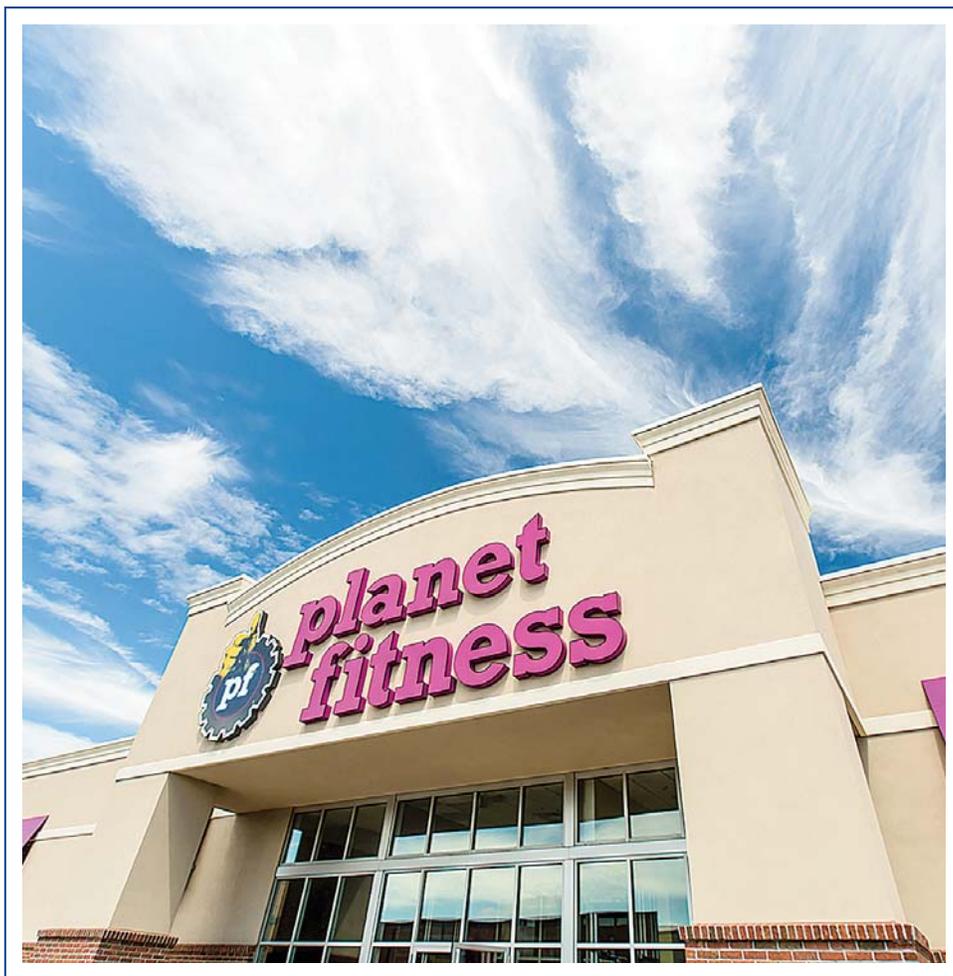


Norm Cates'

# CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

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Norm Cates'

# CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

## Planet Fitness *Home of the Judgement Free Zone*®

**By: Norm Cates**

**Chris Rondeau**, 45, *CEO of Planet Fitness*, is a man who, amazingly, has had only three jobs in his entire life! And, his current role, that of CEO of Planet Fitness, looks like both the company and Chris have hit homeruns. Chris is doing a great job for his staff and the company's stockholders, and the company is performing very well.

Christopher J. Rondeau, also known as Chris, has been the Chief Executive Officer of Planet Fitness, Inc. since January 2013. Chris served as the Chief Operating Officer from 2003 before he stepped into the CEO shoes in 2013. In

1993, Chris, as a young 20-year-old man, joined Planet Fitness, and he has been a partner in its business since 2003. And, he's been a Director on the Board since November 2012.

Planet Fitness is a powerhouse in the health and fitness club industry with over 1,600 clubs now open, and over 1,000 new club deals inked and in various stages of development and construction. The Hampton, New Hampshire-based company employs over 200 in their Headquarters and has over 12 million members.

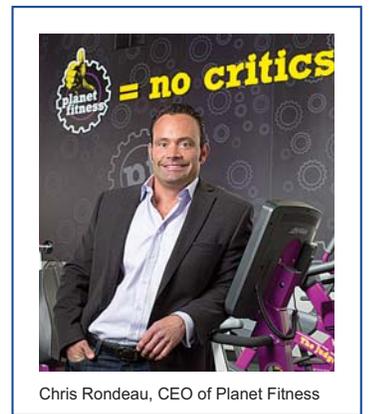
This month, **Club Insider** is pleased to have had the opportunity to be in touch with Chris Rondeau and three of his key people: **Craig Miller**, *Chief Digital*

*and Information Officer*; **Candace Couture**, *Vice President of Franchise Sales*; and **McCall Gosselin**, *Vice President of Public Relations*. I invite you to read on.

