FINNISH FITNESS CENTERS

THE USE OF INFORMATION SYSTEMS IN CUSTOMER CONTROLLING

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THE USE OF INFORMATION SYSTEMS IN CUSTOMER CONTROLLING

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Abstract

This thesis was assigned by Viveca, the University of Jyväskylä. The target of this thesis was to find out the reasons for the fitness centers simultaneously using multiple information systems and how the fitness centers manage their customers by using these information systems. The general situation of Finland was also compared to those of other countries.

The research was a qualitative research; where six people working in the fitness industry were interviewed. These interviewees came from all the areas representing the business: Managers and employees of the fitness centers with also one information system company representative interviewed.

The results indicate that the information systems that are being used in Finnish fitness centers do not have all the required features which make the fitness centers use different information systems at the same time. The information systems' features in customer controlling are deficient. Accordingly, the information systems should be especially improved in that area.

This thesis gives information about the current status of Information systems in Finland to help in the decision making of the information system companies and the fitness centers. The whole fitness industry is relatively new and particularly the fitness industry in Finland is young compared to the other countries. The fitness industry in Finland can be predicted to encounter changes in the future. The growth in fitness industry will increase the competition and it is also likely to bring new information systems to the market.

Keywords
Qualitative research, interview, fitness center, information system

Miscellaneous
Two Appendices
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| Koulutusohjelma | International Business |

| Työn ohjaaja(t)  | SAUKKONEN, Juha |

| Toimeksiantaja(t)  | Jyväskylän Yliopisto, Viveca. Aki Karjalainen |

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<td>Opinnäytetyön toimeksiantajana toimi Viveca, Jyväskylän yliopisto. Työn tavoitteena oli löytää syitä siihen, miksi kuntokeskukset käyttävät useita eri tietojärjestelmiä yhtä aikaa ja kuinka tietojärjestelmiä käytetään asiakkaiden hallinnointiin. Työssä vertailtiin lisäksi Suomen tilannetta muihin maihin.</td>
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| Tulokset osoittivat, että tällä hetkellä käytössä olevat tietojärjestelmät ovat toiminnoiltaan puuttueellisia, minkä vuoksi kuntokeskukset joutuvat käyttämään useita eri tietojärjestelmiä yhtä aikaa. Tietojärjestelmissä on puutteita erityisesti asiakkaiden hallinnoinnissa, ja niiden tulisikin erityisesti kehitä juuri kyseisellä osa-alueella. |

| Tämä opinnäytetyö antaa tietoa tietojärjestelmiä tämänhetkisestä tilanteesta Suomessa ja auttaa siten kuntokeskusten ja tietojärjestelmä tuottavien yritysten päätöksenteossa. |

| Kuntosaliala on suhteellisen uusi ja erityisesti suomessa ala on vasta alkuvaiheessa verrattuna muihin maihin. Alalla on odotettavissa muutoksia tulevaisuudessa, sillä alan kasvu lisää kilpailua entisestään ja tuo markkinoille uusia tietojärjestelmiä. |

| Avainsanat (asiasanat) | Kvalitatiivinen tutkimus, haastattelututkimus, kuntokeskus, tietojärjestelmä |

| Muut tiedot | Kaksi liitettä |
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1 INTRODUCTION

The fitness industry is one of the industries that have grown a lot during the recent years. By the year 2012, the total industry revenue had reached nearly 73 billion US dollars. (The IHRSA 2012, 28) Fitness industry is still been considered as a relatively new industry and that is why it has been expected to grow even more in the next following years but it is still hard to predict the direction of the fitness industry in the future. (Brown 2013)

The fitness industry is one of the newest industries in Finland because the first “fitness centers” opened in 2001. A fitness center is generally defined as a gym that offers something additional compared to the regular gym, for example group lessons or swimming. (Person who works in the fitness industry) The industry is highly seasonal and during the winter months (January, February and March) the fitness centers have the most customers because during the winter people prefer to exercise indoors. The customers are from all age categories; The fitness centers usually offer special programs for kids and aged people but some fitness centers have also classes for youth ages 14-18. This youth market has been predicted to grow even more in the future, because people are becoming more health-conscious. (Britt)

Today, when new technologies are constantly being developed, the information systems have also become more common in fitness clubs. Before the information systems, the gyms used to have printed lists of their customers. In the beginning of the 21st century the first information systems for fitness centers were developed and around 2005 the information systems became more common. The development of the information systems has been considerable and there is a lot of competition. (Person who works in the fitness industry)
1.1 Research background

The author has always been an active sport person; an active user of gym services and been visiting a lot of different gyms in her life.
Through her tutor teacher Juha Saukkonen she contacted Viveca, which is part of the University of Jyväskylä’s Faculty of Sport and Health Sciences. Viveca promotes and creates new, future-oriented concepts for sports and health. Viveca collaborates with companies, organizations and individuals, helping them to solve their practical challenges related to sports and health. The unit also does international research and development collaboration with their partners. (Jyväskylä University website) During a discussion with an employee of Viveca, the author became interested in investigating the information systems of fitness centers.

There are already many studies on customer satisfaction at fitness centers but only a few have been made on the information systems for fitness centers. It was also known that some Fitness centers may use different information systems at the same time. Considering this information the author wanted to find out:

- What kinds of information systems there already are?
- How the fitness centers get new customers and how they can manage their current members by using these information systems?
- Why the fitness centers are using multiple information systems at the same time instead of one information system?

This research will be useful not only for the companies who produce the information systems but also for the fitness centers. The goal is to understand more about this subject.
2 CUSTOMER RELATIONSHIP MANAGEMENT

“You cannot be everything to everyone”
– Genghis Khan

Customer relationship management is a value that is placed in business and its relationship with its customers. Customer Relationship Management (CRM) has three parts customer retention, customer potential and de-selection of customers. Customer retention means keeping the old customers. It costs significantly more for the company to get new customers than keeping the old ones. (Roberts-Phelps 2001, 26) This is important for all the companies but especially for the companies that offer services, like fitness centers.

