

Plansbook



Company:
Gold's Gym International Inc.

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The Industry:

Overview

In the United States, the fitness center industry is comprised of roughly 27,000 corporations, companies, and non-profits that operate 30,000 fitness and recreation centers nationwide—about 2,600 of these operations are headed by YMCAs. The industry earns annual revenue close to \$22 billion with the 50 largest companies accounting for close to 30 percent of the profits. The main source of income for this industry usually comes from membership and entrance fees, accounting for almost two-thirds of the total revenue. Other sources of income result from personal training, retail sales, equipment, and food. The majority of stores require annual memberships in order to retain consistent clients and a higher income. Besides traditional weightlifting and aerobic exercise, major services include facilities for running, swimming, and sport-related activities monitored by staff personnel. Fitness centers are often most profitable during the first quarter due to the public's increased awareness to health for the new year, but often see numbers diminish in later quarters.

Current Conditions

Due to readily available technological advances, a recent trend in the industry has been the appearance of mobile training apps specifically for fitness use. Fitness Business Pro reports that the accessibility of these training apps have encouraged more frequent gym visits as well as encouraged new membership. These apps supply various exercise routines for users to perform at their own pace as well as other features such as progress reports and digital calculators.



Fitness Center Growth Rate

Industry Leaders

In relation to this assignment, the U.S. leaders in the fitness center industry include:

- 24 Hour Fitness USA Inc.
- Bally Total Fitness
- Gold's Gym International Inc.
- Planet Fitness
- Curves International Inc.
- McFit GmbH
- Virgin Active
- Anytime Fitness
- Konami Sports and Life Company Ltd.
- GoodLife Fitness Clubs
- Life Time Fitness Inc.

The Company

Overview

Beginning in 1965 as a single gym in Venice Beach, California, Gold's Gym has spent the last four decades transforming itself into one of the most recognizable brands in the fitness center industry. Owned by TRT Holdings, the company currently has more than 600 gyms in over 30 countries with 3 million members worldwide. Over the years, the company has significantly increased its' international exposure, opening locations in Spain, Sweden, and the Philippines in addition to franchises in Indian and Middle Eastern markets. With over 3 million members, Gold's Gym offers traditional training style membership as well as Gold's Gym Express, a low-cost alternative that offers their members full-gym service which they pay on a non-contract, month-to-month payment.

Company History

Founded by Joe Gold in Venice Beach, California in 1965, the first Gold's Gym still stands today as "The Mecca of Bodybuilding." As one of the few global players in a highly segmented industry, Gold's Gym started out as a 'no frills' gym for only serious weightlifters, but over the years has transformed itself to offer a wide arrange of health benefits to all types of consumers. Designing most of the equipment himself, Gold's Gym gained immediate popularity and success during the late 1960's as an indoor weightlifting facility for the "Muscle Beach" culture of Los Angeles. The landmark gym became frequented with such stars as Arnold Schwarzenegger and Dave Draper, and gained significant exposure after being featured in the 1977 movie, Pumping Iron.

Company History [Continued]

In 1970, Joe Gold sold the company for \$50,000 just before the surge of bodybuilding popularity in the United States. Because of its' Hollywood exposure and reputation as a purist, simplistic gym, Gold's Gym was sought out by athletes and celebrities alike. Under new management, Gold's Gym began to franchise during the 1980's, growing from a single location to 220 U.S. locations by 1988 as it loosened its' purist bodybuilding mentality to attract a larger consumer base, both men and women. During this time Gold's Gym also began to market their logo on merchandise and clothing lines, increasing both brand equity and awareness while continuing to drive up profit.

As the presence of rival fitness center's rose during the 1990's, the company once again switched hands in 1999 as brothers Kirk and John Galiani purchased the parent company in 1999, but subsequently stepped down in 2001. However, Gold's Gym brand continued to be a leading player in the fitness world, building large, extravagant facilities which, though profitable, conflicted with Gold's initial model. In 2004, TRT Holdings, a Texas investment group, purchased the company for \$160 million with an aim to unify Gold's brand and image worldwide, highlighting the company's story history while also emphasizing the company's role in different client success stories. The current chief corporate officers include President and CEO Jim Snow, David Fowler as senior divisional vice president, and Aaron Watkins as senior vice president of finance and accounting.

