests that they are setting themselves apart by building more space for customers to enjoy different activities.

The macroenvironment of the company was analysed by PESTLE analysis which focused on the external factors that influenced the company such as political and legal, economic, technological, and ecological factors. The conclusion of the analysis is that the biggest threats to the fitness centre are changes in customer preference. But overall, all of the factors need to be looked out for.

When it comes to mesoenvironment the main competitors of the company were mentioned and described into further detail.

Porters five forces that affect the selected company were applied. The bargaining power is quite high due to competition on the market and due to customers being influenced by trends. The bargaining power of suppliers is low because of the easiness of changing a supplier without it having a big impact on the company. The threat of new entry is low as it is very high-cost industry and there are almost no opportunities for highly competitive companies to enter the market. The threat of substitute products is medium as the preferences of customers could change depending on their focus when it comes to fitness goals. The

competitive rivalry is medium to high, but it highly depends on the preferences of clients and on their income level and price preferences.

Then by using benchmarking we can see that the fitness centre selected ended up in third place among its competitors as there are still factors that need improvement.

SWOT analysis is made up of external and internal analysis that comes down to strengths, weaknesses, opportunities, and threats. Main strengths of the company are location and price points, modern feel of the centre itself in addition to constant improvements. Weaknesses are mainly insufficient amount of hygiene products, no regular promotion on social media, website that is hard to navigate to find important information, not enough cardio machines that work properly, and no parking spaces reserved for the selected fitness centre. Threats are for the most part quick drop in demand of sports activities, rising inflation, new entrants to the market.

Research question have been defined in the theoretical part of the thesis. And in the practical part the answers to these questions have been found:

- *Question 1: Do students create the biggest segment of customers?*

According to the STP analysis the age group of 16-25 is the focus segment of the selected fitness centre. It also is the biggest segment and brings the largest number of sales out of the rest of the customers.

- *Question 2: How does the selected fitness centres promotion strategy on social media compare to its competitors?*

As the results of benchmarking and SWOT analysis suggest the promotion strategy is poor especially when it comes to social media. Their profiles are not active and updated regularly, there is no interaction with the customers, and they miss out on creating a community by participating in trends that are very popular with their largest segment they want to focus on.

- *Question 3: How does the selected fitness centres' cleanliness and overall ambience compare to those of its competitors?*

When it comes to cleanliness the selected fitness centre has its limits, although there is a cleaning company doing regular maintenance it does not seem like enough. There is still a lot of dust on the machines and there are hygienic products missing. If the centre wants to be seen a “low-cost luxury” they definitely need to work on cleaning as this really brings down their image among potential customers.

Based on the analyses the conclusion is that the company has a good position on the market. Main cause being the accessibility and size of the fitness centre.

7 RECOMENDATIONS TO IMPROVE THE COMPETITIVENESS OF THE SELECTED FITNESS CENTRE

Some recommendations that have come up with the analyses will be presented. These recommendations will help with competitiveness of the selected fitness centre along with ensuring its position on the market for the future. After an interview with the owners, they decided that the budget for the recommendations is 3 000 000 CZK for the equipment and website and 25 000 CZK monthly for the rest of the recommendations.

7.1 Social media

Social media profiles of the selected fitness centre are not active and are not helping the centre to create a community. One staff member that would oversee social media presence and would try to create content with personal trainers, share workout tips and repost mentions from customers would be enough to create an active profile that would appear to the younger age groups. It would be the best to leave this with the current full-time staff member as they are present in the fitness centre the most.

This would cost the selected fitness centre 3 500 – 5 000 CZK depending on how much time this would take the staff member.

7.2 Website

Although the website has all the important information already, there could be improvements done. The design of the website right now is nicely done but lacks intuitiveness sometimes which could create a problem. Another improvement could be a log-in system where the client could check the deposit balance on his account or for how much longer the time-dependent entries last for. Also, there could be some alteration for smart phones as it is not optimized for phones.

A new website with members section would cost the fitness centre 25 000 – 70 000 CZK (pajskr.cz).

