Fitness First HK is the chain fitness center in Hong Kong and the major competitors are Pure and Waterfall. Fitness First is an all-rounded fitness center which provides most of the fitness equipment and group classes including yoga and fitness classes. Fitness first is one of the market leaders in Hong Kong fitness industry.

TOWS(Using the TOWS Matrix 2021) is a business tool which is derived from SWOT(SWOT Analysis 2021). TOWS stands for Strengths, Weaknesses, Opportunities, and Treats. It's a great tool to create different actions for opportunities and treats. Let us talk about Treats first.

Treats are anything that can negatively affect the business from outside. The largest treat in our industry is Covid19 nowadays. People avoid getting close contact with others and they have to wear mask all the time even during exercise due to government restriction. It makes people prefer to have workout at home instead of going fitness center.

Opportunities are anything that can positively affect the business from outside. The largest opportunity in our industry is more people started to do exercise after Olympic Game in Tokyo. HK team achieved a great result in Tokyo Olympic and the whole society celebrates it and government promotes the exercise habit.

Weaknesses are some areas that your company does worse than your competitors. The biggest weakness is the average size of our fitness center are relatively smaller than our competitors. Our centers are located in grade A office towers and Shopping mall in order to provide convenience to our members. However, it also limits the size of our centers.

Strengths are some areas that your company does better than your competitors. The biggest strength is the quality of our staff especially the fitness trainers. We recruit experienced trainers and talented trainers in Hong Kong and provide continue training during their employment to make sure that they can provide the best fitness solution to our members.

Beside understanding the fact, we should utilize them to generate effective business strategies. There are four strategies in TOWS matrix, strength/opportunity(SO), weakness/opportunity(WO), strength/threat(ST) and weakness/threat(WT).

Firstly, strength/opportunity(SO)(The tows matrix 2021) is utilising our company's strength to meet the external opportunity. After the Olympic Game, some of our members may want to improve their athletic skills. We can ask our fitness trainers to set up the different programs for improving different sports performance and promotes it to the members who are inspirited by Olympic Game. It could help to improve the professional imagine of our trainers and also boost the sales during Olympic atmosphere.

Secondly, weakness/opportunity(WO)(The tows matrix 2021) is improving our weakness by using external opportunity. Citizen may want to experience different Olympic competition, like indoor cycling, boxing, fencing, etc. which is not easy to try normally. Due to the average size of our centers, we cannot put all the Olympic Game facility into our center. Therefore, we need to select few workable options and we can decorate our centers in different themes to let them experience so that it can attract the new joiner, improve the existing member's experience and make a good marketing campaign at the same time.

Thirdly, strength/threat(ST)(The tows matrix 2021) is utilising our strength to minimize the threat. We can ask our trainers to promote the correct hygiene procedure before and after exercise to our

member to lower their concern and risk to Covid19. We should ask the trainers to promote how a healthier body can provide more protection from viruses. With the professional advices and trust between the members and our trainers, it should help to ease the concern of our members.

Lastly, weakness/threat(WT)(The tows matrix 2021) is the most defensive strategy which we want to avoid threats and minimize our weakness. Due to the lockdown, we may need to consider to temporarily close down the centers which has negative operational profit.

In order to implement the TOWS effectively, we need to set up the operational planning(What an operating plan 2020) for all the departments in our company. Operational plan is detail-oriented plan and outlines what each department will focus on for the near future.

First of all, let us focus on human resource department. As a HR department, they will focus on recruitment, training, wages and salaries, employee retention and welfare, etc. For the recruitment part, we should try to recruit the trainers who are also experienced in other sports than weight training like basketball, football, cycling, etc. Therefore we can easily appoint them to specific sports theme center. Meanwhile, we should provide sport scientific training to our trainer so that they can be much confident to provide training to our members.

Account and Finance (Role accounting finance 2019) plays another important part in our company. They are responsible to manage the flow and total amount of money to make sure the company has sufficient fund to run. By adding the new strategies, the initial investment for decorating the centers, inviting the sport stars to do marketing campaign will be large. Therefore, they should try to find out where we can minimize the cost without affecting our service quality and manage the new payments in instalment instead of full pay.

