



Case 78

Shoes with a Gym

This article introduces a shoe that nearly operates as a gym as one of the 100 innovations that shape "The Blue Economy". This article is part of a broad effort to stimulate entrepreneurship, competitiveness and employment.

The Market

The world market for gyms, health and fitness clubs is estimated to reach more than 100 billion dollars. The US market is the largest and perhaps the most mature with estimated revenues of \$25 billion in 2011, enjoying a forecasted annual growth rate of 2.6 percent for the next five years. This sector counts nearly 30,000 companies, employs 550,000 staff boasting 43 million members. This means that more than 13 percent of Americans are member of a gym, health or fitness club. Australia, a sports-loving nation counts 1,500 businesses generating \$3 billion in revenues in this modern spare time activity, employing nearly 40,000 people. This is more than three times the number of Brits, a nation with double the population. Even with an estimated 1.8 million Australians member of gyms and health clubs, or 8.5 percent of the population, the market is far from saturated. Therefore, revenues in these centers "down under" are expected to continue to grow at an average annual rate of 13 percent, topping the world trends. The sector has maintained a steady growth even during the latest economic downturns. This is reflected in the growth of the world market for exercise and fitness equipment which is expected to exceed \$10.5 by 2015.

The centers and clubs represent a local business, and there are no major players in the industry that command more than five percent of market share. One of the reasons that there is no standardization and market domination is the diversity of the business which ranges from tennis clubs, to ice rinks, swimming pools, athletic facilities, spas, body building, fitness and dance centers. The global turnover is impressive and expanding, the market is guaranteed to further penetrate urban settings. Growing societal concerns around obesity and weight loss, and a desire to join team sport has lead to the creation of a few international corporations like Gold Gym's International, a chain with more than 600 facilities in the United States and 30 countries that started in 1965 in Venice, California (USA). Gold's Gym is the largest in the world with over 3 million members. Fitness First and the Ardent Leisure Group in Australia start to eclipse traditional sports facility leaders like the Melbourne Cricket Club.

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The Innovation

The gyms are venturing increasingly into health and nutrition introducing cardiovascular monitoring and training facilities, weight loss programs. Some are combining the physical strength with inner psychological power and confidence. At the same time research programs have started to convert the massive amount of running, walking and lifting of weights into a source of renewable energy. The members of Gold's Gym run combined each day 23 times around the world, bike 750 times across the United States and lift more weight than there is gold in Fort Knox. At the moment, most arrive at the gym in a car, and the machines they use consume energy instead of generating power. On the other hand, a key question is what can people do who are not a member of a club?

Marcia Kilgore, born on a farm, moved from her home Province of Saskatchewan (Canada) to New York hoping to get into Columbia University. She failed to finish her degree but turned into a self-taught beauty therapist who first successfully treated her acne problem and then launched Bliss in 1996 at the age of 31, a spa concept where treatments were offered with hip music, brownies and wine. In the aftermath of this venture which she sold to the French fashion group LVMH, Marcia moved to London and started manufacturing her own cosmetics and personal cleaning products under the brand Soap & Glory. While sitting in a seminar and keen to get some exercise, she wondered if one could ever design shoes that gave feet and legs a work out while you actually walk. She imagined a midsole that acts like a shock absorber, combined with a curved top sole that floats the foot. Marcia went on to patent the "Microwobbleboard" which was converted into a series of prototype sandals at London's South Bank University.

The muscle-activating shoe increases the time that muscles are engaged in every step taken. A high density heel absorbs up to 22 percent more shock in the lower legs and relieves joint stress; a low density midsection creates instability which activates the lower leg muscle by up to 11 percent. The toe cap has a material with a middle density that helps maintain speed, pace while it improves stability. The 30 percent increased bottom muscle activation and hamstring muscle stimulation combined with the overall pressure loading rate with 25 percent permits to combine fashion, with functionality and exercise. Multiple benefits is one of the core characteristics of The Blue Economy and it is seldom to see a simple consumer product taken on such a broad perspective. Marcia created her company under the brand name Fitflop in 2006.

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The First Cash Flow

When the shoe design was mentioned in the media, it led to 55,000 hits on the Fitflop website which was designed like a holding page for the ideas since the shoe was not actually made. The strong interest, and without a business plan, Marcia moved into action and ordered 15,000 shoes for Europe and 15,000 for the USA. The shoes became an instant hit and swiftly the first batch was sold. The idea of shoes with body and health improving functions was clearly well received by the public at large and responded to a latent demand from both men and women. Fashionable shoes all too often terrorize feet, and healthy shoes like the one's Dr. Scholl invented nearly a century ago, do correct the weakness in the foot arch, but look heavy and solid. These shoes are not ideal to combine with a fashionable dress or suit. In just a few years sales went from the tens of thousands to the ten million mark in 2011. The gross revenue for Fitflop shoes reached in 2010 the 125 million dollar mark. What if this innovative design and marketing were combined with the shoe concepts of Guillem Ferrer (Case 63).

The Opportunity

The business has only just begun to expand and whereas Marcia never pretended she would compete with health clubs, she is contributing to set a new trend for consumer goods. The business expanded to more than 50 countries in 5 years. However, the opportunity to offer an additional exercise while walking or even dancing on the beach, could be expanded to toning the legs of bicycle riders, mountaineers and long distance runners. With shoes running as low as \$50 and as high as \$250, Marcia is reaching out to a broad public. The next leap Marcia took is to integrate culture as she did with the "Manyano Sandal", a summer slipper with hand-beaded decoration by women from the Wola Nani cooperative in Cape Town. A symbol of culture in a sandal that at the same time is given a seal of approval from the American Podiatric Medical Association is innovative. The combination of the arts and fashion was already a well established trend, adding exercise and health to it makes it a combination that represents a new business model. And that is what we are looking for at the Blue Economy.

GUNTER PAULI

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Further information on the 100 innovations at www.blueeconomy.de and www.zeri.org.

Order Gunter Paulis book at www.blueeconomy.de:

Zen and the Art of Blue

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