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CASE STUDY: ADAPTATION OF A MARKETING PLAN IN  
"SALUTE", A GREEK PRIVATE FITNESS CLUB

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*To Jesus Christ, the Man who has changed my life.*

This study has been written from 30/03/98 up to 20/03/99. The main text was written in Times New Roman 13 fonts, in Corel Word Perfect 7.

I want to thank God for His love and His help in that period that the study was on procedure. Also, I want to thank my mother for her help and patience all this period and my brother for his great help in the editing of the work.

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## **ABSTRACT**

This study was conducted in Salute private fitness club, located in Lamia, Greece. Salute offers fitness services for the last 20 years in the metropolitan area of Lamia. It is a case study and the data collection was done by interviewing the owner, analyzing the financial statistics, and using the writer's experience in this club. Also service records, organizational records, maps and charts, lists, survey data, and personal records were used.

As can be observed, the focus of this study was on a unique case of a single organization and the level of analysis under investigation was the organizational level, with emphasis in marketing management (Yin 1994). The case study is based on Phillip Kotler's (1997) marketing plan proposal.

### **KEYWORDS:**

marketing plan, fitness clubs, fitness in Greece, private clubs, small firms,

# 1. INTRODUCTION

## *1.1 Purpose and problems of the research*

“Get good advice and you will succeed; don’t go charging into battle without a plan” (*Good News Bible*, published in 1990 by the United Bible Societies). With this verse, King Solomon motivates the reader of the book of Proverbs (20: 18), of the Bible, to use a plan in order to win.

The Sport and Leisure industry has become an important part of the world economy (Reebok, 1995, as cited by MacPherson and Slack 1997, 235). As MacPherson and Slack (1997) mention the Economic Intelligence Unit (1990) recognize small businesses within the sport industry a noticeable economic component. Like any business, the fitness industry needs, in order to maintain in a high level of efficiency, and to achieve its goals, a plan for the future.

This research set out the "marriage" of fitness industry and the science of marketing. The fitness industry is a growing industry all over the world (Costa et. all 1996). People today become more aware of the benefits they gain from exercising, and they are moving from a spectator sport society to a participant in fitness society. Health and fitness clubs are competing hard for a bigger market share. The purpose of the present research is put in practice proposals and solutions of the marketing in the sensitive area of private fitness clubs. More specifically this study ia an adaptation of a marketing plan in "Salute", a Greek private fitness club. Interesting are the facts that can be observed in the Greek fitness clubs' reality

The objectives of the current research could be defined as follows:

1. To set out the marketing plan elements, under the prism of a Greek private fitness club.

2. To set out the marketing strategy of Salute for the next years.
3. To examine, analyze, and give feedback about the 20 years of Salute's fitness club continuing operation.
4. To add a new perspective in the area of fitness clubs, through marketing.

The relevant study problems were:

1. Which is the market share of Salute?
2. How can Salute win a bigger share?
3. How can Salute be an antagonistic club after 20 years of continuing operation?
4. How Salute has to promote itself?
5. In which offered services has Salute to focus the next years?

### *1.2 Limitations of the research*

The present study dealt only with the financial, demographic, and statistic data of the last three years in Salute fitness club. The lack of data of the past 20 years of Salute's history is limiting the research.

Limits were also drawn to explore the fitness market in Greece. Both researches and official statistic information are rare. The fitness clubs area, especially in the private sector, is quite a "dark" area in the Greek market. However the following research was more based in a more broad view concerning the marketing sector.

## 2. DESCRIPTION OF THE FITNESS INDUSTRY AND DEFINITION OF THE CONCEPTS USED

### *2.1 Description of the Fitness Industry*

The term fitness is generally understood and requires little explanation. According to Oxford Student's Dictionary of Current English (1990), fitness is the state of being physically fit. The same dictionary mentions that club is a room or building used by a society, group, who come together as members for a particular purpose. The primary components of physical fitness are aerobic capacity, strength, cardiovascular endurance, and flexibility; physical fitness programs are designed to enhance these components (Parks et al. 1990).

Trying to present the theoretical dimensions of the functions of sport clubs Vuolle (1998) says that fitness clubs are specialized clubs, with adults as their target group. Also, he mentions that they operate in the town district. Vuolle claims that the function bases of fitness clubs is the health education. Hence, they are health and fitness oriented, discipline centered, specialized, purposeful and in some occasions not playful.

The spectrum of the fitness industry is quite wide. In this spectrum are included commercial fitness centers and athletic clubs, fitness centers in hotels, apartment buildings, and office parks, private athletic clubs, YMCAs, and community centers, corporate fitness centers, cardiac rehabilitation centers, sports medicine centers, amateur or professional sport team conditioning programs, consulting companies, and facility management companies (Parks et al. 1990).

Chelladurai, Scott, and Haywood-Farmer (1987) say that "fitness clubs, particularly commercial ones, commonly provide services that are not necessarily complementary to

each other". Today, health/fitness clubs' clients demand more quality services (Costa et al. 1996). Sasser, Olsen, and Wyckoff (1978 as quoted by Chelladurai 1992, 40; Kim and Kim 1995, 209) mentioned that a service is characterized by a) intangibility (e.g. it cannot be seen before it is consumed), b) perishability (e.g. it cannot be stored), c) heterogeneity (e.g. the quality is not the same), and d) simultaneity (e.g. the production, delivery, and consumption of the service is simultaneous). Kotler and Turner (1993 as cited by Lipponen 1994) seem to agree with these characteristics. Kotler (1991, 455), as cited by Kim and Kim (1995), says that "...a service is any act or performance one party is able to offer to another that is essentially intangible and does not result in the ownership of anything. Sport centers engage in a business that is primarily based on the provision of services".

Grönroos (1990 as quoted by Lipponen 1994) notes that services are activities or a series of activities rather than things. He also states that the total service product is a combination of 'hardware'; the core service and 'software'; auxiliary services. Finally, he divides the later into facilitating (they facilitate the use of the core service) and supportive (they are used to increase the value of the core service).

Chelladurai et al. (1987), in their study tried to define and describe the dimensions of fitness service attributes. Empirically they developed a classification scheme that focused on the services offered by fitness clubs. This scheme is a five-dimensional framework for fitness services: a) primary core professional, b) primary core consumer, c) primary peripheral, d) primary facilitating goods, and secondary consumer services and facilitating goods. Primary services such as exercise prescription or making weight equipment available to members are directly related to fitness; secondary services like food services are unrelated to fitness. Chelladurai et al. (1987) have divided the primary services into core services, like fitness instruction or peripheral services (e.g. parking and laundry facilities) which surround the core service and complete the total fitness service. They also made the division between professional and consumer services. The earlier are based more

on knowledge and expertise and the later on facilities and equipment (e.g. retailing and renting of fitness equipment and facilities). Facilitating goods is the final element necessary for the delivery of primary (e.g. fitness equipment, locker rooms) and secondary (e.g. cafeteria) services.

Chelladurai (1992, 40) in his study tried to extend the research above in two significant ways. He proposed a classification which includes services offered by a comprehensive variety of sport and physical activity organizations, not just fitness clubs. On the other end he did a step forward by including in his analysis the client's participation and involvement in the production of a service. So, he has used the clients' motives for participation in sport and physical activity as a dimension for classifying these services. Hence, the proposed classification is more comprehensive than that of Chelladurai et al. (1987). Specifically, Chelladurai (1992) bases the classification of sport and physical activity services (therefore fitness services, too) on the dual perspectives of a) the type and extent of the employee's involvement, and b) the client's motives for participation in sport and physical activity. The combination of the two dimensions above led Chelladurai (1992) to create six categories of services (Figure 1): consumer pleasure, consumer health fitness, human skill, human excellence, human sustenance, and human curative.

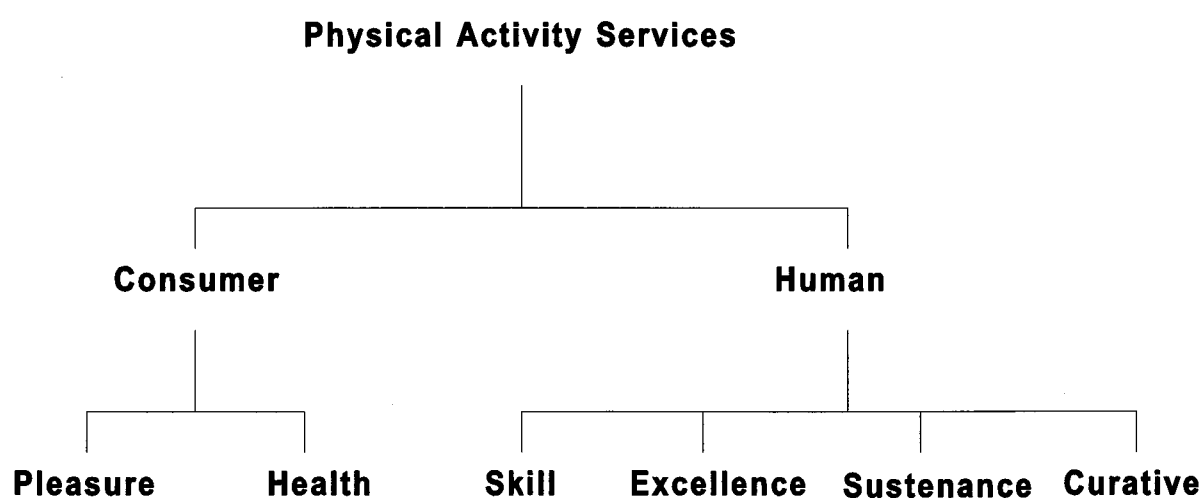


Figure 1. Classification of physical activity services (Chelladurai 1992, 45)

## *2.2 The Impact of Fitness Clubs*

The United States experienced a fitness boom in the 1970's. As the Baby Boomers began to mature and became aware of their lagging overall fitness and health levels, they became involved in fitness and health related activities. In reaction to this increased interest, a number of fitness and health care products hit the market. There was an increase in the number of sport centers, fitness centers, and health clubs, as well as a proliferation of related products. The fitness boom has had a lasting effect. It increased the general population's awareness of fitness, wellness, and overall health. Concern over getting into shape resulted in a large number of people taking up a variety of fitness and sport related activities (Pitts et al. 1996).

The athletic and fitness club business is a large and growing industry. One can separate the field into three major segments (Pitts et al. 1996). First is the large segment of old-line, member-owned country clubs, urban athletic clubs, yacht clubs, and tennis and swim clubs; at least 6,000 of these clubs operate in the United States. Second is the new breed of investor-owned, for-profit racquet, athletic, and fitness clubs; between 8,000 and 10,000 of these clubs operate in the United States. Third is the large number of "quasi-clubs" such as YWCA, and semipublic facilities such as community tennis clubs and swimming clubs. Approximately 5,000 of these centers operate in the United States. Each athletic or fitness club is unique in some ways. However, there are several characteristics that most share (Parks et al. 1990). This means that the industry is composed of a large number of independent companies that have little or no relationship to one another.

Consumers spent in 1984 \$30 billion at health clubs, in the United States context (Chelladurai et al. 1987). In Canada, the Canada Fitness Survey (Fitness and Amateur Sport 1983 as quoted by Chelladurai et al. 1987, 159) indicated that 37% of Canadians used public, nonprofit recreation facilities and/or commercial/private clubs as their location for physical activity. Approximately 70 percent of all clubs are small businesses



that are independently owned and managed.

The Small Business Administration (SBA) defines a business as small until its sales reach \$3.5 million (Parks et al. 1990). Of course, a wide range of gross sales figures exist for the club industry, but at least 70 percent of the industry is composed of clubs whose total sales are under \$1 million. Probably 30 percent of all clubs have total sales under \$500,000 (for more details about Small Businesses see in Chapter 3.3).

### *2.3 The Fitness Industry in Greece*

The image of the fitness industry in Europe and especially in Greece has quite a different view comparing with the corresponding of the United States. The numbers are not so large but they are moving towards this direction. Physical fitness, wellness, and health are becoming an important element of Europeans' life (Costa et al. 1995). Afthinos (1997) mentions that with regard to non-organized physical activity by Hatziharistos (1990) showed that 22.4 percent of people who live in the most populated Greek cities (Athens and Thessaloniki, with total population over 5,5 million people) aged between of 30 to 60 years, do engage with some form of physical activity regularly (3 times per week, for 60 minutes each time). It was also found that those with higher education had a tendency to exercise more. As for the most reason for participation in any form of physical activity, it was reported the improvement and maintenance of health (61.7%). The reason for not participation, was lack of time (42.1%).

Private fitness clubs in Greece operate under the Presidential Degree 144/76 "About setting the preconditions to give an operation licence for private fitness schools, etc." (Panagiotopoulos 1993). According to this law every private fitness club has to ask for an operation licence to the Secretariat General of Sport of Greece, which belongs to the Ministry of Culture. The law also demands from private fitness clubs to allocate fitness management duties to a physical education teacher with a bachelor's degree diploma.

With regard to organized exercise services provided in Greece by private companies, there are approximately 600 fitness clubs, who operate with legal status in Greece (KEPE Study Group 1996). Half of them are located in Athens Metropolitan area (Attica). The main offering services are aerobics, fitness equipment, free weights, sauna, massage, and health spa (KEPE Study Group 1996; Tzetzis et al. 1997). It is also estimated, by the Union of Private Fitness Clubs Owners, that 600 more fitness clubs operate in Greece with no proper licenses. These fitness clubs mostly are small, with only one worker, the owner,

who in most occasions is not a physical educator. Their offering service is usually fitness with weight machines.

It is found that 120 individuals is the least necessary number for a fitness club to function in a viable basis. It is calculated that the corresponding number of all fitness club members is about 165,000 individuals. This estimation comes by supposing that every fitness club in Athens Metropolitan area has a mean of 200 members ( $300 \times 200 = 60,000$  members), in the rest country 150 members ( $300 \times 150 = 45,000$  members) and 100 individuals per every small-illegal fitness club ( $600 \times 100 = 60,000$  members) (KEPE Study Group 1996).

The sales of the Greek private fitness clubs are far away from those of the equivalent in the United States. Their average income comes mostly from the registration and the monthly membership fee which everyone pays to have access to the fitness services. The registration fee fluctuates between 0 - 15,000 Greek Drachmas (GRD) (= \$0 - \$50; Note: \$1 US = 300 Greek Drachmas (GRD), Currency by National Bank of Greece, 28/07/1998) and the average monthly membership fee is about 10,000 GRD (= \$33). The membership fee contains the opportunity to use the weight machines, electronic equipment (like treadmills and steps), sauna, and to participate to aerobics programs.

Every fitness club employs 3-4 people, like gymnastics teacher, reception employee, charwoman, accountant. The expenses of Greek private fitness clubs are the employees' payment (40%) and other operational payments (60%), like rent, electricity, telephone bills. Expenses compose the 50% of the annual turnover (KEPE Study Group 1996). During the period 1990 - 1992, due to the strict economic policy of the Greek Government, there was a 35 percent reduction of fitness clubs' turnover. Also, by the 1<sup>st</sup> January 1996 the VAT in every fee has increased from 8 to 18 percent. That fact led to the reduction of the net profit of Greek private fitness clubs.

