

JIANLE HEALTH AND FITNESS COMPREHENSIVE SERVICE PLATFORM PROJECT

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ABSTRACT

Jianle health fitness technology co., LTD. plans to launch the fitness comprehensive service project -Jianle health, which is a project based on smartphone APP application platform, provides offline fitness promotion, fitness coach promotion, fitness supplies sales, live fitness video, personal fitness services and management, fitness community interactive service function. the static investment payback period, the net cash flow of the current year =2.64 years, the net cash flow with 10% discount, the present value of the annual net cash flow of the cumulative net cash flow last year = 2.60 years. It can be seen that the investment payback period of the project is short and the prospect of the project is good. It is a comprehensive, covering multi-level fitness comprehensive service platform project to build fitness industry service closed-loop brand.

Keywords: Financial analysis, Health, SOWT analysis

INTRODUCTION

Jianle health fitness technology co., LTD. plans to launch the fitness comprehensive service project -Jianle health, which is a project based on smartphone APP application platform, provides offline fitness promotion, fitness coach promotion, fitness supplies sales, live fitness video, personal fitness services and management, fitness community interactive service function. It is a comprehensive, covering multi-level fitness comprehensive service platform project to build fitness industry service closed-loop brand.

- 1 .Build a professional brand.
2. Complete industrial closed-loop.
3. Develop the unique functional advantages.
4. Complete the professional project team.
5. Seek the rich resource support.

INDUSTRY ANALYSIS

Xi Jinping general secretary of the national health and health conference delivered an important speech pointed out that "to put people's health in priority development strategic position", conform to public concern, to "healthy China" construction, "to solve the outstanding environmental problems affecting people's health", "promote national fitness and national health depth integration", etc., national fitness get high attention of the society.

The market scale of China's fitness industry continues to grow, and it is expected to exceed 200 billion yuan in 2022. Since 2012, the market scale of fitness industry has continued to grow; from 2012, the annual compound output rate of fitness industry in 2012-2021 was 6.7%, the total output value of fitness industry in 2021 is about 154.525 billion yuan; the estimated total output value of fitness industry will reach 185 billion yuan, and by 2022 will further exceed 200 billion yuan, reaching RMB 211.527 billion.

According to the data of the 2018 Fitness Expenditure Report compiled by financial APP, from 2015 to 2017, the annual per capita fitness expenditure increased from 1077 yuan to 1502 yuan. Driven by the increase of per capita disposable income and consumption level, per capita fitness expenditure is increasing year by year, and fitness sports show a nationwide trend. It is estimated that the annual per capita fitness expenditure of Chinese residents will reach 2,000 yuan in 2019.

SWOT Analysis:

Strength

1. The business model determines good cash flow.
2. The terminal consumption mode is conducive to improving the promotion of product shore.
3. Chain business model is conducive to the formation of regional regulations.
4. The huge development of the Chinese market.

Weakness

1. The Chinese fitness habits of Liaoning people need to be cultivated.
2. The hard cost of store operation is high.
3. Labor-intensive in the service industry, with fast flow of employees.
4. A shortage of professionals in emerging industries.

Opportunity

1. China's region and population determine the huge industry development space (China's sports industry accounts for only 0.25% of GDP).
2. Emerging industries are more likely to grow bigger and stronger.
3. Economic development and income improvement will bring about lifestyle changes.
4. Western advanced industry experience and lessons can be reasonably learned from.

Threat

1. More and more recreational and personalized sports services will form competition.
2. In uneven operation and management level, leading to vicious price competition.
3. Professional degree is not high, the member fitness effect is low or cannot adhere to.
4. Some investors have a speculative attitude and some responsibility attitude, which has brought a negative impact on the development of the company.

MARKET ANALYSIS & MARKETING PLAN

1. Market Segmentation and Target Market Selection

Hot fitness market is behind a variety of disadvantages, keep, hot fitness occupies the majority of the fitness market, they all belong to the comprehensive fitness education app, user base, and user viscosity is relatively large, if the new app wants to enter the market, must be more segmentation, and may highlight the encirclement. The current market segments are:

- (1) Advertising placement: This way seriously affects the user experience.
- (2) Selling related fitness goods: as a dealer to sell fitness goods, the profit point is very low, as a brand owner to develop brand goods, the lack of research and development strength may lead to the decline of the quality of goods.
- (3) Develop intelligent hardware: health intelligent hardware such as smart bracelet and health scale seems to be the next wave of profit point.

2. Competitive advantage of this project

Referring to the competing product fitness APP facing this project, its services are mainly aimed at online APP services, and the lack of project products combining online and offline in this project.

First of all, the project provides a complete set of services to form a complete industrial closed loop, with the advantages of providing an all-round, one-stop industrial chain, which can maximize the potential of consumption. The cost of this project is relatively low, especially through the public relations operation and its own resource advantages, pushing forward the low-cost operation provides favorable conditions. Finally, each sub-project included in the project will establish stable cooperation channels and excellent agents, which can integrate high-quality resources to achieve win-win cooperation.

