



The Fitness Industry in India: Investment Outlook After COVID-19

Written by: Sunny Makhija, [India Briefing, Dezan Shira & Associates](#)

The fitness industry in India is evolving rapidly with the advent of a budding ecosystem comprising consumers, service and equipment providers, complimentary industries, and government initiatives. Indians have become more health conscious and have started taking a note of their daily habits and lifestyle.

However, the idea of a healthy mind in a healthy body is not new to Indians – yoga, akhadas, ayurveda, and meditation have always been a part of our culture. With globalization and ease in the availability of information, traditional practices and exercises are being reinforced and supplemented by a modern, dynamic, and rising fitness industry in India.

Market dynamics

As per a report by Redseer Consulting, the country's fitness industry, which includes equipment, sportswear, fitness services, and recreational sports was valued at US\$12 billion in 2018.

Recent industry reports from FICCI, E&Y, Redseer Consulting, Global Wellness Institute, and IHRSA & Fitternity on the fitness services segment estimate that there are six million active users spending on an average US\$350 to US\$400 annually towards fitness services, amounting to a US\$2.6 billion market size.

The overall fitness industry is [expected](#) to grow at an annual rate of 27 percent and touch the US\$32 billion mark by 2022, of which fitness services (like gyms, slimming services, and formats like zumba, aerobics, crossfit, etc.) will contribute around US\$6.6 billion.

A [study](#) conducted by Gympik reveals that 58 percent of men join a gym for body weight training to build muscles while women were more inclined towards dance exercises – 85 percent for aerobics and 81 percent for Zumba – to achieve weight loss goals. Reducing stress and health related risks were some of the top reasons of respondents to join fitness centers.



The study also revealed that over half of the members who had gym membership were not regular gym goers with possible reasons being poor maintenance of fitness centres, parking problems, lack of group fitness sessions. 30 percent of the respondents felt that their gyms were overcrowded. 44 percent of the respondents felt that instead of going to a gym, a better option was doing workout at home with the assistance of a trainer.

Home workout videos, live online sessions, recorded fitness regimes are viable options for people who would prefer flexibility in their fitness journey and are stretched thin on time.

Growth drivers for the fitness industry

- Youth population between 15 to 34 years of age is the main target group for this industry. As per the Ministry of Statistics and Programme Implementation, India's youth is [expected](#) to constitute 34.33 percent of the total population by 2020 – around 440 million.
- [Rising](#) discretionary spending by India's youth population. Increasing awareness for health and wellness products and lifestyle.
- India's earning, purchasing, and consuming middle class is growing steadily with per capita GDP expected to reach US\$3,273.85 in 2023 from US\$1,983 in 2012.
- Growing urbanization in the country. India's urban population is [expected](#) to reach 517 million by 2020 and breach the astonishing 700 million mark by 2050. This would mean higher demand for resources and services, including greater awareness of fitness services and general health consciousness due to a higher probability of lifestyle induced disorders – being overweight, excessive stress, etc.
- [Rise](#) in lifestyle related disorders. India has the highest number of diabetic patients in the world at 50.8 million, which is expected to increase to 73.5 million by 2025. 25 million people in India suffer from cardiovascular diseases, which is 60 percent of the global figure. People are resorting to various fitness measures to lead a healthy lifestyle and pre-empt poor health conditions due to stress and consumption practices.
- Earlier, the fitness industry was majorly dominated by the male population. However, trends have changed and now [45 percent of the gym members are](#)



women. The participation of women is on the rise as trainers, fitness influencers, and entrepreneurs in fitness industry.

- Through nationwide campaigns, such as the Fit India Movement, the government is also encouraging people to lead a healthy lifestyle by engaging in physical activities. It aims to bring behavioral changes – from a sedentary lifestyle to a physically active lifestyle. Wellness has been recognized as a priority sector in the government’s Make in India program.

Foreign investment in India’s fitness segment

International fitness chains, such as Gold’s Gym and Anytime fitness, have made their presence felt in India.

Gold’s Gym India is a master franchisee of the US based Gold’s Gym Franchising, Inc. The first branch of Gold’s Gym in India was set up in 2002 and now there are 120 franchise gyms in India.

The Minnesota-headquartered health and fitness club Anytime Fitness made its successful entry in India 2012 under a master franchise agreement.

They launched their first gym in India in 2013 and had 76 operational gyms as of August 2019. Anytime Fitness planned to open 100 fitness centers by the end of 2019 putting an investment of approximately INR 20 million (US\$262,663) on each center by following a franchising model for expansion.

The Bengaluru-headquartered health and fitness startup Cure.Fit raised around US\$109 million in a recent funding round led by Singapore’s state investment arm Temasek Holdings. Founded in 2016 by Mukesh Bansal and Ankit Nagori, Cure.Fit focuses on four verticals – fitness centers branded as Cult.Fit, healthcare and diagnostics branded as Care.Fit, nutritional and healthy food offerings branded as Eat.Fit, and mental wellbeing branded as Mind.Fit.

