

Chapter 6

Sports Clubs

I. Sports Club Memberships for Adults

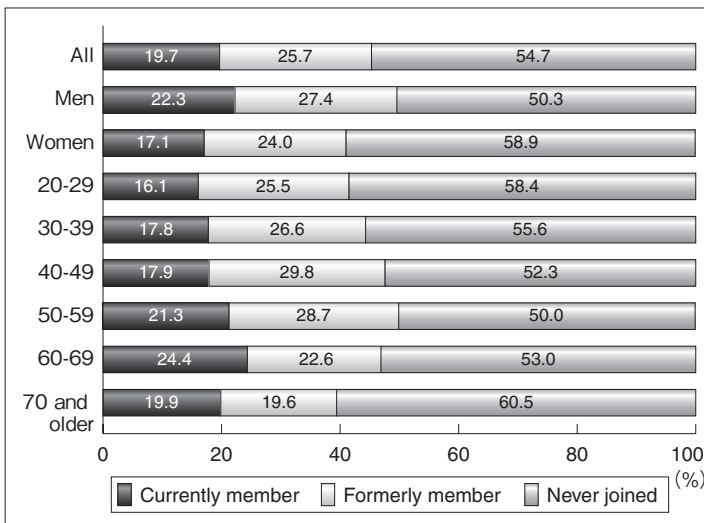
1. Membership Trends and Types of Sports Clubs

Membership Trends

According to “The 2012 SSF National Sports-Life Survey”, the percentage of adults who were enrolled in a sports club, team or group (hereinafter collectively referred to as a “sports club”) was only 19.7% (Figure 6-1). The MEXT’s “Public Opinion Poll on Physical Fitness and Sports” (2013) showed a similar result that only 16.2% of adults were enrolled in sports clubs.

With regard to gender, the proportion of men who were enrolled in a sports club was 22.3%, which was 5.2 percentage points higher than that of women (17.1%). Conversely, in terms of those who were not enrolled in any sports clubs, the proportion of women was 8.6 percentage points higher (58.9%) than that of men (50.3%).

By age groups, the over-60 age group showed the highest membership rate of 24.4%, indicating that one in every four individuals are currently



SSF National Sports-Life Survey (2012)

Figure 6-1 Membership of Sports Clubs

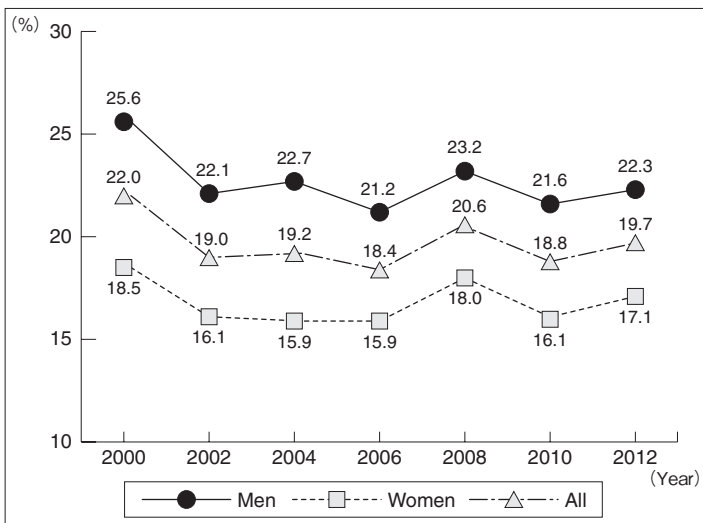
enrolled in a sports club. In terms of those who were not enrolled in any sports clubs, non-membership rates among the over-70s age group (60.5%) as well as the 20s age group (58.4%) were higher than other age groups.

Figure 6-2 shows the trends in the rate of sports club membership based on the findings of “The SSF National Sports-Life Survey” over the past 12 years. The proportion of adults who were enrolled in a sports club remained at around 20% from 2002 to 2012.

Membership Status by Types of Sports Clubs

Figure 6-3 shows the types of sports clubs that people participate in. The most popular clubs were “community sports clubs (mostly managed by local residents)” at 49.5%, followed by “private sports clubs / fitness clubs”, “workplace clubs” and “alumni clubs”.

By gender, the proportion of women who were members of “community sports clubs” was 11.8 percentage points higher (56.1%) than men (44.3%). The same trend was observed in “private sports clubs”, with women (32.4%) leading men (15.4%) by 17.0 percentage points. By age groups, the proportion of the 20s age group who were enrolled in “private sports clubs” was 15.2%. This percentage increased as they get older, and reached the highest in the 50s age group (29.6%). The proportion of respondents who were enrolled in “community sports clubs” also increased as the age group increased, and exceeded 80% in the over-70 age group, clearly showing that community sports clubs played an important role for



SSF National Sports-Life Survey (2012)

