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David Minton investigates his theory of 'Exerconomics', which posits that a downturn in the economy fuels an upsurge in the public's physical activity

Econom-exercising

Lipstick Economics – no, I'm not talking about the gun-toting, hockey mum, Sarah Palin, but the observation that sales of small luxury items like lipstick and lip gloss surge ahead in an economic slowdown.

Leonard Lauder, the chairman of Estee Lauder has a plausible theory of gauging how dire the economy is: sales of these small luxury items increase way beyond normal. 'Choconomics' is another counter-cyclical economic curiosity. It's another inexpensive little treat that helps many endure the economic gloom. Choconomics also helps the profits of companies like Cadbury and Thorntons taste sweet. Although cocoa prices have shot up by around 40% and energy by 50% Cadbury has posted a 28% rise in first half pre-tax profits, on sales up by 7% to £2.65bn. Thorntons has also announced an increase in profits, up 19.6% to £8.5m on revenues up 11.9% to £208m.

During previous economic slumps – and especially the great depression of the 1930's – sales of chocolates and lipsticks not only bucked the general trend but product innovation and pioneering market research was developed.

In the 1930's the cosmetics industry was dominant and profitable, and new products like Natural, Mood and Kissable lipsticks were invented, with Hollywood starlets like Greta Garbo promoting the products free of charge. The 1930's were a golden age for chocolatiers, with famous names including Marathon (now Snickers) and Maltesers invented. These 'small ticket' sweet items were cheaper than alcohol – and portrayed as healthier, too.

With a pint of beer heading towards £4 in London I wonder what's changed, so I've come up with my own plausible theory: it's called Exerconomics. My Exerconomics posits that the gloomier the economy, the more consumers will participate in various forms of exercise and activity, many unknowingly. Exerconomics is where economics meets psychology and we see it growing on the streets every day. One of the best examples of Exerconomics is the number of bicycles being used for transportation rather than recreation. Transport for London estimates that the number of cyclists in the capital has increased by 83% in a year.

If we could merge Exerconomics with those endorphins that leave us feeling so good after exercise it would be a winning package. An indicator we could use not just as an economic gauge but also one for the health of the nation. As petrol and public

transport costs keep going up around the world, we can see more people are taking up cycling, and walking, with the added knock on effect that they exercise more often.

In the US Lance Armstrong has just opened a commuting bike shop in Austin, Texas, of all places, and high gasoline prices are fuelling bike sales - even in LA, where people are traditionally wedded to their cars. Every European city, it seems, is finally trying to catch up with the cycle-friendly Scandinavians and the Low Countries.

In my last two articles I've looked at how, during the last recession in the early 90's, the fitness industry expanded across all sectors. How new concepts like the leisure hotel were developed and how ground breaking sites like the Royal Berkshire Racquets and Health Club opened in the depth of recession to great success. Last month's article cited that although we're one year into the so called 'credit crunch' there's no slowdown in new openings across the public and private sectors. On average this year, ten new sites have opened each month – that equates to some 70,000 members signing up.

I'm convinced that Exerconomics is having an effect; it's just that I need some help to prove it. There's loose talk about increasing participation by one or two million but what's the starting point? Then how do we quantify the increase once we've agreed the base line? Most participation, let alone the increase, goes unrecorded, so there's little evidence to back up what we see. Even when this increase in activity spills over back into our sports facilities, if it's a 'small ticket' item like pay and play it remains almost invisible; if it's a new member of a sports club it often goes unrecorded.

There are wild fluctuations in tennis participation around Wimbledon fortnight, estimated to be in the region of three million extra players, but no one really knows if it's the same 300,000 playing five times a week or a million people playing three times after the final.

Of course schemes to provide free swimming for all under-16s and over-60s should boost sports participation. From a business point of view I know there's no such thing as a free lunch, and with energy costs rising I know there's going to be no such thing as a free swim either, so it will be important to monitor the level of take up and by whom.

Local authority leisure departments have been like the sleeping giant which is just awakening to find it can make a difference to increasing income

The gloomier the economic outlook, the more people will exercise

and participation. Some authorities which have been particularly successful include Belfast, where they have seen double digit growth in the past two years from a wide range of activity. Participation and accessibility improved via 'small-ticket' items, aimed particularly at those on low income status, which now contribute an additional £0.5m a year. A number of activities at off peak times were available from as little as 50p a session and brought in up to 6,000 first time participants. Creative programming and a new pricing policy are driving month-on-month growth.

In Herefordshire, Jon Argent at the HALO Trust, which now runs nine leisure centres, points out that income is not the only growth area he's got. Following the customer profiling exercise and the estimates of latent demand, with which to benchmark his current operations, turnover has increased from £4.5m to £6.7m with close to 50% uplift in participation since 2002.

In the London Borough of Haringey the leisure team faced a stark choice between cutting services or increasing income. Following a review of prices and programming 12 months ago Exerconomics has increased participation across a wide range of residents including target groups and local businesses and a 19% hike in like-for-like income has been achieved. Belfast, HALO, Haringey and quite a few more besides have one person in common: a consultant from New Horizons named Nigel Baker-Bates. Authorities and organisations either love him or hate him, but he comes with a fresh pair of eyes and a booming voice that tells them how to improve access, participation rates and the bottom line. The results are impressive and Nigel's fan club and list of clients keeps growing.

With over 120 trusts operating 926 venues plus the 400-odd leisure departments with 13,000 indoor and outdoor facilities developing 'small ticket' items aimed at improving wider access that's a lot of Exerconomics on which to report. But with some help we could turn the anecdotal into an indicator.

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