Customer loyalty can be achieved by creating an emotional link towards the brand or employees. (Roberts-Phelps 2001, 2-3) Infrequent customers have customer potential because they can be turned into frequent customers. Customer de-selection means that the company should put more effort into those customers that have more future potential. Customer relationship management is important because one satisfied customer can bring in at least three more customers. On the contrary, one unhappy customer will tell about his negative experiences to ten more potential customers. (Raab & Ajami 2008, 8)

Good customer relationship management is a key to company’s success. The customers should be taken into notice in all company’s functions and decisions. (Raab & Ajami 2008, 1-2) Good CRM increases the sales and the profit of the company because it helps the company to target its marketing effectively.
Different information systems can help with the customer relationship management because they can offer the company information and data about their customers. They can help in customer retention, de-selection of customers and in creating customer loyalty. The development of technology has created computer based CRM systems that can effectively collect customer and user information.

**FIGURE 1: Customer Relationship Management process and three main pillars**

(Raab, G & Ajami, R. 2008, 8)

The Figure 1. above visualizes the importance of a customer: Customer is in the middle of CRM. Customer Relationship Management consists of three main pillars personnel, organization and technology. It is important to understand that all three pillars support each other. Technology, for example CRM information systems, can help in Customer Relationship Management but without the help and understanding of the employees and organization the CRM information systems can in worst cases cause extra-costs for the company. Proper implementation of a CRM information system requires planning from the organization and the training of the employees. A CRM system should be chosen according to the company’s future needs or growth
expectations. If the information systems only meet the current needs it will become useless and wastage for the company in the future.

Most of the people use CRM information systems daily giving customer information to the companies. For example when people use membership cards when paying their groceries, they give information to the company about their buying habits. Different mobile applications record as much information as they can get from their customers. Social media, like Facebook and many websites also work with a similar principle. There are CRM systems everywhere, also in the fitness centers.
3 INFORMATION SYSTEMS IN FITNESS INDUSTRY

Computers became more common in Finland between the years 1980 and 1990. (Saarikoski 2001, 13) At the same time, the first Information systems for computers were published. However it took years before the information systems came to fitness industry: The first information systems came to Finland as late as the beginning of the year 2000. The fitness centers in other countries started to use information systems earlier than Finland. Most of the information systems are charged on a monthly basis. The average cost for using one information systems is around 4000-5000 euros per year and the contracts are usually made in a yearly basis. (Person who works for an Information System Company)

Fitness center is defined as a gym that offers additional services compared to a regular gym. These additional services can be for example group lessons. There can also be solariums and saunas. Some of the fitness centers can even have own bowling, tennis or squash court and swimming hall. (Päiväranta 2012, 33) Fitness centers can be divided into different groups according to their size or according to the price of the membership. These segmentations are shown in Table 1 and Table 2. Some of the information system companies use the following segmentation when targeting their products’ marketing. (Person who works for an Information System Company)

<table>
<thead>
<tr>
<th>TABLE 1: Monthly membership price</th>
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<tr>
<td><strong>Studio gyms</strong></td>
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<tr>
<td><strong>Budget gym</strong></td>
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<tr>
<td><strong>Midrange fitness center</strong></td>
</tr>
<tr>
<td><strong>Premium fitness center</strong></td>
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(Interview data)
In Table 1. The Studio gyms are most often small gyms that offer only group lessons for example dance or yoga classes. They don’t usually have a possibility for weightlifting. The monthly price has not been written on the table because the prices vary. For example the author visited a studio gym that had a monthly price of 45 euros. This studio gym cannot be classified as a midrange fitness center because it offered only circuit training classes. 

Budget gyms are gyms that have low monthly membership price. During the last five years the budged gym chains have had a rapid growth. (Brown 2013) Budget gyms usually have the possibility for pay as you go or buying only a one month membership. This could have been one of the reasons for the success of the budget gyms because they are not trying to chain their customers with long term contracts.

Most of the fitness centers in Finland are classified as “midrange fitness centers”. For this type of a fitness center one-time fee is usually 20 euros or more. (Author’s personal experiences) The monthly price of a midrange fitness center is usually between 60-85 euros.

Premium fitness centers, as well as the budget gyms, have increased their popularity compared to the last years. (Brown 2013) Premium fitness centers have higher prices but they tend to offer a wider range of different services compared to other fitness centers. For example the author knows one fitness center in the United Kingdom that can be classified as a premium fitness center according to its monthly price. The fitness center has their own squash and tennis court offering a possibility for tennis or squash lessons. In addition the fitness center has a spa and it offers a wide range of different exercise classes.

These types of deviation of fitness centers have occurred in the last previous years, earlier there were more midrange fitness centers. In addition there is also fitness centers targeted only for females. (Personal experiences)
There are female fitness centers in Finland but not so many budget gyms or premium fitness centers. When an industry has more competition the companies tend to differentiate their product from their competitors. The fitness industry is still developing in Finland so at the moment Finland don’t have so many budget gyms or premium fitness centers but maybe in the future their amount will increase.

**TABLE 2: The size of the fitness center**

<table>
<thead>
<tr>
<th>Size</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Small size</td>
<td>less than 200m²</td>
</tr>
<tr>
<td>Average size</td>
<td>200-800 m²</td>
</tr>
<tr>
<td>Large size</td>
<td>800-1200 m²</td>
</tr>
<tr>
<td>Extra-large size</td>
<td>over 1200 m²</td>
</tr>
</tbody>
</table>

(Interview data)

Table 2. shows the typical sizes of the fitness centers. The size doesn’t necessarily tell about the type of the fitness center, because there can be for example extra-large sized budget gyms. The size tells only the size of the fitness center and can give an estimate of its amount of customers to help the information system company to target their product.

One of the few researches related to this topic was made in Finnish by Heikki Mertaniemi in 2012: The title of his thesis is Customer Information System Mapping for the fitness centers. In his thesis he had made an online questionnaire for 37 different fitness centers in Finland. For statistics this amount if participants could be bigger, but as he mentions in his thesis, the questionnaire was sent to over 300 participants but only 37 replied. The responses are from different types of fitness centers all over the Finland, the variance is big enough to use his statistics as a data resource. This statistical
data contributed in this thesis work, because it was closely related to the 
subject of this thesis.

