

REPORT

THE IMPACT OF OUR SECTOR:

A health valuation of sport and
physical activity in Canada



**Sheffield
Hallam
University** | Sport Industry
Research
Centre





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1. INTRODUCTION

Fitness Industry Council of Canada (FIC) is dedicated to promoting and protecting the Canadian fitness industry through awareness, advocacy, and action. Representing over 6,000 facilities with over 6 million members nationwide, FIC pursues a legislative agenda in the hope of bettering the fitness industry for both consumers and operators.

This includes working with both the industry and the government to improve the health and physical activity levels of Canadians through the promotion of initiatives such as including fitness as a medical expense through tax deductions, implementing an Adult Fitness Tax Credit, and encouraging Prescription to Get Active.

The aim of this report is to build advocacy and awareness around the role that fitness facilities play in keeping Canadians healthy and the social value that clubs generate. This data will be used to showcase our industry with policy makers and build relationships with the healthcare industry.

To understand the specific role of the fitness industry, we first had to measure the health value of sport and physical activity more broadly in Canada. Working with 4GLOBAL and Sheffield Hallam University, organisations that have completed similar work in the UK, Europe, South America, Middle East, and Australasia, we have utilized the best available healthcare and physical activity data and research. This has been used to calculate an estimate of healthcare savings generated as a result of people meeting the World Health Organization physical activity guidelines.

The fitness industry contribution to this figure has then been modelled based on activity levels in and outside of health and fitness clubs and includes the cases of specific condition prevented as a result of keeping active. These figures, presented in this report, will help industry leaders to evidence the specific role of the health and fitness industry. As a industry we can now move the narrative from a broad understanding that exercise is good for you, to an in-depth knowledge of the role our industry plays in preventing, managing, and treating chronic conditions at community, provincial, and federal levels.

The model we have created can be applied to specific operators and community groups through the Social Value Calculator developed by 4GLOBAL and Sheffield Hallam University. We are working toward a dynamic model that will allow industry partners to calculate the social value generated by specific facilities, groups, partnerships, or geographical regions.

Evidence of our industry's role in promoting good physical and mental health, and the financial value associated with that contribution to society, will become an essential part of work advocating for the industry and informing the action we take when connecting fitness and health.



2. EXECUTIVE SUMMARY

Fitness Industry Council of Canada has been lobbying provincial and federal governments to take action and provide incentives for fitness. The research findings from this paper will allow the fitness industry to showcase how physical activity presented in health and fitness clubs offers individuals the tools and skills they need in order to improve and support their well-being.

“THE FITNESS INDUSTRY HAS EVOLVED IN THE LAST FEW YEARS, AND OUR ROLE ISN’T SIMPLY ABOUT PHYSICAL AND MENTAL HEALTH. WE ARE ESSENTIAL FOR SOCIAL HEALTH: THE GYM IS A PLACE WHERE YOU MEET YOUR FRIENDS, FORM A COMMUNITY AND FIND ACCOUNTABILITY, STRENGTH AND SUPPORT. IT IS TIME TO PLACE A VALUE ON SOCIAL HEALTH AS MUCH AS SQUATS AND OUR RUNNING CADENCE!”

Sara Hodson

President of Fitness Industry Council of Canada

2.1 THE NATIONAL PICTURE

Sport and physical activity are widely accepted to play a critical role in driving the long-term health and well-being of Canadian people. By working with global experts in the analysis and valuation of activity, we have been successful in estimating the volume of health conditions that were averted through consistent physical activity by the Canadian population in 2019 total health valuation of sport and physical activity for the calendar year.

OVER 2.2 MILLION CASES OF HEALTH CONDITIONS

were prevented in 2019 as a result of sport and physical activity participation, including over 600k each for Coronary Heart Disease, Type 2 Diabetes and Depression.