Figure 6-2 Trends in the Rate of Sports Club Memberships

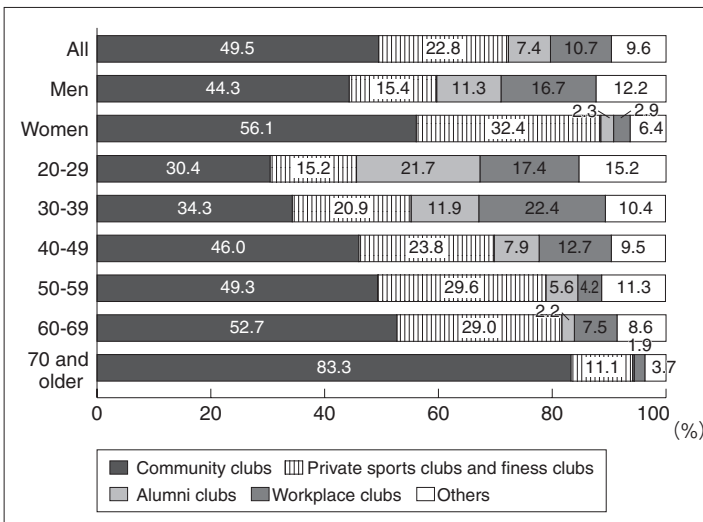
seniors to participate in sports.

When the annual trends of membership rate were analyzed by types of sports club, the “community sports clubs” had the highest membership rates (at around 50%), followed by “private sports clubs / fitness clubs” (at around 20%), “workplace clubs” (at around 10%) and “others.” A slight increase was observed in the “others” category, but generally the membership rates did not have a significant change over the past 10 years.

Among respondents who were not currently enrolled in any sports clubs, the proportion of those who would like to become a sports club member was 22.5%. This number was 10.1 percentage points lower than the rate (32.6%) reported in the previous survey (2010). By gender, the proportion wanting to enroll in a sports club was higher in women, and by age the 30s and 40s age groups were the highest.

2. Sports and Physical Activities in Sports Clubs

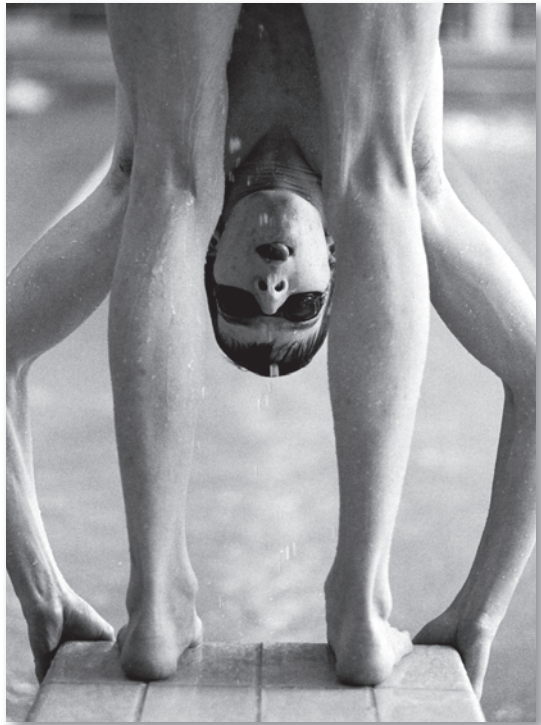
According to the “Public Opinion Poll on Physical Fitness and Sports” (2013) conducted by MEXT, sports and physical activities performed in sports clubs include “calisthenics (including radio exercises, workplace exercises, aerobics and jumping rope)”, which were the most popular type of activity at 20.2%, followed by “tennis, soft tennis, badminton and table tennis, including wheelchair tennis” at 18.6%, “walking (including community walking events and strolling)” at 12.7%, “baseball or softball” at 11.1% and “golf” at 10.7%.



SSF National Sports-Life Survey (2012)

Figure 6-3 Types of Sports Clubs

By gender, “baseball or softball” ranked as the most played sports for men at 18.2%, followed by “golf” at 17.6%, “tennis, soft tennis, badminton and table tennis, including wheelchair tennis” at 17.1%, “walking (including community walking events and strolling)” at 12.9% and “football or futsal, (including blind football)” at 11.8%. Meanwhile, women ranked “calisthenics (including radio exercises, workplace exercises, shape-up exercises, aerobics and jumping rope)” as the most enjoyed activity at 36.5%, followed by “tennis, soft tennis, badminton and table tennis, including wheelchair tennis” at 20.4%, “dance (including folk dancing, jazz dancing, ballroom dancing, traditional dancing and wheelchair dancing)” at 16.1% and “walking (including community walking events and strolling)” at 12.4%.