Quite noticeable are the main characteristics in Greek private fitness clubs. The first

(Figure 2) is that about 60 percent of the members are women (Tzetzis et al. 1997; KEPE Study Group 1996).

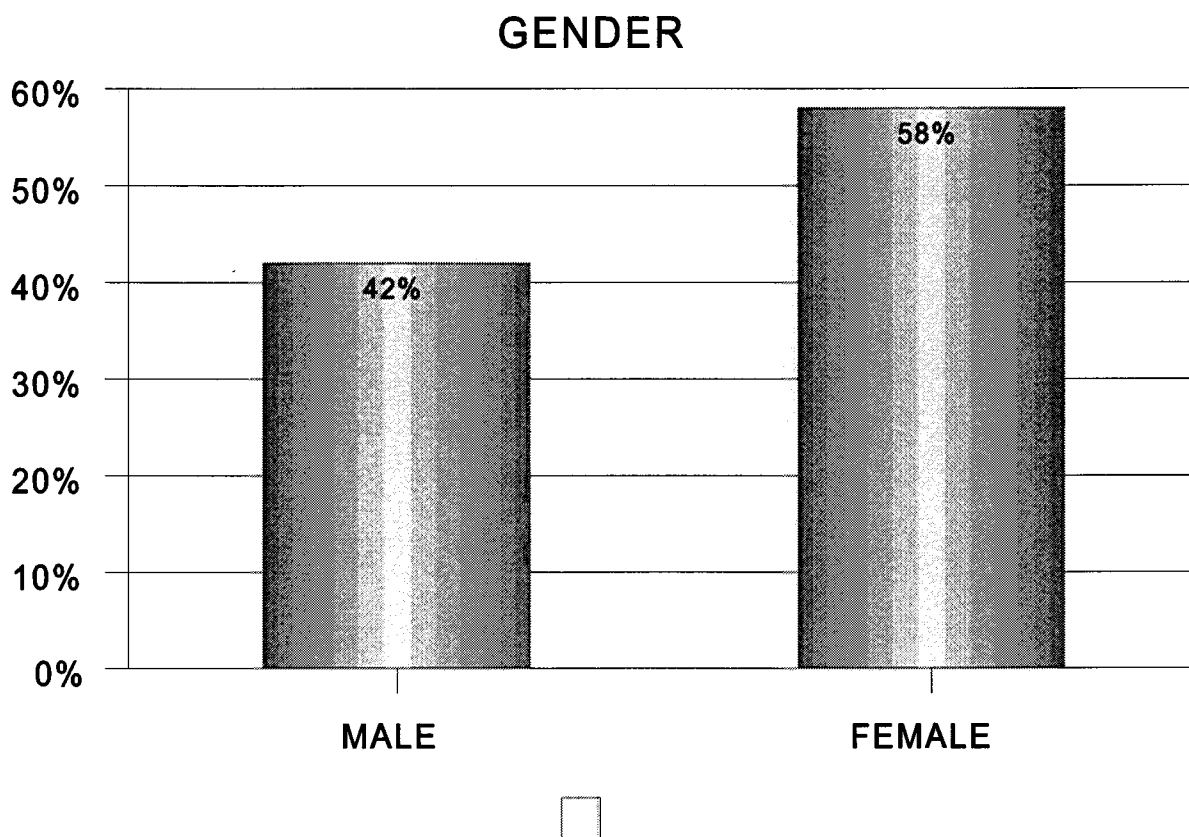


Figure 2. Depicts gender frequencies of the consumers of the health fitness clubs in Greece (Tzetzis and Costa 1997)

Tzetzis and Costa (1997) also found in their study some interesting facts about the demographic characteristics of the health fitness consumers. A great part of them (70%) are not married (Tzetzis et al. 1997). Also, 40% of the customers are between 25 and 30 years old and 32% were between 30 - 35 (see Appendix 5). Concerning their education 8% of them had "basic" education (9 year school), 32% had high school degree, 50% had university degree and 10% had post graduate education. Finally most of these clubs operate 10 months per year. On July and August they operate with small attendance or they close. Revealing is the figure 3 by Tzetzis and Costa (1997).

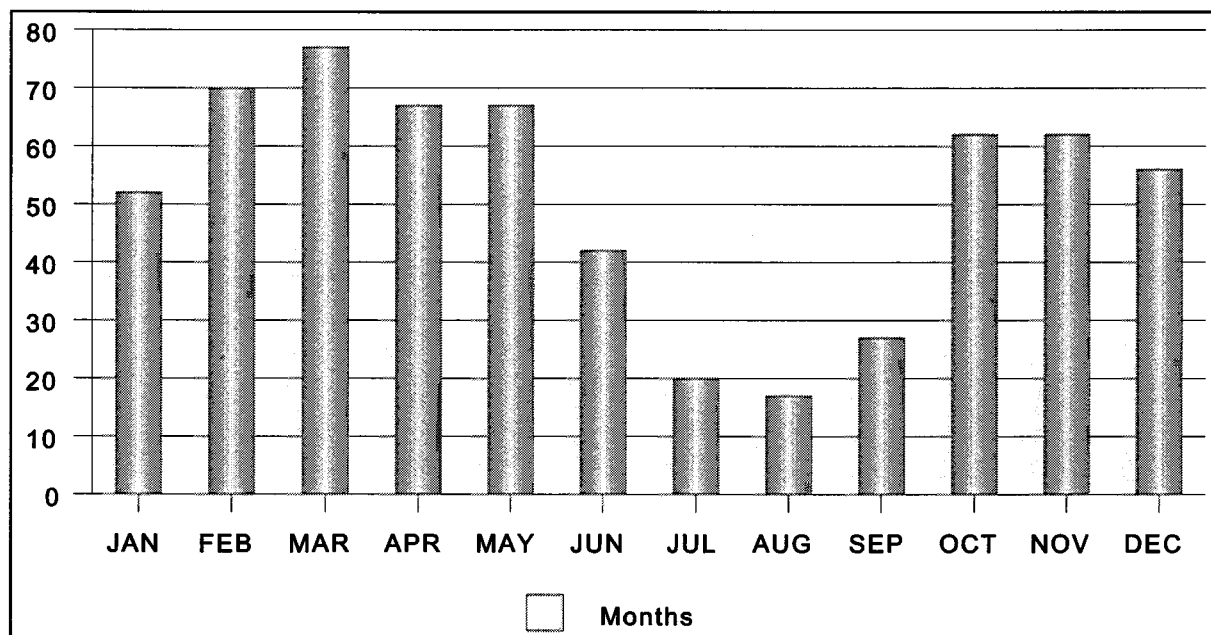


Figure 3. The yearly frequency of attendance of the health fitness consumers in Greece  
(Tzetzis and Costa 1997)

As can be seen in figure 3, the most preferable time to join a Greek fitness club is Spring (February to May). During summer (mostly due to vacations and hot weather) the frequency is low.

Finally, according to Tzetzis and Costa (1997) research the mean time that the costumers stayed loyal to their fitness clubs were 3 years. This number means that they did not change their fitness clubs for this period of time. It does not mean that they were going to the health club on a lull year basis. Concerning the factors for the selection of a fitness club: a) 35% of the clients chose it by a suggestion of a friend, b) 25% were owner's friends, c) 22% because of its location, d) 9% knew or preferred the instructors, and e) only 9% were motivated by an advertisement.

## 2.4 The Concept of Planning

“There are five types of companies: those who make things happen; those who think they make things happen; those who watch things happen; those who wonder what happened; and those that did not know that anything had happened. Anonymous”. With these words Phillip Kotler (1997) starts in his book “Marketing Management”, the chapter titled: “Winning markets through market-oriented strategic planning”!

Planning has as many definitions as there are writers on the subject. The Oxford Student's Dictionary of Current English (1990), defines planning as the attempt to make “...an arrangement for doing or using something, considered in advance”.

As Stanton (1987) says planning is “...studying the past to decide in the present what to do in the future. Or deciding what we are going to do later, when and how we are going to do it, and who will do it”.

Jain (1981, 6) sets out the definition given by Kirby E. Warren. Warren defines planning as “...essentially a process directed toward making today's decisions with tomorrow in mind and a means of preparing for future decisions so that they may be made rapidly, economically, and with as little disruption to business as possible”.

Planning is a formal design to improve sales and profit in a company and consists of two parts; strategic and marketing planning (Stanton 1987; Kotler 1984). As Kotler (1984) defines:

“Strategic planning is the managerial process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. It relies on developing a clear company mission, supporting objectives and goals, a sound business portfolio, and a growth strategy”.

Stanton (1987) describes strategic planning as “the managerial process of matching an organization's resources with its marketing opportunities over the long run”. In this sector, as Jain (1981) claims, the French industrialist Henri Fayol was the first with an attempt of formal planning.

George Stainer (as quoted by Jain 1981) mentioned in 1969, that no self-respected growth company can survive without a planning policy. He also, said that the majority of security analysts and institutional investors spend a lot of time with the planner of the company.

The five functions of a business enterprise are planning, organizing, directing, staffing, and controlling (Karasabbidoy and Xatzigirigrioy 1992 as cited by Ell.E.D.A. 1997; Jain 1981). Trying to do a historical review in the orientation of companies, Jain indicated that:

“Whereas the 1960's required each firm to have a marketing orientation as a condition for growth and survival, the firm of the 1970's reached a point where only long-term direction could underwrite success. The 1980's would demand even greater emphasis on planning. Thus, a planning orientation now supersedes a marketing orientation”.

As Jain (1981) alleges, a company in order to maintain in a high level of efficiency, and to achieve its goals, it must plan for the future in a systematic way. He adds that today's businesses face the demands of environmental protection, employees' welfare, consumerism, and antitrust action. Hence, there is a need for a planned effort, in order to limit the undertaken risks. At the same time, planning is much helpful to the choice that a company has to take, in front of attractive alternative investment opportunities.

As mentioned, planning is one of the main functions of management. Following this procedure, managers set goals and future actions, by organizing and developing strategies, in order to achieve the set goals (Boone and Kurtz 1992, as cited by Ell.E.D.A. 1997;

Papanikos 1996; Kanellopoulos 1994; Parks et al. 1990).

By the setting of every plan, at the same time the organization's mission is being readjusted (Megginson et al. 1983 as quoted by Ell.E.D.A. 1997).

The goal of strategic planning is to help a company to select and organize its businesses in a way that will keep the company healthy even when unexpected events upset any of its specific businesses or product lines (Mpourantas and Papaleksandri 1998; Kotler 1997). These events can be environmental changes that might influence direct or indirect the business' operation. Planning is not the antidote for a crisis, but a good medicine to react in time. Especially if the company does not try to adapt it during that particular situation, it will help in a great degree (Jain 1981).

Porter (1980) asserts that strategic planning can be divided into cost leadership, differentiation, and focus strategy. Cost leadership puts its emphasis on the sustainable cost advantage in product or service production. Differentiation is an effort to create and offer something that is unique. Finally, the last strategy is focusing on a particular group or segment.

Aaker (1988 as cited by Lipponen 1994) describes differentiation as "...one in which the product offering is differentiated from the competition by providing value to the customer, perhaps by enhancing the performance, the quality, the prestige, the features, the service backup, the reliability, or the convenience of the product".

Jain (1981) mentions that there is no best time for planning in an organization. It is an activity that must be done each year, taking in mind the environmental changes. It is also useful to design a time schedule, describing who the plan will work within the organization.

Russell Ackoff (as cited by Jain 1981, 10) presents three different philosophies of planning.



The first one is the philosophy of satisfying planning, where the aim is to easily achieve and mold the efforts accordingly. The philosophy of optimizing planning refers to operations research. Finally, the adaptivizing planning philosophy is an innovative approach, not so popular in practice.

According to David W. Ewing, as quoted by Jain (1981), seven are the main characteristics of planning: 1) It leads to a better position or standing for the organization. 2) It helps the organization progress in the ways that its management considers most suitable. 3) It helps every manager think, decide, and act more effectively for progress in the desired direction. 4) It helps keep the organization flexible. 5) It stimulates a cooperative, integrated, enthusiastic approach to organizational problems. 6) It indicates to management how to evaluate and check up on progress toward the planned objectives. 7) It leads to socially and economically useful results.

Abraham Lincoln said that “We must plan for the future, because people who stay in the present will remain in the past” (as quoted by Jain 1981). Dwight D. Eisenhower in an other diastasis has said that “plans are nothing; planning is everything”. Despite the definition and the angle of view, planning is important in life (see also the Abstract of this study), and especially in the businesses world. Its relation with the profit organizations and marketing is going to reviewed in the following paragraphs.

## 2.5 The Concept of Marketing

Papageorgiou (1990) mentions that many years have passed by the time that marketing started to be in our lives, but still there is great confusion concerning the definition of marketing.

As Colliers Encyclopedia CD-ROM (Schewe 1996) defines, marketing is:

“...the sum of all those business activities that promote the movement of goods and services from producers to consumers or other users, together with the study of consumer circumstances, preferences, and attitudes and the systematic use of this knowledge to create goods and services for consumption”.

The Oxford Student's Dictionary of Current English (1990) says that marketing is “...the theory and practice of (large-scale) selling”.

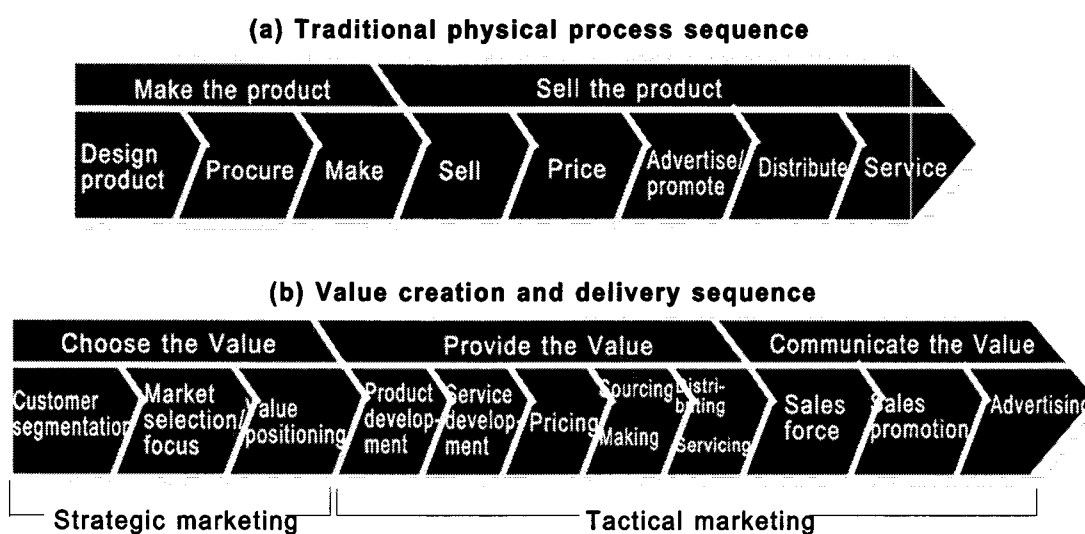
According to Brown (1985), “...marketing is not merely a set of techniques to help us to sell more; rather it is a complete approach to running a business through focusing all of the company's actions onto the customer”. In other words, marketing is not the effort to ‘push’ a company's product by advertising or promotional methods, but also the procedure of being aware of what the customers want to buy.