Company Mission:

Gold's Gym company mission is—

"To Help People Achieve Their Individual Potential Through Fitness."

Additionally, the company's most recent slogan has been:
Gold's Gym... Know Your Own Strength.™

SWOT Analysis:

Strengths-

- A current leader in the industry and market share
- Operations in over 600 locations in 30 countries
- Established and Recognizable brand both nation and worldwide
- Offers variety of fitness amenities and facilities
- Leader in cutting-edge fitness issues
 - o In 2004, the company introduced the Gold's Gym Fitness Institute to serve as a think tank on critical health and fitness issues.

Strengths [Continued]

- Attention to Pro Bono Services
 - o In 2004, Gold's Gym became a national fitness sponsor of the American Diabetes Association's Tour de Cure. In 2006 the company became a National Strategic Partner of the American Diabetes, the ADA's highest designation for a corporate partner. Since their relationship began, Gold's Gym has raised more than \$2.5 million to benefit diabetes research, education and awareness
 - o Gold's Gym operates a national corporate wellness program. Clients include Whole Foods, the U.S. House of Representatives, American Airlines and Exxon Mobil

Weaknesses

- With an increasing industry, more facilities in urban areas make it increasingly difficult to convince consumers who are able to choose from dozens of fitness centers within a fifteen minute driving distance.
- New facilities typically are unprofitable for several years after they open, until membership increases.
- Injuries during sessions cause a serious liability for the company.

Opportunities

- Nearly 20 percent of all US children are overweight or obese, triple the rate of the previous generation.
- Gyms are focusing on customized programs and services as a way to improve sales and retention among older active adults, a rapidly growing demographic.
- January is the peak month for new memberships as people try to lose weight after the holidays or fulfill New Year's resolutions
- Family memberships and increased services can often cut attrition.

Threats

- With an aging population, it is difficult to turn around customer retention for a long period of time
- YMCA's, personal gyms, and personalized home workout videos are a serious competition
- Most fitness centers are most profitable during the first quarter of the year due to the holiday seasons and weight gain. However, the last three quarters see a significant drop off in memberships.

The Product- “The Gold’s Gym Experience”

Stage of Product’s Life Cycle:

Gold’s membership offers their clients the unique opportunity of purchasing gym membership by annual contract or through their Gold’s Gym Express system, which allows clients full gym membership on a month-to-month basis.

Sales Features:

- Besides having industry leading knowledge over the past four decades, Gold’s Gym locations offer a number of amenities for a well-rounded fitness experience which include—

- Basketball
- Cardio equipment
- Child care
- Chiropractic, rehab, and massage centers
- Juice bar
- Locker rooms
- Nutrition center and guidance
- Personal training
- Pilates
- Pool
- Pro Shop
- Racquetball
- Sauna, steam room
- Senior fitness classes
- Strength training
- Yoga

Product Positioning:

What originally started as a ‘no-frills’ gym meant solely for only the most serious weightlifters, Gold’s Gym has expanded themselves to reach a larger target audience, changing their positioning in recent years to highlight the company’s storied history as well as showcase the company’s involvement in client’s success stories.

Distribution:

The company has both national and international credibility with over 600 locations in 30 different countries, having strong footholds in North America, Europe, and an emerging market in the Middle East. Besides gym membership and fees, Gold's Gym also utilizes its' recognized brand equity and logo through clothing and merchandise.

Pricing:

Upfront Fees and annual memberships vary by state and area based upon demographics and competition in the area. Customers have the option of three annual plans for individuals, corporations, or family rate. Pricing can range from \$40 to \$50 per month not including upfront fees.

Sales History:

As a private company, Gold's Gym offers limited sales history.

