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Innovation and digitalisation in Europe

Digitalisation in Europe: a look at the EU digital strategy

Digitalisation is rapidly and deeply transforming all areas of our society and economy, and in Europe the sport and fitness sectors in particular are no exception. In recent years, a wide range of innovative technologies and online solutions have been developed for physical activity which are aimed at both operators and customers. For its part, the EU has an ambition to achieve a large digital transformation by 2050. The recent Covid-19 pandemic accelerated this trend while highlighting big gaps between regions in accessibility and use of technology.

Among the 6 current European Commission's top strategic priorities, lies "A Europe fit for the digital age" – EU's approach to achieve a large digital transformation by 2050, through three pillars[1]:

- **Technology that works for the people:** in addition to investing in ultra-fast broadband and super-computing capacity throughout the EU, the first pillar 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 will present a follow-up to the White Paper (published in Feb. 2020) at the end of the year, looking at safety, liability, fundamental rights and data in Q1 2021.[3]

- **A fair and competitive digital economy:** includes the Commission's data strategy, presented in Feb. 2020, which aims to establish a single European market for data (easing access to industrial information for public and private actors), a **Data Act** 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** (whose plan is to be issued in Dec. 2020), the EU's most ambitious attempt yet to regulate the online ecosystem, which will cover content and user moderation as well as new competition rules for gatekeeper platforms (online safety, liability, market dominance, online 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 for research, diagnosis and treatment; and fighting disinformation online.[5]

The Coronavirus outbreak in 2020 is having far-reaching effects on European economies. In July, EU leaders reached a so-called historic agreement on the new multi-annual financial framework and the recovery and resilience fund, with updates of the EU digital strategy:

- **Horizon Europe** (the research and innovation funding framework, in line for a €5bn increase under the recovery fund);

- the **Connecting Europe** facility (designed to help the EU regions connect better in the transport, energy and digital sectors, with a doubled allocation from the previous MFF);

- **Digital Europe** (€6.76bn to invest in key strategic digital capacities such as high-performance computing, AI and cybersecurity).

From this overview of EU policy in the field of digitalisation, it is possible to consider their effect on the digital evolution of the fitness sector.

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.[6] While it opened up new prospects for gyms, it also imposed new challenges, which includes some of the following:

- **Disparities between clubs:** big disparities 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 or profiles for runs or cycle rides), and the regular "clubs around the corner" still lacking digital solutions to manage their business and clients.

- **Home gym:** traditionally dominated by brick-and-mortar health clubs, the industry is witnessing for a few years a shift in how people want to pursue fitness. More and more average consumers use all kinds of fitness apps and work out at home, in their own time, instead of going to the gym.

- **Digital evolution, more than transformation?** While a large number of 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 fitness sector to achieve a comprehensive digital transformation.

- **Covid-19: challenge or opportunity?** The Covid pandemic has created unprecedented issues for the fitness industry, shutting down 95% of European fitness facilities for several weeks or months from mid-March onwards. However, it also fostered a boom of digital fitness, 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;
  (4) non-fitness companies such as retail and apparel looking for partnership solutions to drive customer engagement.[7]

There is no doubt that 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 outlined, 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).[8]

Several aspects of this evolution will, directly or indirectly, fall under the scope of the future EU regulation in the digital field:

- **Artificial Intelligence:** AI has been introduced in the fitness industry with simple customer related tasks (for instance, with answering services, class registration, chatbots for customer support or statistical calculations).[9] No doubt that more and more fitness operators will look for further AI applications in their businesses, to process a wealth of data in order to target specific segments of clients, or propose personalised offers. This will have to be monitored, in relation with the future EU regulation regarding AI.

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

References:

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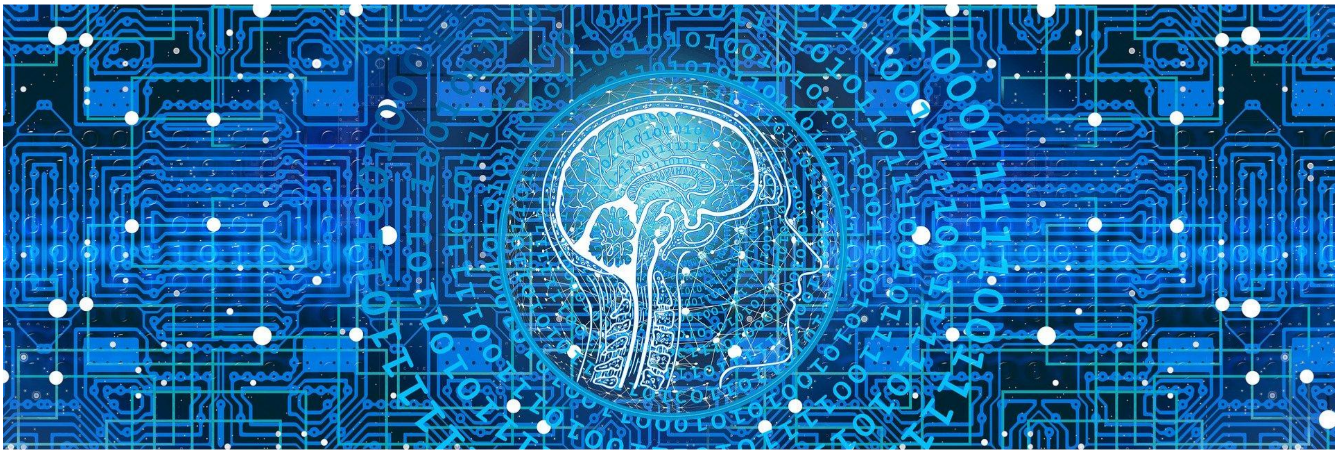

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