Marketing (Kotler, Armstrong, Saunders, Wong, Miquel, Bigné & Cámara 2000) is the communication channel between our company to our members. They need to help to set up the marketing mix for the Olympic Game theme centers and promote the professional image of our trainers. Meanwhile, they need to keep monitor the reaction of the marketing campaign, e.g. engaging rate, conversation rate to determine the efficiency.

Last but not least, operation department has an important to produce the service and providing it directly to our customer. They need to understand and study the new strategies and marketing campaign very well in case of our members ask them the questions and ask for assistance. They need to adjust the daily routine to add the new Olympic theme activity without affecting the overall quality of our service.

Threats are not always deadly if we have a good strategic opportunity matrix which also called Ansoff matrix (Meldrum M. & McDonald M 1995) to find the best strategy to deal with threats.

In Ansoff matrix, we have four strategic options after combining the product growth and market growth options. It includes market penetration, product development, market development and diversification.

First of all, market penetration is using our existing products to sell to our existing market and improve the sales performance by advertising and promotion. It could be good if the market still has a strong potential growth and room to gain the economies of scale. However, it is not suitable for mature market with very limit of growth. Among all the options, it is the most minimal risk.

However, it is not suitable to our business as the existing market has been penetrated well by the market leaders including us and has limited potential growth rate.

Secondly, product development which is developing new product to the existing market to enjoy the new sales from it. In order to be success in this strategy, the company needs to have an outstanding innovation mindset and ability. It is best to have an innovation team or product development team to keep thinking the new product which maybe attractive to the existing market. Therefore it is costly and contain moderate risk. In the fitness industry which is mainly providing fitness service, it is difficult to develop the new type of service which can have a big impact to the market. Hence, it is not the best strategy to us too.

Thirdly, the market development is selling our existing product to the new market. It could be good if the company can have enough capacity to produce extra product to the new market and it is untapped. It also contains moderate risk by entering a new market. It is the best strategy in our company as there are some potential markets in the newly developed area in Hong Kong, like New Territories and Kowloon East. Both of above area contains commercial area and residential area. It is attractive market to us as there are only few fitness centers which are mainly local or small centers and more and more citizens will move in there. If we can take these markets, we can have a great source of new profit.

Lastly, diversification which is selling the new product to new market. It is very high cost and high risk strategy as we need to spend a lot of money to develop the new product and promote to a entirely new market. It is only suitable when all the markets for existing product are dead or if we penetrate our markets extremely well and want to duplicate our success story to another market. However, we are not the sole market leader in the market and we still have potential markets to sell our existing service so it is not worth to take this great risk.

To define the size of an opportunity, we can use primary research and secondary research (Primary research 2021). Primary research is collecting the data by our own and secondary research is relying on the data collected from previously done research. We can use the primary research to collect the most relevant data regarding the opportunity we have and it usually includes surveys, interviews, case studies, focus group, observation studies and etc.

For us, surveys and telephone interviews will be useful. We can prepare the surveys which includes numbers of questions and then we set up a stand outside of our main entry to ask our fitness members and people who walk nearby to help us to complete it in return to give them a little gift like energy gel. Survey can help us to get certain numbers of data with lower cost and minimum time. Even though it can only help us to get the simple answer like the answer of “Would you increase your frequency of exercise after watching Tokyo Olympic Game?” and difficult to ask the follow up questions, it can reflect the percentage of some key elements of the size of opportunity, like the percentage of people who watched Tokyo Olympic Game and the percentage of people who will increase their frequency of exercise after watching Tokyo Olympic Game.
Telephone interviews will be a good tool to cover the downsize of surveys which is difficult to have the follow up questions based on interviewee’s answer. With the telephone interviews, we can ask more open-end questions to determine how great of the effect to increase the frequency of doing exercise after the Olympic Game. The follow up questions could be like, why it will motivate you to do more exercise after watching Olympic Game or what kind of sports you like in the Olympic Game.

It could help us to understand the effect more with psychological side, what are the main drives of people or let our marketing team how to persuade the potential customer to try our service.

