INFORMATION PAPER

INNOVATION AND DIGITALISATION IN EUROPE

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Digitalisation in Europe: a look at the EU digital strategy

Among the six current European Commission's top strategic priorities, lies "A Europe fit for the digital age" – the EU's approach to achieve a large digital transformation by 2050, through three pillars[1]:

- **'Technology that works for the people'** mostly focuses on **digital competences**, with new goals for upskilling and reskilling the EU workforce by 2025, aiming for 70% of the EU adult population to have basic digital skills.[2] Regarding **Artificial Intelligence,** the EC should shortly present a follow-up to the 2020 White Paper, looking at safety, liability, fundamental rights, and data.[3]

- **'A fair and competitive digital economy'** includes the Commission's **data strategy**, presented in 2020, which aims to establish a single European market for data (easing access to industrial information for public and private actors), a **Data Act**, still to come in 2021, fostering business-to-government data sharing, and the **Gaia-X** initiative, setting European standards for data storage while securing cross-business data sharing in Europe. Mostly, this pillar features the **Digital Services Act package**, the EU's most ambitious attempt yet to regulate the online ecosystem, covering content and user moderation as well as new competition rules for gatekeeper platforms (online safety, liability, market dominance, advertising, etc.).[4]

- **'Open, democratic and sustainable society'** includes using technology to help Europe become climate-neutral by 2050, reducing the digital sector's carbon emissions; providing citizens with better control and protection of their data; creating a European health data space; and fighting disinformation online.[5]

In the wake of the Coronavirus outbreak EU leaders reached an historic agreement in July 2020 on the new multi-annual financial framework and the recovery and resilience fund, with updates of the EU digital strategy:

- **Horizon Europe**[6]**: the EU's key** funding framework for research and innovation, supporting some of the EU's digital ambitions.

- the **Connecting Europe facility**[7], designed to help the EU regions connect better in the transport, energy, and digital sectors.

- the **Digital Europe Programme**[8], providing funding for projects in areas of supercomputing, AI, cybersecurity, advanced digital skills, and digital technologies.

Based on this overview of EU's digitalisation policy, it is possible to consider their effect on the digital evolution of the fitness sector.

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1 https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age_en
2 https://ec.europa.eu/social/main.jsp?catId=1223
3 https://www.euractiv.com/section/digital/news/digital-agenda-autumn-winter-policy-briefing/
4 https://digital-strategy.ec.europa.eu/en/policies/digital-services-act-package
5 https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age_en
6 https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en
7 https://ec.europa.eu/inea/en/connecting-europe-facility
8 https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes/digital-europe-programme_en

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The digital evolution of the fitness sector

Starting in the early 90s, digitalisation has more recently impacted the fitness sector, allowing clubs to improve customer acquisition, segmentation, and service.[9] While it opened new prospects for gyms, it also imposed new challenges:

- **Disparities between clubs**: big contrasts exist between the most technologically advanced facilities, especially the larger stakeholders, which are now equipped with a formidable array of digital technologies (from digitized workouts to wearable technologies for runs or cycle rides), and the "clubs around the corner" still lacking digital solutions to manage their business and clients.

- **Home gym**: traditionally dominated by brick-and-mortar health clubs, more recently the industry has been witnessing a shift in how people want to pursue fitness. More and more consumers are using all kinds of fitness apps to work out at home, in their own time, but sometimes instead of going to the gym.

- **Digital evolution, more than transformation?** While many clubs have certainly increased their **digital presence**, or engaged in a **digital evolution**, how many can claim to offer fully personalised experiences, notably based on Big Data & Artificial Intelligence? In this regard, the road is still ahead for the sector to achieve a comprehensive **digital transformation**.

- **The COVID-19 disruption:** while the popularity of more personalised fitness solutions was already growing before the pandemic, "COVID-19-related club closures reinforced the trend towards the offerings of digital and outdoor fitness providers."[10] This boom has been fuelled by several factors: (1) consumers looking for in-home solutions, (2) studios looking for digital solutions to stay engaged with their customers and generate revenue, (3) corporations seeking health and wellness solutions for their employees working from home, and (4) companies such as retail and apparel looking for partnership solutions to drive customer engagement.[11]

No doubt the digital transformation of the fitness sector will continue under the influence of new business models, digital delivery, subscription commerce, and technical advancements. Several trends can be identified such as **enhanced gamification** (more immersive and entertaining fitness experiences), **personalised offerings** (technology-enabled workouts offering options to users based off their preferences), and **on-demand streaming technologies** (professionally coached classes providing the intensity of an in-person class at home).[12]

Some aspects of this evolution will be covered by future EU regulation in the digital field:

- **Artificial Intelligence**: AI has been introduced in the fitness industry with simple customer related tasks, such as answering services, class registration, chatbots for customer support or statistical calculations.[13] Fitness operators will now look for further AI applications in their businesses, to process a wealth of data to target specific segments of clients or to propose more personalised offers. This will have to be monitored in relation to future EU regulation on AI.

- **User data and management apps**: staff and client management apps have become popular in the fitness industry, with operators seeking solutions such as 'omnichannel' or a 'one-app' approach ("All data in one place"). This links with future EU policy developments, in terms of customers data, ePrivacy, and the regulation of digital giants.

- **Digital skills:** with more and more fitness facilities relying on digital platforms in the future, investments in the fitness workforce's digital upskilling will be crucial. This relates directly to the EU New Skills Agenda.

[9] https://www.slimpay.com/fr/blog/transformation-digitale-secteur-fitness/
[10] Deloitte and EuropeActive. European Health & Fitness Market Report 2021.
[11] https://www.lincolninternational.com/perspectives/trends-in-digital-fitness/
[12] Ibid.
[13] https://www.wellnessliving.com/blog/technology-trends-boost-your-gym/