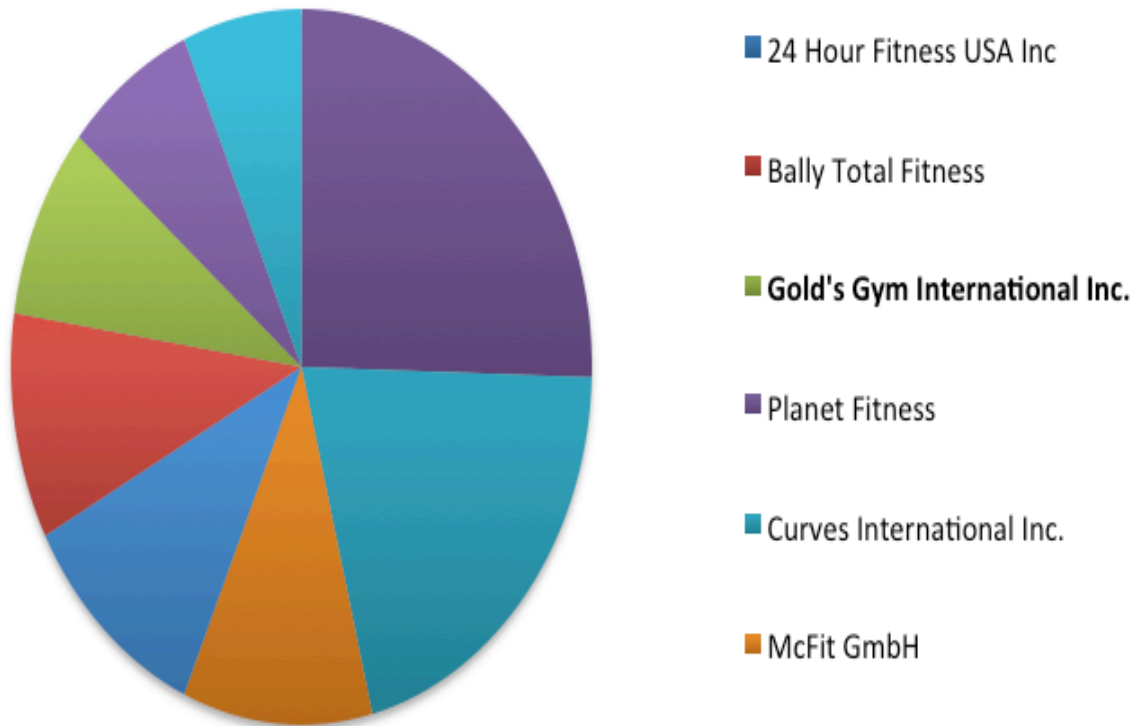
Estimated 20101 Annual Sales: \$80.40 M

Market Share:

Largest Gym Companies, 2010:

24 Hour Fitness USA Inc.	3,800,000.00
Bally Total Fitness	3,500,000.00
Gold's Gym International Inc.	3,500,000.00
Planet Fitness	2,348,270.00
Curves International Inc.	1,900,000.00
McFit GmbH	975,000.00
Virgin Active	975,000.00
Anytime Fitness	940,000.00
Konami Sports and Life Company Ltd.	801,000.00
GoodLife Fitness Clubs	670,533.00
Life Time Fitness Inc.	612,556.00

2010 Market Share



The Target Market:

I believe Gold's Gym primary target market should be health-conscious men and women ages 25-45. This demographic should be concerned not only with physical experience but focused on maintaining a healthy lifestyle despite their busy work and personal schedules. They are aware of Gold's Gym storied past and prefer quality facilities and guidance to produce results. Due to the financial commitment that comes with the gym, it is important that the target market have a large enough income to afford membership.

The Competition

Major Competitors:

- **24 Hour Fitness:**

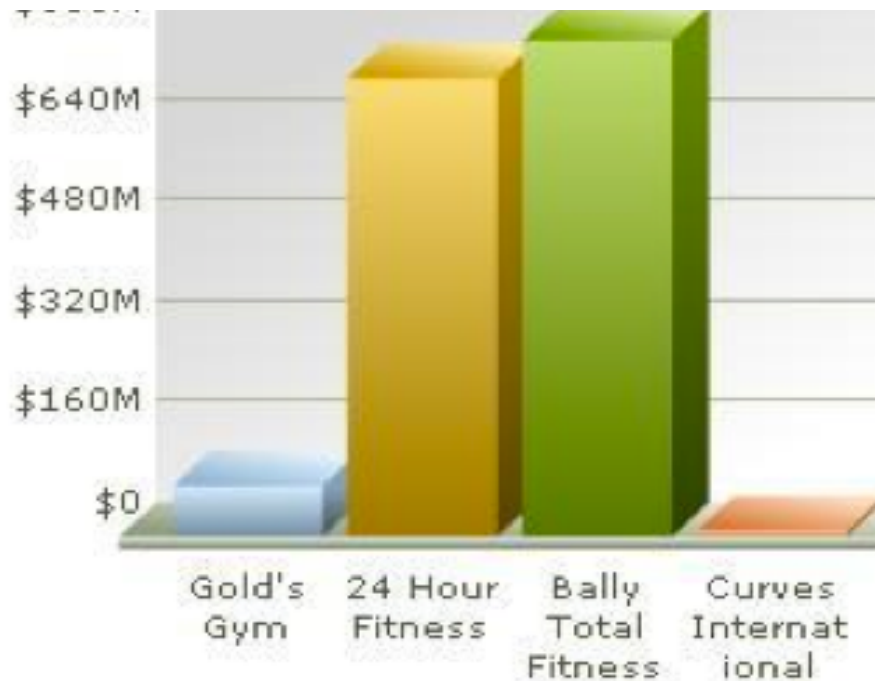
24 Hour Fitness owns and operates more than 400 fitness centers with over 3.5 million members. Facilities include aerobic and weightlifting areas as well as other features such as sports rooms, swimming pools, and saunas. It offers the unique distinction to be the only fitness chain open 24 hours a day.

- **Bally Total Fitness:**

Bally Total Fitness operates 270 U.S. locations with more than 3 million members. They offer a series of aerobic classes, personal trainers, and sports facilities while also utilizing online resources for their clients.

- **Curves International:**

With more than 4 million members, Curves International targets specifically women with limited time to exercise. They operate 10,000 fitness centers worldwide tailored towards quick, 30-minute work out sessions for women with busy schedules. Gyms are typically small in size while also offering diet programs for paying customers.



Strength of Competition:

24 Hour Fitness: The company's most prevalent strength over other fitness centers chain is its ability to offer consumers a fitness option regardless of time. This plays off the notion that in today's society, consumers are often too busy during normal working hours to exercise. 24 Hour Fitness gives these people the option for traditional exercise during non-traditional, more convenient hours.

Bally Total Fitness: As a major player in the fitness center industry, Bally Total Fitness' health oriented stores offer their customer's diet plans and online resources for their convenience. In some areas, the company has also tempted consumers with a "\$0 admissions fee" to combat a time of economic hardship.

Curves International: By segmenting the market by only targeting women, Curves International has developed a loyal following from women who value quick, available exercise.

Weaknesses of Competition

24 Hour Fitness: Costs to maintain, run, and manage facilities for 24 hours cut into the company's profit margins more significantly than its' competitors. Moreover, the chance of injury or lawsuit are severely increased by allowing participants to exercise at times when they might not be mentally or physically fit to do so.

Bally Total Fitness: Recent financial struggles have been an ongoing issue for this company. Bally applied for Chapter 11 bankruptcy in both 2008 and 2009.

Curves International: Although targeting only women-based clientele creates a loyal market, Curves International alienates themselves from being a major player in the market by ignoring other target audiences.

Community Strategy of Competition

Competition has used both traditional and non-traditional strategies and campaigns to reach target consumers. In March, Bally Total Fitness launched an ad campaign aiming to support the connection between music and exercise inspiration, allowing new members to receive 20 music downloads after joining Bally. The campaign also features high-energy, fast-paced television ads to support the connection between music and Bally Total Fitness' exercise option. In 2010, 24-hour fitness launched a multi-faceted media campaign linked with the Winter Olympics, titled "We Are All Athletes." The campaign featured a 30-second advertisement showing U.S. Olympic athletes with the idea that 24 Hour Fitness can help reach your own personal fitness goals. Contrastingly, Curves International advertising strategies have mostly consisted of print ads to more effectively reach their women-based target audience.

The Communication Strategy & History

Advertising & Promotion:

Gold's Gym has used a variety of methods to both increase gym membership and drive consumers to their website. These works include direct mail efforts, newsletters, social media campaigns, print ads, interactive web banners, television, and prints ads in both national and international markets. Recent campaigns have taken either a light-hearted, humorous attitude such as the 2009 social media campaign warning the audience about 'the dangerous of canklles,' or a serious, inspiring tone aiming to motivate consumers to reach a better self-image.