### An Interview With Chris Rondeau, CEO of Planet Fitness

**Club Insider (C.I.)** - Chris, first I want to express our thanks and appreciation for your time for this interview. Let's get right to it! What was your background before you joined Planet Fitness?

**Chris Rondeau (CR)** - I worked at my father's chain of family drug stores as a cashier. Before that, my first job was  
(See *Planet Fitness* Page 10)



Chris Rondeau, CEO of Planet Fitness

## Club Owner and Association Pioneer, John S. Wineman, Jr. Passes Away

**By: Norm Cates**

We're very sad to report that long-time friend, club developer and owner, and association pioneer, **John S. Wineman, Jr.** passed away on *August 19, 2018* in Highland Park, Illinois, a suburb of Chicago.

I heard from **Bob Fitzgerald**, **John McCarthy**, **Rick Caro** and **Chuck Leve** about John Wineman, and their comments are shared here:

**Bob Fitzgerald**, *long-time friend and partner of John Wineman*, commented: "John and I were business partners and close friends from 1973 until his recent

death. Simply put, in so many ways, he was the best person I have known."

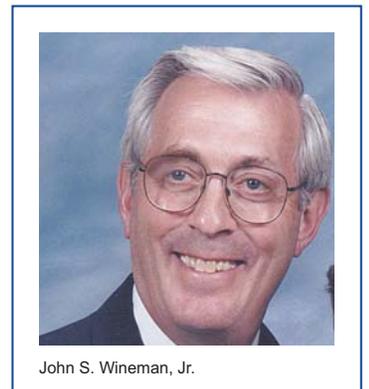
**John McCarthy**, *IHRSA Executive Director Emeritus*, commented: "John was a calm and thoughtful leader in the National Court Club Association, which joined with the National Indoor Tennis Association to found IHRSA. Everyone admired John. He was a kind, warm, generous and upbeat person whom everyone respected and enjoyed."

**Rick Caro**, *IHRSA Co-Founder and long time friend of John Wineman*, commented: "Many may not know the foundational

role John Wineman played in creating the health club industry as we know it today.

John and his partner, Bob Fitzgerald, built one of the preeminent racquetball club companies back in the 1970s in Chicago. The Courthouse clubs were in Downtown Chicago, as well as the suburbs. They were so unique that the *Wall Street Journal* featured them in telling an early story about that unknown industry. They shared their expertise willingly, and their cooperation and teachings led many more throughout the U.S. to enter the neophyte industry.

With so many entrepreneurs, the  
(See *John Wineman* Page 6)



John S. Wineman, Jr.

## Inside the Insider: Edition #297

- Exercise IS Medicine! - **By: Mike Alpert**
- Balancing Customer Service, Customer Loyalty & Business Profit Optimization - **By: Bill McBride**
- Designing the New "Sales Experience" - **By: Bruce Carter**
- Trend Wisdom - Why It's Important To Be Part of The Dialogue in 2018 - **By: Stephen Tharrett and Mark Williamson**
- Rookie Brands Take a PR Cue From Established Fitness Brands - **By: Nancy Trent**
- And, of Course, *Norm's Notes*

## Norm's Notes

■ **Hello Everybody!** This is your **Club Insider Publisher and Tribal Leader Since 1993 checking in!** Folks, it's great to be with you today as we bring you our **297th monthly edition of Club Insider!**

■ **Is America a great country, or what?** Hmm... hmm... hmm! It's **even greater** when football season has arrived! **YAHOO!!!** My eyes are **nearly crossed** as I write this on **Labor Day** after having watched eight college football games since last Thursday!

■ **I'm sad to again have to inform you of a loss in our club industry family, but I must.** And, unfortunately, this Note is not just about the loss of one of our industry friends but also the personal loss of one of my best friends. On **August 20th**, I got a phone call from **LINDA "MURPHY" McDONALD**, the wife of a very good and long-time friend of mine here in Atlanta, a really special guy named **MATT McDONALD**. She was calling to tell me that Matt had passed away that morning. So, here I sat on the morning of **August 20th at 11:41 AM** when Murphy called with the news of the loss of my friend of 45 years. To say that was terribly upsetting would be an understatement. Later on, the **SAME DAY**, I got an email from my good friend, **RICK CARO**, giving me a heads up about the passing of a mutual friend of ours and the industry, **John S. Wineman, Jr.** He passed away on **August 19th** after a long

battle with **Alzheimer's**. So, on the same day, I found out that two good friends had passed away. **If that's never happened to you, I hope it NEVER does!** In this edition, we've published **John S. Wineman, Jr.'s obituary on Page #3** because he was very instrumental to our industry's development a long time ago. And, we've augmented his obituary with comments from some of John's industry friends: **BOB FITZGERALD**, his former partner since 1973; **RICK CARO**, **JOHN McCARTHY** and **CHUCK LEVE**. **May JOHN S. WINEMAN, JR. and MATT McDONALD both Rest in Peace.**