Talking about marketing, Jain (1981) maintains that it directs a company to develop its product offering and to meet the needs of the customer base. The marketing function represents the contact of the organization with the external environment.

Looking back to history, marketing was the reaction of the companies when at the decades of 1950's they have realized that the degree of their sales did not depend exclusively on the distribution but also on the choice of the consumer to buy or not

(Afthinos 1996; Schewe 1996).

The development of marketing is well set by Kotler (1997). Kotler says that in order to understand the marketing process, we must observe how the company defines its business. The task of every business is to deliver value to the market at a profit. According to Lanning and Michaels (1988 as quoted by Kotler 1997, 88) there are at least two views of the value-delivery process. The traditional view is the case when the business produces something and then sells it.



**Figure 4.** Two Views of the Value-Delivery Process (Lanning and Michaels 1988 as cited by Kotler 1997)

In this view, marketing works in the second half of the value delivery process. The company knows what to produce, in order the market will buy enough products to produce profits for the company. The other view is the value creation and delivery sequence. As the market nowadays is splintering in micro markets, the business should be able to cover this need by placing marketing at the beginning of the business planning process. In this case companies take themselves as a part of the value creation and

delivery sequence.

Sayers (1991) seems to agree with Kotler by presenting marketing as the effort to involve a product or service to suit the needs of the customer. He notices that this action is the opposite of salesmanship.

According to Tryposkiadis (1994) marketing includes all the activities that the producer has to do, to flow goods and services to the consumer. These activities are the warehousing, wholesaling, retailing, packaging, design, and advertising. Mpourantas and Papaleksandri (1998) summarize marketing in production planning and products' or services' offering.

Marketing is not only advertising; it is a whole procedure with the main objective the production, offer, and exchange of goods and services among individuals or social groups, and the satisfaction consumers' needs, for the profit of the both sides (Ell.E.D.A. 1997; Papanikos 1996; Malliaris 1990).

Apostolou (1994) agrees that the study of marketing consists of the analysis of the business activities connected with the offering of goods and services from producers to customers. She adds that these activities, organizations, and other elements are continually changing.

The marketing mix is the image of marketing to the consumer (Ell.E.D.A., 1997). It is composed by the 4 Ps, the product, price, place, and promotion (Mpourantas and Papaleksandri 1998; Ell.E.D.A. 1997; Kotler 1997; Papanikos 1996; Apostolou 1994; Tryposkiadis 1994; Kotler 1984). The most basic marketing mix tool is product, the business' tangible offer to the market, including its quality, features, and branding. The second is price, the amount of money that customers pay for the product. Place, includes the necessary activities need to be taken in order the product to be accessible. Finally, promotion includes the activities needed for the communication with the target market

(Kotler 1997).

Marketing is quite expensive; given that half of the sum paid by the consumers covers its expenses (Schewe 1996).

Indisputable, marketing can be an important element for a business in today's antagonistic markets, as Park et al. (1988) say. In order to survive, every business unit has to focus on marketing. Successful marketing should begin with the adaptation of a marketing plan, and the marketing plan must begin by the set of specific objectives (Schewe 1996).

### 3. LITERATURE REVIEW

#### 3.1 *Business Plan*

It is true that few are the companies nowadays that do not have competitors in the market (West 1995). The phenomenon of monopoly is not in life any more. That means that the company should find out ways to plan and use more effectively its resources. As mentioned in paragraph 2.4 of the present study (p. 17), planning is important in the business world. In this paragraph, it is going to be a presentation of the 'business plan' effort, and its help in business operation.

Business planning, as Sayers (1991) says, is not an exact science; "no two academics can even agree on the same definition". This can be an explanation of the big mixture of approaches to the field.

"A business plan is a systematic way of approaching future problems and overcoming them. It is not, however, a form of clairvoyance which will predict what will happen to the company in the future" (West 1995). In other words the plan is playing the role of the compromiser between what the company wants to do and what it can do. The business plan will describe the necessary action that have to be taken immediately, and of course the medium and long term reaction.

Gerson (1989) defines business plan as "...a formal, written document that describes a company's activities with respect to achieving its goals".

Siropolis (1986) mentions that a business plan is an essential step for businessmen to turn their ideas for products or services into flourishing ventures. Planning is vital for the business success and consists the decision making that is deciding what to do, how to do

it, and when to do it.

In the passage course of time, businesses and their managers may lose their set mission due to the changeable market conditions or to the new products, services that the business may offer. Peter Drucker (as quoted by Kotler 1997) proposes some fundamental questions to ask, to get out of this situation. "What is our business? Who is the customer? What is value to the customer? What will our business be? What should our business be?". As can be seen it is important for an profit organization to know its mission, almost every time.

To understand strategic planning, one has to realize that most of the large companies consist of four organizational levels (Kotler 1997). First, the corporate level, where its headquarters have to create a corporate strategic plan, in order to lead the company into a profitable future. Secondly, the division level; with the setting of a division plan which covers the allocation of funds to each business unit. Thirdly, the business unit, a level where the "business unit strategic plan" is being designed, to guide the company in a healthy future. Finally, in each product level (product line, brand) within a business unit develops a marketing plan to achieve its objectives in its product market. The issue of the marketing plan will be analyzed in the next paragraph of this chapter (3.2).

A business plan involves eight step according to West (1995): a) History, b) Goals, c) Assumptions, d) Quantification, e) Resource allocation, f) Checking, g) Sensitivity analysis, and h) Contingency planning. The information needed to develop a complete plan has to cover the areas of the product or services applied, the industry, marketing, production, finance, personnel, and administration.

Gerson (1989) claims that a business plan is composed by seven steps. The executive summary, company analysis, industry analysis, market analysis, strategic analysis, management analysis, and financial analysis.

As Siropolis (1986) claims a business plan is composed of 14 steps (Figure 5). It is

noticeable that the eighth step is the developing of the marketing plan.

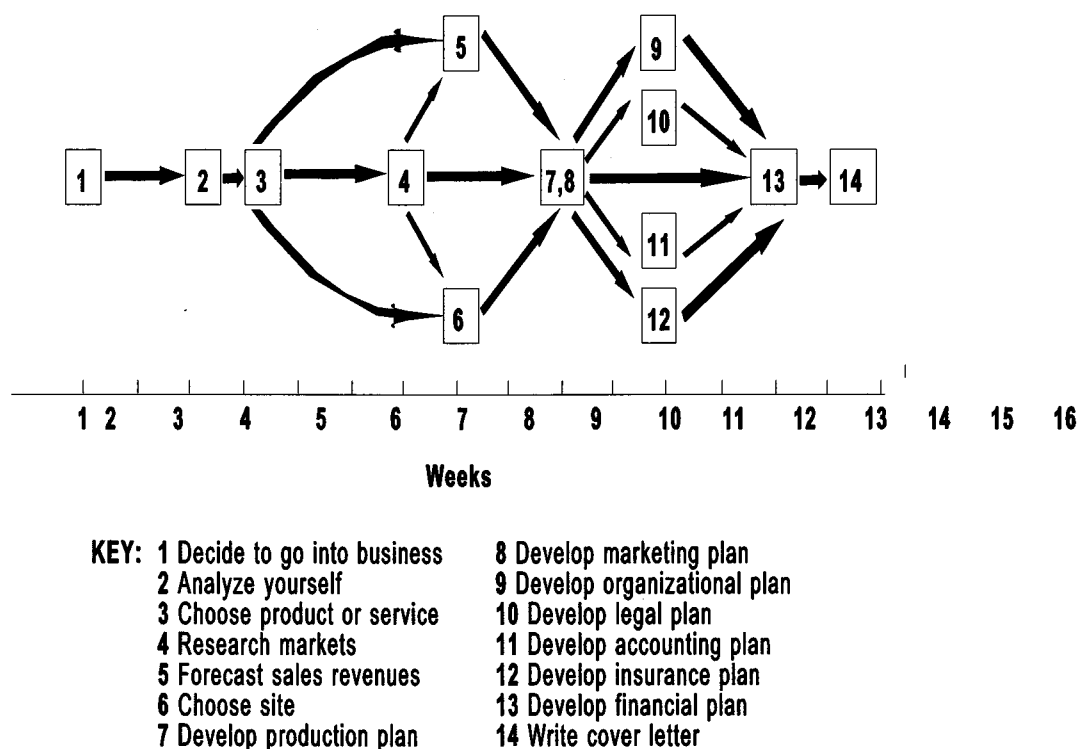


Figure 5. Flow Diagram Showing How Steps in Business Plan Relate (Siropolis 1986, 159)

Stanton (1987) divides the business' planning activities into four levels; the strategic company planning, the strategic business unit planning, the strategic marketing planning, and the annual marketing planning. The last level can be one part of the strategic marketing planning.

Jain (1981) agrees that every business is in a need of a plan. This plan is divided into four stages, the financial planning, production planning, administrative planning, and the functional planning. A part of the functional planning is the marketing plan.

People start to run businesses for profit, independence, practice a talent or in desperation when faced with unemployment (MacPherson and Slack 1997; West 1995). A business



plan can be vital for the future of an enterprise. Of course planning is not a panacea. Any plan must be simple, accurate, and useful (West 1995). Many firms do make a plan, but they restrict it in a thanks giving service or local elections, vaguely interesting to observe but not relevant to reality. Good planning is fundamental to long term profitable survival.

Gerson (1989) mentions that a business plan serves four important functions: 1) It describes the company's goals, objectives, strategies, and tactics. 2) It enables potential clients, customers, corporate officers, and bankers or creditors to assess the talents of the program director as a business manager. 3) It serves as a communication tool that helps clients and employees to get to know the company's goals and method of operation. And 4) it is an organized approach to develop the owner's or manager's managing skills.

The strategic plan sets the special character of the business (Kotler 1984). It is obvious that there is no same approach of defining a business plan. The sure is that every business plan should contain a special marketing section. This section that mostly is called "marketing plan" is going to be analyzed in the next pages.

### 3.2 Marketing Plan

To manouevre their responsibilities, marketing managers, in any level, follow a marketing process (Kotler 1997). This process ends with a marketing plan for individual products, lines, or brands. “The marketing process consists of analyzing marketing opportunities, developing marketing strategies, planning marketing programs, and managing the marketing effort” (Kotler 1997).

More specifically, market-oriented strategic planning is the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they yield target profits and growth (Kotler 1997).

As Kyriazopoylos (1996) mentions, marketing planning is a part of the wider concept of business planning, under the perspective of marketing. Also, Lilien et al. (1992) agree that the “strategic marketing process takes place within the larger strategic management process of the corporation”.

Gerson (1989) defines marketing plan as “...the formal written document that describes all the activities a company will engage in to inform the public about its products and to convince them to buy”.

As a part of a business plan, marketing plan, as Siropolis (1986) claims, is the procedure that entrepreneurs follow to create customers at a profit.

The marketing plan is a summary of actions which the company needs to take to put its strategy into practice. It is the day-to-day implementation and control of the marketing effort, the meat and drink of marketing in practice. The marketing plan is a road map to

achieve the business objectives through promotional activity (Hoogasian 1995; Papageorgiou 1990; Brown 1985).

Jain (1981) mentions that the marketing plan specifies what will be achieved with the existing services that the company offers, the changes that will guide to new opportunities, and the actions will be taken in case of a problem.

Hence, the business, and more specifically the marketing plan, has to be tested periodically. In this case, there is a trap that has to be avoided. Management should give a market definition that is not too narrow or too broad (Kotler 1997).

Papageorgiou, (1990) also claims that a well designed plan is composed by the budget and the testing of its application.

Greenley (1989) refers to the marketing strategy and its help to the tackle of the market to the product-market scope. At the same time this is the effort to utilize the 4 Ps (Product, Price, Place, and Promotion).

According to Jain (1981, 13) the marketing plan process begins with a review of the product/market environment, the past performance and the current strategic perspectives.

Interesting are the results of the survey done by Howard Sutton (as quoted by Kotler 1997, 101) with main title "The Marketing Plan in the 1990's". This survey tried to diagnose the practice of marketing in the decade of 1990's. One of the results was that more companies have discovered the concept of marketing and set their object to acquiring and satisfy customers instead of producing goods and services. Also the survey showed that business plans are customer and competitor oriented and better reasoned and realistic than the ones in the past years. It is also true, according to the survey, that marketing planning mechanisms and content vary notably between companies. The plan

has different names, such as “business plan”, “marketing plan”, or “operating plan”. Most marketing plans cover one year, but some cover more. The plans vary in their length from under 10 pages to over 50 pages. Some companies respect their plans, and others use them as a rough guide to act. Finally, marketing executives’ opinion is that the most frequently specified fails of marketing plans are lack of realism, not sufficient competitive analysis, and short-run-focus.

West (1995) maintains that for the average business a three-year projection plan will be adequate, with the following year in detail and the next two in outline. Even though companies face similar problems in marketing, the factors that compose the marketing mix vary into their ‘specific gravity’. West presents these differences in the following table.

<i>Factor</i>	<i>Consumer</i>	<i>Industrial</i>	<i>Service</i>
Pricing	Crucial	Less	Less
Trial	Less	Crucial	Crucial
Repeat purchase	Crucial	Less	Varies
Distribution	Crucial	Less	Low
Sales force	Low	Crucial	Varies
People	Low	Varies	Crucial
Packaging	Crucial	Low	Varies
Environment	Low	Low	Crucial
Process	Low	Low	Crucial
Credit	Low	Varies	Varies
Systems	Low	Crucial	Varies

Table 1. Differences of Emphasis by Business Enterprises (West 1995, 42)

As can be seen in the table, important elements vary among businesses. For consumer oriented firms the crucial points are pricing, repeat purchase, distribution, and packaging. For industrial businesses the crucial points are trial, sales force, and systems. Finally, for

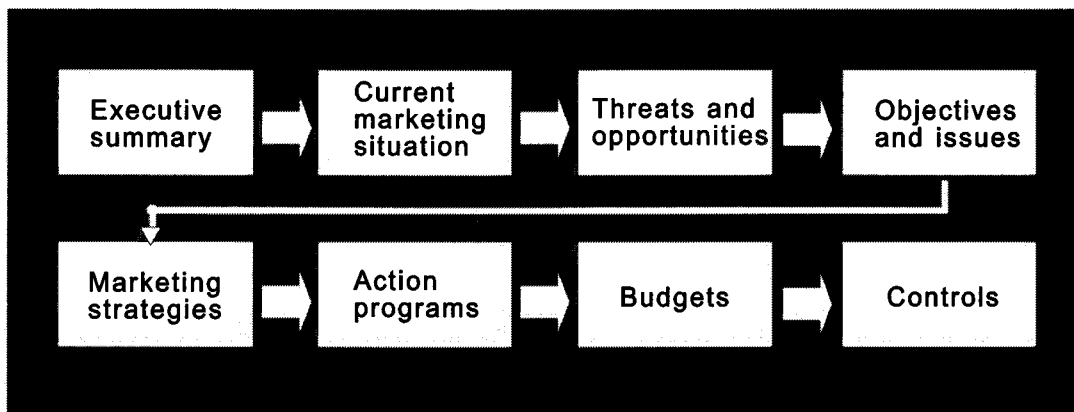
service oriented companies trial, people, environment, and process are the most crucial elements.