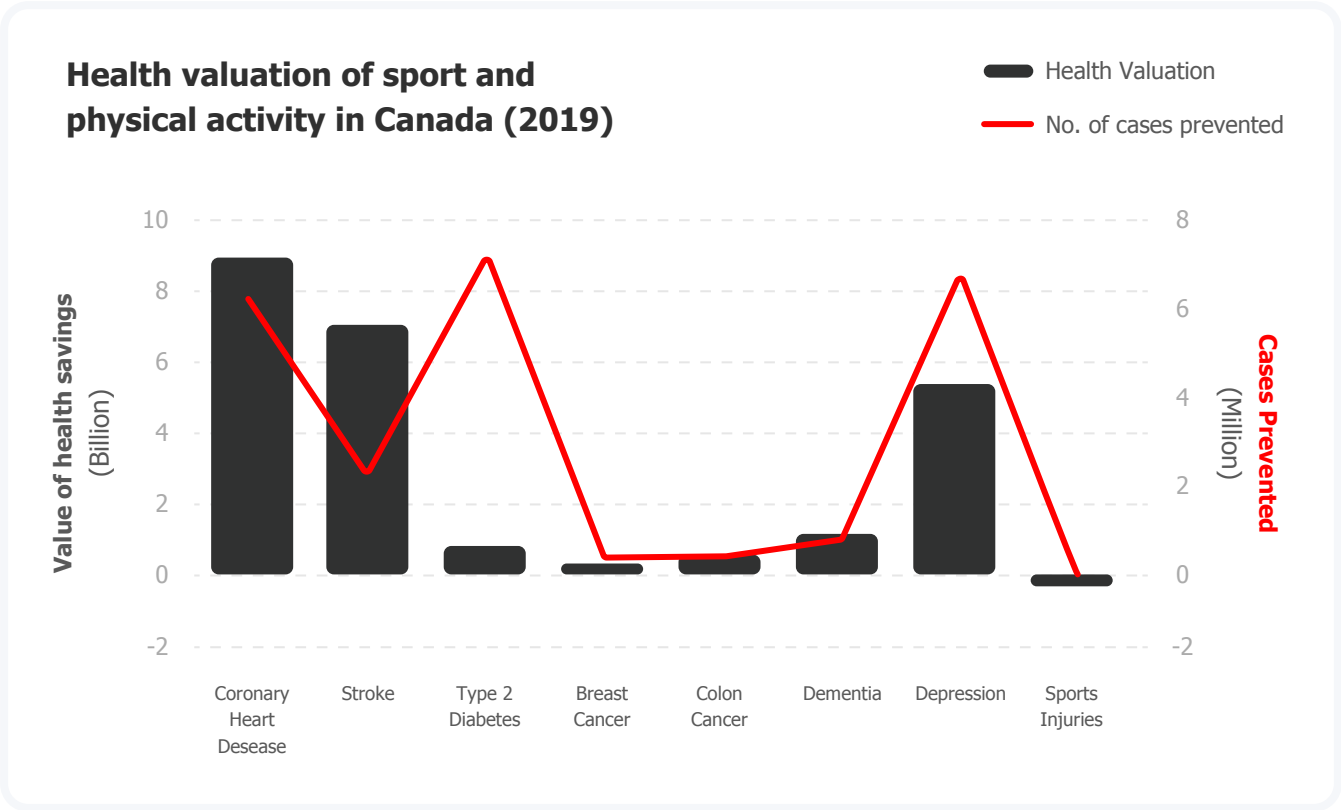
We were also able to translate these figures into a total health valuation of sport and physical activity for the calendar year.

The total value of the health savings generated by sport and physical activity in 2019 was

CAN\$23.4 BILLION

2. EXECUTIVE SUMMARY

The graphic below shows how the cases prevented and health savings are shared between the seven health conditions and sport injuries that were analysed as part of this research project. Broadly, the valuation follows the same trend as the cases prevented, however there are some variations based on the typical cost of treatment, as shown for Type 2 Diabetes.



2.2 THE FITNESS INDUSTRY CONTRIBUTION

We also wanted to understand the contribution of the fitness industry to the national picture, to support with advocacy and development of industry as a whole. We used the latest data recorded in 2019 for the total number of members (6,175,950) across 6,600 clubs in Canada.

Using the Canada population stats, we analysed the user base by age and gender, before applying the health valuation model to each group and calculating the total social value generated by fitness members. In the final step, we applied the in-facility and multi-centre usage deflators in order to calculate the attributable social value specifically to health and fitness clubs.

CAN\$6.19 BILLION

of the total social value can be attributed to activity undertaken in health and fitness clubs in Canada.