Fitness centers in Finland are using many different information systems at the 
same time. There are different information systems for each required feature 
that the fitness center needs. There are different information systems for 
access control, signing up for the group classes, customer control, invoicing 
and for the cashier system. There can also be a separate information system 
for the fitness center’s website. (Mertaniemi 2012, 17)

During the research process the author was also introduced to an additional 
information system that some of the fitness centers are using: The heart rate 
monitoring. One of these kinds of systems is called Suunto –fitness solutions. 
In United Kingdom one of the fitness centers was also using a similar heart 
rate monitoring called MyZone. Both Suunto –fitness solutions and MyZone 
work with the same idea: The customer gives information about their current 
physical condition into fitness centers reception and gets (or brings their own) 
heart rate belt. When the customer joins the classes, he or she can see statistics 
about his training intensity by showing the heart rates on the screen on the 
studio’s wall. After the class the systems sends personal report to the 
customer into his or her email address. Using this type of system the class 
instructors can also see statistics on how their students are performing. This 
type of statistics can help the instructors to develop their classes. (Forever 
Club corporate website & Personal introduction)
Figure 2. shows an example of a group training form sent to the instructor after the class by Suunto–fitness solution system. Form shows for example the average time that participants spent on each training zones and training effect per participant.

These types of information systems are also part of customer relationship management and they can help the company to get loyal customers. The customer wants to visit the fitness center again to see the direction in their results.

3.1 Customer database information systems

The most popular customer database information systems in Finnish fitness centers are Kulkuri, DL Software Sports Edition and Polar Fitness Management. Other information systems that are used in Finland’s fitness
centers are HellWi, Enkora and 3ASportin. These systems are not as common as the three information systems mentioned earlier.

(Mertaniemi 2012, 8,24)

Most of the information systems are web based and in order to work they require an internet connection. (Companies websites)

Kulkuri W2000 is a manual system and works in a Windows environment unlike the other information systems. It has access control and invoicing. Kulkuri doesn’t have customer database so that’s why the same company has software (available for additional charge) called Aikuri. (Kulkuri –company’s website)

DL Prime Sports Edition includes both customer database and access control. However at the moment it has direct debiting, which is forbidden by Finnish law, starting from 2014. The users of DL Prime Sports Edition need to get an update and move to e-invoicing in these next following years. (DL Prime Sports Edition – company website)

Polar Club Management includes also both customer database and access control. The information system works via Internet and doesn’t require any acquiring of new computers. Polar is one of the oldest companies working with the information systems for the fitness centers. Polar Club Management’s goal is to be an all-covering information system. (Polar company website)
3.2 Access controlling information systems

Figure 3. shows which information systems the fitness centers in Finland are using for their access controlling. Clearly almost half of the 37 fitness centers were using Kulkuri for their access control.

There are different methods for the fitness centers to manage their customer’s access. The customer’s access can be controlled by using a manual card located outside the front door of the fitness center or giving the card to the employee who is in the reception. Also fingerprint readers are used as a method for customer identification. (Author’s personal experiences)

Outside of Finland there are fitness centers and gyms that are open 24/7. This was started few years ago by few fitness center chains and the author has visited one of these kinds of Fitness centers in the United States. This means that the customers can have access to the fitness center even during the night. Different types of access controlling systems have made this possible, because
the fitness center doesn’t necessarily need to have staff during the night time. (eFit Financial, Inc. 2013)

Access controlling systems that give the possibility for the customer to visit the gym even during the night time can increase customer satisfaction. They can also bring a competitive advantage for the fitness center because they can reach customers that are not able to use the fitness center during normal opening times.

3.3 Group lesson calendar information systems

Figure 4: Shows the most common information systems used for signing up for the group lessons. “Nothing” is the most common response from 37 fitness centers. Mertaniemi speculated in his thesis work about the same phenomena. He mentions two reasons for this: The fitness centers don’t need a separate system for group lessons booking or they haven’t found a suitable system yet. (Mertaniemi 2012, 24)
The members in smaller fitness centers do not necessarily need to book their place for the class in advance. However if the fitness center has many customers or the classes are popular signing up in advance is required. The classrooms have limited amount of space and that is why they will have to limit the amount of people in their classes.

### 3.4 Invoicing & cashier information systems

![Bar chart](image)

(Mertaniemi 2012, 27)

**FIGURE 5: Information systems used for Invoicing**

Figure 5 shows the answers when asked from 37 fitness centers about their invoicing. Nearly 73% answered that they are using “something else”: Most of the respondents were using an own invoicing system. (Mertaniemi 2012, 26) When asking about the cashier systems, most of the gyms (43%) are not using a separate information system in their cashiers. Some of the respondents mentioned names DL software and Kulkuri. (Mertaniemi 2012, 27)

From this information we could make a conclusion that maybe the information systems’ invoicing possibilities does not meet the requirement of the fitness centers because they will have to use their own tailored systems.
3.5 Website information systems

Most of the fitness centers want that their website is easy to update. Figure 6 shows the companies methods in updating their websites.

Almost quarter (9/37) of the fitness centers still use time by making the website themselves by using for example HTML-coding.

The most common option was the use of websites that have integrated updating possibility. One of these kinds of information systems is for example Twid, which is clearly one of the most commonly used information system for website updating. (Mertaniemi 2012, 28) Integrated updating possibility is easy to use and that could be one of the reasons for the questionnaire’s results.
4 FITNESS TRENDS

Fitness industry is easily affected by trends, and trends can change quickly. Yoga and Pilates used to be among the top10 fitness trends 2007-2010. (ACSM’s Health & Fitness Journal 2011) According to the most recent survey, in the year 2013, bodyweight training and outcome measurements are the new trends on the list of the top20 fitness trends as seen on Table 3. (ACSM’s Health & Fitness Journal 2012) Different types of exercising programs have become more popular. The CrossFit was developed in 2000 in the United States and it has also reached Finland in the last few years. The CrossFit puts together the recent fitness trends: personal bodyweight training and strength training. (Bloomberg Business Week)

TABLE 3: Top 20 Worldwide Fitness Trends for 2013

1. Educated, certified and experienced fitness professionals
2. Strength training
3. Body weight training*
4. Children and obesity
5. Exercise and weight loss
6. Fitness programs for older adults
7. Personal training
8. Functional fitness
9. Core training
10. Group personal training
11. Worksite health promotion
12. Zumba and other dance workouts
13. Outdoor activities
14. Yoga
15. Worker incentive programs
16. Boot camp
17. Outcome measurements*
18. Circuit training*
19. Reaching new markets
20. Wellness coaching

* Trends with a top 20 position that is new for 2013.