Kotler (1997) mentions that the marketing plan is the central instrument for directing and coordinating the marketing effort. He adds that it operates at two levels. The strategic marketing plan develops the broad marketing objectives and strategy based on an analysis of the current market situation and opportunities. The tactical plan outlines specific marketing tactics, including advertising, merchandising, pricing, channels, service, and so on.

To develop a marketing plan Siropolis (1986) proposes that the managers should use marketing tools such as distribution channels and serving activities, advertising and sales promotion, personal selling, and pricing.

Jain (1981) also adds that the marketing plan should be divided into two parts. The regular and the contingency plan. The contingency plan should be used in case of difficult condition, where the foundations that the regular plan was based have changed. Jain is also saying that marketing planning deals with the adaption of alternative programs within the scope of the firm's market mix. Marketing planning provides information of a product portfolio and of the perspectives of different products included in this portfolio.

“The final step in the marketing process is organizing the marketing resources and then implementing and controlling the marketing plan” (Kotler 1997). The marketing plan is one of the most important outputs in marketing process. Phillip Kotler in 1984 has proposed that a marketing plan is composed by 8 stages (Figure 6).



**Figure 6.** Components of a Marketing Plan (Kotler 1984, 407)

After 13 years Kotler (1997) has not change a lot his composition proposal of a marketing plan (Figure 7). More specifically he suggests that in the first part “executive summary and table of contents”, the marketing plan should begin with a brief summary, presenting the plan’s goals and recommendations. The second part “current marketing situation” includes all the background data relevant on the market, product, competition, distribution, and macro environment. In the market situation, data are shown on the target market. The product situation is responsible to present the sales, prices, contribution margins, and net profits for each major product in the line for several past years. The major competitors are identified and described in the competitive situation. In case of a product producer company the distribution situation shows the size and the importance of each distribution channel. Finally, in the macro environment section presents wide directions, like demographic, economic, political, legal, social/cultural, that bear on the product line’s future.

I. Executive summary and table of contents	Presents a brief overview of the proposed plan
II. Current marketing situation	Presents relevant background data on the market, product, competition, distribution, and micro environment
III. Opportunity and issue analysis	Identifies the main opportunities/threats, strengths/weaknesses, and issues facing the product line
IV. Objectives	Defines the plan's financial and marketing goals in terms of sales volume, market share, and profit
V. Marketing Strategy	Presents the broad marketing approach that will be used to achieve the plan's objectives
VI. Action programs	Presents the special marketing programs designed to achieve the business objectives
VII. Projected profit-and-loss statement	Forecasts the plan's expected financial outcomes
VIII. Controls	Indicates how the plan will be monitored

Figure 7. Contents of a Marketing Plan (Kotler 1997, 96)

The next step “opportunity and issue analysis”, after summarizing the current marketing situation, is to identify the major opportunities/threats, strengths/weaknesses, and issues facing the product line. In “objectives” two are the types of plan's objectives that the manager should set, the financial and the marketing. After setting the financial objectives, these objectives must be converted into marketing objectives. Jain (1981) is characterizing as financial objectives the goals and limitations in financing. “Marketing strategy”, the

fifth section presents the broad marketing strategy that will be used in order to achieve the objectives. Usually the marketing strategy is composed by several element, in a list form. These elements are the target market, positioning, product line, price, distribution outlets, sales force, service, advertising, sales promotion, research and development, and marketing research. In this effort the manager needs to contact the people responsible for every sector involved (purchasing, sales, financing), to confirm that the company is able to cover the aims of the strategy. Sixth part is “action programs”. Here the marketing plan should be more detailed, analyzing each characteristic of the marketing strategy. The goal is to set what will be done, when and how, and the cost of each action. “Projected profit-and-loss statement” consist the seventh section. The previous section gave the opportunity to build the plan and set a budget. This budget shows of the one side the expected income and on the other the future expenses. This section gives the manager the chance to change the budget in case of low income forecasts. The last section “controls” sets the controls for monitoring the plan’s progress. The goals and the budget may be spelled out each month or quarter.

Cohen (1987 as quoted by Stotlar 1993), proposes that a marketing plan is composed by six components:

1. Introduction	This includes a product and service analysis and answers the basic questions of what business you are in, what unique characteristics your product or service provides, and precisely how it fits into the market. This is sometimes reflected in an organization’s mission statement
2. Situational Analysis	This incorporates the economic climate, demographics, demand trends, technological trends, competitor analysis, and internal aspects of the organization (current status, special skills, etc.)
3. Analysis of Target Markets	This utilizes market segmentation, marketing information systems, and research on consumer behavior
4. Marketing Objectives	These predict market share, sales volume, and position in relation to the Price-Quality Matrix
5. Marketing	These must be detailed with an examination of marketing mix (price,



Strategies	product, place, promotion), penetration, diversification, and niche development
6. System for Implementation and Control	This is essential and should reflect start-up costs, public relations, budget, and a method for cost analysis

Figure 8. Marketing Plan (Cohen 1987, as quoted by Stotlar 1993)

Gerson (1989) presents a skeleton of marketing plan, specialized in service oriented firms:

I. Executive Summary	General description of the marketing plan, introduction to the company
II. Market Analysis	Market demand, industry life cycle
II. Company Analysis	SWOT analysis
III. Competitor Analysis	Description of competitors
IV. Program and Service Analysis	Types of offered services
V. Marketing Strategies and Tactics	Marketing objectives, goals, strategies, and tactics
VI. Promotional Mix	Advertising, publicity, public relations, and sales promotion
VII. Marketing Results	Profits, differential advantage
VIII. Recommendations for Future Opportunities	Special trends and opportunities in the business area

Figure 9. A Marketing Plan Specialized in Service Oriented Firms (Gerson 1989)

Malliaris (1990) claims that five are the basic steps of a marketing plan: a) A review of the present situation. b) A prediction of alternative future problems of the business' environment. c) Selection of one of these alternatives objectives. d) Description and justification of the way that the objectives will be achieved, and e) A prediction for the development of a control system.

Stanton (1987) alleges that marketing planning process consists of five steps; the situation analysis, the determination of marketing objectives, the selection of target markets and measurement of the market demand, the design of a strategic marketing mix, and the preparation of an annual marketing plan (Figure 10).

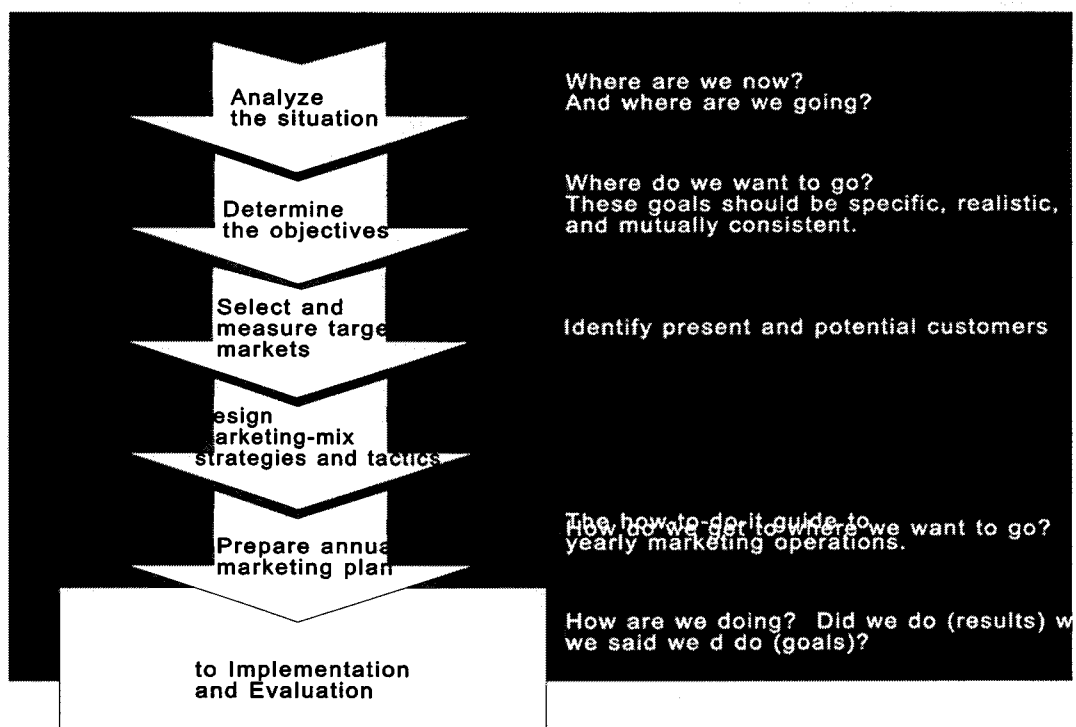


Figure 10. The Strategic Marketing Planning Process (Stanton 1987)

According to Brown (1985) a marketing plan, especially in a small firm, contains products specifications, detailed pricing, advertising schedules, sales and distribution plan. For all this effort the owner/manager is responsible to put it in practice. The relation of the total offer (4 Ps) and the marketing plan is presented in figure 11. It is itself a detailed specification of the total offer. The bases that a plan is built are constantly shifting, so the plan has to be adjust to the new situations.

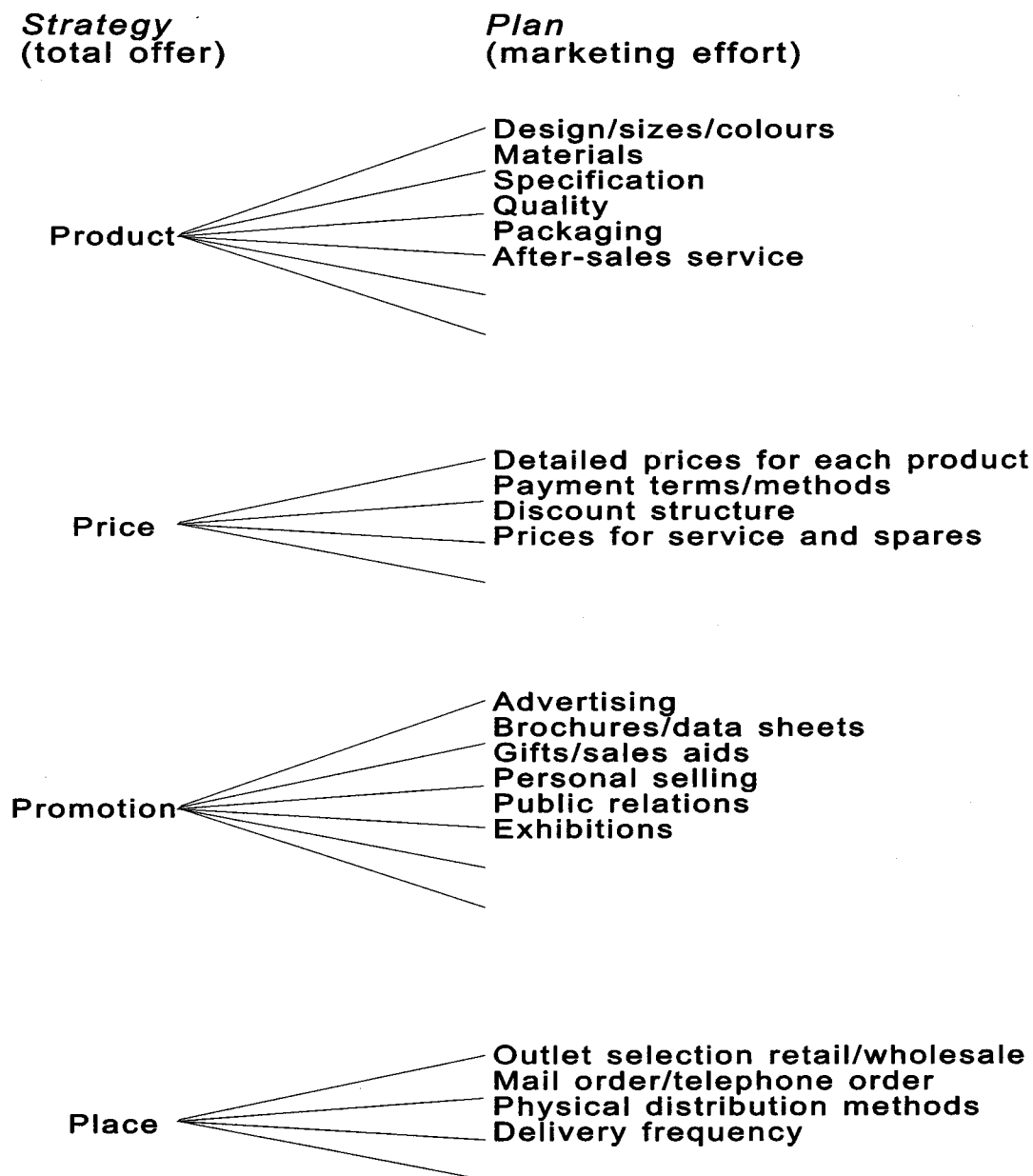


Figure 11. The total offer and the Marketing Plan (Brown 1985, 46)

Companies are nowadays in a continuous competition to create and retain satisfied customers. To achieve this goal they have to build a market-oriented strategic planning (Kotler 1997). The marketing planning is a step forward, by preparing plans for the business' products, brands, and markets (Kotler 1984).

This part of the present study had the goal to present the different approaches of marketing plan world wide, it is normal that a marketing plan needs to be adjusted on the special character of each business. The crucial characteristics in small firms and in fitness industry are going to be analyzed next.

### 3.3 Marketing Plan and Small Businesses

Business is the basic functional unit in the free market economy, as Kanellopoulos (1994) claims. Regardless of the size, all the businesses have in common the motive for profit and new opportunities, and the production of goods and services to satisfy their customers.

Even though many books have been written in order to describe the successful stories of businesses and their operation plan, the reality is much more different, especially in the small business area (West 1995). In the United Kingdom, a company can be characterized as viable if it survives the first five years of existence.

In the U.S.A. the big disadvantage of the small businesses is the huge “infant death-rate”. Statistics show that from the 500,000 small businesses which every year are established half of them close after 18 months, and only 20% remain after 10 years. The main reason (91,9%), as the study of Dun and Bradstreet shows (*The Business failure record*. New York: Dun and Bradstreet Inc. 1981, 12, as quoted by Kanellopoulos 1994, 130), is the bad management.

Kanellopoulos (1994), mentions that the “Small Business Administration” organization, located in the U.S.A. accepts as small the business that belongs to a person or a small group, is not the leader in its field, has a certain size, and operates for profit. Parks et al. (1990) add that the Small Business Administration (SBA) defines as small a business which its sales reach \$3.5 million.

The most common criterion to characterize a firm as small in Greece is the number of its employees, which has to be under 50 (Kanellopoulos 1994). The Bank of Greece, in order to finance, defines as small the business that employs up to 100 people and has yearly turnover up to 350,000,000 GRD (= \$1,167,000 US). Small businesses form the 99% of the Greek market. If the business employs 1-4 people (85,8% of the market share in

Greece) it is called 'very small' business; if it engages 5-9 persons (8,1% of the Greek market) it is called 'small', and the rest (5,1% of the Greek market) are called 'small-medium' businesses (The classification of businesses as 'very small', 'small', and 'medium-small' is cited by Kanellopoulos 1994).