7.3 Hygienic products

Although the fitness centre has a cleaning service that does regular cleaning every day there are still times when customers complain about not having soaps to wash their hands, toilet paper, also there are not any showering gels available for customers to use.

Another thing that could elevate the customer experience is a little section in the bathrooms with cotton pads, makeup remover, body lotion and hand cream as a lot of people still have plans after visiting the fitness centre and want to look presentable.

Products for the bathrooms would cost the centre around 2 500 CZK per month (Interview with the owners).

7.4 Insufficient cardio zone

Although there are a lot of treadmills, stationary bikes, ellipticals and Stairmaster in the centre a lot of them are not functioning properly. As the centre has been on the market for 12 years, these machines were not changed once.

If the fitness centre was to replace all of the current machines (treadmills, stationary bikes, ellipticals and Stairmaster) they would cost them about 2 195 000 CZK if they were to buy from a brand that is most used in fitness centres (Technogym 2024).



Figure 9. Treadmill (Technogym 2024)

7.5 Parking spaces

Even if the selected fitness centre's location is one of its biggest advantages it also is a problem when it comes to parking. The owner tried to communicate with the city about having their own parking, but the street they are on does not have the capacity to have reserved parking. The only solution would be to rent parking from Penny Market that is below the fitness centre that has their own parking big enough to accommodate the fitness centre. If they were to rent 10 parking spots that would cost the centre around 10 500 CZK monthly as one parking spot rates at 1 500 CZK monthly (Interview with the manager of Penny Market).

CONCLUSION

Increasing competitiveness in the fitness field is visible even in smaller cities such as Zlín. The popularity of fitness centres has risen over the last few years and that provides the centres with more potential customers interested in their services. By performing competitiveness analyses could help the fitness centres with understanding the main things they should focus on to do better than their competition.

The aim of this bachelor's thesis was to conduct this analysis for a selected fitness centre from Zlín that was based on selected theoretical sources and an overview of their competitors.

The theoretical part of this bachelor's thesis defined what competitiveness is, what competitive strategies exist and then presented important analysis for the fitness centres micro, meso and macro environment. At the end of the theoretical part three questions were raised that were answered according to the results of the analytical part of the thesis.

In the analytical part of the thesis the selected fitness centre was introduced and an analysis of the microenvironment including the McKinsey 7S, STP analysis and Marketing mix 7P. Next analysis was PESTE followed by an introduction of the competitors of the selected fitness centre which were used in the following analyses. Benchmarking and SWOT analysis were done last and the data that was conducted from them was used to create recommendations that will be helpful for the owner of the selected fitness centre.

The recommendations were namely: social media, website, hygienic products, insufficient cardio zone and parking spaces. The social media presence of the company should be taken care of as this is a lost opportunity to create a community of customers, this would cost the fitness centre around 3 500 – 5 000 CZK. Next concern was the design of the website which can be improved, so that the information is easier to find, this improvement could cost 30 000 – 80 000 CZK. Hygiene is a big concern for customers and more hygienic product available to them could change their experience, the cost would be around 2 500 CZK monthly. Insufficient cardio zone is another aspect that is addressed by customers, replacing all of the machines the centre has would cost 2 190 000 CZK. Lastly parking is an issue mainly because of the location of the centre, renting 5 parking spaces would cost 10 500 CZK monthly. The budget set for the equipment and website was respected the final amount was 2 265 000 CZK. Monthly budget for other recommendations was also respected and the final amount was 22 500 CZK.

The recommendations presented can be implemented gradually and could change the perception of the centre and could be an important aspect for a lot of the customers.

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Internal sources

Interview with the owners.

Interview with the staff members.

LIST OF ABBREVIATIONS

CZK	Czech crown
GDP	Gross domestic product
PESTE	Political-legal, Economic, Social, Technological, Ecological factors
STP	Segmentation, Targeting, Positioning
SWOT	Strengths, Weaknesses, Opportunities and Threats
7P	Product, price, place, promotion, people, processes and physical evidence
7S	Strategy, structure, systems, style, skills, staff and shared values

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