II. Participation in Sports Clubs and School Sports Clubs by Young People

1. Sports Club Membership for Young People Aged 10-19 Years

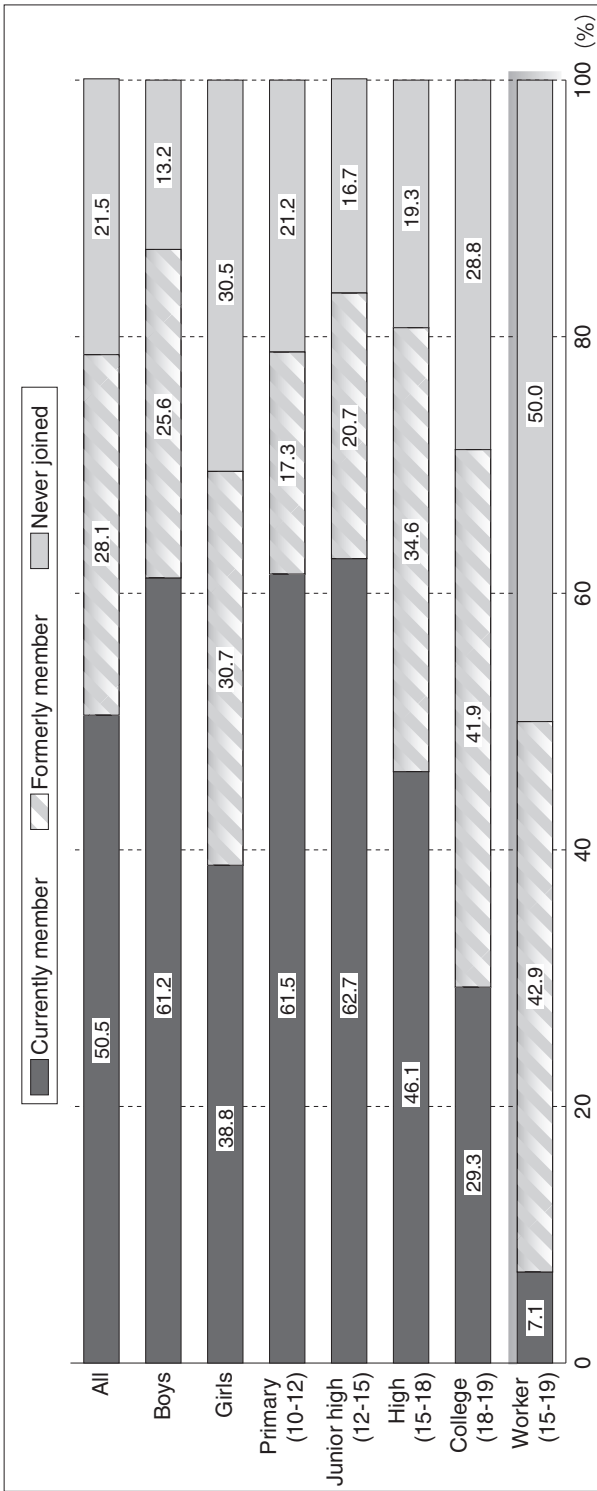
According to “The 2013 SSF National Sports-Life Survey of Young People”, 50.5% of young people aged 10-19 years were members of sports clubs (in school sports clubs, community sports clubs such as junior sports clubs, and private sports clubs such as swimming and gymnastic clubs) in 2013 (Figure 6-4).

Moreover, the survey found that 28.1% of the respondents were former members of sports clubs, and 21.5% had never been a member of any sports club. This results showed a similar trend to that of the survey in 2009 where 49.3% were current members, 31.3% were former members and 19.4% had never been members. When calculated with the total population of young people in Japan (11,920,393 people, according to the basic resident register as of March 31, 2012), the number of young people who were sports club members were around 6.02 million people.

By gender, boys accounted for 61.2% of sports club members, while girls accounted for 38.8%. By school year, the highest membership rate (61.5%) was found in primary school years. The membership rate continued to be around 60% in primary and junior high school years, but decreased to around 40% in high school years, and then 30% in college years. It can be concluded that high school years are a turning point for young people in sports clubs. Moreover, the membership rate in young workers (aged 15-19 years) was significantly low, at 7.1%.

By type of sports clubs, “junior high or high school sports clubs” ranked the highest at 54.7%, followed by “community sports clubs (junior sports clubs, local sports classes, dojo, etc.)” at 19.0% and “private sports clubs (swimming clubs, gymnastic clubs, etc.)” at 16.6% (Figure 6-5).

The survey also examined the presence of sports instructors for the top ten sports and physical activities that were “frequently performed” by respondents. The percentage of those who responded that they had instructors was 54.3%, which indicates that about half of young people aged 10-19 years in Japan play sports and physical activities under the instruction of them. Moreover, when the results were analyzed by sports, the sports that had the highest likelihood of having instructors was “soft tennis” at 85.4%, followed by “baseball” at 80.6%, “volleyball” at 78.0%, “table tennis” at 76.3%, “basketball” at 67.4%, “football” at 62.9%, “badminton” at 55.3%, “jogging or running” at 21.1% and “dodgeball” at 10.9%. With regard to more competitive sports, over 80% of the respondents played “soft tennis”



SSF National Sports-Life Survey of Young People (2013)

Figure 6-4 Membership in Sports Clubs among Young People Aged 10-19 years (2013)