■ **We want to congratulate CHRIS RONDEAU and his Team at Planet Fitness as they celebrate 25 Years of Fitness this year!** This month's **Cover Story on Planet Fitness** contains interviews with **CHRIS RONDEAU**, CEO of *Planet Fitness*, as well as three of his key *Planet Fitness Teammates: McCALL GOSSELIN, CANDACE COUTURE and CRAIG MILLER.* *This report is all about what these folks have done and are doing to make Planet Fitness very intensely competitive in every marketplace they hit, and in turn, making the health and fitness club industry, as a whole, a more attractive and healthier business in which to invest.* Check out this story because it shares a lot of information you've probably not seen before, and unless I'm mistaken, there's a lot there that will help all club owners who read it, beginning on **Page #3.**

■ **Check out the GENAVIX Ad on Page #19** and contact them to learn how you might get involved with this special company that is bridging the health and fitness club/health care divide (you can also learn more from our **September 2017 Cover Story on GENAVIX**). And, **GENAVIX** will be at **Booth #2** during the **2018 Club Industry Show in Chicago**, so be sure to visit them to learn even more.

■ **This month, you will see our brand-new Club Insider Center Spread Ad Offering on Pages #14 and #15 in action with a new Ad from IHRSA about the industry's goal of helping IHRSA get PHIT, The Personal Health Investment Today Act (PHIT - H.R.1267 and S.482) passed.** PHIT will allow Americans to use **flexible spending accounts (FSAs)** and **health savings accounts (HSAs)** to pay for health club memberships, fitness equipment, exercise videos and youth sports leagues. This legislation, when it's passed, will revolutionize the club business by helping people pay for their health club memberships utilizing FSA and HAS accounts! We **welcome and encourage** you to extract it from this month's **Club Insider** edition and place it on your club's bulletin board or somewhere where the **important PASS PHIT Message to your members will cause them to contact their Senators and urge them to PASS PHIT! Stay Tuned!**



Norm Cates

■ **If you've not already done so... I urge you to make plans to attend the Club Industry Show, October 24 - 26, 2018 at the Hilton Chicago!** I want to review some of the **Club Industry expert speakers** who will present there, so I'm going to mention those who are also **Club Insider Contributing Authors.** Here's an example of the **great quality of the speakers, all luminaries in our industry,** who will be speaking at The Club Industry Show: **MIKE ALPERT, BILL McBRIDE, KAREN WOODARD-CHAVEZ, CASEY CONRAD, MELISSA KNOWLES and MIKE GELFGOT.** I also urge you to be sure to **allocate time to walk the ENTIRE Club Industry Trade** (See *Norm's Notes Page 7*)

### About Club Insider

## CELEBRATING 25 YEARS OF TRUST

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# Exercise IS Medicine!

By: **Mike Alpert**

Those of you who have read these articles over the past year know that I am passionate about exercise and the profound effect that it has on overall health. You know I believe that it is the most powerful medicine we have today and that we should be moving together, as an industry, to bridge the gap that exists between fitness and health care. We not only have a societal obligation but have the precise venues and abilities to help build and nurture entire healthy communities. And, not just with the already fit members who join our clubs but also with the people who are disabled and those who struggle with chronic injuries and chronic illnesses. What if by redefining the vital role of the health and fitness professional through Exercise IS Medicine, I could show you a pathway to more members, new healthcare connections and greater success and both lower member and staff attrition? If you answered, "Yes," or even, "Maybe," please read on.

I have been truly fortunate and blessed to be working with and associated with some of the finest people who are all passionate about moving the Exercise IS Medicine (EIM) initiative forward within the health club environment. Specifically, **Joe Moore, Helen Durkin and Alexandra**

**Macrom Black** at IHRSA; **Jim Whitehead**, CEO of ACSM; **Dr. Robert Sallis** of Kaiser Permanente; **Walt Thompson**, immediate past President of ACSM and **Liz Joy, M.D.**, another past President of ACSM. To do this, they need our help because we have the social environment; the highly qualified individuals and the equipment and services required to assure a continuum of care for the people who need us.