Earlier, in June 2019, the firm closed its series D funding round at US\$120 million with prominent investors, such as Chiratae Ventures, Accel Partners, Kalaari Capital, among others. At that time, the valuation of the firm reportedly stood at US\$575 million. The firm has also been active in acquisitions; one such acquisition was of 1000yoga, a Bengaluru-based startup founded in 2011 that seeks to make high-quality yoga education accessible.



In May 2019, Fitternity, a Mumbai-based fitness discovery and booking platform, announced that it raised US\$4 million from Sixth Sense Ventures, a consumer-centric venture fund founded by Nikhil Vora. Users can book real time health sessions using the online Fitternity app, with options of pay per session and membership fees. In 2018, the US-based venture capitalist firm RoundGlass Partners invested around US\$1 million in Gympik.com, a Bengaluru-based online marketplace for discovering fitness centers and gyms.

Fitness regimes amid the coronavirus outbreak: Future is digital

Government and health experts have advised people to stay at home and avoid going to the crowded places during the viral pandemic. Among several other places, gyms were on top of the government's list to be shut down to contain the spread. Considering the number of equipment, hot and humid environment, sharing of workout gear, exposed surfaces, and number of people in a small confined area, chances of transmission of virus increase considerably.

Fitness centers across the country have taken a hit amid the extended lockdown with several neighborhood gyms, small and big alike, looking at huge losses. Unemployment has become a concern for fitness trainers and housekeeping staff.

Gold's Gym has filed for Chapter 11 bankruptcy protection in the US to facilitate the financial restructuring of the company. It has decided to close 30 company-owned gyms in an attempt to restructure its operations. In a press release, President and CEO Adam Zeitsiff mentioned that the brand remains strong and they will continue to grow and innovate their digital business model among other avenues across the world.

"This unprecedented situation has forced us to close operations in small towns in India and the UAE," said a spokesperson from Cure.Fit. The lockdown impacted the company's business operations with founders and the management team taking heavy pay cuts. Rising to the occasion, Cure. Fit has, however, focused its efforts on revamping its digital fitness offerings.

As fitness centers have closed down and people are stuck at home, new age fitness startups are bringing a wide variety of workout regimes right to people's living rooms



through live online sessions and recorded videos, adapting to what could very well become the new normal.

Cure.Fit has roped in celebrity trainers and fitness influencers to give live sessions. From Indian professional boxers Vijender Singh and Mary Kom to Bollywood actress, singer, dancer, and model Nora Fatehi, celebrities have been giving online master classes at Cure.Fit. Users can share selfies, track their performance and energy levels, and match their session rank with other attendees to get an interactive and close to real experience.

The Cure.Fit app provides flexibility to take sessions at any time from morning to night and for any duration of length. Instructors often work in a team of three, where both beginner and advanced versions of a particular workout are shared with the users. This helps a varied category of users to perform the workout effectively. It is reported that Cure.Fit had around 6,000 users in December – January. This number saw a sharp rise to 65,000 in the third week of March. Be it yoga, dance fitness, lower body workout, or core strengthening exercises, the app provides a variety of workout options to the users as per their interest. The company is also bringing doctors on board to provide one to one consultation online.

Companies are also coming up with innovative methods to attract users and make people workout during the pandemic. Earlier, in March-April, Cure.Fit launched their #MovementForMovement campaign to strengthen coronavirus relief efforts. Here, users had to accept the challenge to work out between March 27 to April 15. For every challenge, Cure.Fit announced it would donate US\$1.3 (or INR 100) to the PM CARES Fund (The Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund).

Right now, most of the offerings on the app come at no cost, which is a great strategy to acquire new users. However, companies like Cure.Fit are likely to monetize some of these offerings in the near future.

As people continue to work out at home, weight loss and fitness apps have seen an increase of 40 percent in time spent on them while the number of active users have doubled as per a new [report](#). HealthifyMe, a Bengaluru-based Indian digital fitness and wellness platform saw a growth of 40 percent in its number of subscriptions



while its organic traffic went up by 25 percent during the pandemic. FITTR, a Pune-based fitness social network and consultation platform raised US\$2 million from Sequoia Capital in April. It provides live fitness sessions, Q&A with fitness experts, diet plans, and access to a fitness community to its users. The app saw an increase of 15 percent in the number of downloads and 200 percent in engagement scores during the pandemic.

During the lockdown, to keep students fit and healthy, the Fit India Movement and Central Board of Secondary Education (CBSE) announced online fitness sessions for students and parents from April 15. Bengaluru-based National Institute of Mental Health and Neurosciences (NIMHANS) in association with the Union Health Ministry of India has started live online yoga classes.

Monetization strategies for the digital fitness industry

Freelancers, influencers, fitness trainers, and fitness chains have moved online to continue providing services and capture new users during the ongoing pandemic. Most of the online fitness businesses work on the freemium model, wherein some services are offered for free and the rest of the services are more personalized in nature, which are offered for a price. For example, group live sessions are free for anyone to attend but for personalized coaching sessions, a fee is charged that becomes a major source of revenue for online fitness companies.