As Brown (1985) states, effective marketing is a key point for the success of any business. Noticeable is the fact that this is the weakest area of management in small companies. Four are the types of small businesses: Retailing, service offering, wholesaling, and construction businesses. Trying to name the characteristics of a small business, Brown first says that a small firm is managed by one person, or possibly by a small team of two or three. A small business may have lack of resources (i.e. lack of expert specialists), a restricted customer base, a low market share, and a limited expenditure budget (Gore et al. 1992; Lee 1995; Westhead and Storey 1996; Mathews and Scott 1995; Robinson and Pearce 1984; and Ingham 1970; as quoted by MacPherson and Slack 1997, 242; Kanellopoulos 1994; Dragona-Stafilaki 1986; Woods 1996; Brown 1985).

A business plan in that way is a good solution, having in mind the flexibility that a small company have in setting its objectives, comparing with larger organizations (West 1995). Due to its small size they will continually have to overcome a certain amount of problems. The limited number of employees and financial resources are some of them. Specifically, the company may be founded by an engineer who in a meanwhile becomes faced with problems of economics, advertising and promotion, which have the power to lead to a great difficulty. The reaction in this case is vital and important at the same time.

Brown (1985) also mentions that adapting a marketing plan in a small firm has the benefit of flexibility. Their opportunity to change and respond quickly is important. As Brown (1985) says characteristically "one analogy likens the large firm to a giant oil tanker, which takes five miles to turn and 20 miles to stop; the small firm by contrast is likened to a speedboat". Most small businesses start to function on the basis of a particular skill

of the owner/manager.

In a small company, one person should be the responsible for all the marketing tasks, like marketing research, selling, advertising, and service to customer (Brown, 1985). West (1995) mentions that many small businesses do not price correctly and underprice in relation with the amount that the market is able to pay for a product or a service. Mpourantas and Papaleksandri (1998) claim that the size of a business sets the specialization of work. It is normal that a small business employees the owner and few more people.

In small firms, the owner and his/her personal characteristics and motivations have a great effect in the planning of the business, hence it is difficult to find a certain strategy in this procedure (Gore et al. 1992; Storey 1995 as cited by MacPherson and Slack 1997). It is noticeable that some firms operate without a formal written or even an explicit plan (Gore et al. 1992; Pleitner 1989 as quoted by MacPherson and Slack 1997).

The majority of small businesses owners in the sport field, started their firm motivated by their desire for independence, or to be the boss (MacPherson and Slack 1997). According to the same study the main reason to start a business (95%), was the encouragement of hobby or personal interest in sports.

More specifically the strategic marketing strategy is setting the goals and strategies for the marketing effort in the company. In small, single business organizations the top three levels of planning may be combined into one planning activity (Stanton 1987).

### *3.4 Marketing Plan in Fitness Clubs*

#### *3.4.1 Sport Marketing*

Marketing of sport has a unique character, because sport and fitness services are spontaneous nature activities, with uncertain economic results (Mullin et al. 1993; Parks et al. 1990). Sport marketing can be defined as series of procedures concern the characteristics of the sport product, pricing, promotion, and distribution (Papanikos 1996).

Sport marketing is the combination between the knowledge of the special characteristics of athletics and the basic principles marketing (Ell.E.D.A. 1997).

According to Mullin, Hardy, and Sutton (1993) "...sport marketing consists of all activities designed to meet the needs and wants of sport consumers through exchange process".

Lipponen (1998) defines sport marketing as the procedure needed to 'keep the customers satisfied'. Understanding that sport is a simultaneous production and consumption (at the same time), one can figure the special nature of sport marketing.

Marketing is designed to motivate the client to access sport services, as Mull et al. (1997) mention. Another part of it is the attempt to keep a participant coming back for more. Today's marketers need a system to match sport consumers with sport products (Lipponen 1994).

Chalip (1992) points out three types of sport marketing: Marketing to promote fan interest, to promote participation, and to promote consumption of consumer products via sport (marketing through sports).



### 3.4.2 *Marketing and Fitness Clubs*

The Sport and Leisure industry has become an important part of the world economy (Reebok, 1995, as cited by MacPherson and Slack 1997, 235). As MacPherson and Slack (1997) mention the Economic Intelligence Unit (1990) recognize small businesses within the sport industry a noticeable economic component.

The profit segment of the sport industry includes commercial sporting goods operations, professional teams, resort and recreation centers, and fitness and health clubs (Stotlar 1993).

Mull et al. (1997), define planning as “a predetermined system for action”. As Mull et al. mention planning for recreational sport helps clubs' actions to meet better the participants' needs. A plan in this area, is useful to control the development and operation of the offered activities. This plan involves a specification of the participants to serve and the identification of their needs, a determination of philosophy and goals of the offered services, and the establishment of the resources to make the plan operational.

Companies must build strong brand in order to be competitive (Joachimsthaler et al. 1997). To do this in today's uncertain environment they have to adapt a communication plan.

The principles of a planning process in sport industry, Mull et al. (1997, 184) claim, includes the following six steps: 1) Understand the circumstances of the task, 2) Conducting an assessment, 3) Developing objectives and strategies, 4) Organizing an action plan and timetable, 5) Implementing the action plan, and 6) Evaluating the plan and outcomes.

Business planning for sport and leisure needs to understand the special nature of the industry (Mull et al. 1991). Sport and leisure industry has a variable face. It is not only the facilities that exist, but also the business environment influence in a great degree. A business plan in a sport and leisure organization can be summarized into six steps: a. Company review, b. Preparing the bid, c. Staff costs, d. Compiling the bid, e. Determining income, f. Client permissions, and g. Tender submission.

Before to discuss about the marketing plan and its characteristics in a private fitness club, it has to be mentioned that there are three different types of services offered by a fitness club (Gerson 1989). These are activity, facility, and consultation services. In this industry, service is the core product. Even if fitness organizations offer facilities and fitness related products, the business success can be recognized by the provision of good service, and the satisfaction of the customer.

It is difficult to separate the term product from the term service in a fitness club (Stanton 1993). A club provides a service of an aerobic club, but at the same time sells aerobic apparel. Also, a fitness club has to set its core product or service. In this case a fitness club may characterize itself as a health and fitness industry. On the other end, customers may see socialization the club's greater benefit. Kotler and Cox (1980 as cited by Stotlar 1993), point out that this phenomenon is called marketing myopia.

Ronale Tucker (1997) states in *Fitness Management Magazine* a national survey sponsored by IHRSA and conducted by American Sports Data Inc., that 66% of the Americans believe in the benefits of exercise, but they are uninitiated to get involved, 17% feel that even if it is important it want get involved, and 2% answered that exercise is not important at all. As this study shown only 15% accept exercise as important and participate regularly.

Customer service is the cornerstone of the fitness industry (Disla 1994). Fitness clubs'

managers agree that there is a need to understand the market and to maintain open communication with the members. The most important point in any marketing plan is to identify who the club will serve. Nowadays it is common to see 'specialty' clubs springing up. A lot of them leave the general population and focus on specific. Some clubs solely address on women, men, or corporate accounts.

Theodorakis and Tosounidis (1994) mention concerning their research "Development of a marketing plan in private fitness clubs" that fitness clubs, like all other businesses, should develop a marketing plan. In every effort the specialities of the sport product and the market it is addressed has to be take in consideration. The result of this research was that the usage of management knowledge in the private fitness clubs' field has a positive influence.

Most sport organizations recognize the need for a marketing plan to accomplish their objectives (Stotlar 1993). Their managers face daily changes in almost every area. Changes in technology, facilities, demographics, antagonism, and economics can be faced by planning (Ell.E.D.A. 1997).

Leisure industry is a volatile business (Sayers 1991). Any major change take place within four to six years. Today's fitness clubs' managers have realized that people do have less and less time; hence they try to market the clubs as "the third place" for socializing, after work and home (Rubel 1995).

Disla (1994) mentions that managers must have in mind that their decision should focus on the consumer's demand. Judy Erkanat (as cited by Disla 1994) claims that the major reason members leave a club is the feeling that management is unreceptive to their needs or that they've found a competitor who meets those needs. Grensing-Pophal (1996) proposes that the club should address as future members to groups and associations that might have interest in fitness.

“Sales and marketing are high priorities for today’s service driven clubs” (Hampton 1996). Professional competition, and consumer awareness about the benefits of exercise have increased in a great degree. Every club has to realize that new membership sales cannot be achieved any more by high-pressure sales techniques. In this competitive marketplace, every service-driven club which wants to gain or maintain its market share must adapt an effective, 100% quantifiable sales and marketing system. Every dollar spent for advertising and promotion should be considered seriously.

Phillips (1995) claims that over the past decades fitness clubs have been addressed to the target group of people that liked much to exercise. The other, no doubt bigger market is consisted by people that do not like so much to involve in fitness. A marketing plan strategy is able to motivate this ‘inactive’ market.

“The new age of fitness club marketing is arising from the trend toward consumer demand for products and services they can use to enrich their lives” (Weinberg 1996). Demosthenes, the Greek philosopher that lived 2,500 before, said that “small opportunities are often the beginning of great enterprises” (as cited by Weinberg 1996). Today’s successful businesses can stay profitable by being proactive rather than reactive, and challenging their marketing efforts.

## 4. CASE STUDY METHOD

### *4.1 Ways and procedure of data collection*

This study was conducted in Salute private fitness club, located in Lamia, Greece. Salute offers fitness services for the last 20 years in the metropolitan area of Lamia. The data collection was done by interviewing the owner, analyzing the financial statistics, and using the writer's experience in this club.

As can be observed, the focus of this study was on a unique case of a single organization and the level of analysis under investigation was the organizational level, with emphasis in marketing management. Hence, keeping this in mind and taking into account Yin's (1994) typology for the case study designs, the present study can be characterized as a single holistic case.

The case study is one of several ways to do social science research (Yin 1994). This present study can be classified in the qualitative researches, as a classic single case study (Inglis 1992; Gummerson 1991; Yin 1994). Phillip Kotler's (1997) marketing plan suggestion was selected as the basis and the bibliographical draft of the study. It was the most relevant piece of the literature review for the case study (Yin 1994). In the dilemma of accurately identify the case study's informants or to keep the names of the entire case anonymous (Yin 1994) the first option was decided. This is to give the chance to any person interested in the same topic to contact the informants. The other main reason is that this study is focusing on Salute Greek private fitness club, which is owned by the undersigned's family. This fact demands the verification of his experience concerning the internal environment of the organization.

As a research strategy, case study method is used in many settings including organizational, management, and planning studies (Yin 1994). It involves a close

interaction between the researcher and the research participants, who are involved in research's social phenomenon (Inglis 1992). Case studies, and more generally qualitative researches have the goal to review and analyze the bibliography about the research problem (Mpountolos 1990). Yin (1994) adds that it is based on direct observation and systematic interviewing. Archive records can be a useful help in a case study. Service records, organizational records, maps and charts, lists, survey data, and personal records can be some of them. He also defines case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context. A case study "report", as Yin (1994) asserts, need not to be in a written form only. The information and data can be indicated in other ways, as a set of pictures or videotapes.

After the review of the literature and the definitions of the concepts used, the research procedure started by the financial data collection. In this point it is remarkable to mention the difficulties in collecting financial data in businesses in Greece. The high taxes and the easy way to steal the revenue department on the one side, and the lack of computerized data can make this effort extremely difficult. Salute private fitness club and its owner have chosen to be upright with the revenue department. The data available started by the 1<sup>st</sup> January 1995, the time that Salute's accountant decided to use the computer to keep the logistics. The choice in the present study not to use the financial statistics of every economic year (January - December) but every academic year (September - August) was the special nature of this business, where every member registers in the revenue department book every year with begging the month September.

The initial phase of the study contained personal contacts-interviews with the owner/manager of Salute private fitness club, Mrs. Constantina Striftaras. Also, visits to the club were done in a daily basis for 6 months (June - November 1998), in combination with the writer's 20-year experience of this particular club, as a family owned business. The purpose of these proceedings was to be aware of the present situation in Salute private fitness club, to avoid misunderstandings, and to understand the owners view of the

business.

Following that, the data collection procedure started. Historic, demographic, and financial data was collected. As the relevant bibliography proposes (Inglis 1992; Shaughnessy et al. 1990) transcripts, photographs, videotape, official documentation, and personal correspondence were used in the data collection. A special research was done in the promotion sector, up to the point of including in this study a video production (see appendix 2) which includes television advertisements and the presence of Salute in the media. It has to be admitted that this video could not be real without the help of the local television station "STAR Channel" and its general director Mr. Dimitrios Konstantopoulos. Also, appendix 3 contains posters created to advertise Salute's services. Both appendixes (2 and 3) give the reader the opportunity to have a broad view of Salute's promotion efforts until October 1998.

It is self-evident that the motives of the writer were academic, and personal at the same time. The case study of Salute private fitness club and the adaptation of a marketing plan can be very vital for the future development of this business, which by the years will in a great degree pass to the writer's hands.

## 5. CASE STUDY: ADAPTATION OF A MARKETING PLAN IN “SALUTE”, A GREEK PRIVATE FITNESS CLUB

### 5.1 Introduction

The following marketing plan is based on Phillip Kotler's (1997) marketing plan proposal. The data collection was done by interviewing the owner, analyzing the financial statistics, and using the writer's experience in this club. Also service records, organizational records, maps and charts, lists, survey data, and personal records were used. The summary of the marketing plan case study can be seen in the following figure.



Figure 12. Case study: Summary of marketing plan in Salute private fitness club



## 5.2 Current marketing situation

### 5.2.1. Geographical presentation

Salute fitness club is located in Lamia, Greece. Recent and modern Lamia has been holding the position of the ancient homonymous city since 2,500 years. Lamia (220 km. from Athens), a commercial city, is built up the southwest, pine-covered slopes of mount Othris near the Sperhios river. Dominating the city from a hill above it, a Frankish castle rises from the stones of the ancient acropolis. On another hill stands the 18th century church of Agios Loukas (around late 19th-early 20th century) with a magnificent view of the Maliacos Gulf and beyond to the shores of Euboea. Being the capital of the department of Central Greece, and the prefectural of Fthiotis, it is nowadays a bustling commercial, industrial, cultural, and transport center. 70,000 inhabitants live in Lamia, and more than 100,000 in Lamia metropolitan area (Tourist Guide of Fthiotis, 1997; Papyros Larousse Britannica Encyclopedia, 1989; <http://www.helexpo.gr/en/bura/fthiotida/keimenofthiotidas.htm>; <http://www.vacation.net.gr/p/fthiotida.html>).

### 5.2.2 Historical review

Salute fitness club was established the 26<sup>th</sup> October 1978, by Constantina Striftaras and Panayiota Tsonou, as owners (a 50%-50% share) and Dimitrios Striftaras (Constantina's husband), as the fitness director. One of the first private fitness clubs in Greece those days, and the first in Lamia the club started to operate with a main goal to give fitness and recreational services to the citizens of the metropolitan area of Lamia. The Ipsilandi 40 street, in a ground-floor building of 165 sq. meters, was and still is the location of Salute.