For the secondary research, we can find the surveys which is done by newspaper and government organization related to the relationship of increasing exercise habit and Tokyo Olympic Game or previous Olympic Game. Thought-out it, we can understand the questions we can ask in the surveys and telephone interview. Meanwhile, we can have approximate percentage of people who will increase the exercise habit for our reference even if the surveys are not for Tokyo Olympic Game.

To support the strategy successfully, we need to utilize our resources wisely. Resources can be classified into tangible and intangible resources. Tangible resources mean physical assets of our company. We have the gym equipment, like running machine, bench, dumbbells which can help us to maintain the normal operation. But for developing our plan, we need to obtain some new equipment, for example, boxing ring to build the specific theme of our center. For the Intangible resources which is non physical assets, the most valuable one we have is our staff. The outstanding quality of our staff helps our to maintain the market leader role before. To make the plan successfully, we need to build a good relationship with Hong Kong Olympic Team member so that they will help to promote our brand by their heart.

For the business model, I suggest we can use the Porter's five forces model in market based theory(PORTER 1980) For the supplier power, since there are only three main gym equipment suppliers in Hong Kong, we don't have too many choices and need to find the best quality equipment to maintain our position. Therefore power of them is relatively high. Luckily we don't need to purchase too many new equipment for this strategy. For the buyer power, as we are in the mass market, so the power of buyer is not so strong. We can set the price that can maximum our profit for the service we provide.

For the competitive rivalry, since we have only one direct competitor in the market, the power of competitive rivalry is not that strong. Therefore we should not be afraid too much if this strategy goes wrong and the customers leave us and find another fitness center. For the threat of substitution, it is not easy to find substitution in Hong Kong as the places to workout is very limited here. Therefore we have enough power to try our new strategy without fearing the customer can find a substitution. For the threat of new entry, it is not easy to start a fitness company in Hong Kong as the available site to build a sizeable fitness center is very limited in Hong Kong and experienced and good quality of fitness coach and staff are not easily to find in a short period of time.
Given the above factors, we have good chance to form this strategy without worrying too much of failure.

However, this business model has its limitations which are ignore customer preference and developing based on the past. Therefore we should keep collecting the customer's feedback on our new plan to know their preference on it and keep evaluating the business model from time to time.

In order to understand the effectiveness of our strategy, we should measure the net margin which is net profit/sales revenue*100 and cash flow ratio which is net cash inflow/total debt. Net margin indicate how much we can earn from this new strategy to justify the level of effectiveness and cash flow ratio can let us know how it can improve the long term performance of our fitness center. Meanwhile, there is key success factor that we should be able to achieve it. Key success factor is the external factors that we need to compete and achieve it if we want our strategy to be

successful.(Miller 1997) I think the most important key success factor is we are the first one which launch this campaign. Since the effect of Olympic game may not be very long lasting and the newly motivated customer will join a long term membership plan, so the company which launch the Olympic related campaign first will take most of the new customers. Hence, we have to be the first company to launch it.

To help raising the investment and support from the investor and shareholder, we need to create a pitch. The following will be the pitch I suggest. “As a market leading fitness center, we aim to improve customer’s health, fitness and lifestyle. With the current Olympic Game which motivate more and more people who start their exercise habit, we should make good use of this environment to create a strategic plan to improve our service and add the element of Olympic Game. Since, it is free to watch Olympic Game in Hong Kong, so the group of motivated people is expected to be large and if we can be the first fitness center to offer Olympic related services, we can take most of the market share and create the difficulties for other competitors who want to do the same. We can package it as superior membership for the new joiner or existing members who want to update it. Meanwhile, we will show you the business and revenue model slides which include the revenue model and pricing so that you can understand more with the predicted figure. After that, you can see the key members of our strategy team which includes our fitness team, marketing team, etc and their key contribution in the descriptions. In the financial slides, you can see our targets, potential profit, etc so you can have a better picture of the plan. Last but not least, there is our current state and use of fund so you can know more about our current achievement.”

After presenting the pitch, their feedback is always important to us to modify our plan. We should gather their feedback one by one and have a discuss session right about the meeting to see what the good recommendations are to add into our plan.

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