What is needed is a multi-faceted strategy, and there are some steps that need to be addressed to begin with. One is that your club needs to be inclusive and inviting to all populations. IHRSA supports and has been leading an initiative called UFIT, which arose out of UNESCO (United Nations Education, Scientific and Cultural Organization). UFIT is aimed to make communities more inclusive with an original focus on persons with disabilities. IHRSA is currently piloting UFIT with 7 - 8 clubs,

and the scope has been to expand it to go beyond persons with disabilities to include those with other chronic conditions. Thus, there is a strategic closeness between UFIT and EIM in health clubs.

Would you benefit from joining a compelling EIM community that would offer ongoing educational material, podcasts, webinars, obtaining a distinguished certification and improve your career by making you more attractive and valuable to health club employers and keeping you connected to a growing number of like-minded professionals?

I challenge you to think of where the industry and your club's future growth is going to come from. What will your distinct differentiator be? Will you continue to fight price and size? Or, will you see the huge potential of working with respected physicians and clinicians in your community who will recognize



Mike Alpert, Claremont Club CEO & President

your qualifications and alignment with EIM and be comfortable and desirous of referring their patients to you knowing that you will be improving their overall health and quality of life through exercise and nutrition? Let me know if you are ready at [malpert@claremontclub.com](mailto:malpert@claremontclub.com).

### Exercise IS Medicine!

(Mike Alpert is the CEO and President of The Claremont Club and can be reached at [malpert@claremontclub.com](mailto:malpert@claremontclub.com).)



## ...John Wineman

continued from page 3

need for a trade association was obvious. At a key point, John led it and helped formalize it into an official legal body. Because John knew that such an industry needed lots of involvement, he and others encouraged several other entrepreneurs to get involved. One year, the following four were elected by the then Board of Directors to serve: **Norm Cates, Jennifer Wayt (Michell), John Doyle and me**. From those roots came the founding of what is now IHRSA.

John was unusual as he may have been the most understated leader any of us had ever met. He literally never took credit for any of his business accomplishments. He was an amazing volunteer, serving on a variety of Boards. He was the classic quiet leader, with great listening skills and no ego. He was loyal to his friends and would change his schedule to come in from the suburbs to meet me for a dinner when I was in Chicago. He was truly devoted to his family: his wife, children and grandchildren. They never knew of his accomplishments because he was too modest to tell them. Only after his passing is the family now learning of the impressive legacy he created. All who knew John are missing

him already."

**Chuck Leve**, Executive Vice President of Business Development, Association of Fitness Studios, commented: "Like countless others who knew him, I was deeply saddened by the death of John S. Wineman, Jr. John had all the qualities rapidly leaving our society: generosity, integrity and honor. And, he was a really smart guy! Here is why John's passing was so notable and why your Club Insider readers should care: My father, Mort Leve, created the National Court Clubs Association (NCCA) in 1975 as a non-profit trade association for racquetball club owners. He ran NCCA part-time until he retired in 1977, turning NCCA over to its Board of Directors, headed then by John Wineman and attorney Jim Bronner, partners in the Court House chain of racquetball clubs in Chicago. From 1975 - 77, Wineman and Bronner built several highly successful, 8-court facilities in suburban Chicago. In 1979, John Wineman made the decision that NCCA needed a full-time Executive Director, and I was hired for the job. Among my roles was to 'name' people to the Board of Directors since the process of 'electing' Board members was still undefined at that point. Among my first selections was CourtSouth's Rich Boggs,

who politely declined. He recommended one his partners, a young guy named Norm Cates. Norm was elected, along with Jennifer Wayt, Rick Caro and John Doyle to serve on the new IRSA Board of Directors. A year later, Norm was elected to be what ended up being the last President of the NCCA. Then, pursuant to Rick Caro's idea, the National Court Club Association and The National Tennis Association (NTA) combined forces to create what was then called IRSA, The International Racquet Sports Association, which we all now know as IHRSA. Norm was elected by the IRSA Board to be the Association's first President. So, John Wineman played a crucial role in the history of the health club industry. Norm, Rick and the IRSA Board made the decision to hire John McCarthy, and I was then hired by John and the IRSA Board to pursue Norm's idea of me being in charge of the IRSA Associate Member portion of the organization. Together, with tons of help from too many people to name here, we steered the IRSA/IHRSA ship into fitness history. Historically speaking, therefore, our NCCA, and ultimately IRSA/IHRSA, involvement was in large part due to John Wineman's early involvement. And, in my opinion, without John Wineman, the industry very possibly would have gone down the proverbial road not taken."