The development of technology helps people to trace and follow their results. This can be seen in a popularity of different applications on smartphones and social media (Facebook, Twitter). One of these kinds of applications is for example the HeiaHeia. With this application, you can share your activity and
sports results with other people via social media. (HeiaHeia –corporate website)

Technology and applications can help people to stay motivated. (Britt, D. The South University article) The applications can make exercising more fun and interesting because seeing the results and improvements motivate people to continue exercising. Person who has a competitive personality becomes more motivated when he or she sees the other people’s results: This motivates the person to improve these results in order to be better than the others. These types of applications can also be seen as customer relationship management systems because they also collect user information for the company. Most applications record user’s location, age and other personal information. This information is later used for example to target marketing.

4.1 Trends affecting the fitness industry

All the services are designed to fulfill the customer’s needs. Fitness industry is created to fulfill the customers need for exercising. The information systems came to the market to fulfill the fitness industry’s needs. According to the earlier researches, fitness centers want that “The interaction between the customer and staff should be easy and comfortable and the customers should feel that their opinions are being heard.” (Makkonen 2010, 15) Another research according to Karjalainen (2008, 43) indicates that the customers of fitness centers would like to have some kind of bonus system for their purchases, when they use gym’s additional services for example cafeterias. Today there is a bonus system trend everywhere and probably that is why also the fitness centers’ customers want bonus systems. If you can collect bonus points from your local grocery store or holiday flights why not also from gym’s cafeteria?
In order to understand more about the fitness industry we need to understand how easily the fitness industry is affected by the trends.

As mentioned in the beginning of this chapter, fitness trends change every year. This means that a fitness center will need to adapt to the trends by offering different group classes, for example Spinning, Body Pump, Kettle bell training and Zumba – classes. People tend to follow trends and those fitness centers that are able to adapt to the trends will be more successful than the others. These same trends can also be seen on the information systems and on the use of different kinds of sports applications. The most visible trend for the 21st century is the social media. People are virtually active and want to share their experiences online.

The results shown in Figure 7. are from one Finnish fitness center’s customers when asking about the importance of additional services. 26.3% rated “Gym...
guidance” as “very important”. The second, with 21,3%, was “Kinesis – guide”, which means instructions on how to use this special gym exercise method. Over half of the responses (53,4%) also rated “Nutritional info” as important. In this and in many other customer satisfaction surveys the customers give the most value on different kinds of guidance and instruction: That is what the customers want the most. Today there are personal trainers making money by giving instructions to people online and using social media as their tool.

One of the biggest problems for fitness centers is to maintain their customers. That is why the competition between Fitness centers is so fierce and the most common way to obtaining customers is to make long-term contracts and memberships with them. These long-term contracts can be even up to two 24 months. (Interview with a person who works in the Fitness Industry)

![FIGURE 8: Length of membership](image)

(Kesti 2012, 45)
Figure 8. shows the average membership length of one Finnish fitness center. The shortest membership was 1 month and the longest 24 months. The average length was 9.5 months. (Kesti 2012, 45) This indicates that there are no life-time members. Some members might have stopped their membership due to the personal circumstances (unemployment, pregnancy) but this research does not tell us have those members come back later.

There are many existing literature sources and researches about fitness center’s customer satisfactions and the reasons why people join the gym. Figure 9. is from a research made in a Finnish fitness center, and the results show clearly that the main ways of getting new customers are via current members (their friends) or a newspaper advertisement.

![Figure 9: Source, where the new customers got information](Virtanen, N. 2007, 46)

The research results shown in Figure 9 have been made in 2007. The other research predicts that in the future digital marketing will replace the traditional methods like newspaper advertising. (Pohto 2009, 4)
There could be more research about why people leave the gym or why they want to stay at a certain gym. Most fitness centers only focus on getting new customers but they do not find out why the previous members left. The problem for fitness centers is the absence of permanent members. (Interview with a person who works in the fitness Industry) This problem is not only faced in Finland but also globally, in the whole fitness industry. (IHRSA report 2011)

In order to keep my subject narrowed in this thesis I will have to focus on how the fitness centers use information systems to maintain their customers. Some of the information systems respond to these studies shown above. For example one of the information systems called Twid. Most of the fitness centers use Twid as their help in updating their websites. (Mertaniemi 2012, 28) Twid does have a “bonus point system” where users get points according to their online activity and they can use these points in buying additional services from the fitness centers’ partners. (Nutritional products, sports clothing, massage…)

Twid is a certain kind of social media for the club members; almost 20% of the Finnish fitness centers are using it as one of their information systems. (Person who works in the Fitness Industry) Other information systems have not yet acknowledged how to take advantage of the social media in their products. Twid responds both to the fitness centers’ customers’ and its user’s (Fitness centers) needs and that’s why it has become successful among the fitness centers in Finland.
5 RESEARCH METHODS

Using an information system in a fitness center is a relatively new topic, so the literature on this subject is almost non-existing. In this situation the best research method is qualitative research, interviewing the people who are closely linked to the information systems - both the users and the companies because they have first-hand knowledge about this subject. Interviewing was chosen as a primary research method. The interviews make up the primary data. Using interviews as a data collecting method gives more specific answers than collecting quantitative data: Semi-structured interviews give the possibility to ask additional questions. Some quantitative data were also used to support the qualitative data that were received from the interviews.

However, at this point we should take into notice that qualitative research will not give accurate results and the analysis of a qualitative research results will be interpretations that are open to question. (Parker 2004, 146) The goal of a qualitative research is to give new perspectives and give some resources for more research of the topic. That is why this research is an applied research because the meaning is to improve the understanding of a particular business and the objectives were negotiated with the originator. It was also agreed with the originator that all the interviews were anonymous: No names of the interviewed persons are mentioned in this thesis work.