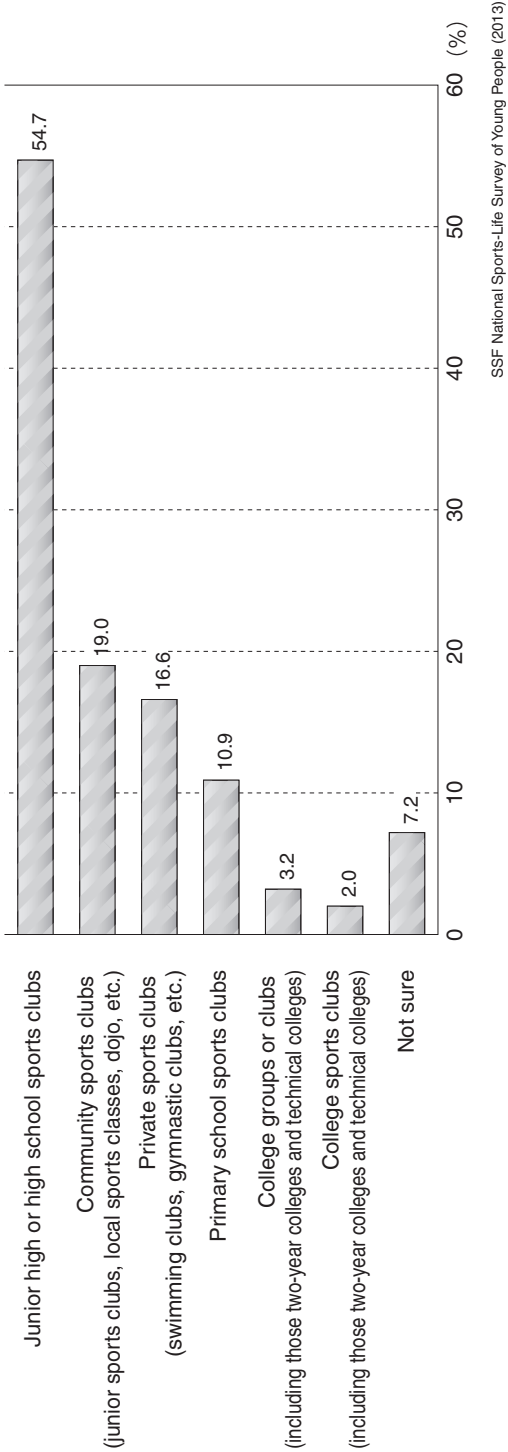


Figure 6-5 Types of Sports Clubs and School Sports Club for Young People Aged 10-19 years (Multiple Answers)

and “baseball” in the presence of instructors. However, “football” and “badminton” were only around 60%.

2. School Sports Clubs in Junior High School

When focused on the changes in the total number of junior high school students and their membership rate in school sports clubs, the total number of students has decreased slightly in the past five years. However, the membership rate in school sports clubs has remained at around 66 - 67%.

By gender, the proportion of boys involved in school sports clubs has hovered at around 77%, while for girls it has remained at around 55%.

When the number of students registered in 2013 were examined by sports, “football” had the largest number with 253,517 students (a registration rate of 18.1%), followed by “soft baseball” with 242,290 students (17.3%), “soft tennis” with 174,435 students (12.5%), “basketball” and “table tennis”. In 2008, soft baseball was the sport that had the largest number of students registered (over 20%). However, this number decreased to 17.3% in 2013 (a decrease of 4.1 percentage points over five years). On the other hand, “football” has shown an increasing popularity in the last five years. For girls, “soft tennis” was the sport that had the largest number registered with 197,227 students (a registration rate of 20.9%), followed by “volleyball” with 159,990 students (16.9%), “basketball” with 140,227 students (14.9%), “track and field” and “table tennis.”

3. School Sports Clubs in High School

The changes in the numbers of high school students, students registered with the All Japan High School Athletic Federation (JHAF) and the Japan High School Baseball Federation (JHBF), as well as students enrolled in school sports clubs were analyzed. The results show that the total number of students has decreased by about 13% in the last ten years. On the other hand, the enrollment rate in school sports clubs has increased by 4.4 percentage points, from 37.4% in 2003 to 41.8% in 2013.

Table 6-1 shows the number of students registered with JHAF in 2008 and 2013 by sports. In 2013, “football” had the largest number with 158,199 registered students (accounting for 20.4% of the total). This was followed by sports such as “basketball” with 92,623 students (11.9%), “track and field” with 69,385 students (8.9%), “tennis” and “badminton”. For girls, “basketball” had the largest number with 60,215 registered students (13.9%), followed by “volleyball” with 56,055 students (12.9%), “badminton” with 54,591 students (12.6%), “track and field” and “tennis.”

Table 6-1 Number of Students Registered in High School Sports Clubs (Top 10)

Rank	Boys				
	Sports	2013		2008	
		Number of students	(%)	Number of students	(%)
1	Football	158,199	20.4	145,291	19.3
2	Basketball	92,623	11.9	88,007	11.7
3	Track and Field	69,385	8.9	58,344	7.8
4	Tennis	66,647	8.6	66,418	8.8
5	Badminton	50,762	6.5	43,736	5.8
6	Table Tennis	48,407	6.2	51,932	6.9
7	Soft Tennis	46,615	6.0	47,656	6.3
8	Volleyball	35,597	4.6	41,252	5.5
9	Kyudo (Japanese archery)	33,629	4.3	32,213	4.3
10	Kendo	30,153	3.9	33,492	4.5

Rank	Girls				
	Sports	2013		2008	
		Number of students	(%)	Number of students	(%)
1	Basketball	60,215	13.9	62,982	14.1
2	Volleyball	56,055	12.9	67,071	15.0
3	Badminton	54,591	12.6	51,738	11.6
4	Track and Field	37,346	8.6	34,465	7.7
5	Tennis	36,474	8.4	38,283	8.6
6	Soft Tennis	34,587	8.0	39,641	8.9
7	Kyudo (Japanese archery)	32,989	7.6	31,790	7.1
8	Softball	22,716	5.2	25,620	5.7
9	Table Tennis	19,466	4.5	18,042	4.0
10	Kendo	16,424	3.8	16,281	3.6

Note: The rankings are the results from 2013 survey.

