

*An Alliance "Call for Written Case Studies" Submission:*

# Exercise and Healthcare

## Case Study of a Strategic Plan

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### Situational Analysis

A high end, fitness equipment Company in the New York Greater Metropolitan Area recently established a Medical Services Division with their target market consisting of retail and institutional sales. This new division of The Company is



striving to establish a dominant position in the healthcare fitness equipment / rehabilitation market. Its goal is to expand home market sales from medical referral sources and increase institutional sales. The strategy is to create professional awareness of the new service and the benefits derived from this division.

The fastest growing portion of the sporting goods industry is the exercise and fitness segment. Recent data reveals that home exercisers had sales over \$2 billion, with top sellers being stationary exercise bikes, treadmills, multipurpose gyms, cross country ski machines, and stairclimbers—which had the biggest increase in growth.

Product demand is inelastic, as the variety of equipment and price ranges fit all categories of income. However, the demand for the high end, more costly products is affected by the economy.

### Market

The Company's market consists of medical professional referral sources whose upscale, 50+ patients require an exercise regime to improve their health condition. There are essentially three overlapping markets:

1) Physicians: cardiologists, physiatrists, orthopedists, sports medicine, oncologists, primary care - internists, gerontologists, HMO's. The primary care physicians are frequently responsible for the post-surgical and post-trauma care of the patient and thus ultimately are accountable for the follow-up of surgeons' and specialists' recommendations. Another strata of physicians to contact are the specialists in pulmonary, metabolic and structural diseases, such as asthma, diabetes, and arthritis.

2) Allied healthcare professionals and support personnel: physical therapists specializing in cardio-pulmonary rehabilitation, orthopedic rehabilitation, pulmonary specialists, exercise physiologists, nurse practitioners, nurses, industrial nurses, physician assistants, secretarial.

3) Institutional: Medical facilities, hospitals, sports medicine centers and rehabilitation centers and the targeted decision makers in these facilities which include hospital administrators, executive directors, purchasing agents, bio-med technicians, department heads, physicians, physical therapists, nurse practitioners and staff.

### Patient Population

Middle upper and upper class patients aged 50+ with cardiac, pulmonary - asthmatic, arthritic, cancerous, orthopedic, diabetic conditions define the target population. Generally, most of the individuals in the target market have a higher percentage of discretionary income. It is important to note that the age category of 50+ is the age at

which the incidence of heart disease, diabetes and pulmonary / respiratory disease increases significantly, by as much as 30 - 50%.

The US Department of Health & Human Services, in their report *Healthy People 2000*, stresses the significant benefits of regular physical exercise, to prevent and manage coronary heart

disease, hypertension, diabetes, osteoporosis, obesity, mental health problems, colon cancer, stroke and back injury. Currently 22% of the adult population exercises at least 30 minutes, five times a week. The goal of the Department of Health is to increase to 30%, the number of people performing light to moderate physical activity, 30 minutes per day, daily.

The 50+ population in the Greater NY, Metropolitan area is approximately 5.3 million. This segment of the population is growing at a faster rate than the general population and the baby boomers are beginning to reach the age of their highest disposable income with the potential to buy more high quality fitness equipment.

It is notable that compliance for follow through on medical recommendations for exercise is about 50%. The potential size of the medical referral market for home fitness equipment is a very small, though lucrative, percentage of this number. The niche marketing for this type of referral is relatively open and unexplored. The goal is to ultimately obtain 50% of this market in the greater metropolitan area.

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