

Launch your innovative venture

Part 1 _ Quiz

The study case

The concept and the addressable market

The project on which we will focus consist in launching a fitness center for Senior people, living in an urban area (not specified). The long term goal of the project is to later on expand to the entire country.

The potential market is made of people, 55 years old +, who live close enough from the fitness center. The center will be only accessible to these person, and will go through a 12 month subscription.



Credit : Shutterstock

Here are the main justifications for such an opportunity:

Studies confirm that senior are more and more careful about their health, which implies regular physical activities. What's more they have free time for this. This demographic segment is the one that showed the highest growth rate between 2008 and 2014.

One to one interviews conducted with seniors confirmed 2 important facts :

- They prefer to train together, because they follow their own pace, which is different from younger generations. They like to talk, socialize and rest in between activities.
- Existing fitness centers do not please Seniors.

We assume that the « accessibility zone » (within which customer may think about subscribing because it's not too far) is within a 20 minutes radius around the club, using public transportation. That represents in our case, a total of around 100 000 people within the accessibility zone, regardless of their age.

If we consider that beyond 80, few people practice sports. Gathering some demographics data online about France show that the 55-80 years old group represent 26% of the population. Therefore we can consider that our potential market is $26\% \times 100\ 000 = 26\ 000$ people.

A market survey demonstrated that the average subscription rate to a fitness center, among our target is 10%. And among the non-subscribers, 15% declared they might if they found a good fitness center that matches their needs. So the addressable market for the Fitness Center is 9 100 people. Here is the formula:

$$(15\% + 10\%) \times 26\ 000 = 9\ 100 \text{ people}$$

From there, we can now build together the subscription model for our fitness center. During this exercise, you will then confirm your learnings about revenue models.