All Japan High School Athletic Federation (2008, 2013)

III. Private Fitness Clubs

1. Trends in Private Fitness Clubs

Market Size

As of the end of December 2012, the market size (in sales) of private fitness clubs was 412.4 billion yen (a 0.7% increase from the previous year) (Table 6-2). Until 2009, the market for private fitness clubs remained low as if synchronized with the slow economy. However, the market slowly began to rise after 2010, with the efforts in the launch of a re-marketing strategy (that involved the opening of swimming schools in existing fitness clubs, for example) and the rise of private fitness clubs in lower-revenue and smaller-market franchises. Despite these efforts, the market was unable to maintain its upward movement immediately following the Great East Japan Earthquake on March 11, 2011. However, the impact didn't last long, and starting in July 2011 more fitness clubs began to recover from the recession. The market has continued to make turnarounds since 2012.

Number of Fitness Clubs

The number of newly opened private fitness clubs has remained at around 200 sites every year since 2010 and these clubs were significantly dominated by the small-scale gyms. In 2010, 155 small-scale gyms were opened, followed by 23 studio/single item facilities and 22 general fitness clubs. In 2011, 159 small-scale gyms were opened, followed by 21 studio/single item facilities and 12 general fitness clubs. In 2012, 156 small-scale gyms were opened, followed by 36 studio/single item facilities and 20 general fitness clubs. The reasons behind this trend could be that consumers have lost their interest in comprehensive fitness facilities, which are now viewed as old-fashioned. Instead, they have become more interested in finding facilities that focus specifically on the activities they are looking for.

Table 6-2 Market Trend of Private Fitness Club Industry

	2008	2009	2010	2011	2012
Sales (in millions of yen)	4,157	4,087	4,142	4,095	4,124
Growth rate** (%)	▲1.5	▲1.7	1.3	▲1.1	0.7

** Changes in sales compared to the previous year. The growth rate in 2008 is based on the sales reached in 2007 (422 billion yen).

Note 1: Estimated by the editorial departments of "Fitness Business" and from the MEXT "Current Survey on Selected Service Industries"

Note 2: The sales above do not include facilities with only swimming pools (about 60 million yen) but do include sales from swimming lessons (for adults and children) offered within sports clubs. The amount is very low, but sales from boxing gyms are also included.

Note 3: "Other income" related to fitness club management is included.

The number of facilities closing down has also leveled out, at around 20 stores per year. As of the end of December 2012, the total number of fitness clubs operating throughout Japan was 3,945 (a 5.3% increase from the previous year) (Table 6-3). By location, Tokyo had the highest number of fitness clubs (43 facilities), followed by Kanagawa (22 facilities) and Osaka (22 facilities). As these results show, more facilities are operated in areas such as Tokyo Metropolitan area and Kinki region, where the levels of income and the population densities are high.

Membership

The number of private fitness club members has increased from 2011 to 2012, and also in the four years since 2008, it reached the 4 million mark (Table 6-4). As of the end of December 2012, the total number of members was 4.03 million (an increase by 2.5% from the previous year), accounting for 3.16% of the total population of Japan. The price of membership fee has exhibited a decreasing trend while the number of users has shown an increasing trend. This is primarily due to the launch of different types of clubs offering lower membership fees, as well as smaller-scale fitness clubs.

Table 6-3 Number of Private Fitness Clubs Facilities

	2008	2009	2010	2011	2012
Number of facilities	3,269	3,388	3,574	3,745	3,945
Growth rate ^{**} (%)	7.5	3.6	5.4	4.8	5.3

^{**} Changes in facilities compared to the previous year. The growth rate in 2008 is based on the number of facilities in 2007.

Editorial departments of "Fitness Business" (2013)

Table 6-4 Membership and Number of Users in Private Fitness Clubs (2013)