Several earlier theses on the functioning of fitness centers were studied, for example how the gyms make additional sales but the theses did not explain why the fitness centers use many information systems at the same time, how they use the systems to make additional sales and how they manage their customers using these systems.
The months in autumn 2012 preceding the interviews were used for gathering
the information beforehand and to study the subject. One of the companies
that participated in the interviews gave access free of charge to the IHRSA’s
and FISAF –databases: an opportunity to see latest researches and reports that
greatly contributed to the research giving background information. For non-
members the price of the reports would be 99,95 USD (Approximately 76
euros) for one report. (The IHRSA website)

FISAF (abbreviation of Federation of International Sports, Aerobics and
Fitness) and IHRSA (The International Health, Racquet and Sport club
Association) are international organizations that work in several countries
worldwide. These reports and theses were used as the secondary data and
secondary analysis –method was applied.

Secondary analysis is a methodology for doing research using pre-existing
statistical data. Re-analyzing data can be used to verify, refute or refine the
findings of the primary studies. (Heaton 2004, 1,9) Using the earlier existing
research data has many benefits, for example it facilitates the elaboration of
earlier findings, reinforces open scientific inquiry and improves the standard
of the primary research. A critical point of view is necessary when doing a
secondary analysis. Poor condition and documentation of earlier data sets can
cause unreliable results. (Heaton 2004, 27)

The secondary data, that is mentioned above was used to create the theory
background for this research. (See Chapters 1-4) The primary data, collected
from the interviewees can be seen in Chapter 6.

The interviews were made between January and March 2013. In February the
author had the possibility to visit United Kingdom. This visit gave a wider
perspective into this thesis work: The author visited a few British fitness
centers and had discussions with their employees and managers. These interviews were also used as a comparative data in the thesis work. The beginning of the year seemed to be busy time for the fitness centers in Finland because most of them didn’t want to participate in an Interview.

Before the interviews a basic plan of question were made in advance. (See Appendices 1 and 2) These same questions were asked from all of the interviewed persons in their native language: Finnish people in Finnish and British people in English.

During the interviews additional questions were made according to the interviewee’s responses. In this qualitative research six people were interviewed in total; five of them were working in the fitness center and one interviewed person was working in the information systems company. The fitness centers are different sized and from different price categories. (See previous chapter, Tables 2 and 3) The interviews were conducted as semi-structured one-to-one interviews. The reason for choosing one-to-one interview method was the easiness to agree on common place and time for the interviews. The author also wanted that the interviewed people would feel themselves comfortable and easy to speak about their feelings and opinions.

The interview data was recorded manually in fieldwork notes including interviewer’s remarks and occasional quotes of the interviewees. This is a very common method used in qualitative research on earlier days, before the recorders came to the market. The presence of a recorder can make some of the interviewees reserved. (Denscombe 2003, 175)

This thesis was written and finalized in April 2013.
6 THE RESULTS

The results indicate that the fitness centers in Finland are using different kind of information systems from many different companies. There are big international players that have been for years in the fitness industry market. For example Suunto, Polar and CMS: Polar since 1977, Suunto 1936 and CMS since 1976. There are also smaller local players in Finland, for example Kulkuri. (Companies websites)

The competition in the fitness industry is fierce but the companies offering information systems could take more active approach: Most of the interviewed managers said that without few exceptions they haven’t received any information about the information systems; The managers, in most cases, had to find out about the information systems themselves or they heard about them from their acquaintances. When making a decision about getting an information system, the experiences of manager’s friends or acquaintances affected mostly in their decision making process. It was also common to get an information system from the same old company partner as in the previous years: The Fitness center managers feel that this is the most convenient way for them, because they already know the company and its product. One of the interviewees said that he accepted the only product that was offered to him because he didn’t get offers from any other companies. The managers of the fitness centers have to take care of many different things at the same time and usually they don’t have extra time to compare different information systems.

The fitness center managers also require that when they buy an information system, both the technical support and the customer service are also included with the package. This support should not only be in the beginning of acquiring the program, but through the whole products lifetime.
When asking the interviewees about their decision why they changed the information system that they had before, the number one answer was that the previous information system was too hard to use. The new information system had in most cases better features but also saved some money compared to the previous system.

### 6.1 The development of the Information systems

Recent trends can be seen in the information systems: For example Polar has recently published a mobile version. One of the best functions mentioned when asking about the features of the information systems is the text message function that one information systems has: The system sends a text message to people who are signed up for the group lesson telling the customer their current queuing status. Some of the fitness centers don’t require signing up for their group lessons or the signing up is a manual list written by the employees of the fitness center. However this list takes time from the employees because they will have to answer to the customers phone calls. One of the interviewed managers noticed a significant improvement in the employees’ time management when moving from a manual list to computer based booking system. (Interview data) The employees don’t waste their time anymore by answering on the customers booking calls because the customers can now do their booking for the group classes themselves.

Negative feedback which the managers had received from both of their employees and the customers, concerning about the information systems, was the complexity to use some of the systems and the over excessive amount of different usernames and passwords. For some people, learning new usernames and passwords can have a negative impact when getting a new information system. The feedback from the customers concerning information system has not only been negative, there
has been some positive feedback too: Mostly the positive feedback has been concerning the reservation system for the group lessons. Web based booking system has made possible for the customers to book their place for the class in advance when they are at home.

The internet connection has made the reservation systems for the group classes possible and most of the recent information systems in fitness centers do require an internet connection. However there have been occasional cases when the internet connection hasn’t been working and in the worst case as a result the customers can’t get in because the access control is not working. Most of the information systems do have a back-up memory but the dependency on the internet connection can sometimes be one of the weaknesses of the information systems. There have also been problems with the program coding and the end testing has not been fully put into practice. (Interview data)

6.2 Customer controlling

The customers today give more value and want to have personal guidance and training. (Figure 7, Chapter 5.) The interviews results gave the same information and the people working in the fitness centers had also noticed the same thing. At the moment there is no information system on the market in Finland that has a possibility to create a complete customer history. At the moment fitness tests and training programs are being written on Excel sheets. It would be easier for the personal trainers if they could see the customer’s previous training background. Also the nutritional data would be useful to have in the same information system. (Interview data)
During the interviews only one information system was mentioned, that records the reasons why a customer left the fitness center. (Polar) This type of data recording could be useful for the company. The fitness center could develop their functions according to the data they receive. At the moment most of the fitness centers don’t seem to notice their leaving customers or if they do they just have a quick question about the reasons for leaving but no comprehensive data are being recorded. (Interview data)

One of the researches (Chen, Lin, Stotlar, 2004) is about using data mining approach to one Fitness center customer database. The research shows that with statistics the members can be identified according to their probability of leaving. From these membership databases the fitness center companies could increase their amount of loyal customers: Targeting offers well, the company could increase their sales, customer satisfaction and use tailored tactics to retain their customers. Information systems could help and create these types of customer statistics for the fitness centers.