The club, as a healthy organization, have passed through different situations, needs, and targets. Three are the main milestones of Salute's history. First, the change in the

ownership status in 1980, when Constantina Striftaras bought the share of Panayiota Tsonou, and since then she is the only owner. Second, the death of Dimitrios Striftaras in 1993, a fact that caused many changes. Finally, the appointment of Georgios Striftaras (the writer of this study and son of Dimitrios and Constantina Striftaras) as the fitness and management director from the beginning of the year 1999.

Also, Constantina Striftaras pointed out, three of the main incidents concerning the employees of Salute and their influence on the club. In 1983, a talented ballet teacher from Athens, Lamprini Konstantinou, put good basis in the rhythmic school. The results of this work bear witness of the more than 170 rhythmic school's members for several years, and the interest of the state television, which finally has produced a special television program. The years 1985-1988 Mary Filou, a physical education teacher have organized well the fitness section, but in 1988 she gave up her job in Salute and started her own business, with the result to attract many of Salute's members. Finally, in 1993 Nicoletta Papageorgiou, a physical education teacher, started to work for Salute. Nicoletta, who is still working for Salute, gave a fresh impetus to the club. Her motives and willingness to work have increased the number of club members, especially in the aerobic classes.

Today, in 1998, two facts give the stigma of its future course, according to Constantina Striftaras. On the one hand the 20 years of continuous operation with more than 6,000 members in fitness services for all the family, and on the other the challenge to be a protagonist in the field of fitness and recreational services in the coming millennium. Salute fitness club, excluding the owner and the fitness director, employs 5 people, 3 gymnastics teachers, 1 accountant, and 1 char-woman.

### *5.2.3 Offered services*

Salute private fitness club has the goal to offer fitness and recreational services to the

citizens of the metropolitan area of Lamia. As core services can be named the fitness, rhythmic, and slimming sections. Fitness wear, dietetics, dance courses, cosmetics, and sauna compose the additional services (see 2.2, separation of services).

#### *Core Services:*

*Aerobics - Fitness:* This section includes all services concerning the improvement of physical condition, the fitness and special exercises needed in body problems (like back and waist problems and, nape syndrome). The target group is mainly women aged from 16 up to 60 years old. Every week 15-20 lessons (groups) of 10-15 people do aerobics, low/high impact step, stretching. Also free weights, electronic machines (treadmill, bike, stepper and, rowing machine) exist so that every client can improve his/her condition. Every program includes: warm up, stretching, main training, stretching, floor work, relaxation - full recovery. (Main training: Choreography aerobic, step aerobic). A rehabilitation program is also being offered. This program includes muscle strengthening, gymnastics to improve scoliosis and knee problems).

*Rhythmics:* This offered service is meant for girls aged from 3.5 up to 15 years old. The classes vary on the age and the experience of the children. Each class should be homogenous in order to pay off better. The courses start the 1<sup>st</sup> of October and end the 2<sup>nd</sup> fortnight of June with the final performance at the Municipal Theater of Lamia. Every class meets twice a week. They practice rhythmic, gymnastics and recreational activities. There is a 4 weeks vacation break, 2 weeks at Christmas time, and 2 at Easter time.

Rhythmics is quite an interesting part for Salute. It helps the club to be stable financially, since as its members join the club 9 months per year and at the same time they increase the sales in the fitness wear department.

In the flight of the years the members in rhythmic have varied. It is noticeable that

during the mid of the decade of 80's approximately 170 members joined the club. The last 3 academic years the number ranged around 79-96 members. This huge reduction is at a great degree reasonable due to two reasons. First in the passage of years many competitors in this field started their business and in particular two of them were former workers in the club. Today more than 7 clubs, private and non-for-profit compete Salute in rhythmic. The other reason is the low attendance that Salute paid in the beginning of 90's when the director Dimitrios Striftaras became ill, an illness that led to death in 1993. These reasons do not mean that Salute can not win a bigger share. It is a challenge that will be promoted a lot by the present marketing plan.

*Slimming:* By the first year of its operation, Salute started to offer specialized services. So a special section was responsible for the beauty and slimming of the body. An aesthetician was responsible for the beauty of the face giving relative services and the rest of the body using pathetic gymnastics machines (sledertone), and doing massage. The law in Greece gives to the fitness clubs in Greece the legal right to give services concerning the body. If they want to offer face beauty services they should hire an aesthetician.

Even if this is a service very popular in the ages of prosperity that we live, it did not have the expected results. The reason (under the opinion of Constantina Striftaras and the writer's) is the person responsible for this section and her lack of interest to increase the sells. This opinion is confirmed by the sells of the service that the club did after the March of 1998 when the aesthetician left the club to start her own business and hence became a competitor. As Table 2 shows the sells increased dramatically (4-5 times more) within 5 months. The advantages of this service is that it has a low cost, it gets a small place and it can be given at the same time with the fitness services.

1995-96	1996-97	1997-98
4	3	15

Table 2. Members that have joined the slimming section

*Additional Services:*

*Fitness wear:* This is an additional section in the fitness and rhythmic services. Clients that take part in these groups are in a need to fit out themselves with the necessary equipment, like (body wear, tights), athletic shoes, clothes for the final play in rhythmic. As the last 3 years figures show this is a healthy section without (at least at the moment) any effort to promote it. The profit can be even 70%.

*Dietetic services:* This is the new and shortest section in the history of the club. It lasted only for 6 months from September 1997 up to February 1998. Salute started a cooperation with a dietician and the first results were satisfactory, depending on the "age" of the service. The cooperation ended the February 1998, because of the optional retirement of the dietician. It is a service that can help clients especially with obesity problems, additionally with the fitness services. The future in this section is not so clear. Under the Ministerial decision 2488/97 of the Minister of Health and Welfare every "unit of fitness and diet offering services" is called slimming unit and has to fulfill certain regulations that at that moment the club can not satisfy and it is at the present situation uneconomical to try to invest on them.

*Dance courses:* Salute offers Greek and international dance lessons to its members. The courses are given once a week from the mid of October up to the end of May. At the same time Salute has organized a dance group of 6-8 young women. This group takes part in

social activities, like performances. For the period 1995-1997 this team has formed the cheerleaders of Lamia's local basketball team.

*Cosmetics:* This is also an additional sector. The club is franchising a cosmetics' brand (Yves Rocher), that come from France and are made by plants. This brand is not sold in cosmetics shops in the market but only by personal selling. As the figures show, the sales are quite low, and in particular they decrease. This is mainly because of the lack of promotion. There is no stand available in the club and only the owner (Constantina Striftaras) sell it. In the future the cosmetics section is optimistic. The creation of a place to expose them and the promotion through the slimming-pathetic gymnastics section are important.

*Sauna:* A Finnish style sauna exists in the facility of Salute. Members have the possibility to use it by paying a fee. In order to promote it, Salute has used in its advertisements the motive of a free of charge use of the sauna, with every registration of a new member.

#### 5.2.4 Market situation

The private fitness clubs market in Greece is poor data and statistics area. There is no research concerning the market share in the field of offered sport services. On the other side a study by Tzenzis and Costa (1997), in the private fitness clubs of Athens and Thessalonika (5,5 million inhabitants) shows that the primary customers are educated people, women (60%), not married (70%), aged 25-35 (72%).

Trying to apply these demographic characteristics to Salute private fitness club, one can say that this case's facts are not exactly the same. Due to its special role as a ladies' - girls' club, it is normal that the majority of the members are female. The only reasons that few men joined the club were the friendly relationship with the owner or the gymnastics trainers, or the special services that the club offered.

Tables 3 and 4 in Appendix 1 present more analytically the composition of the offered services and the number of members per year. In table 5 there is a presentation of the historical product (services) data, of the past three years. In this presentation the 'academic year' instead of the 'economic year' was preferred because the character of this business demands it (As Constantina Striftaras said "for my club each year starts every September and ends every August"). As can be seen in table 3 the number of members the three years that are been examined is quite impressive. The year 1996-97 there was a 12% and the year 1997-98 a 14% increase in club's members. This increase can be seen in the aerobics section mainly. On the contrary the rhythmic school section presents a decreasing movement. Noticeable is the fact the mean number of members with a discount or free of charge composes the 20% of the total number of members. The good performance in members help the two sections that have to do with obesity. The new offered service of diets have attracted 22 new members, and the in new basis slimming section (see 5.2.3) has attracted 5 times more the members of the last year (Table 4). The net operating profit did not follow the members increase the year 1996-97. As a main reason can be seen the change of the VAT percentage from 8 to 18%, by the 1<sup>st</sup> January 1997. The net profit has decreased 10% by this fact, taking in consideration that it was impossible for the club to increase the membership fee in the middle of the season. Also, Constantina Striftaras did a big investment in overheads by the buy of a treadmill, two bicycles, a stepper, and a computer. On the contrary there was a 21% increase in the net profit for the year 1997-98. That year the investments in overheads were low and the new offered services (diets and slimming) gave a new era.

### *5.2.5 Competitive Situation*

The main competitors of Salute private fitness club can be summarized into eight main categories:

1. First are the other private fitness clubs, and private ballet and rhythmic schools. In this case 10 are the private fitness clubs that compete Salute, in the metropolitan area of Lamia, and 5 private ballet and rhythmic schools. It is noticeable that from the figures above 3 of the clubs offer both services.

2. The second competitor is the part of non-for-profit sport clubs. More than 10 are these clubs that exercise into different sports, including fitness and rhythmic. Directly (by offering the same services) and indirectly (offering alternative sport programs, that attract future Salute's members), this is an important competitor category.

3. Cultural and recreational organizations are included in this category. More specifically, many of these organizations offer excursions (i.e. the alpinist club), recreational activities (scouts), and courses of folk dances (i.e. dance schools) to attract their members.

4. The municipal sport organization, with all the activities that it offers in a low price, but not in such a good quality. These activities include sports like football, basketball, volleyball, and swimming.

5. Other private sport clubs. In this category schools of martial arts are mainly included and they exercise karate and tai-kwo-do.

6. Slimming companies, who offer 'easy' slimming without efforts to exercise. There are more than 7 in Lamia.

7. Free-time activities.

8. Passive free-time.



### 5.2.6 Advertising

Advertising and promotion methods have been based basically on the experience of Constantina Striftaras, its owner. Of course as in every business many decisions were in the right direction and others not so successful. In the meantime of 20 years almost all the ways of advertising have been used. The first 10 years Salute promote its self by posters, distribution of leaf lets, brochures and stickers. After 1988 the advertising procedure has been changed. It was then when the first private radio stations started to broadcast in Greece under the new law. So Constantina Striftaras tried audio advertising. Various spots have been used, mainly advertising services of fitness and rhythemics. At the same time posters and leaflets were used. Since 1993 advertising has changed a lot. The first local television channel (STAR Channel) started to be on the air and logically the advertising budget has moved towards television advertisements. The last 3 years 1995-96, 1996-97, and 1997-98 Salute paid almost 90% of it promotion budget in TV advertisements. Table 6 presents the advertising budget of Salute those years.

Expenses in GRD	1995-96	1996-97	1997-98
TV - Radio	280000	404000	250000
Leaf-lets, promotion	59000	18500	34800
Telephone catalog	24640	27360	31120
<b>Total</b>	<b>363640</b>	<b>449860</b>	<b>315920</b>

Table 6. Advertising expenses of Salute

The first years advertisements have the goal to present Salute fitness club to the public of Lamia. A private fitness club was something so new and eccentric for people. As

Constantina Striftaras said, the first 2 years women that came to the club were afraid of seeing the coming in. Probably it was something like a taboo, or unethical!

The next years, until today 1998, mostly the advertisements are used to remind and motivate future clients that Salute fitness club is offering fitness services (see appendix 2 and 3, where posters, TV advertisements and alternative ways of promotion are presented). Since 1996 the logo of the club is "Salute ...this is how we call fitness in Lamia!" (see appendix 4).

As mentioned above in this paragraph (Historical review) in the past 20 years, where Salute private fitness club operates as a company several fitness clubs and ballet schools were created in Lamia. The area is not virgin as it was in 1978. The advertising effort is so useful to win a bigger market share.

As brought up above Salute core services focus in aerobics for women and rhythmic for girls aged between 3.5 to 15 years. Hence, the advertising strategy has a dual character. Surely all the passed years there was a main poster but the attention paid differ from period to period and service from service. In fitness mainly has been used the poster advertisements. In the beginning of '90's the club has put the posters in the local buses, responsible for the transportation in Lamia. Also as said above in fitness audio and visual advertisements were used.

On the other hand in the section of rhythmic the tactic was a little different. The target group is little girls aged 3.5 to 15 years old. Almost all the 20 years of club's existence the distribution of leaflets, stickers, or small flags was present. The additional instrument was at the decade of '80's special posters and for the decade of '90's audio advertisements in radio stations. It is quite noticeable that in the 30 seconds TV spots only 2 seconds have spent for rhythmic, and the rest 28 for aerobics. Probably this is one reason of the rhythmic school's member reduction.

Concerning the period of advertising the main campaign is carried out on September and October of each year. It is the time that Greeks come back from their summer vacations. September is the month of the new academic year. As the women involved in aerobics feel like students in a class of gymnastics (as Constantina Striftaras said) it is normal that a lot of them feel that they have to join the club at the beginning of the year. Also the rhythmic groups start their lessons the 1<sup>st</sup> of October and they end the 25<sup>th</sup> of June. Hence, September is the month of registrations.

In the sector of aerobics a second stage in advertising is the month of February. This is the time when women think of their body and their image that they will “present” in the beach during summer.

Finally, the next stage in advertising is May and June. In aerobics the intention is to motivate clients to join or to continue joining the club during summer and especially during June and July. Bad option was summer 96 when Salute promoted an offer of 25% discount in all programs. Not enough people came and people that already were joining the club, took advantage of the offer. The result was that the club lost money. In rhythmic, around the second fortnight of June the girls present a performance in the Municipal Theater of Lamia, based on choreographs of their teachers. So, it is good to promote that play. It gives prestige to all those that participate in the courses all the year round and on the other hand it presents the work done to the future clients.