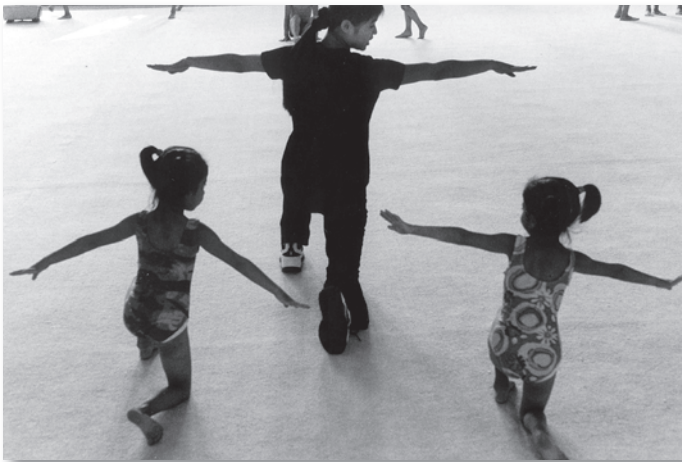
	2008	2009	2010	2011	2012
Membership	4,009,082	3,952,970	3,988,164	3,927,229	4,025,410
Membership penetration rate (%)	3.14	3.10	3.17	3.07	3.16
Total number of users (in ten thousand)	28,665	27,631	28,236	27,726	30,633
Number of users per facilities	87,687	81,556	79,004	74,035	77,434
Frequency of use per year	71.5	69.9	70.8	70.6	76.1

All Japan High School Athletic Federation (2008, 2013)

Additionally, the annual usage per facility, which had remained at around 70 times per year until 2011, increased to 76 times per year in 2012. This increase may have been the result of senior members becoming heavier users, or the effects of the initial strategies used by each fitness club to attract and hold customers. Nonetheless, there is no doubt that this is an exciting news in the fitness industry, and the rate of membership withdrawal has been decreasing every year.

Profitability

Although the profitability of most private fitness clubs dropped to its lowest level in 2010, the market has been in a slow recovery since 2011. Private fitness clubs have implemented strategies to improve their profitability, such as expanding swimming pools or dance classes, and reviewing their business expenses including rent, labor costs, advertisement and sales promotions. Other than these immediate efforts, they have not taken any dynamic measures to improve profitability that involved structural changes. Despite this, the presence of emerging venture capital companies with a clear business model (such as “Curves”, “Anytime Fitness” and “Zexis”) has become more prominent.



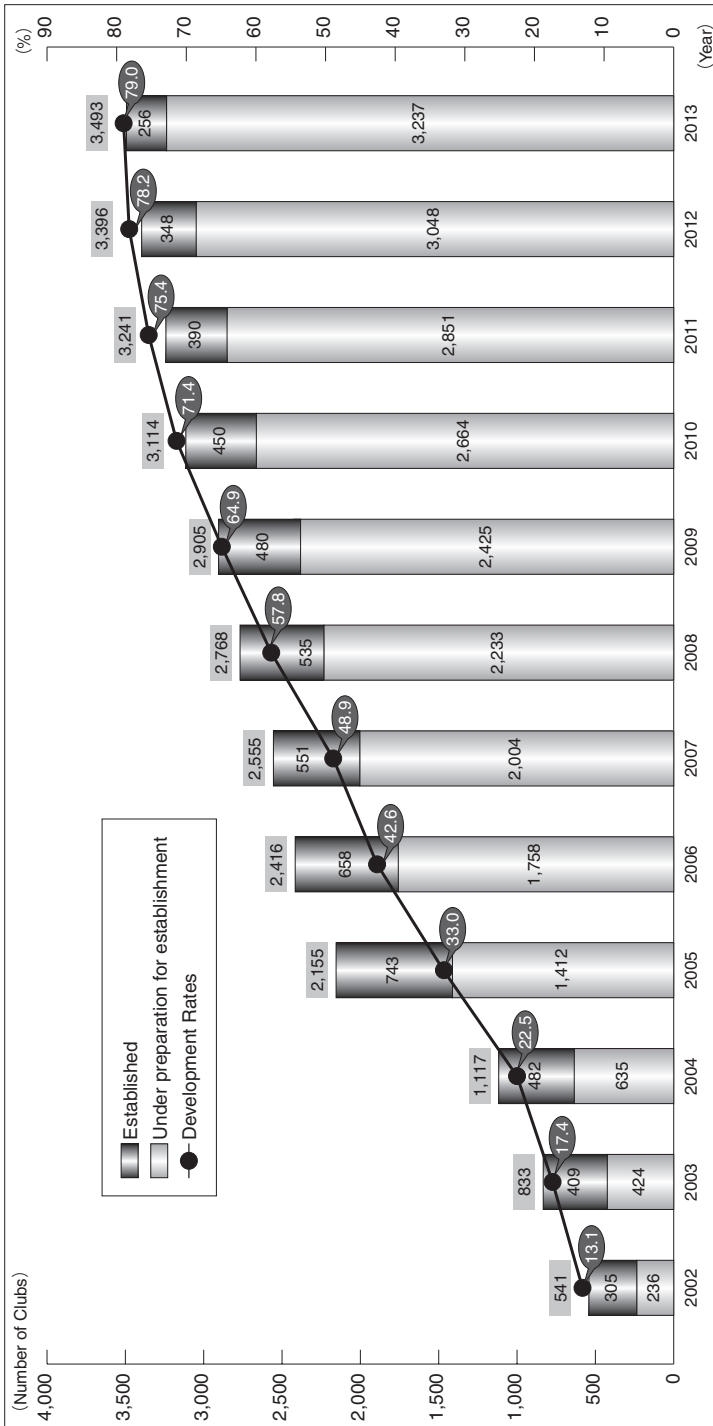
IV. Comprehensive Community Sports Clubs

1. Establishment and Development of Comprehensive Community Sports Clubs

A comprehensive community sports club (hereinafter referred to as a “Comprehensive Club”) is a sports club that is independently run by local residents, usually at a public facility or a school facility that is open to the public. A comprehensive club has the following features: (a) multi-category (multiple categories of sports are offered so that local residents can choose the activities they prefer); (b) multi-generation (all age groups can participate in a variety of sports); (c) multi-purpose (people can participate in an activity that is well-suited to their level of skills and purpose). Since 1995, MEXT has been promoting the development of comprehensive clubs.