Event Marketing:

Gold's Gym has been a sponsor of the American Diabetes Associations' Tour de Cure, raising more than \$2.5 million to raise awareness of the disease. They also participate in national corporate wellness programs for many major conglomerates including American Airlines and Exxon Mobil.

New Media:

Gold's Gym has utilized recent social media trends by creating and actively participating in Twitter, Facebook, and YouTube forums.

Marketing Analysis

Current Positioning Statement:

"Our gyms are built to help people realize their goals and find their inner strength. We deliver the ultimate fitness experience."

-Goldsgym.com

Repositioned Statement:

"Gold's Gym is committed to constantly offer our clients the opportunity to reach their personal fitness results through our decades of exercise experience and encouraging atmosphere."

Unique Selling Propositions:

- Most experience in offering fitness and exercise advice.
- Most supportive atmosphere to reach personal exercise results

Marketing Objectives:

1. To continue to shed the intimidating public perception that Gold's Gym is only designed for the body building elite.
 - a. Reposition the company as a fitness center that provides nurturing, encouraging assistance to its' customers on an everyday basis through their years of expertise in the field
2. To increase gym membership among 25-45 year olds
3. To establish a strong online presence in order to increase brand awareness and develop a relationship with customers
4. Appeal to a younger, emerging market while still maintaining brand equity among current clients.

Target Market:

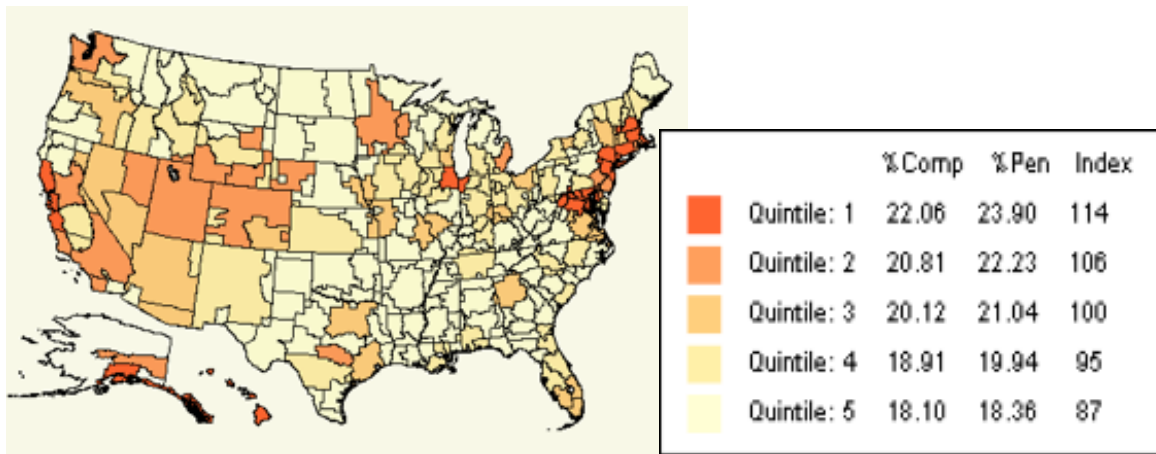
- **Primary Market:**

Gold's Gym primary target market for this campaign are men and women, ages 25 to 45, in the Northern California urban markets with an annual income greater than \$50,000. Individuals within this target market are both tech-savvy and health conscious, already possessing an awareness of Gold's Gym history as a fitness center leader. This campaign will use this market because of its' rooted knowledge of the brand, high concentration of target age range and statistical findings for individuals likely to exercise five times a week.

- **Secondary Target Market:**

Gold's Gym secondary target market consists of men and women ages 25-45 living in Northeast urban markets with an annual income greater than \$50,000. These individuals should be tech-savvy and health conscious who value convenient workout options to match their busy lifestyles.