### 5.3 Opportunity and issue analysis

#### SWOT Analysis

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>- Salute's name has excellent brand awareness, both in ladies' fitness and rhythmic.</li> <li>- The friendly image.</li> <li>- The guaranty of 20 years operation, with the upward course.</li> <li>- The high advertising level (the only fitness club with TV advertisements every year for a 2 months period).</li> <li>- The special character (ladies) can combine women and girls.</li> <li>- The big clientele (more than 6,000 members during 20 years).</li> <li>- The steady improvement of clients' number annually.</li> <li>- The affordable rent and the good relations with the owner of the building.</li> <li>- The very good collaborators (teachers) this moment.</li> <li>- The surplus of the physical education and aerobics teachers which means a lower cost per hour.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>- The limitation of the size of Salute (only 165m<sup>2</sup>, 1 room for aerobics/rhythmic and 1 for fitness with free weights and electronic equipment).</li> <li>- The attrition by the 20 years of operation (both with human resources and equipment-facilities).</li> <li>- The lack of parking area.</li> <li>- High operational costs.</li> <li>- The morning zone under-function.</li> <li>- Lack of organized advertising policy.</li> <li>- Many discounts.</li> <li>- The number of the rhythmic's members is reducing each year.</li> <li>- The staff of the club does not have the same opportunities of education comparing with someone who lives in Athens.</li> <li>- The rent can increase rapidly due to the contract with the owner.</li> <li>- The transition period of the effective collaboration between Constantina Striftaras and Georgios Striftaras.</li> </ul>
<p><b>Opportunities:</b></p>	<p><b>Threats:</b></p>

<ul style="list-style-type: none"> <li>- The market of fitness faces great vistas having in mind the way of living (most people lead a sedentary life) and the increase of free time (the anticipation of 35 working hours/week).</li> <li>- The target group of people with health problems (back, nape syndrom).</li> <li>- Slimming section.</li> <li>- The non-existent organization by other private fitness club in the marketing management area.</li> <li>- The increased number of customers choose to exercise-slim.</li> <li>- The separation of the rhythmic's section in a different area.</li> <li>- Exclusiveness in Lamia; a bus for the rhythmic's section.</li> <li>- "Salute home gym"</li> <li>- The cheerleaders of Salute can help in its promotion.</li> <li>- A cooperation with a school of Greek and international dances.</li> <li>- New section for small children.</li> </ul>	<ul style="list-style-type: none"> <li>- The non stable state concerning the staff (retirement due to marriage of young women).</li> <li>- The lack of specialized personnel.</li> <li>- An increased number of competitors (mainly fitness clubs and slimming centers) start to function.</li> <li>- Some of the other private fitness clubs offer their services in lower price (they even don't pay their taxes).</li> <li>- The Greek government have decided a law that excludes Salute (because of the small size) to operate in future in the present building.</li> <li>- The contemporary schools of ballet and rhythmic's.</li> <li>- The franchisers of big national and international fitness clubs, who can function with deficit.</li> </ul>
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## 5.4 Objectives

Financial objectives: Earn an annual increase on cash flow over 7% per year.

Earn an annual increase on target profit margin in 10% on sales (fitness wear, and cosmetics).

- Produce net profits of 5,500,000 GRD in 1998-1999, and net profits of 6,200,000 GRD in 1999-2000.
- Produce a sales revenue of 12,000,000 GRD in 1998-1999, and sales revenue of 13,500,000 GRD in 1999-2000.

Marketing objectives: Expand the number of little girls involved in rhythmic by 30% the next 3 years.

Expand the number of clients in the slimming section, having in mind that it is a new offered service. The target is to have more than 50 members by the year 2000-01.

Maintain the club's members in aerobics/fitness classes.

## 5.5 Marketing strategy

*target market:* Young girls aged 3.5-12 years old (rhythmic)

Young girls aged 12-18 (modern dance)

Emphasis on Women aged 16-60 years old (fitness-slimming)

*positioning:* To be the 1<sup>st</sup> fitness club in Lamia.

*product line:* A cooperation with sportswear company "Dance Sport" and a production of sport wears with the logo "Salute".

*price:* Price somewhat competitive clubs.

A 7% increase of the prices for the next year.

More services with the same price.

*distribution outlets:* Increase efforts to promote rhythmic and slimming section

*sales force:* Expand by 10%

*service:* Friendly, serious, reliable service image.

*advertising:* Need for an advertising campaign to attract girls and women in the slimming section

Focus in target groups

TV

*sales promotion:* Internal promotion of sports wear.

*research and development:* Boys department (market research)

Slimming section (market research)

*marketing research:* creation of a questioner to find the Salute's members needs..

## 5.6 Action programs

YEAR 1999-2000

SEPTEMBER: Salute will start to attract its members for the new year.

- ✓ This will be done by television advertisements. A new advertising spot has to be created by the 10<sup>th</sup> of September. The new spot will start to be broadcasted by the 12<sup>th</sup> of the same month ( Source of funds: Advertising budget).
- ✓ Posters will be hang up all over Lamia ( Source of funds: Advertising budget).
- ✓ Brochures distribution to kindergartens (Source of funds: Advertising budget).
- ✓ Salute will advertise that a free sack will be given to everyone joining the club (Source of funds: The expenses will be covered by the registration fee). This will be a movable advertisement. and tangible offer.
- ✓ Preparation for the meeting “Nutrition, fitness and workers”. The meeting will take place within the second fortnight of November, in the Municipal Theater of Lamia. Contact with the specialists that are going to be in the meeting. Contact with the probable sponsors and suppliers. Ask for a permit by the Municipality of Lamia for the characterization of the meeting under the aegis of the municipality. Contact with the local media. (Source of funds: Sponsors, Sport Organization of Municipality of Lamia).

OCTOBER:

- ✓ Television advertisement is still broadcasted (Source of funds: Advertising budget).
- ✓ Meeting with theme “Nutrition, fitness and workers”: The preparation is still going on. The sponsors and suppliers have been fund. The informative brochure and the other papers needed are given to take care to the advertising agency; the 25<sup>th</sup> of October is the dead line for the it to be ready. Press release will be distributed. Hotel reservations are done for the special guests that live away from Lamia. The brochure will start to be distributed the 30<sup>th</sup> day of the month.
- ✓ Organization of a party by the section of rhythmic school. The little girls involved



in the school will participate with poems and other activities to the national holiday of the 28<sup>th</sup> October (Source of funds: General expenses).

- ✓ Preparation for the Christmas party.

#### NOVEMBER:

- ✓ Organization of a painting contest among the girls involved in rhythmic. Theme: "Christmas in Salute". After a vote, the voted paint, will be selected to the Christmas card of Salute (Source of funds: General expenses).
- ✓ 23<sup>rd</sup> of November: Meeting with theme "Nutrition, fitness and workers". The preparation is still going on. The informative brochure and the other papers needed been distributed. Press release is going to be given the 22<sup>nd</sup> of the same month.
- ✓ Promotion of attractive offerings in the slimming section, while being in an off-season period (Source of funds: Advertising expenses).
- ✓ Organization of an excursion to Athens to watch the children's stage play by the National Theater of Greece (Source of funds: General expenses, fee).
- ✓ Creation of the promotion strategy about the Christmas party. Preparation of invitations and posters. Collaboration with other organizations like music schools is going to be asked. The Municipal Theater of Lamia is going to be the celebrating place (Source of funds: General expenses)

## DECEMBER:

- ✓ Organization of a Christmas celebration. Invitations have been sent to Salute's ex-members. The party is going to contain rhythmic performance, Christmas carols, Santa-Claus happenings (Source of funds: General expenses)
- ✓ Sending of Christmas cards to all members.
- ✓ Sauna party, with special aromatics straight from Finland. This is an effort to promote that service (Source of funds: General expenses)
- ✓ An advertisement with the theme: "20 Years of Salute". Contact with the mass media. Promotion of the fact that Salute was the first private fitness club that started to operate by giving fitness services to the citizens of Lamia (Source of funds: Advertising expenses)
- ✓ A party in the orphanage of Lamia, will be organized in January. Classes of the rhythmic school are going to dance. Presents are going to be given to the orphans (Source of funds: General expenses, with the participation of a toy store of Lamia).

## JANUARY:

- ✓ New year celebration, with the cut of the New Year cake at the end of the month. Free monthly memberships are going to be gifts for the participants (Source of funds: General expenses).
- ✓ In cooperation with the dietologic center located in Lamia "Nutrimed", Salute is going to organize an interesting conversation within the club. The theme is going to be: "The way we eat....The way we live....". Contact with the dieticians of Nutrimed. Promotion of the activity. Creation of invitations (Source of funds: General expenses).
- ✓ Preparation for the coming 'busy' months. Seminar for the workers in Salute is organized. The main goal is to motivate them by setting goals for the spring season that is coming.

## FEBRUARY:

- ✓ Promotion of the club. Period that most people and especially women (Salute's target group) think of their self and their appearance at the beaches during summer.
- ✓ National holiday of 25<sup>th</sup> march 1821. A manifestation within the rhythmic's section (Source of funds: General expenses).
- ✓ The cheerleaders of Salute are participating in the annual aerobic contest in Athens. There will be a bus for all the members of Salute and cheerleaders' families who want to watch the contest.

## MARCH:

- ✓ Juice party.
- ✓ Excursion for ski on the mountain of Parnassos. Discussion about the ski with the president of Lamia's ski club.
- ✓ The creation of a brochure with the main goal to attract new members in rhythmic's, slimming and maintain the share in aerobics. First step is the contact with the probable sponsors ( Source of funds: The sponsors of the brochure).

## APRIL:

- ✓ Greetings cards for the Easter period (Source of funds: General expenses).
- ✓ An advertisement with the use of posters will take place all over Lamia for the new groups of Salute that will start on April till summer. The advertisement will be concentrate on the weight loss (Source of funds: Advertising expenses).
- ✓ Creation of a brochure with main goal to attract new members in rhythmic's, slimming and maintain the share market in aerobics. First step is the contact with the probable sponsors ( Source of funds: The sponsors of the brochure).

## MAY:

- ✓ A recreation day. Every member interested in this display will pay a participation fee. The program will contain the excursion to a mountain near Lamia, many games, food, and an aerobics contest (Source of funds: General expenses and fee).
- ✓ Two groups of the rhythmicists will participate in the monthly TV show of the local TV station "Star channel".
- ✓ The creation of the club's brochure is in the second stage. The sponsor has been found and the designing of the leaflet has been given to an advertising company.
- ✓ Preparation for the final performance of the rhythmicists section.

## JUNE:

- ✓ Organization of the annual final performance of the rhythmicists section. Promotion of the event through posters, personal invitations (Source of funds: General expenses).
- ✓ Aerobics summer classes.
- ✓ A big event for the football teams of Lamia and Livadia (cheerleaders, aerobic team).

## JULY:

- ✓ Saturday excursions with buses to the beaches. (Aqua aerobics)
- ✓ The new brochure is ready.

## AUGUST:

- ✓ The local TV station “Star channel” will provide the annual performance of the rhythmic section. 15 days before the registration period start, it is a good promotion for the kids and their parents that think to participate in a rhythmic's group.
- ✓ Distribution of the new brochure after the 25<sup>th</sup> of the month.
- ✓ Setting of the new year's goals.

## YEAR 2000-2001:

- ✓ Renew a part of the fitness equipment.
- ✓ Get involved in Internet. Creation of a a Web Site.
- ✓ Extension in the sales of sports wear and shoes.

## RHYTHMICS:

- ✓ Personal advertisement (Leaf lets will be mailed as personal epistles. They will contain small gifts and offers like free registration fee).
- ✓ Target to ages 12-15 (J. High school).
- ✓ Separation of logos "Salute" and "Salute kids".

## AEROBICS:

- ✓ Gymnastics in the Greek nature (Saturdays).
- ✓ Cheerleaders with a provider. (Permanent cooperation with the basketball team).
- ✓ Services for aged people.
- ✓ Permanent participation in the morning program of STAR Channel.

## YEAR 2001-2002:

## RHYTHMICS:

- ✓ Buy a bus of 15 seats, painted in the club colors.
- ✓ Give an official diploma in rhythmic, after examination.

## AEROBICS:

- ✓ Preparation of an aerobic team, named: "Athens 2004".
- ✓ Buy of a bigger area for a future second club.
- ✓ Creation of a separate room of the rhythmic and Greek and foreign dances sections.

## 6. DISCUSSION

Based upon the case study analyzed the following conclusions were reached:

1. After 20 years of continuing operation, one can say that, Salute fitness club has followed its own path in the club's life cycle and now in 1999 it is setting the new bases for the new century. As mentioned in chapter 5, many are the services that Salute is offering. This case study can be very vital in the future for Salute fitness club. Today's fitness market can't be won by a business enterprise that does not have a marketing plan. Most customers know what they want and they will not be open in business attempts of amateurism.
2. The goal of Salute as private fitness club reaching the end of the century can focus in the motivation of the proactive market (see 3.4.2).
3. The research did not answer the question of the market share that Salute takes in the fitness market. No data or statistic facts were available.
4. Concerning the core services there is a great opportunity for their potential development. Fitness section service, the first of the three, presents good results, especially within the last 3 years. The members mean number is increasing with a 13% ratio. Two are the main goals in this section. First is to maintain the existing members and try to keep the increase. The other is to improve Salute's quality in this service. This is a very vital action. Quality of services is important in this way Salute's management team, Constantina Striftaras and the writer are addressed to improve the knowledge and experience of the club's instructors. The main effort will be their education how to behave to the members. Also Salute is going to pay the fees to follow aerobics seminars. The other part is to improve in the given services to the members. The visual area is the best fitness services. The education of the instructors can be very important. Also a short investment

for the buy of fitness equipment is needed. Salute has to provide the good service of a personal fitness program. Important is also the aerobics programs for people with special problems (nape syndrom, back problems, osteoporosis). This is a piece of the fitness market left the past years. In combination with the fact that the population of Greece, as the population of the rest western Europe, is getting older, this is a profitable target group. Already the year 1997-98, 6 hours for the total 16 hours of aerobics classes per week have been given in this special group with a great success.

5. Even if the first core service is in a satisfactory position, the other 2 rhythmic school and slimming section need to recover from their unsatisfactory position. First the rhythmic school has to gain its market place. As mentioned in chapter 5, the membership results of the last years are disappointing, especially comparing to the figures of the decade of 80's where its members reached up to 180. The last years (see appendix 1, table 3) is around 80-90 members. The reasons for this decrease are a lot. A future research can be important to discover them. The goal of the present study was to focus on Salute's services in a qualitative way. The present study showed that Salute has to focus in the rhythmic and slimming section. There was no answer in the question of the market share that Salute takes. A future research can give the answer in this question. The procedure of this study also shown that there are few researches in Greek fitness clubs' area.

Feed back to the parents is another section. Every month the parents are going to have an information concerning the progress of their children-members of the rhythmic's school, and the objects that they have been taught. On the other side, emphasis is going to be given to the additional educational-cultural parts of the rhythmic's school. During the year is going to be organized an excursion to watch a children's performance in Athens. Also a Christmas celebration, and a painting contest is already scheduled. A great key is also the final performance that the last years has the character of a theatric play with great success. The promotion of this performance way attract people to realize the



good work that is done in the rhythmic's school.

One reason for these bad membership results is the low gravity that the club showed to the rhythmic's school. All the decade of 1980 one or two rhythmic's teachers with specialization in ballet was coming once a week from Athens for two days. Of course the knowledge and experience of these teachers were important. Since 1990 both the rhythmic's teachers are physical education teachers with a short experience in such kind of school. This fact influenced the quality of this service. Also the market share has been reduced because of the competitors. Many private and non-for-profit ballet and rhythmic's schools have started to operate during all these 20 years.

The first change programmed by the management team of Salute is the resetting of the school services. An annual teaching plan is going to be set. This is going to lead the class in a more systematic way of teaching. Already this effort has started by giving the planning responsibility to a specialist in gymnastics, Miss Mirto Papadimitriou.