According to the MEXT’s “Survey on the Development of Comprehensive Community Sports Clubs”(2013), the number of comprehensive clubs has increased by six times over the 10 years since the beginning of the survey in 2002 (Figure 6-6). The increase observed in 2005 was particularly significant, when the number of clubs almost doubled from 1,117 clubs in 2004, to 2,115 clubs in 2005. After 2006, the increase rate remained at around 5-8% when compared to the previous year. However, in 2013 the increase rate was even lower, growing by only 2.9% from the previous year. The total number of comprehensive clubs was 3,493, of which 3,237 clubs were already operational (including 32 clubs now currently inactive) and 256 clubs were in the process of establishment.

The Sport Basic Plan sets out policy goals that aim to continuously develop at least one comprehensive club in each municipality, taking into account the issues experienced by communities such as de-population and aging. This policy aims that comprehensive clubs to play a major role in establishing the “New Public Commons”, and also serve as a hub club to bring the community together. Additionally, by aiming for more autonomous management of comprehensive clubs, the Sport Basic Plan specifies the development of a hub club in every regional municipality (around 300 municipalities nationwide), which will be able to support other local sports clubs with their club management or provision of sports instruction.



MEXT (2002 - 2013)

Number of clubs developing: The total number of clubs already established and those under preparation for development.
 Development rate: The proportion of municipalities developing comprehensive clubs to the total municipalities.

Figure 6-6 Changes in the Number of Comprehensive Community Sports Clubs and the Development Rate (Nationwide)

2. Management of Comprehensive Community Sports Clubs

The management of comprehensive clubs, such as the number of members, the financial conditions, and the employment rate of club managers and staff members, can be assessed by the MEXT's "Survey on Comprehensive Community Sports Clubs", which has been conducted since 2003.

Number of Members

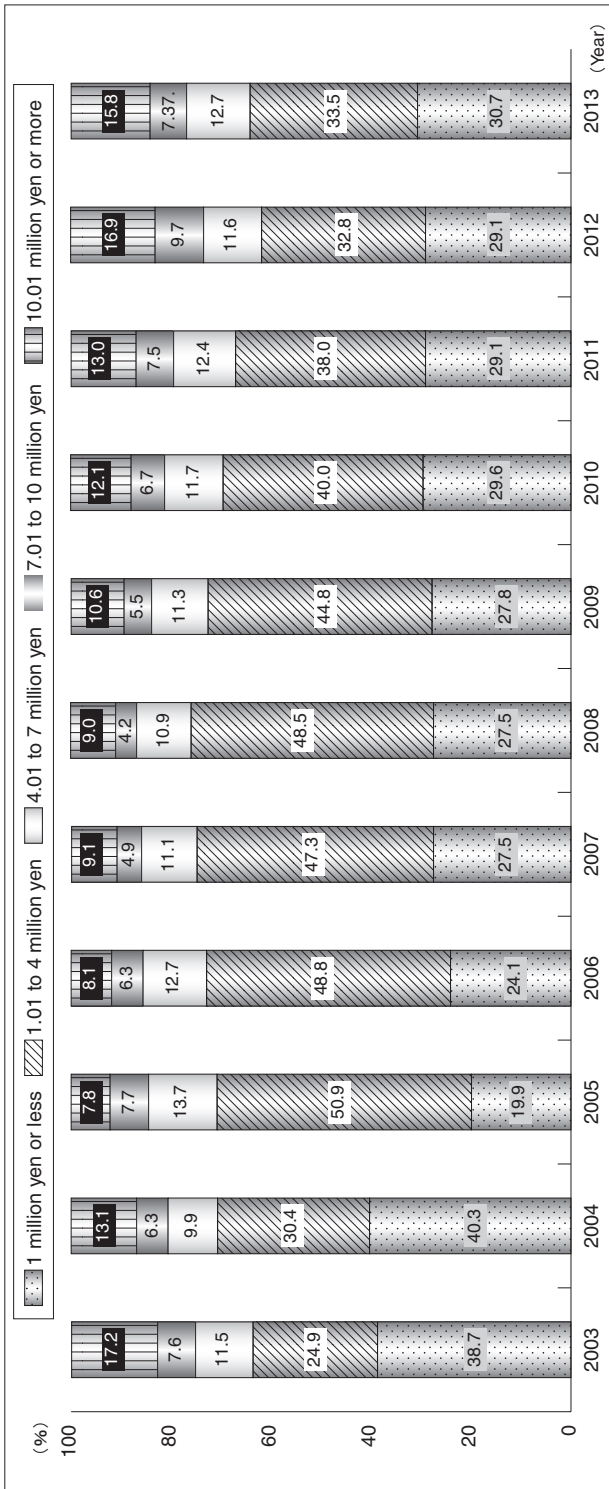
Looking at the number of the comprehensive club members and the changes observed over the years, the most prevalent size for a comprehensive club was 101 to 300 members, accounting for almost 40% of the total since 2005. Those with 300 or fewer members have shown an increasing trend, whereas a decreasing trend was seen in comprehensive clubs with 301 to 1,000 members. Clubs with over 1,000 members accounted for less than 10% of the total.