WHAT THE INDUSTRY IS SAYING ABOUT THIS REPORT...

“THE ROLE OF THE FITNESS INDUSTRY IN HELPING TO PREVENT, MANAGE, AND TREAT THE MENTAL AND PHYSICAL IMPACTS OF CHRONIC CONDITIONS IS WIDELY RECOGNISED BY EXPERTS IN THE FITNESS AND WELLNESS INDUSTRY, BUT WE HAVE OFTEN STRUGGLED TO BUILD THE CASE WITH POLICY MAKERS AND HEALTHCARE INSTITUTIONS. RESEARCH LIKE THIS FROM 4GLOBAL AND SHEFFIELD HALLAM UNIVERSITY WILL HELP US GATHER EVEN MORE EVIDENCE; REQUIRED TO DEVELOP ROBUST EDUCATION AND ADVOCACY CAMPAIGNS TO INFORM AND INFLUENCE GOVERNMENT AND HEALTHCARE STAKEHOLDERS. AT GOODLIFE, WE ARE COMMITTED TO USING THIS DATA ACROSS OUR BRANDS TO STRENGTHEN OUR LINKS WITH GOVERNMENT AND HEALTHCARE LEADERS AT LOCAL, PROVINCIAL, AND FEDERAL LEVELS”

Tammy Brazier

VP of Partnerships and External Relations, GoodLife.

“AT ABILITIES CENTRE, WE ARE DELIGHTED TO SEE THIS REPORT EVIDENCE THE SOCIAL VALUE SPORT AND PHYSICAL ACTIVITY GENERATE, AND THE HEALTHCARE SAVINGS CENTRES PROVIDE COMMUNITIES. WE ARE LOOKING FORWARD TO UTILISING 4GLOBAL’S SOCIAL VALUE CALCULATOR TO EVIDENCE THE SPECIFIC IMPACT OF OUR FACILITIES, AND WELCOME THE TEAM’S COMMITMENT TO WORKING WITH US TO IDENTIFY THE ADDITIONAL BENEFITS ASSOCIATED WITH ENGAGING PERSONS WITH DISABILITIES, AND IMPLEMENTING AN ACCESSIBLE DESIGN APPROACH”

Stuart McReynolds

President & CEO, Abilities Centre

3. ABOUT THE AUTHORS

Fitness Industry Council of Canada, 4GLOBAL and Sheffield Hallam University are delighted to co-author this industry-leading and transformative paper. We believe that this paper, and the research that underpins it, will provide the foundations for critical research, evaluation and investment planning across the Canadian sport and physical activity industry.



Fitness Industry Council of Canada (FIC) is the not-for-profit trade association that represents the voice of fitness facility operators across Canada.

Representing over 6,000 facilities with over 6 million members nationwide, FIC pursues a legislative agenda in the hope of bettering the fitness industry for both consumers and operators. FIC aims to work with both industry and government to improve the health and physical activity levels of Canadians. With Provincial Coalitions across provinces, FIC aims to work with both industry and government to improve the health and physical activity levels of Canadians.



4GLOBAL is a sports technology company trusted by Governments, Cities, and Sports Federations around the world. Listed on the London Stock Exchange, 4GLOBAL provides strategic services to organisations across the sport and physical activity ecosystem.

4GLOBAL provides bespoke solutions for leading global sports organisations including Olympic, Commonwealth, and Pan-American Games organising committees, as well as various national Governments, multiple sport specific world and regional championships, and sports federations around the world. Specialist areas include major event planning, legacy strategies / sport for development, delivering and evidencing the social value associated with sport, and building advocacy around the role of sport in society.



The Sport Industry Research Centre (SIRC) is part of Sheffield Hallam University, UK. SIRC comprises a team of researchers who commonly apply the principles of economics, management science and social science to solve real world problems. SIRC research clients include Government Departments, National Governing Bodies of Sport, National agencies for sport and recreation, sports organisations and charities both within the UK and from other countries. Professor Larissa Davies and Associate Professor Girish Ramchandani have pioneered the use of economic techniques for calculating the social value of sport and physical to society in multiple countries, including the UK, Canada, Belgium, Ireland, Saudi Arabia, Lima and New Zealand.