When asking the fitness center managers about the use of the information systems in getting new customers only one information system was mentioned: Twid, which has acknowledged the importance of social media. Most of the fitness centers responded that friend referring is one of the best methods of getting new customers. Newspaper advertisement wasn’t as effective and one fitness center had completely stopped newspaper advertising as it was non–efficient. The information systems could develop more in this area. Other information systems don’t have the possibility for customer communication, which was among the most wanted features. The communication between the employees and the customers should be made easier. (Interview data) Efficient communication can reveal dissatisfactions. If these problems are being solved quickly it can improve the customer retention.
Information systems can help with the communication and creating contacts with the customers. Some systems abroad have a birthday feature, where the staff will get a notification of their member’s upcoming birthday. (Competitor analysis, made by one information systems company) This kind of feature would help the staff to create better customer relationships by surprising the customer by remembering his or her birthday. (Roberts-Phelps 2001, 32) This will make the customers to feel themselves special and when they do, it is likely that they will become company’s loyal customers. Getting a loyal customer needs communication.

In customer controlling one of the most important features is invoicing. Qualitative research indicated that most of the available information systems don’t have or have serious limitations in their invoicing. (Interview data) This result is in line with the secondary data that is presented earlier in Chapter 3.4. Because the information systems that are on the market do not have all the required invoicing features the fitness centers will have to use their own systems.

### 6.3 Additional sales

Most of the fitness centers get additional sales by selling nutritional products, sports clothing or offering additional services like massage or beauty salon services. Information systems can also help the fitness centers to make additional sales.

Twid’s “bonus point system” encourages users to be more active and as a reward they get discounts in buying additional services from the fitness centers’ partners. This kind of bonus system is also wanted by the customers. (Karjalainen 2008, 43)
Information system, that has the possibly for online shopping, could bring more additional sales for the fitness center. (Interview data)

Most of the other information systems have not yet acknowledged how to participate in the making of additional sales. One research (Pohto 2009, 4) predicts that in the future the digital marketing will replace the traditional newspaper marketing and at the moment newspaper advertising is the second most common source for getting new customers for the fitness centers. (See Chapter 4, figure 9)

Here is also an aspect where the information system companies could focus on when developing their systems. The information systems could help the fitness centers in marketing and producing additional sales, especially in the future.

6.4 Looking to the future

The companies behind the information systems tend to direct their marketing abroad, because for them Finland is a small market area and it is more useful for the companies to direct their marketing efforts into bigger market areas, for example to Germany and United Kingdom. This trend can also be seen in the language of the information systems; more information systems are being published in English language and some information systems you cannot even get in the Finnish language even though there are two big international Finnish companies Polar and Suunto that produce information systems. (Interview data) For younger people English language is not a problem but for some elderly people it might be.

Almost all of the information system products that the fitness centers are using in Finland are from Finnish companies. One of the interviewees had heard from a foreign information system from his acquaintance, but he did
not know much more about it. Foreign companies have not yet started their marketing in Finland, likely because Finland is at the moment such a small market area. (Interview data)

Most of the information systems that are on the market have seemed to have forgotten the end users; the customers of the fitness centers. The customers of the fitness centers consist of different people with different needs and the information systems should be able to adapt into these needs. (Interview data)

6.5 Information systems in Finland compared to the other countries

All the fitness trends tend come to Finland few years later than into other countries. By looking the other countries we could get an idea of the upcoming fitness trends. (Person who works in the fitness industry)

It is common that fitness centers are using many different information systems at the same time; this is not only in the fitness centers in Finland but occurred also in some fitness centers in United Kingdom. In United Kingdom the amount of information systems being used is less because one system often covers more needs. For example customer relationship management system that also includes the entry system (Access control) and many other features. One British fitness center had developed their own system for providing reports and info of their customers and they have been using it for over 6 years. The fitness center constantly develops their system. One fitness center in United Kingdom pays approximately 1300 Great Britain pounds per month for their information system (approximately 1500 euros); this is considerably more money invested on an information system, compared to the Finnish fitness centers that participated into this research. The most common answer from a Finnish fitness center was around 400 euros per month. (Interview
data) From this, we could make a conclusion that the information system that the British fitness center uses is more developed and could have more features compared to the systems used in Finland.

The British fitness center that participated into this research uses a web based information system called ClubWise. ClubWise is a market leader in the United Kingdom and Australia. Clubwise does have for example staff management, analysis tools for head office, group class booking, personal trainers’ own diary, access control (There is a possibility to choose between biometric finger printing or proximity card entry), tools for additional service sales and customer management. (ClubWise Software Ltd. corporate website)

Interesting thing was that the fitness center was using at the same time different system for group class booking because they said that the other system was better for group class booking than the ClubWise, even though the Clubwise does have group class booking. (Interview data) The fitness center was ready to pay extra for using the other system because it covered their needs better.

### 6.6 Values for an information system

**TABLE 4: Most important values for an information system**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Total</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use</td>
<td>8</td>
<td>13</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>31</td>
<td>2.32</td>
</tr>
<tr>
<td>Price</td>
<td>1</td>
<td>5</td>
<td>13</td>
<td>7</td>
<td>4</td>
<td>2</td>
<td>32</td>
<td>3.44</td>
</tr>
<tr>
<td>Reliability</td>
<td>15</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>34</td>
<td>2.59</td>
</tr>
<tr>
<td>Up-to-date</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>13</td>
<td>5</td>
<td>1</td>
<td>32</td>
<td>3.53</td>
</tr>
<tr>
<td>The use of social media</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>6</td>
<td>17</td>
<td>5</td>
<td>35</td>
<td>4.46</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>27</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>13</td>
<td>13</td>
<td>164</td>
<td>3.27</td>
</tr>
</tbody>
</table>

(Mertaniemi 2012, 31)
Table 4 shows the results of 37 different Finnish fitness centers when they had to mention the most important values for an information system. Number one is the most important value and number six represents the least important value. The numbers in the boxes shows the response amount for each number.