### Obituary for John S. Wineman Jr. March 23, 1936 - August 19, 2018

John S. Wineman Jr., 82, of Highland Park, passed away peacefully August 19, 2018. Beloved husband of Patricia, nee Larson; Cherished father of Kathy (Todd) Stetson, Andy (Janet) Wineman, and Karen (Don) Harris; Loving grandfather to Danny (Laura) Stetson, Julie (Shawn) Lipinski, John P. Wineman, Peter Wineman, Joy (Sam) Fangman, Nicole Harris, Jessica Harris, Joe Harris, and Timmy Harris; Adoring great grandfather of Emma Jane Stetson; Loved brother of Susan Adler and Jeffrey Wineman; Devoted Uncle to many nieces and nephews. John was a lifelong resident of Highland Park, and a lifelong member of the Lake Shore Country Club. A constant volunteer and philanthropist, John was most recently president of Pads of Lake County. John was buried at the Kelly and Spalding Funeral Home in Highland Park, Illinois on August 24, 2018. In lieu of flowers, please consider a gift in John's name to the "Wineman Family Fund" at JourneyCare Hospice, 2050 Claire Ct., Glenview, IL 60025.

**May John Wineman, Jr. Rest In Peace.**

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### ...Norm's Notes

continued from page 4

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■ Since I just wrote about the Club Industry Show, I'm want to once again say Thanks and again express my Sincere Appreciation to **PAMELA KUF AHL**, **MARTY McCALLEN** and all of the Club Industry Team because it was one year ago this coming **October 5th** that they honored me with their prestigious **2017 Lifetime Achievement Award**. I'm still so proud of being honored with the Club Industry Lifetime Achievement Award that my words can't express my feelings. Moreover, to have been placed in the company of such industry giants as **RICK CARO**, President of Management Vision, Inc. and co-founder of IHRSA with me and five others; **JOE WEIDER**, of Weider Publishing; **JOE GOLD**, Founder of Gold's Gym and World Gym; **JACK LaLANNE**, former health club owner and early TV fitness pioneer; **DR. KENNETH COOPER**, Founder of Cooper Aerobics Institute; **RED LERILLE**, former Mr. America and Founder of Red's; **ALAN SCHWARTZ**, Co-Founder of Midtown Athletic Club; **JUDI SHEPPARD-MISSETT**, Founder of Jazzercise; **AUGIE NIETO**, Co-Founder of Life Fitness and Founder of Augie's Quest; **JOHN**

**McCARTHY**, 25-Year IHRSA Executive Director Emeritus; **JOE CIRULLI**, Founder and Owner of the Gainesville Health and Fitness Clubs; **DANIEL LEVIN**, Founder of the East Bank Club; and **ANNBETH ESCHBACH**, Founder of Exhale. Heck, while I'm at it, let me go way back to 2001 and again say thanks to the folks at IHRSA for honoring me with the first ever **DALE DIBBLE DISTINGUISHED SERVICE AWARD**. That, too, was and continues to be one of the highlights of my life.

■ You may have a lot of exercise machines in your clubs. IF you do, and IF you've been in business for a few years, sooner or later, if you've not gotten help already, you're going to need the services of fitness machine maintenance and repair experts. Here's a tip for you. While I was reading the **Marietta Daily Journal**, I found a brief article about a company you may want to know about. The name of the company is: **Fitness Machines Technologies**, and the key man in charge is **ROBERT SCOTT**. Fitness Machines Technologies currently serves the following states: **Georgia, Pennsylvania, Delaware,**

**New Jersey, Maryland, New York, North Carolina and Utah.** The article says that Fitness Machine Technicians offers reliable service/repairs and maintenance services on a variety of exercise equipment on a contract and non-contract basis. For more information, you can contact **Robert Scott** at **(770) 282 - 3687** or visit [www.fitnessmachinetechicians.com](http://www.fitnessmachinetechicians.com).

■ Last month, I wrote about a proposed **\$50 Million Tennis Center to be built by the Krause Family in a public park called Big Creek Park in Roswell, Georgia**, a suburb of North Atlanta. The center was to be named **The Angela Krause Tennis, Pickleball and Fitness Center**, and it was proposed by the Krause Family to honor their deceased daughter. Virtually overnight, the plan hit major opposition when over 30,000 local citizens in just a few days signed a petition objecting to the development, and the plans were immediately shelved. Reportedly, other locations are now being sought for the same plan by the Krause Family, which would provide **135 tennis courts. Stay Tuned, AGAIN!**

(See Norm's Notes Page 8)

**...Norm's Notes**

continued from page 7

■Justin and I want to say **THANK YOU** for reading Club Insider!

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■God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan, and around the world. God bless America's Policemen and women and Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!