Anytime Fitness launched virtual online fitness classes to help people stay fit during the lockdown. Anyone can login to their Facebook page and join the live classes for free. For people who are looking for customized sessions or consultations, Anytime Fitness is offering paid one to one sessions.

Similarly, apart from free live sessions that anyone can attend, Cure.Fit has also launched a host of paid, personalized online services, such as live personal trainer, online consultation with a doctor, nutritionist, live therapy sessions with their experts, among other services.

As of now, the first live trial session with a personal trainer can be booked for just US\$0.013 (INR 1). After which, five sessions with a 25-day validity can be booked for US\$26.33 (INR 1,999) or 10 sessions with a 45-day validity for US\$39.51 (INR



2,999). Similarly, a consultation with a nutritionist/ dietician can be booked at US\$6.52 (INR 495) per session.

Cure.Fit announced in 2019 that it aims to achieve revenue of US\$1 billion by 2020 with a total customer base of 25 million. The company believes that 20 percent of its customers will be going to its fitness centers while 80 percent will be using its digital offerings. A typical customer usually ends up spending US\$350 annually with Cure.Fit on its varied offerings and the company sees this figure stretching to US\$1,000 in coming years.

FITTR offers various online courses in the areas of nutrition, fitness, and exercise sciences among others. The fee for such courses can vary from US\$173.44 (INR 3,200) to US\$269.36 (INR 20,500). These courses can help trainers and fitness enthusiasts in sharpening their practical skills and enhancing their knowledge about a particular fitness field.

FITTR also offers one to one paid sessions, which guarantees fitness results. As a starting point, around US\$52.56 (INR 4,000) can be charged for 12 sessions. Depending upon the past experience, results, certifications, different fitness coaches charge different fees for their services.

In January, FITTR was [planning](#) to close the financial year with revenue figures of US\$5.52 million. It currently has over 800,000 users, with around 40,000 paid users and around 200 certified fitness trainers – many being former members who transformed their lives through FITTR. The company claims that 45 percent of the users come back once their packages get over.

Market entry, setting up, and regulatory regime

Foreign companies planning to enter into India's fitness market can either come through franchising agreements or establish their own entity – incorporated or unincorporated.

Master franchising is a model that works well in this domain for foreign investors. Here, the foreign investor offers exclusive rights of the brand to a local entity and ploughs in considerable amount of initial investment to start the operations. In turn,



the master franchisee takes the onus to build and forge the foreign brand in the country either through sub franchising or opening outlets by its own.

Clearance from the local police department is required to open a fitness center in the country. The license can either be obtained online or by heading to the local police department in person. In case a fitness center is built on a rented land then an undertaking is also required. Further, registration under Shops and Establishment Act is required for all commercial establishments. Filing for registration under the act should be done within 30 days of the commencement of operations.

Registration of online business can be done either as a wholly owned subsidiary or limited liability partnership or a branch office. Depending on the firm's business plan, initial investment, and timelines, a suitable option can be advised.

Acts pertaining to The Indian Contract Act, 1982; The Trademarks Act, 1999; The Patents Act, 1970; The Copyright Act, 1957; The Competition Act, 2002; The Foreign Exchange Management Act, 1999; Income Tax Act, 1961; The Consumer Protection Act, 1986; and The Information Technology Act, 2000 impact the online and/ or offline fitness businesses in India.

Whether you are invested in India or not, our [business advisory experts](#) can help you navigate the regulations of India's fitness industry. For more information on setting up in India, obtaining regulatory licenses and clearances, and post incorporation services, please contact us at India@dezshira.com.

The COVID-19 pandemic has challenged the fitness industry across the world, forcing them to close their physical doors and innovate quickly to reconnect with their base virtually. With cases increasing day by day in the country and people taking extreme precautions, it seems like social distancing is here to stay. Fitness centers will take time to reopen and initially, these centers may not experience substantial footfall.

Several weeks into the lockdown and India is adopting to the new normal – by logging onto fitness apps and continuing their fitness journey the digital way. Customers have already put in a significant time resetting their routines and getting accustomed to the flexibility, ease of use, and low-cost subscriptions of online fitness



sessions. Going from bedroom to living room to do daily workouts can be a real-time saver compared to the time it takes to get ready and hit a nearby gym battling traffic and parking problems.

These challenging times offer a unique early-mover opportunity to businesses to take their fitness offerings online. A relatively low-cost investment at the right moment may provide higher returns and larger success in the near future.

This article was first published by [India Briefing](#), which is produced by [Dezan Shira & Associates](#). The firm assists foreign investors throughout Asia from offices [across the world](#), including in [China](#), [Hong Kong](#), [Vietnam](#), [Singapore](#), [India](#), and [Russia](#). Readers may write info@dezshira.com for more support.