4. HEALTH VALUATION FOR PHYSICAL ACTIVITY IN CANADA

4.1 UNDERSTANDING THE PROCESS AND METHODOLOGY

The method used for the health valuation of sport and physical activity in Canada aligns with globally recognised research, previously delivered by Sheffield Hallam University on behalf of governments and national sports agencies.

Our objective was to calculate the number of cases of ill health prevented in Canada due to physical activity. In total, seven health conditions and sport injuries were analysed using 2019 data, including Type 2 Diabetes, Depression, and Dementia.

We multiplied the estimated number of potential cases averted by sport and physical activity participation, with the average annual cost per person diagnosed with the condition, to calculate the total valuation of sport and physical activity in Canada for the 2019 calendar year. We estimated the potential number of cases averted by taking into account the reduced risk of disease among physically active adults; the actual prevalence of disease in the Canadian population; and the proportion and absolute size of the Canadian population meeting the Canadian Physical Activity and Sedentary Behaviour Guidelines.

While sport and physical activity has a range of significant positive benefits, injuries also represent a risk for participants, causing periods of reduced activity and additional treatment requirements. With this in mind, we estimated the number of cases of injuries and used the average cost per person to calculate a total cost of injuries, which was offset against the positive benefits and savings for the remaining conditions.

4.2 EVIDENCE FOR HEALTH OUTCOMES

We valued health conditions for which there is strong empirical evidence demonstrating the link between sport/physical activity and improved physical and mental health, and that are highlighted in the Canadian Physical Activity and Sedentary Behaviour Guidelines.

We also made the following assumptions on risk reduction, as a result of physical activity, to ensure our process and subsequent findings were robust and in line with global best practice.

4.3 ASSUMPTIONS

- Reductions in participants risk of disease are applied to adults (18+) who take part in sport/physical activity at moderate intensity for 150+ minutes (or 75+ minutes of vigorous activity) per week.
- In the absence of Canadian data for gym membership, as a proportion of overall activity, we have used an in-facility deflator of 55.32% from the Social Value Calculator in the UK (UK SVC) to adjust for the proportion of overall activity which takes place in gyms and facilities.
- We have also applied the UK SVC multi-centre usage deflator value of 5.3% to account for individuals participating at more than one gym or facility.

1. <https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2020-09/Social%20return%20on%20investment.pdf?VersionId=5BgvLn09jwpTesBJ4BXhVfRhV4TYgm9E>

2. <https://csepguidelines.ca/>

3. <https://datahubclub.com/public/svc/>

4. HEALTH VALUATION FOR PHYSICAL ACTIVITY IN CANADA

4.4 KEY FINDINGS AND OUTPUTS

Utilising the methodology described in the previous section, we calculated the health valuation of sport and physical activity, which is summarised in Table 1 for Canada in 2019.

The table presents values per outcome for male and female participants. The figures in red are negative and are therefore subtracted from the overall social value. These are the costs that were calculated to account for injuries caused by sport and physical activity.

HEALTH CONDITIONS	CASES PREVENTED	VALUE (CAN\$ MILLION)
CHD	620,162	\$8.77bn
Stroke	209,488	£7.03bn
Type 2 Diabetes	684,822	\$689m
Breast Cancer	1,786	\$201m
Colon Cancer	1,632	\$318m
Dementia	54,927	\$1.073bn
Depression	658,147	\$5.53bn
Sub Total	2,230,964	\$23.62bn
Sport Injuries	19,900	-\$175m
Total	2,211,064	\$23.45bn

The health condition with the highest number of cases prevented is Type 2 Diabetes, however due to lower treatment costs compared to the other health conditions, the total valuation is the third lowest.

In contrast, due to the high relative treatment costs for Stroke patients, the valuation is over CAN\$7bn (2nd highest), despite having the 4th highest level of cases prevented.

Taking into account the notional fiscal cost of sport injuries, the net value of the physical and mental health benefits achieved through participation in sport and physical activity in Canada in 2019 is estimated at **CAN\$23.45bn**. The total number of cases of disease prevented in Canada in 2019 across the seven health conditions was estimated to be in excess of **2.21m**.