Reliability gains the most votes. Interviews made for this thesis work gave the same results: Some of the interviewed managers mentioned that there had been occasional crashing in the information systems that they were using. Noticeable is that the use of social media has been ranked as one of the lowest values. 60% of the respondents ranked it as the lowest or the second lowest value by giving it number five or six. (Mertaniemi 2012, 31)

According to the earlier research, about the trends affecting the fitness industry (Chapter 4), a dilemma can be seen: Social media is at the moment one of the biggest trends but from Mertaniemi’s (2012, 31) research we can interpret that most of the fitness centers in Finland do not see it so important. One person who works for the fitness industry said during the interview that “the fitness industry in Finland is yet not as developed as in the other countries.” This phenomenon can be seen in the quantitative results collected from the Finnish fitness centers.

### 6.7 Getting a new information system

All of the interviewed fitness center managers were interested in getting a new information system if the new information system has the required features that are mentioned earlier in this chapter.

The decision making process when getting a new information system will be also affected by the customers and employees because they will have to learn to use the new program. Expenses are also being taken into consideration but most of the interviewed persons said that they are willing to pay for a good
information system that can cover the company’s needs. The less the employees will have to use time to complete routine tasks, the better. (Interview data)

**TABLE 5: Missing features of the information systems**

<table>
<thead>
<tr>
<th>Features that most of the information systems on the market don't have and would be desired by the interviewed fitness center managers and employees:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Complete customer history (nutritional data, training programs...)</td>
</tr>
<tr>
<td>- Possibility to communicate with the customers</td>
</tr>
<tr>
<td>- Online shopping possibility</td>
</tr>
<tr>
<td>- Finnish language</td>
</tr>
<tr>
<td>- Reasons for customers leaving</td>
</tr>
</tbody>
</table>

In Table 5. Have been collected together the things that were mentioned during the interviews about the features that the current fitness center information systems do not have.

The question, why the fitness centers are using so many information systems at the same time, gave the same answer from all of the interviewed persons: There is not a single information system that has all the features. Other program can have some feature that the other program does not have and vice versa. Previous experiences about the information system malfunctions have made some of the interviewed a bit skeptic about the new systems and this could have let into the decision to keep the old system for a backup. If the customer data had already been recorded into the old system, the new system was used to cover the fitness center’s other needs, even though new system has the possibility for customer records, because moving all the customer data would take too much time from the employees. (Interview data)
Table 6: Problems with the information systems

<table>
<thead>
<tr>
<th>Most frequently mentioned problems that the current information systems have:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult or complex to use</td>
</tr>
<tr>
<td>Too many usernames and passwords</td>
</tr>
<tr>
<td>Problems with the system coding &amp; end testing</td>
</tr>
<tr>
<td>The systems don’t have all the necessary features</td>
</tr>
</tbody>
</table>

Table 6. Shows the most frequently mentioned problems that the current information systems have. Complexity was clearly one of the most frequently mentioned problems during the interviews.
7 THE DISCUSSIONS AND CONCLUSIONS

The research process was interesting: some interesting facts were found but also contradictions with the research that was made earlier related to the topic. (For example see chapter 6.6)

Based on the interviews the information systems for fitness centers in Finland have been developed compared to the previous years but still a lot of work needs to be done. For example the information system that a British fitness center uses does have more features compared to the systems that are being used in Finland at the moment. The British information system was noticeably more expensive. From this we could predict that when the fitness industry in Finland will grow in the future, there will be more developed information systems on the market and the fitness centers do have more money to invest in them.

In Chapter 4, Figure 7 shows the questionnaire results made in 2011. The table shows the need for additional services and the two biggest needs what the customers wanted were guidance and nutritional info. The qualitative interview results gave the same answers from the managers of the fitness centers when asking what necessary features the information systems do not have. The need for additional services – research was published two years ago and the information system companies still have not answered into this need. There is a gap in the market place for single information system that can cover all the needs that the fitness centers have. The companies today that are offering information systems could be more active in their marketing and research & development but again this problem can be a cause of the young age of the fitness industry:
“If a club has more members, they have more money to reinvest into new equipment and programs and have the ability to hire more trainers”
(Meredith Poppler, vice president of Industry Growth at the IHRSA)

When the fitness centers have more money to use, they will invest more in products and programs and the companies behind the programs will have more money to invest in research and development. As a result new products and programs are likely to come into the market in the future.

7.1 Suggestions for new research topics

A lot of new research topics came up during this thesis research process. The negative aspect for using many information systems at the same time is that it takes time from an employee to learn to use these systems: One of the interviewed employee said that he had been working in the same fitness center for four years and he still did not know how to use all of the information systems properly; the systems complexity in using came out from the interviews few times.

Using different information systems can, not only be frustrating for the employees, but it is also slow, because transferring customer information between the systems is often impossible and all the customer information needs to be typed again. This takes time from the employees that they could use effectively to something else, for example creating customer relationships and getting new customers. This could be a topic for new research; two most common ways how the fitness centers do their marketing is by advertising in a newspaper or referring via friend. But could there be more ways of marketing what the fitness centers are not using? Could an employee use his or her time more effectively than just sitting behind the desk and waiting for
new customers to come? The return on investment in terms of investing in a single information system should also be studied further. Investing in a single information system is more expensive but would it turn out to be more profitable compared to using multiple information systems?

In Chapter 6.2 a data mining approach was presented to help to identify the customers according to their possibility of leaving. If the customer database information systems could identify these types of customers, the employees of fitness centers could use their time contacting these customers and giving them special offers according to their customer history. For example a customer who has always bought a monthly membership would be more likely to accept an offer for one month membership rather than for a one or two year contract.

As mentioned earlier in the Chapter 4, the problem for fitness centers is the absence of permanent members. One research could also focus on this problem; why people leave the gym or why they want to stay at a certain gym. Permanent members are more valuable for the fitness center.

