

Chapter 1 - Introduction

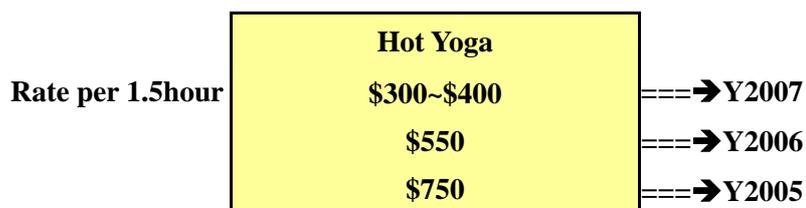
The sport industry has been recognized as a growing industry. In 1988 it was estimated to be a US\$ 62 billion dollar industry and ranked 22nd among the top 50 industries in the United States, at the same time the industry was growing at the average rate of 6.8% per year (Brenda G. Pitts & David K. Stotlar, 1996). In 2001, the estimated size of Taiwan's sport industry was about US\$ 4.96 billion accounting for 1.1% of GDP comparing to 2% in the US, 1-1.5% in UK, Germany and Australia and 0.2% in China (Cheng. S.T, 2002).

After changes in lifestyle recent decades, obesity of all citizen forms an intrinsic part of health care. Preventive health care is an important determinant of health since prevention means avoiding or slowing the course of a disease, which is essential for a good quality of life. The positive effects of exercise, have driven worldwide people to join health clubs, especially to join yoga studios in the recent two ~ three years.

1.1 Objectives and Motivation

Elasticity of Demand measures changes in the market (sales) when there is a price change. Elasticity is a measure of how consumer react-consumer sensitivity-to changes in price (Boone & Kurtz, 1989). Some other factors that affect elasticity include: product status as a necessity or luxury, product substitute availability, frequency of purchase, proportion of income available for a specific product, economy, brand loyalty, competition, quality of the product and time frame of demand (Boone & Kurtz, 1989). These fundamental factors constitute the basis for sport marketer in pricing methods and strategies.

Over the past few years, yoga has become more and more popular in Taipei. Players' head-to-head competition in price will deteriorate industry profitability and inferior service standard. According to Boone and Kurtz, analysis and research on the underlying factors affecting consumer's decision, will grant a better competition environment where service and customer experience are on top of their service categories instead of price.

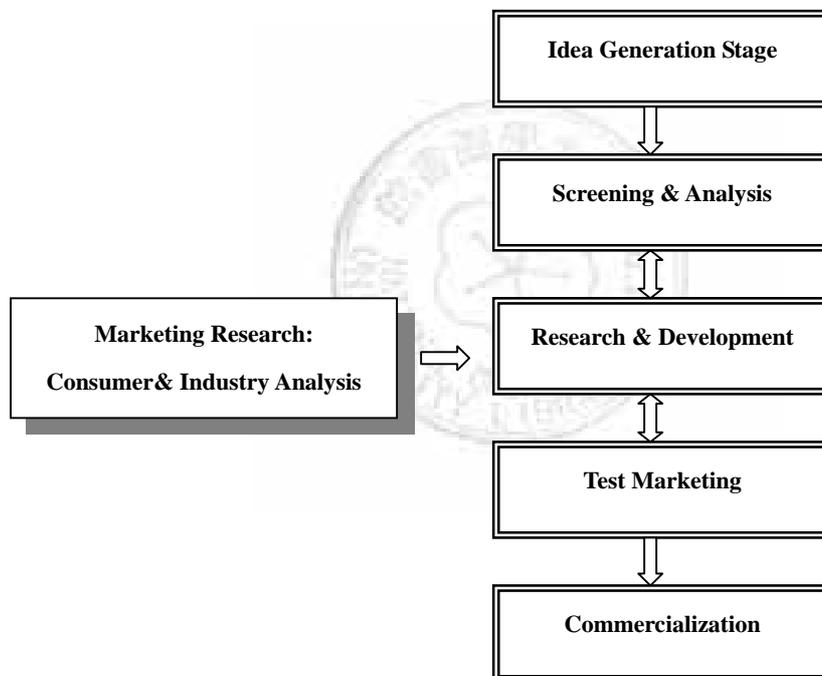


Source: Taipei Times, 2007

Figure 1.1: Y2004~Y2007 Price deterioration status

Non official statistics data reports a great potential of yoga market in Taipei. In 2005 Taiwan's yoga population forecast could reach 260,000. Seventy five percent of these yoga members or 180,000 members reside in Taipei (Taipei Times,2007). Although industry potential and visibility is bright, but the price deterioration from 2005~2006 is over 25%.

Sport consumer analysis therefore, will provide the sport marketer the direction in key decision and strategy formulation to increase the membership retention rate and reduce marketing expenditures to attract new members. Existing member's price attraction will not be the first priority, if the facility environment, personal service and overall offered standards are upgrading. Under this scenario, price is relatively inelastic, as existing members' retention are linked to attributes related to their practice convenience, attention and technical improvement.



Source: Fundamentals of Sport Marketing. P159

Figure 1-1-1. Stages In New Product Development Process

Marketing Research & Industry Analysis provide the endless loop for marketers to understand the sport industry performance, monitor and identify competitors, understand company's positioning and determine product management strategies. Strict monitoring of industry pace offers the chance to reduce price reduction volatility.