5. MODELLING THE SOCIAL VALUE OF THE FITNESS INDUSTRY

We have then modelled the contribution of the fitness industry to the total health valuation of sport and physical activity for Canada using the following approach. We used the latest data recorded in 2019 for the total number of members (6.17 million) across 6,600 clubs in Canada and modelled the total number of users across the year using proxies for the visit frequency and casual-member usage ratio from the UK SVC.

We then used ratios from the UK SVC to work out the proportion of the fitness industry users who hit the required minimum threshold of physical activity to generate social value.

Using the Canada population stats, we analysed the user base by age and gender, before applying the health valuation model to each group and calculating the total social value generated by fitness members. In the final step, we applied the in-facility and multi-centre usage deflators in order to calculate the attributable social value specifically to health and fitness clubs.

This approach generated the three key findings shown below:

10.2 MILLION USERS

that generate social values in health
and fitness clubs across the year

CAN\$14.63 BILLION

total social value generated by health
and fitness club users in 2019

CAN\$6.19 BILLION

total social value attributable to the
health and fitness clubs

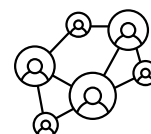
6. RECOMMENDATIONS AND NEXT STEPS

This research findings presented in this paper provide an unprecedented level of detail and academic rigour, which can support the Canadian sport and physical activity industry in building the case for greater investment and focus on the industry as a whole.

To take this forward, it is key that industry partners come together and continue to build the evidence base, as well as co-ordinating and collaborating with partners from other industries and industry. Proposed recommendations and next steps are summarised below.

1. BUILDING THE DATA ECOSYSTEM

Research and modelling is only as good as the data it is based on, therefore it is important that we continue to build the quantity of standardised, high-quality data.



What:

We need to understand how individual members and participants use our facilities and programmes, therefore we need person-specific data that includes information such as activity, age, gender and approximate location. All data should be anonymised for data protection purposes.

How:

Operators and programme delivery partners should seek to share data, ideally through automated API-led integration, or through static data transfer where the technology doesn't allow.

Why:

We need to refine how we allocate social value to different parts of the industry, for instance how do we calculate the social value generated by health and fitness vs swimming.

2. FUTURE RESEARCH OPPORTUNITIES

This research looked at the health benefits of sport and physical activity, however global social value projects have also shown the opportunity to explore benefits in subjective well-being, individual development and social and community development.



What:

Broaden the valuation model to incorporate other fields and research questions.

How:

Undertake new data collection and analysis in the suggested areas, using publicly available Canadian data and where required, bespoke quantitative research.

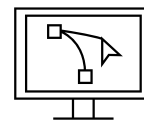
Why:

Although CAN\$23bn is a huge amount of saving, it only represents a proportion of the benefits of sport and physical activity. We need to continue to understand and share the wider impact and benefits, to drive investment and support.

6. RECOMMENDATIONS AND NEXT STEPS

3. DEVELOPING A SCALABLE AND AUTOMATED MODEL

There are opportunities to develop models and tools to allow the operators in the industry to demonstrate the significant benefit that they are creating for society. This will allow the industry to project, measure and evidence the social value of interventions, projects and investment related to physical activity participation.



What:

Create a dynamic model that can allow industry partners to calculate the social value generated by facilities, partners or geographical regions.

How:

Utilise the participation data collected (see recommendation 1) and the latest technology and predictive modelling to create tools that can support the industry moving forward. See examples such as the Social Value Calculator in the UK for further information.

Why:

The research presented in this paper represents a 'static' modelling exercise that uses 2019 data at a single point in time. A more dynamic approach and set of tools will enable operators to utilise this research and apply it to local participation stats.

4. BUILDING PARTNERSHIPS WITH HEALTH AND THE THIRD SECTOR

The findings of this research and the proposed development of the modelling and analysis have the power to drive change in our industry, however this can move much more quickly and effectively through partnerships with the health industry and third industry.



What:

Develop partnerships and co-owned projects with organisations from the health industry, developing the data and insight that shows how physical activity can be used to address health conditions and risks.

How:

Engage commercial and public industry organisations that have an interest in improving the health of the Canadian population; using health valuation data to drive forward the case for using physical activity for long-term treatment.

Why:

To work in partnership with organisations outside of our industry, it is critical that we develop a robust evidence base for how we can support, and why sport and physical activity can be so effective as an intervention or as part of treatment plans.



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The future is active

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Published August 2022