6. The next stage in advertising is the promotion of the new service of slimming (see paragraph 5.2 in the homonymous part). People nowadays go to fitness club when they want to improve their physical condition or to lose few kilos weight. As mentioned in chapter 5 the slimming services consist a well growing industry. The fact of the unhealthy way of living of western civilization people demand techniques to avoid obesity and bad looking. When the demand is big it is normal that the offering follows. The Greek slimming market is quite antagonistic. The results of Salute in 1997-98 after the promotion of the slimming services are satisfied enough. The 20 years of experience in the fitness area is a positive element. The fast and easy slimming is the answer of the fitness industry in the today's society of fast food and mobile phones. Constantina Striftara has already decided to invest in this service by investing on buying a bright new slimming machine "Ultrafast Pro 20" which includes a microcomputer that sets different programs. The promotion of this section, always in combination with other services can be a vital

section for the club. Characteristic is the fact that from an one month program in slimming, the club earns the same profit from a member in the fitness section for 7 months.

7. In future, an other way of advertising, or better of reminding people can be the strategy that Salute is a club that they might chose for fitness is the organization of sport and cultural activities and conferences relative to health and fitness. With the help of local authorities and non-for-profit organizations and the use of sponsors it is a cheap and efficient way to build an image of a serious based on quality fitness club.

8. The future of a company depends in a huge degree on advertising. The advertising in Salute fitness club has an important role. It has to be mentioned that Salute is the only fitness club in the area of Central Greece that advertise itself on TV in a regular basis. Constantina Striftaras wants to continue advertising, especially in TV. One can be critic in this choice, taking into consideration the results of the study by Tzetzis and Costa (1997). This study has shown that only 9% of the members of the Greek fitness clubs joined the club motivated by an advertisement. This result characterizes advertisements not so important for the promotion of Greek fitness clubs. The opinion of the writer of the present study, and the owner of Salute Constantina Striftaras can be seen in a different way. One has to take in mind that the study by Tzetzis and Costa (1997) was limited only to customers of twelve fitness clubs from Athens and Thessaloniki, the biggest cities of Greece with a population of 5,5 million people. The advertising budget needed is huge in order to meet the target groups. Hence, a reason for this low percentage is because of the lack of advertising. The demographic construction of these cities differs from the construction of Lamia, a city with only 80,000 inhabitants. The advertising budget in this case can be lower.

9. Finally, interesting is the comparison between the data available for the last three years of Salute's operation and the research done in Greece concerning statistic data of private

fitness clubs (Tzetzis and Costa 1997). As can be seen in the Figures 13 and 14 (Appendix 5) the figures in the two cases are quite different. Figure 13 shows that the age of Salute's members only in the of ages from 30-45 do not differ from the results of the research. Characteristic is the difference of data in the young (up to 30 years old) and old age groups (up to 45 years old). Also the figure 14 about the marital status of fitness consumers of Greek fitness clubs and Salute shows a big difference. Half of Salute's members are married; on the contrary Tzetzis and Costa (1997) found that only 30% of the members from Greek fitness clubs are married. Two can be named as the main reasons of this difference of data. The first one is the fact that the research was done in fitness clubs where the 40% of their members were men; Salute is a women's fitness club. The other reason the location of the clubs. Salute is operating in Lamia, and the research was done in Athens and Thessaloniki.

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## 8. APPENDIXES

### APPENDIX 1

Gender of members/Budget Year	1995-96	1996-97	1997-98
Men	2	13	7
Women	254	278	333
Total	256	291	338
With a discount	18*/23**/17***	23*/32**	9*/34**
Free of charge	6	7	8

\* A discount offered to old members and friends of the owner

\*\* A discount offered to members that were from the same family

\*\*\* A discount offered to all members to support the marketing strategy of Salute during summer

**Table 3.** Number and gender of members per year

Offered Services/ Budget Year	1995-96	1996-97	1997-98
Aerobics	159	188	215
Rhythmics	91	96	79
Slimming	4	3	15
Diet	-	-	22
Sauna	2	3	4
Dance	4	4	5
TOTAL	256	291	338

**Table 4.** Composition of the offered services

VARIABLE	ROWS	1995-96	1996-97	1997-98
1. Club members		256	291	338
2. Average price per fee (GRD)		9300	10400	11000
3. Sales revenue (GRD)		9832842	10872972	11764960
4. Gross contribution margin (GRD)		5840766	6939121	6436887
5. Overheads (GRD)		941936	1581403	637263
6. Net contribution margin (GRD)	( 4 - 5 )	4898830	5357718	5799624
7. Advertising and promotion (GRD)		363640	449860	315920
8. Depreciations (GRD)				585722
9. Net operating profit (GRD)	(6-7-8)	3628436	3483991	4426431

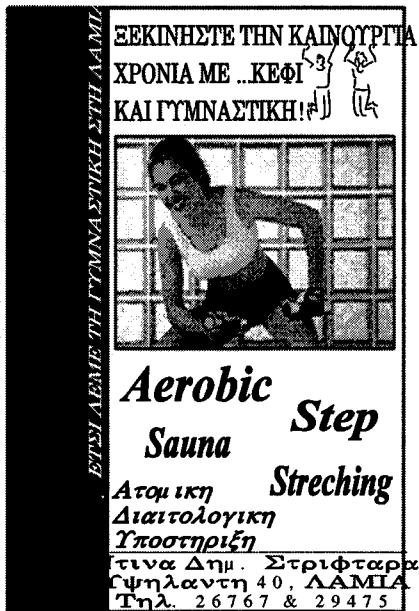
**Table 5.** Historical product (services) data

*APPENDIX 2*

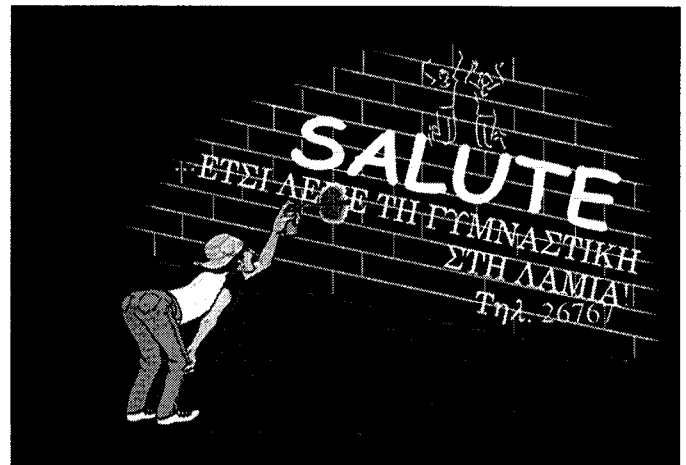
The attached video tape is a part of the present Master's Thesis by Georgios Striftaras. It contains the ways that Salute fitness club used to promote itself with the help of the electronic mass media.

APPENDIX 3

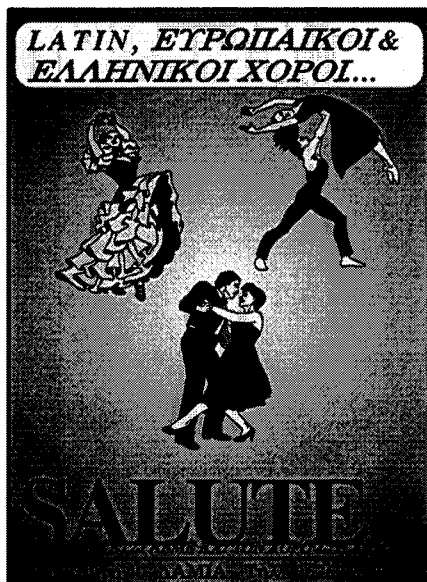
Posters used to promote different services (in Greek):



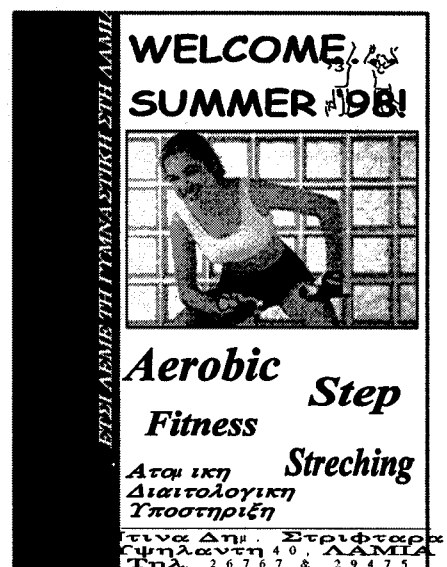
Fitness September 1997



Fitness October 1997



Dance



Fitness June 1998

**ΚΑΙ ΦΕΤΟΣ...  
ΣΤΗ ΓΥΜΝΑΣΤΙΚΗ...  
ΨΗΦΙΣΤΕ...**




**SALUTE**  
Η ΥΓΙΗΣ ΕΠΙΛΟΓΗ ΣΑΣ  
ΥΨΗΛΑΝΤΗ 40, ΛΑΜΙΑ - Τηλ. 26767

Fitness September 1998  
(Elections' time)

**ΠΑΙΔΙΑ... ΕΛΑΤΕ ΣΤΟ  
SALUTE...**

ΟΙ ΕΓΓΡΑΦΕΣ ΑΡΧΙΣΑΝ!



**SALUTE**  
kids  
ΥΨΗΛΑΝΤΗ 40, ΛΑΜΙΑ  
Τηλ. 26767 & 29475

Rhythmics September 1998

Με την ευκαιρία της λήξης  
της σχολικής χρονιάς....  
Η Σχολή Γυμναστικής  
**SALUTE**  
σας προσκαλεί στο...  
**ΎΧΩΡΙΟ ΤΟΥ ΠΑΠΠΟΥ  
ΚΑΙ ΤΗΣ ΓΙΑΓΙΑΣ**



Παρασκευή 20 Ιουνίου 1997  
Ωρα 8:30 μ.μ.  
Δημοτικό Θεατρο Λαμίας  
...σας περιμένουμε!

ΥΠΟ ΤΗΝ ΑΙΓΙΔΑ ΤΟΥ  
ΔΗΜΟΥ ΛΑΜΙΩΝ

Rhythmics Final  
Performance 1997

**ΧΕΙΜΩΝΑΣ  
ΕΛΑΤΕ ΓΙΑ SAUNA  
ΣΤΟ SALUTE!**



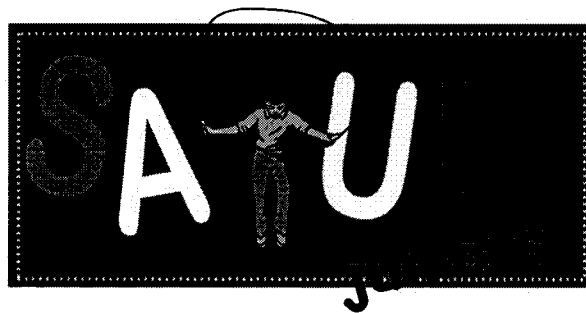
**SALUTE**  
...ΕΤΣΙ ΛΕΜΕ ΤΗΝ ΓΥΜΝΑΣΤΙΚΗ ΣΤΗΝ ΛΑΜΙΑ  
ΥΨΗΛΑΝΤΗ 40, Τηλ. 26767 & 29475

Sauna



*APPENDIX 4*

Proposed Logos:



APPENDIX 5

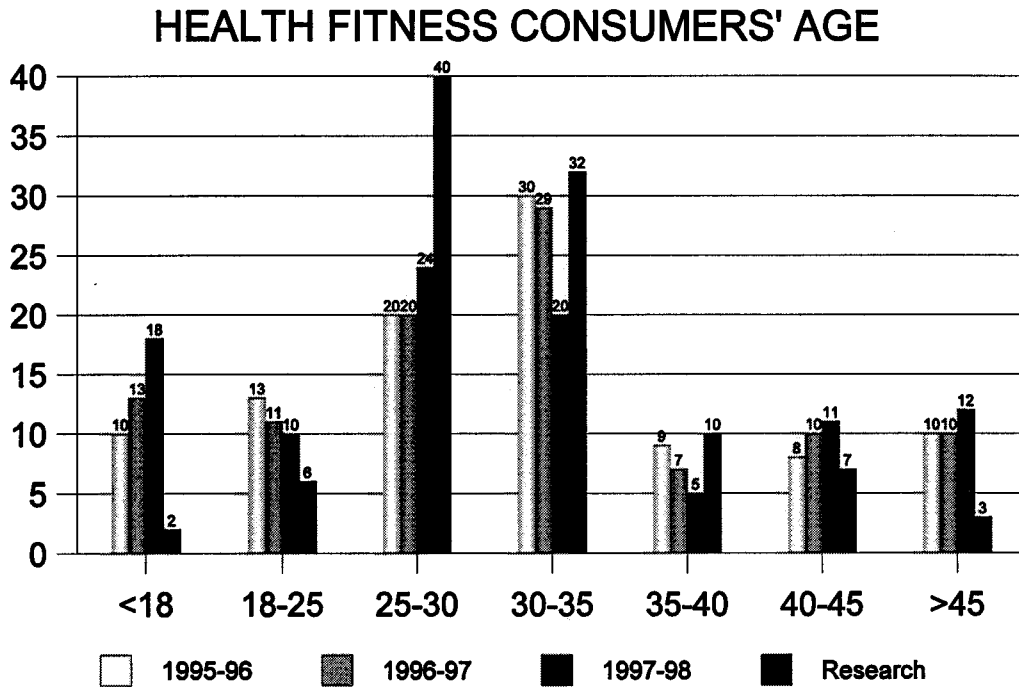


Figure 13. Comparison of Salute's data and results of Tzetzis and Costa (1997) research

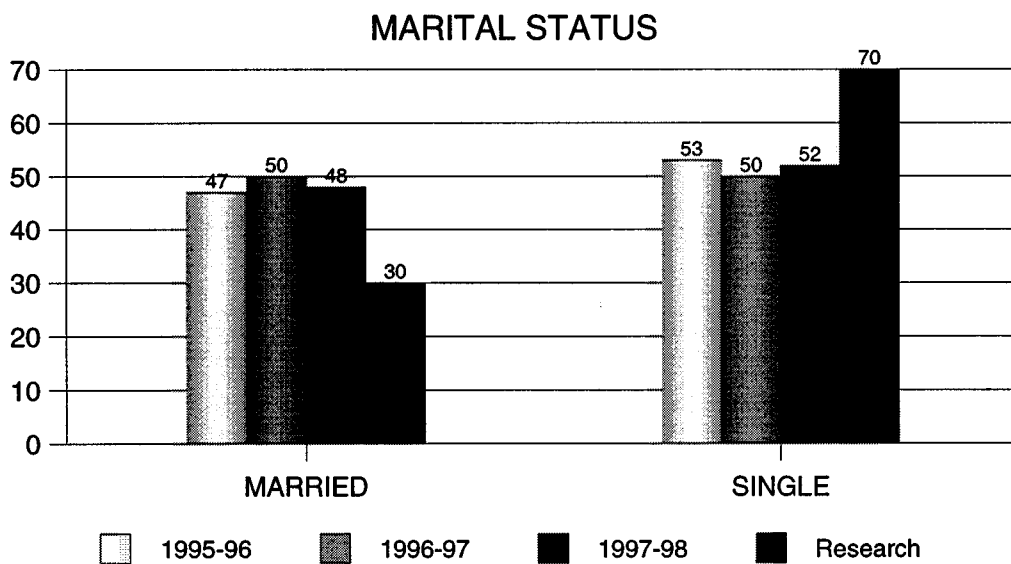


Figure 14. Comparison of Salute's data and results of Tzetzis and Costa (1997) research