(Norm Cates, Jr. is a 40+ year veteran of

the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com))



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## ...Planet Fitness

continued from page 3

as a busboy and a dish washer. So, my background was really just working (chuckling). I also loved to work out. I got my driver's license at age 16, and the very next day, I joined a gym for the first time in my life. That was where the passion for fitness came from, and it turned into a career. Who would have thought!?

**C.I.** - Well, Chris, hearing your great and amazing story, it just goes to show you that, when you have a situation like this, you can't be thankful enough, probably. **CR** - Right! They say the American Dream is through and through. I'm a prime example of that, I think.

**C.I.** - WOW, Chris, what a remarkable and really, beautiful story. Good on 'ya! Chris, you're truly living the American Dream! So, when and how did you get involved with Planet Fitness?

**CR** - Planet Fitness was only my third job, and I was just 20 years old when I started. I got involved 25 years ago, the year after the Founders, Mike and Marc Grondahl, started their first gym over in Hampton. I had moved to New Hampshire to go to the University of New Hampshire, and I started working out at the gym the year they bought it. It was a Gold's Gym before they bought it. You know... it was back in the old days where a 'typical' gym had the 120-pound dumbbells, the Olympic benches, squat racks, aerobics classes, day care, protein powder... We were a typical gym. I started working there at the front desk.

**C.I.** - Please tell us about Planet Fitness' Judgement Free Zone® philosophy. How and when did the Judgement Free Zone® concept come about, and why? This appears to be a real differentiator for Planet Fitness. What other tools are you using to help tell a different story at the gym

for users?

**CR** - Quite honestly, in the early 1990s, we were a typical club like I mentioned. Being in New Hampshire, we used to get a lot of credit because it was so rural. Our first two towns, Dover and Rochester, were very rural with the population of the towns being in the 25,000 range. We'd get competition in town that were doing the exact same thing that we were and were charging \$29 to \$35 a month like everybody else. We just didn't have enough people here. You know the stat that we talk about today, where 20% of the U.S. population belongs to a gym... back then, it was only 15%. There just weren't enough people here, especially when we might be splitting that 15% between two clubs. So, we asked ourselves, 'How do we get the 80% off the couch and grow the market?' We decided to start dropping our prices and went to \$10 a month.

Back then, we thought it was all about price, and it did help some, Norm. But, honestly what happened is that we started getting more of the serious athletes from our competitors in the gym at the same time. So, not only did we have first timers giving it a shot because it was so inexpensive, we also just kept getting more and more of our competitors' members. Like I always say, it was like putting all of the animals in the zoo in the same cage (laughing)! The lions in with the lambs, you know what I mean? So, we decided to do the unthinkable, and people thought we were lunatics. We got rid of day care, the juice bar, the protein bars, the 120-pound dumbbells, the squat racks; all of that was gone.

Still, the gym was loaded with cardiovascular and circuit training stuff, and it really jelled. There was less tension in the air. We didn't have vastly different personalities in there, you know? It was really our niche. So, I think the lesson we learned about the industry was that you can't be everything to everybody. There's



Welcome to Planet Fitness!

a lot of good brands out there. If you have a yoga studio, you teach yoga. If you have a CrossFit, you have serious athletes who are focused on functional training. They don't try to put in a bunch of cardio or spinning classes, too. So, I think you have to have your niche. Ours just happens to be catering to a casual person, not a typical gym person.

**C.I.** - Essentially, you guys have discarded the whole attitude of the muscle-head mindset from the old days.

**CR** - Absolutely. In every one of our gyms today, we still have what we call our, 'Lunk Alarm.' It's pretty famous at this point, so they don't go off like they used to (laughing)!

**C.I.** (Laughing) - Chris, what was it like the first time one of y'all rang that Lunk Alarm?

**CR** (Chuckling) - Oh gosh... it was like fisticuffs almost. That was the first time that body builders and power lifters were in a place where they weren't welcome, you know? It just had never been done before. Even when we started having pizza night on the first Monday night of the month (and we still have it today), they would ask, 'What are you guys doing?' Today, it happens to be the biggest night of the month (laughing)! It really goes back to the

often-used term: **Differentiators!** Planet Fitness does that in many ways.

**C.I.** - Please tell us more about the Planet Fitness' Judgement Free Zone® philosophy?

**CR** - Our unique Judgement Free Zone® philosophy is really what sets us apart from the competition. At a basic level, it's the idea of 'fitness for everyone' and creating a place where people can achieve their fitness goals whether they are big or small and to do so without judgement. And, as you know, before Planet Fitness, there really wasn't a gym geared toward first timers or casual gym goers. We asked ourselves, 'Why do the majority of people not belong to a gym?' and realized that most people were intimidated by the attitudes and behaviors at typical gyms. So, as we discussed earlier, we focused on cardio equipment and weight equipment we knew the first-time or casual gym goer wanted, and thus, we created a welcoming and friendly community where people could feel comfortable regardless of their fitness level.