7.2 Conclusion

This qualitative research opened new aspects about the current status of the information systems in fitness centers and gave answers to the research questions that were mentioned in chapter 1.1. As a result we learned that the CRM information systems that the fitness centers are using are deficient and this leads the fitness centers to use different information systems at the same time. The whole fitness industry is relatively new and it can still change a lot in the future. The fitness industry in Finland is not as big as compared to the other countries.
“Member retention and staffing will be the two biggest issues in the fitness business during the next 10 years.”
(Plummer 2007, 20)

During the research process the author noticed one thing: It was surprisingly hard to find actual data because there weren’t any data directly published by the fitness centers. Most of the available data are from big international organizations like IHRSA. (The International Health, Racquet and Sport club Association) For a highly competitive industry this makes sense: Successful companies do not want to reveal that they are doing well because their competitors might copy them. This does not only concern the successful companies but also the companies that are not doing so well: Why the company would like to publish data that they have a bad percentage in customer retention? This type of data would affect into the company’s public image and reputation. In addition, this could also have effect on the data’s reliability. When asking the fitness centers about their percentage of leaving customers they could give researchers better data than what they have in the reality. These reasons do not only make the research process hard for the people who prepare statistics but also for the information system companies who are doing research to improve their products.

Using fewer information systems would not only be more efficient for the fitness center but it could also produce some monetary savings; if the costs for one information system can be over 5000 € per year. For a fitness center having a wrong type of a program or many programs, can cause extra costs. An information system that can cover the needs of the fitness center can increase efficiency, create competitive advantage and as a final result: Increase the sales. One single information system could be easier for the employees
and the customers because they would not need to have many different usernames and passwords when they are using the system.

### 7.3 Validity and reliability

Qualitative research answers to our questions why and is able to describe the situation. Semi-structured interview opened new aspects and new information came out from the interviews. However qualitative research is a narrowed research with a small amount of participants. All the interview participants gave same type of answers and there were not any contradictions among the interview results. This gives us the possibility to make conclusions but we still need to have a realistic approach: This small amount gives only a glimpse of the whole situation; a quantitative research would give more statistical data. Verification for the qualitative data is difficult to do because interviewer’s own personal attitudes and interpretations can have effect on the results.

The research method of conducting the interviews had pros and cons. The decision of taking manual notes during the interview instead of audio recording was a good option with some of the interviewees who noticeably became more relaxed towards the end of the interviews. With the manual notes there is always a risk that everything wasn’t written correctly and the collected data isn’t objective having an effect on the validity of the research.

“Validity cannot exist without reliability” and “The purpose of reliability is to help researchers estimate validity as an estimate of measurement error.” (Glenn, J. 2010, 146) According to Polkinghorne (1991) validity is defined as the correspondence between findings and reality; are the findings believable?
There is validity if the collected data reflects on what is supposed to reflect or produce. This research replies on the research questions that were mentioned in chapter 1.1: What kinds of information systems there are, how the fitness centers get new and manage current customers by using the information systems and why the fitness centers use different information systems at the same time. The research results and used methods are believable, because the interviewed people are professionals from different business areas and they have first-hand knowledge. Also enough supportive materials and qualitative data were used from multiple different sources. Based on this information we can conclude that this research has both validity and reliability.

### 7.4 Epilogue

As mentioned earlier in this thesis, trends and fitness industry change quickly and the information collected today can become out-of date after few months. This thesis research describes the situation of information systems in Finnish fitness centers in the beginning of year 2013.

Because of the small amount of the earlier researches related to this topic this thesis work will hopefully be useful for both to the information system companies and to the fitness centers. This thesis shows in what direction the fitness industry in Finland might develop in the future and will hopefully help in the decision making process of the companies.

The author would like to thank every person who participated in the interviews and used their valuable time to contribute into this thesis work and also the company who gave access to the latest data material.


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9 APPENDICES

Appendix 1
Original Finnish questions
KUNTOSALIJOHTAJIEN HAASTATTELUKYSYMYKSET

1. Mikä on kuntokeskuksen nimi ja toimipisteiden määrä? Asiakkaiden määrä?
2. Mitä tietojärjestelmiä/ tietojärjestelmää käytätte kuntokeskuksessanne?
3. Miksi käytätte juuri tätä/näitä tietojärjestelmiä? Mikä on syynä usean tietojärjestelmän käyttämiseen?
4. Milloin käyttämänne tietojärjestelmä on hankittu?
5. Millainen käyttämänne tietojärjestelmä on?
6. Tiedättekö joitakin muita tietojärjestelmiä?
7. Paljonko tietojärjestelmä maksaa? / maksoitte?
8. Puuttuuuko nykyisestä tietojärjestelmästä jokin ominaisuus, joka olisi kuntokeskuksellenne tarpeellinen?
9. Kuidan riippuvainen kuntokeskuksenne on tietojärjestelmästä? Onko kaikki asiakastiedot tallennettuna siihen?
10. Täytyykö tunneille varata aika etukäteen? Tapahtuuko tämä varaus ohjelman kautta?
11. Kuinka kuntokeskuksen hankkii uusia asiakkaita? (Ensisijainen lähde) Luuletko/ onko käyttämästänne tietojärjestelmistä tähän apua?
   Kuinka?
12. Kuinka asiakkuussuhteita ylläpidetään käyttämällä näitä tietojärjestelmiä?
13. Onko asiakkailta tullut palautetta koskien tietojärjestelmiä, millaista?
14. Onko lähitulevaisuudessa kiinnostusta hankkia uutta tietojärjestelmää?
   Miksi/ Miksi ei?
Appendix 2
Translated questions from Finnish to English

FITNESS CENTERS MANAGERS’ INTERVIEW QUESTIONS

1. The name of the Fitness center? How many clubs you have? What is the amount of customers?
2. Which information systems your fitness center is using?
3. Why you are using these information systems? What is the reason for using many information systems at the same time?
4. When have those information systems been acquired?
5. Could you describe the information systems that you are using?
6. Do you know some other information systems?
7. How much do you pay for using the information systems?
8. Are the current information systems missing some features that would be essential to your fitness center?
9. How important the information system is for the fitness center? Is all the customer information saved in one system?
10. Do people have to book a place for the group lessons? Does this booking take place via an information system?
11. How the fitness centers gets new customers (What is the primary source?) Do you think that information systems can be used by getting new customers? How?
12. How the customers are being managed by using these information systems?
13. Have you got any customer feedback related to the information systems, what kind?
14. Are you interested in acquiring a new information system in the near future? Why/ Why not?