Membership Fees

Over 90% of the comprehensive clubs collect membership fees. The most prevalent amount of monthly membership fee was 101 to 400 yen, observed in around 40% of clubs. When combined with those clubs collecting a monthly membership fee of 0 to 100 yen, the proportion of comprehensive clubs with membership fees of 400 yen or less accounted for more than 60% of the total. The distribution of these fees has not changed much since 2003, except for those clubs collecting fees of 1,001 yen or more. However, the survey conducted in 2013 recorded the highest percentage in that category since the beginning of the survey.

Budget Size and Internal Revenue Rate

Looking at the budget sizes of each comprehensive club, those that had a budget of 1.01 million to 4 million yen accounted for around 50% of the total since 2005. However, this group decreased to around 30% in 2011, and clubs with a budget of 4.01 million or more increased instead (Figure 6-7). Also, looking at the internal revenue rate (based on the ratio of membership fees, operating costs and consignment costs compared to revenue) more than half of the comprehensive clubs (53.6%) had a 50% or lower internal revenue rate in 2013, and in fact this trend has continued since 2005. In most cases, other income came from government subsidies or grants. To ensure their sustainable operation, it is necessary that comprehensive clubs become more independent in their club management without the government subsidies or grants.



Survey on Comprehensive Community Sports Clubs (MEXT, 2003 — 2012)

Figure 6-7 Trends in the Budgets of Comprehensive Community Sports Clubs

3. New Initiatives for Comprehensive Community Sports Clubs

MEXT has set out the following policies in the “Strategy for Sports Nation” (2010): deploying outstanding instructors such as retired top athletes at comprehensive clubs in every regional municipality (300 municipalities nationwide) that should serve as a hub for the creation of a virtuous cycle of competitive sports and community sports.; and increasing the pool of sports personnel in local communities for physical education and sports club activities at schools for the establishment of a closer link between schools and the local communities. Upon the establishment of these policies, a budget of 570 million yen from the “Special Fiscal Framework to Revitalize Japan” was used to carry out the “Sports Community Development Project.” Under the project, 50 comprehensive clubs in 49 municipalities of 29 prefectures implemented “Lecture Tour by High Performance Athletes”, “Initiatives Towards Resolving Community Issues”, and “Support for Physical Activities in Primary Schools”.

The basic principles of the “Strategy for Sports Nation” are also enshrined in the Sport Basic Plan, with a further emphasis on the need for developing hub clubs which will play a major role in supporting other comprehensive clubs in the community, in terms of management or any consultative advice with the goal of developing more autonomous management among those comprehensive clubs. Since 2012, “Sports Community Development Project” began its implementation as the “Project on a creation of a virtuous cycle of competitive sports and community sports”. A budget of 580 million yen was distributed to 46 comprehensive clubs in 44 municipalities (30 prefectures). In existing hub clubs as well as in local sports clubs, several sports personnel have begun an active contribution to develop a virtuous cycle between competitive sports and community sports through the following initiatives:

- “Support for Junior Athletes by High Performance Athletes”
Utilizing top athletes to provide instruction to junior athletes at a hub club, and assistance or cooperation for projects to resolve local community issues and improve physical education in primary schools when required.
- “Measures to Resolve Local Community Issues”
Carrying out liaisons and coordination to deploy high performance athletes and specialists to physical education classes in primary schools, as well as planning and implementing measures to contribute to improving physical fitness and childcare support through participation in sports by local residents in order to establish the “New public commons” through sports.

- “Deploying Elementary School Physical Education Activity Coordinators”

Providing support for the physical education instruction in primary schools by deploying personnel who are qualified as “Elementary School Physical Education Activity Coordinators”. These coordinators can assist in the planning of the physical education program at primary schools, as well as co-teaching physical education with a homeroom teacher, and offer support to build a relationship between schools and local communities.

In 2013, 61 comprehensive clubs in 58 municipalities (36 prefectures) were qualified for the project, which was the highest number to be involved since the project started. Table 6-6 shows the results of the project. When the number of comprehensive clubs participating in the project and the project results were analyzed, a steady growth was seen in the number of clubs, but the FY2013 budget showed an increase of only around 7 million yen from the previous year. On the other hand, 41 clubs have been serving as a hub club since the beginning of the project. Those clubs that have undertaken the projects for the past three consecutive years are required to become independent in terms of financial support from the MEXT in their implementation of the project from the following year. Therefore, it is imperative that they secure financial resources in order to continually implement the project with their experiences gained through the projects and the personal connections that they have built over the years.