**C.I.** - Chris, please tell us about Planet Fitness' Boys and Girls Clubs of America initiative. How and when did that come about, what does it consist of and what have the results been so far?

**CR** - Giving back to our community is a core value at Planet Fitness, and we wanted to take our Judgement Free Zone® a step further, outside of our clubs. So, we launched The Judgement Free Generation in 2016. The Judgment Free Generation is our national philanthropic initiative aimed at combating the judgement and bullying faced by today's teens by creating a culture of kindness and encouragement. We partnered with one of the nation's largest youth development organizations, the Boys & Girls Clubs of America, and we hope to empower millions of teens across the

(See Planet Fitness Page 12)

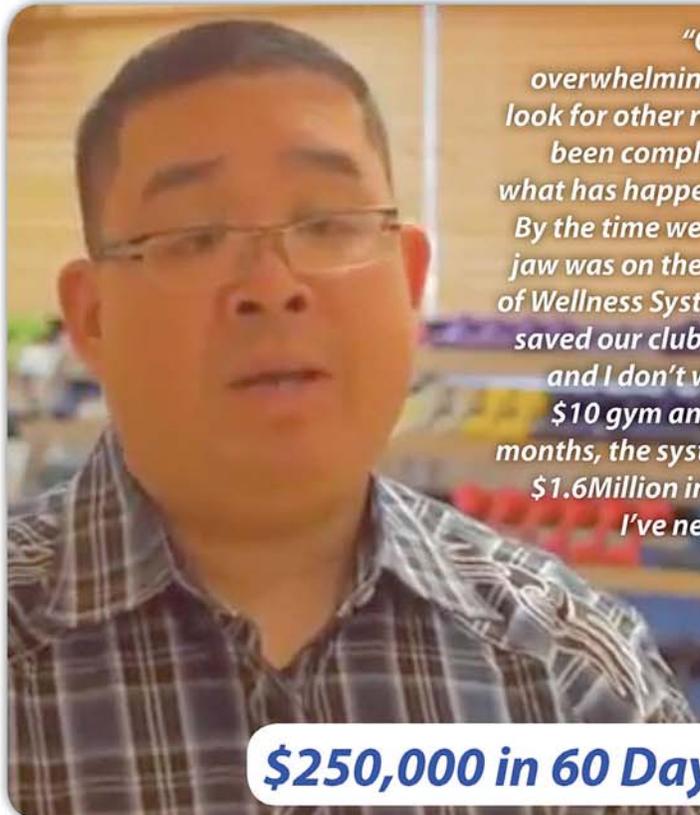


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## ...Planet Fitness

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country to create a culture where bullying is not accepted. Since 2016, together with our franchisees, we have donated more than \$3 million to support this cause. In addition, we've reached more than 5,600 youth directly and provided more than 760 Boys & Girls Clubs with grant funding. Our franchisees are passionate about this cause and have volunteered locally, and it's incredible to see our brand extended into our communities throughout the country.

**C.I.** - Chris, you must find a really warm and positive response by your members. Even if they're not involved in the Boys & Girls Clubs of America, they've got to be responding positively.

**CR** - Yes, it's a great alignment. The members, the staff and the Franchisees are super supportive of it. What is great about the Boys & Girls Clubs of America is that it has about 4,000 locations in the U.S., believe it or not! There's a Boys & Girls Club in almost every market in which we operate. So, our Franchisees are able to do a lot of local integration. We have a local touch and feel with local Franchisees, and in many cases, they are taking their used equipment and building mini Judgement Free Zones with equipment inside the Boys & Girls Clubs. We recently held a volunteer week for our Planet Fitness headquarters staff, and there were numerous volunteer activities held throughout the week. A group of staff and I went to the Boys & Girls Club of Manchester (NH) and helped clean and install lockers for the upcoming school year. It was really great to be in the Boys & Girls Club and know we were helping the kids directly. What the Boys & Girls Clubs do on a daily basis is truly remarkable, and I'm so proud Planet Fitness has had the ability to partner with them.

**C.I.** - Please tell us about Planet Fitness'

Sponsorship of the New Year's Eve Celebration in Times Square in New York City every year. Who thought of it, and how did it come about? How do you get all of the long hats and other items in the hands of those standing in Times Square?