3. Estimates of Annual Sales and Market Share

With the development of urbanization and the progress of Internet technology, urban and rural residents are increasingly demanding for fitness, and their enthusiasm for residents to participate in sports continues to rise. According to data released by the General Administration of Sport, China's sports population is expected to reach 435 million by 2022. From 2010 to 2020, the output value of China's sports and fitness market will increase from 81.8 billion yuan to 161.9 billion yuan, and the estimated output value is expected to reach 173 billion yuan in 2022. The company expects sales of \$1 million, or 5% of the market.

MANAGEMENT TEAM AND COMPANY STRUCTURE

The team now has a total of 10 people, who have great enthusiasm for operating the project. The team members try to personally participate in the activities organized by the platform and have the internship experience on the campus internship platform. The most important thing is to have a certain understanding of intelligent marketing and intelligent manufacturing. By using their own subjective initiative, the team members actively expand their human network resources, and transform them into platform utilization.

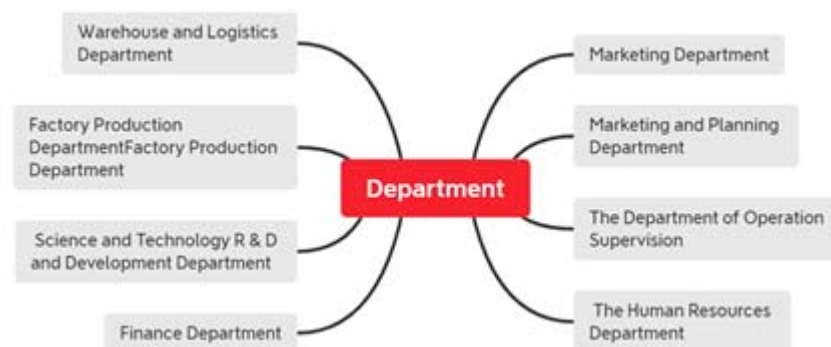


Figure 1 Company Structure Production Plan

Phase I

1 The project plans to complete the launch of APP production and production within 2 months and start internal testing, and issue invitations on major social performances to gather popularity and improve attention. Make full use of the diffusion influence of Wechat group. At the same time, we cooperate with major fitness service brand institutions in Wuhan to realize the entry and drainage.

2 At this stage, fully collect the opinions of the user BETA test, optimize and improve the APP details, and use 3 months to cultivate customer groups and accumulate popularity.

3 Build a joint management system suitable for the main APP platform + multi-project mode, optimize the management system, strengthen the introduction and training of talents, and improve the level of fine management.

Expected target: private domain traffic is expected to reach 15,000 people.

Phase II

1 The official launch of APP, continue to strengthen the promotion of online community, do a good job in the first diversion (advertising) of planning and marketing promotion, win the trust of users, and promote brand awareness.

2 The project party plans to divide the national market into east China, south China, central China, southwest, northwest, northeast six regions, the project to establish marketing team, project promotion and channel construction, and strive to in a short time to target area fitness service operators, fitness private education team into the project APP, to realize the rapid development of the project.

3 Adopt diversified promotion methods to improve the brand exposure through the form of KOL web celebrity with traffic, and keep the content in continuous output (carry out event marketing, fitness competition, offline user communication meeting, healthy weight loss and transformation and other activities), so as to improve user stickiness and achieve precision marketing.

4 Integrate the product resources of the newly opened projects to lay a good foundation for the realization of the product and service matrix effect.

Expected target: private domain traffic of half a year is expected to reach 100,000 people.

Phase III

1 After the smooth operation of the APP for one year, the full coverage of well-known fitness venues is realized, and a huge database of fitness venues and fitness coaches will be established to serve fitness enthusiasts across the country.

2 Continue to strengthen the promotion of online community, do a good job in the first marketing diversion (advertising) of enterprise marketing promotion, win the trust of users, and promote brand awareness.

3 Expand the APP application module, improve the addition of other service supply chains, select the merchant mechanism and surrounding stores, improve the user experience, and realize the ideal mode of "doing content online, offline arrival and e-commerce harvest".

4 Continue to improve the service product category of the project, adjust the corresponding service content according to the user needs, broaden the service scope, increase the theme activities, and better meet the diversified user needs.

5 Carry out effective and effective marketing promotion, increase advertising investment, and increase brand exposure and establish brand image through holding activities, cooperative promotion and publicity, sports star variety show development and other measures.

Expected target: Private domain traffic is expected to reach 800,000 people in one year Jianle health fitness technology co., LTD., after its formal establishment, will rely on the past advanced operation management experience, combined with the current advanced business management model, build scientific project management mode, promote the construction of high-level platform, strict project management, at the same time adopt diversified marketing strategy, ensure the sustainable and healthy development of the project, do better and stronger.