Exercise 5X Weekly



Marketing Strategy:

- Launch a consistent online social media campaign through Facebook, Twitter, and Instagram starting in late November
 - Campaign will include a series of photographs, engaging articles, and promotional videos showing success stories on how Gold's Gym helped them reach their fitness goals
 - Campaign will encourage members of Gold's Gym online community to share their stories through these channels for the opportunity to win promotional prizes
 - The campaign will launch in December to build awareness among the community before the peak months of gym membership
- Although social media presence will continue, the ultimate major component to the campaign will be introduced in February when Gold Gym launches a personalized fitness application for smart phone users
 - Fitness App will contain a "pocket personal trainer" that bases workouts upon the user's criteria.
 - Workouts will be modified for either 'gym' or 'at-home' exercises, allowing Gold's Gym members to always benefit from their fitness expertise no matter where they are.
 - App will include instructional videos to help users through technical exercises as well as calendars and BMI calculators to keep customers on track with their goals.
 - App will be marketed through video advertisements on social media pages, print, and online websites
 - Commercials will be reintroduced in May to promote healthy living for the summer months.

Advertising Analysis

Advertising Objectives:

In order to increase sales and lasting consumer relationships, Gold's Gym will utilize a media mix consisting of online marketing and magazines over a ten-week campaign. Advertising will take place during late December, January, late April, and May. It is recommended that media take place during this time in order to benefit from the public's heightened sense of personal health for New Year's resolutions as well as the younger demographics' desire to look physically good during the summer months. Gold's Gym will also create and maintain a presence on social media sites that will engage users on a year round basis. Building an online conversation with current and future customers will ultimately raise awareness and interest among consumers and further their ongoing relationship with the brand.

Media Mix:

Magazines

Magazines offer the unique opportunity to aptly reach Gold's Gym intended audience due to its' segmented nature. By advertising in magazines that also share Gold's Gym target audience of health-conscious adults, the company will be able to very narrowly reach its' segmented audience. Additionally, Gold's Gym will be able to geographically reach the areas of the country they want to target most.

Online

i. Banners

In the past, Gold's Gym has used interactive banners on various websites to increase website traffic and brand equity. This medium continues to be the most influential vehicle by which people get information.

ii. Viral Commercials

Commercials are by far the best way for company's to advertise through creative expression. Because of their cinematic nature, commercials have the ability to establish a lasting mood and tone about a brand in an audience's mind. More so, commercials have the ability to reach a wide range of consumers both through television and as an emerging presence online.

Social Media

Companies and brands are beginning to understand the untapped potential social media has to create a direct relationship with their consumers. By building an online presence that consumers can directly interact with, brands gain the ability to move from simply being a product or service in to becoming a influential part of their users' lives. Creating and maintaining these direct conversations with users will have a positive return on investment, and more over a positive return on relationship.

Media Vehicles:

Men's Health Magazine

- i. "Men's Health is the number one source for information for and about men. It's a magazine for the active, successful, professional men who want greater control over their physical, mental and emotional lives. We give men the tools they need to make their lives better." The magazine has monthly readership between 192,000 and 224,000 copies targeting men ages 25-45 who self identify as performance-driven as they try to improve themselves both physically and mentally.
- ii. Gold's Gym will purchase full-page advertisements in Men's Health in their January and May editions. This will target a segmented audience during the peak points of health-conscious trends.

<https://www.summitmedia.com.ph/media-kit/magazine/mag/menshealth>

Women's Health Magazine

- i. "Women's Health is a fresh and smart magazine that speaks to today's active and youthful women in a way that is passionate, authoritative and relevant to their lifestyle Women's Health motivates and educates women to take control of their physical and emotional selves so they can live the lives they've imagined." The magazine's target audience are 'go-getter' women ranging in age from 20 to late 40's. The magazine also has monthly readership of up to 140,000 with the opportunity for pass along readership.
- ii. Similar to Men's Health, Gold's Gym will place full-page advertisements in Women's Health magazine during January and May to most effectively reach a segmented market at an appropriate time.

<https://www.summitmedia.com.ph/media-kit/womenshealth>

Spotify

- i. Spotify has recently emerged as an industry leader in music streaming services. With over 15 million users worldwide, customers have the option to download the application to their desktop or Smartphone. Spotify users are allowed to listen to a wide library of copyright protected music for free and aims to cut down on music piracy.
- ii. There has always been a strong connection between music and the inspiration to exercise. By placing online banner ads within the Spotify application, Gold's Gym can reach mass market's desire to be inspired by both music and fitness.