The purpose of this study is to generate awareness of the importance of the underlying factors

affecting consumer's decision. Price reduction sometimes will not trigger an immediate sales increase, on the contrary, it will cause existing members' discomfort and over reaction towards their cash management or latent capital shortage. In depth analysis on consumer behavior and preferences before conducting a decision, will help existing players to examine their marketing strategies and bring higher confidence level to new entrants. To recap, this research attempts to capture the following empirical findings and suggestions:

- a) Empirical evidence of Taipei Hot Yoga demand elasticity.
- b) Empirical evidence on consumer's attribute scoring plot, attributes affecting their decision.
- c) Consumer behavior in sport industry, as recommendations for policy makers and corporate management.

1.2 Research Structure

This research is a quantitative research employing direct interviews, surveys to develop and administer to a stratified sample of consumers interested in practicing yoga. Consumer behavior and price elasticity are employed as foundation theories to analyze the empirical findings and how consumer behavior and lifestyle affect their purchasing decision and most importantly, to capture its relation with the demand elasticity to serve as referential analysis to yoga marketers.

This research is organized into five chapters, details as following:

Chapter 1- Introduction

Overview of background, briefing on objectives and motivation and recap on research structure and flow.

Chapter 2- Literature Review

Discussion of the theories employed as foundation to this research.

Chapter 3- Research Method

Description of research design., questionnaire design and methodology.

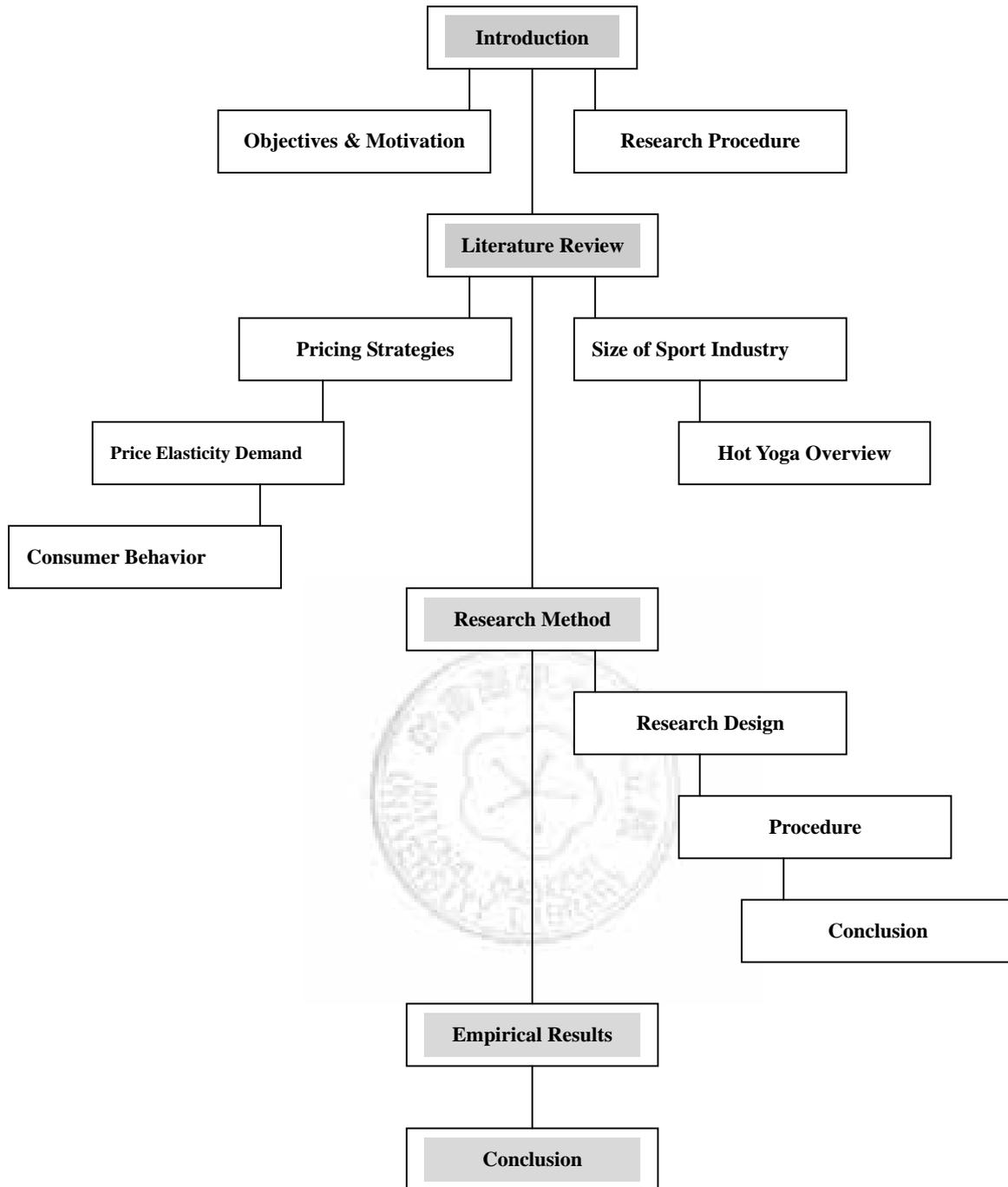
Chapter 4- Empirical Results

Statistic analysis on the surveys conducted. Phenomenon analysis & explanation

Chapter 5- Conclusion

Finding overview and recommendations

1.3 Research Flow



Source: This Study

Figure1.3: Research Flow