FINANCIAL ANALYSIS

Financing refers to the behavior of enterprises to raise the required funds in the development and expansion, including internal financing and external financing, and external financing includes equity financing and debt financing. Generally speaking, financing refers to external financing, namely equity financing and debt financing. The following equity structure will be selected for the project, in which the technology investment accounts for most of the amount of the project capital; followed by the company; in addition, as the project still needs large funds to maintain the technology research and development, the remaining shares will come from venture capital.

Table 1 Source of Funds

Unit: Ten thousand Yuan	Risk capital	Company investment	Technology as a shareholder
Amount (ten thousand)	96	72	132
Equity ratio is (%)	32.00	24.00	44.00

Table 2 Financial Statements of the Company in 2022-2026 (unit: ten thousand yuan)

Project	2022	2023	2024	2025	2026
Offline operation	60	126	277	498	896
Product service	40	84	184	331	529
Advertising revenue	5	11	25	57	82
Profit sharing	8	18	42	91	145
Franchise fee	0	25	25	50	75
Amount to	113	264	553	1018	1727

Table 3 Profit Statement of the Company from 2022-2026 (Unit: ten thousand yuan)

Project	2022	2023	2024	2025	2026
Operating receipt	113.00	264.00	553.00	1,018.00	1,727.00
Reduced: operating costs	82.60	129.00	233.00	459.00	618.00
Taxes and Additional	-	-	-	-	-
Selling expenses	30.80	33.88	37.27	41.00	45.10
General expenses	12.40	20.20	25.30	30.40	40.50
Cost of financing	0.57	1.32	2.76	5.09	8.64

Project	2022	2023	2024	2025	2026
Operating profit	-13.37	79.60	254.65	482.51	1014.76
Plus: off-operating income	-	-	-	-	-
Less: off-operating expenses	-	-	-	-	-
Total profit	-13.37	79.60	254.65	482.51	1,014.76
Less: income tax expense	-	16.55	63.66	120.63	253.69
Net margin	-13.37	66.05	190.99	361.88	761.07

Table 4 Total estimated cash flow (unit: ten thousand yuan)

Project	2022	2023	2024	2025	2026
I. Cash flow generated by business activities:					
Cash received from selling finished goods, goods and providing labor services	113.00	264.00	473.00	818.00	1,327.00
Other cash received in connection with business activities	16.00	18.00	29.00	35.00	43.00
Cash paid for purchasing raw materials, goods and receiving labor services	27.00	52.00	97.00	126.00	196.00
Employee compensation paid	46.80	57.60	82.30	113.70	162.60
Taxes paid	-	16.55	63.66	120.63	253.69
Other cash paid in relation to business activities	63.24	84.62	87.45	93.23	96.84
Net cash flow generated from operating activities has been accumulated	-8.04	71.23	171.89	399.44	660.87
II. Cash flow generated by investment activities:					
Purchase and construction of fixed assets, intangible assets and other non-current assets Cash paid	124.20	82.00	43.00	52.00	73.00
Cash flow generated from investment activities	-131.00	-22.00	-43.00	-52.00	-73.00
III. Cash flow generated by financing activities:					
Absorbing the cash received from investor investments	100.00	200.00	400.00	400.00	400.00
Distribution cash paid for the profits	-	-	-	-	-
Net cash flow generated from financing activities	100.00	200.00	400.00	400.00	400.00
IV. The impact of exchange rate changes on cash	-	-	-	-	-
V. Net increase in cash	-154.11	144.45	236.98	270.91	465.64
End-of-term cash balance	-122.95	226.09	883.53	1,167.66	1,354.88

Cash flow from assets consists of three parts: operating cash flow, net capital expenditure and changes in net working capital. According to the total cash flow statement, compared with the average rate of return of the same industry, and taking into account the risk of the opportunity cost of capital and other factors, Considering the next five years, we set the company's cost of capital (i.e. discount rate) at 15%. At the same time, NPV is far greater than zero, in the calculation period is good, and the company's project is worth investment.

Return on investment period

(1) Static recovery period

Without considering the time value of money, the static investment payback period P_1 = the positive year fraction of cumulative net cash flow - 1 + the absolute value of net cash accumulation of the previous year, and the net cash flow of the current year = 2.64 years.

(2) Dynamic payback period

Based on the net cash flow with 10% discount, the dynamic payback period = the annual score of the cumulative net cash flow beginning to appear positive - 1 + the absolute value of the present value of the annual net cash flow of the cumulative net cash flow last year = 2.60 years. It can be seen that the investment payback period of the project is short and the prospect of the project is good.

CONCLUSION AND FUTURE WORK

For key financial indicators, we calculate and analyze them from three aspects: solvency, profitability and development ability. The calculation results show that the current ratio is higher than 2 in solvency, relatively low in profitability, and good in short-term and long-term solvency; The growth rate of sales revenue and total assets have gradually stabilized after experiencing the rapid growth period in previous years. Overall, the company's financial indicators are good, which fully shows the company's strong solvency, profitability and development potential. In the next five years, the company will constantly adjust its marketing mode, explore new marketing mode, reform its management mode and strive to achieve the established profit goal.

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