Pandora

- i. Pandora is one of the most popular music generating sites, most noticeably among younger generations. The site, which can be accessed through the Internet or downloaded as an application to mobile devices, allows users to pick what song, artist, or genre they wish to listen to, and then develops a playlist of similar songs based on user's recommendations.
- ii. Because Pandora requires intermittent commercials between certain songs, it is recommended that Gold's Gym place 15 second commercials showcasing their new mobile fitness application to reach a younger demographic of consumers.

Facebook

- i. Gold's Gym currently has a very poor identity on social media sites. Although some pages have many active followers, there are far too many individual gym pages, making it impossible for the brand to develop a central branding page. It is vital that Gold's Gym eliminate these secondary pages to direct current and potential users to a single location—Gold's Gym can then add interactive features that allow gym goers to identify which specific gym they belong to and have more specific conversations within the single page.

Twitter

- i. Similar to the Facebook initiative, Gold's Gym must develop a stronger presence on Twitter to both engage their followers and raise interest about attending gyms and their new mobile application.

Youtube

- i. Youtube has become one of the most frequented sites on the Internet, especially among younger demographics, due to its ability to quickly view and post videos that range from music, comedy, news, and tutorials. To reach a segmented audience of health conscious young adults, Gold's Gym should place 30-second viral commercials about their mobile fitness application before Youtube channels that focus on fitness and pop music.

Gold's Gym 10-Week Campaign

		Q4				Q1				Q2				Q3		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept				
<u>Magazines</u>																
Men's Health Magazine																
Fitness Magazine																
<u>Online</u>																
Pandora																
Spotify																
<u>Social Media</u>																
Facebook																
Instagram																
Twitter																
<u>Commercials</u>																
Youtube																

Creative Analysis

I. *What is the purpose of the campaign?*

In this integrated marketing campaign, the overall purpose of the print, social media, and viral advertisements are to increase gym membership in the Northern California and Northeast urban markets as well as raise awareness of Gold's Gym mobile fitness application.

II. *What are we trying to say?*

The fundamental focus of this campaign is to eliminate the perception that Gold's Gym is only for serious weightlifters. Instead, it is vital to market Gold's Gym as a fitness center that values healthy living over vanity and is both willing and able to help their client's reach their goals on a 24/7 basis.

III. What will the campaign look like?

Each aspect of this integrated campaign will use a combination of dynamic individuals, fast-paced pop music, comforting tone, and inspiring copy to make the Gold's Gym image appear as young, fresh, and inviting. Moreover, it is extremely important that the staffs within the stores also learn and adopt these qualities to ensure brand continuity throughout the Gold's Gym experience.

IV. What should the audience take away from the campaign?

At the end of the campaign, the target audience should consider Gold's Gym as the preferred fitness center due to their deep-seated expertise and unmatched support.

V. What do we need to accomplish this?

a. Software Application

- i. A fully user-centered software application for mobile devices.
Should include customizable workouts, instructional videos, progress reports, and biometric calculator

b. Print

- i. Two full-page color print ads for Men's Health Magazine
 - 1. One tailored towards New Year's Resolution fitness
 - 2. One tailored towards the importance of summer fitness
- ii. Two full-page color print ads for Women's Health Magazine
 - 1. One tailored towards New Year's Resolution fitness
 - 2. One tailored towards the importance of summer fitness

c. Viral

- i. One interactive web banner
- ii. Two fully-produced viral commercials

d. Social Media

- i. One central Facebook portal for the global Gold's Gym brand
- ii. One Twitter account to be routinely managed with updated content
- iii. One Instagram account to be routinely managed with updated content

Evaluation

The following methods will be conducted in order to measure the effectiveness of this campaign:

- i. Pre and post-campaign focus groups set up with gym-goers ages 25-45 in the Northern Californian and Northeast urban makers to gage brand perception of Gold's Gym.
- ii. Measuring volume of mobile application downloads, specifically in the pulsating months of December, January, April, and May.
- iii. Calculating number of unique visitors who visit Gold's Gym Facebook, Twitter, and Instagram sites as well as measuring general activity on these sites.

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