**CR** - The way our marketing works is really remarkable with 9% of every membership dollar going straight into marketing. So, as we continue to add more members, the marketing budget increases. Today, we are at 12 million members. What better endorsement than a New Year's Eve with New Year's Resolutions!? There is no better industry to market on New Year's Eve than health and wellness. In a lot of ways, it is really good for the entire industry that Planet Fitness is doing it. It's like our Super Bowl, Norm, really! It's a 3-hour event, and it's 100% us. There are 1 billion viewers worldwide and 170 million Americans watching it! It is really great.

**C.I.** - Chris, I can't remember what year it was when Planet Fitness first started sponsoring the New York Times Square Happy New Year Festivities. But, I do remember my reaction when I first saw it. I said, 'Man, that's one absolutely great marketing idea!' And, for sure, I take my hat off to whomever's idea it was.

**C.I.** - Let's discuss the huge refinancing of Planet Fitness that was recently completed. Please comment on that and tell us how it will benefit the company going forward.

**CR** - Our term was coming up on a current loan, and we were able to take advantage of the current interest rate. It is similar to what you see Domino's do. They have a lot of cash flow from their franchise company, so they are able to refinance and return proceeds to shareholders, either through a stock buy-back or a quarterly dividend. Our buy-back threshold has been raised to \$500 million, and we're really the first health club brand to ever be able to do this.

(See *Planet Fitness* Page 16)



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## An Interview With Craig Miller

### An Interview With Craig Miller, Chief Digital & Information Officer

**Club Insider (C.I.)** - How did you come to be with Planet Fitness as its Chief Digital & Information Officer.

**Craig Miller (CM)** - To be honest, the discussions were initially around some consulting. Then, after talking to **Chris Rondeau, CEO**; **Dorvan Lively, CFO**; and some of the other executives, they got me hooked on this brand, its potential and their vision for what technology was going to be doing for the industry as an industry leader. It played right into my sweet spot, so here I am a year later.

**C.I.** - For this updated cover story on Planet Fitness, we thought it would be a good idea to discuss the technology advances that the company is employing these days. Please tell us about the starting point when you came into the company and where the company is headed now and in the future.

**CM** - Coming into Planet, from a corporate perspective, the company was actually in better shape than Sonic was when I came on there. When I came in, Planet really had good systems, good point of sale and a basic analytics platform. It's not as complicated as restaurant hospitality, but for the most part, they were doing well. Most of the systems were stable, and they were, by and large, up to date in terms of the architecture and supporting the business. What Chris, Dorvan and the rest of the organization really had envisioned is that technology could bring the company to the next level and really be one of the key strategic growth drivers for the future. The exciting part for me was to learn the current competitive advantage we had and what the opportunities were of where technology could play. Chris' vision really helped me talk with the franchisees and understand what those opportunities were. I walked away with a couple of themes:

1. Chris always talks about the idea of the health and wellness journey. It is being tracked, but no one is really doing a good job personalizing it so that someone knows exactly what to do next. No one has a customer base like ours, so his vision is to really go beyond being a fitness company and into health and wellness, particularly for a lot of the member base, 40% or so, who are first-time gym users. So, we have a different kind of profile coming in, and then you layer in the second theme.
2. A competitive advantage of the company is the simplicity of the model and the very unique member experience we provide that no one else provides. And, then, just our size and scale.

Those were the two fundamental building blocks I used to start to frame out how technology could drive growth at Planet. First, building off of and protecting the simplicity of the brand and the very things that are competitive advantages today as opposed to replacing it or overshadowing it. Second, really understanding what our members were looking for and ways we can differentiate in terms of a more personalized experience. Because we target the 80% of the population, the diversity of that is vast, so that makes things very exciting, going from one end of the spectrum (maybe a 20-year-old with a set of goals) to another (maybe a 70-year-old with a completely different set of goals). So, I used that as the framework to unfold strategy around Chris' vision.

**C.I.** - In what ways is technology used to make the job of a franchisee easier and more efficient?  
**CM** - Because of the simplicity of the model, there are only a few areas within the club to assist franchisees. The first is around the point of sale, which is actually more about member management. So, automating as much of the check-in and member management services as possible so staff can focus more on the member. There are efficiency opportunities with that. The second is optimizing equipment management and asset and facility management type systems that can help support the efficiencies for the club. Third, because there is one trainer per club, technology to enhance the trainer's job allows us to do more with less, so to speak.

Those were fairly simple to identify and target, but the other objective I have in terms of efficiency is actually kind of flipped, and that is *protecting simplicity*. As we think about more technology in the club, how do we use technology to protect the simplicity and not add complexity into the club from an operations standpoint? So, that's the fourth objective: Using technology to protect the efficiency we already have built into the model.

**C.I.** - How is technology improving the on-site customer experience? Do you tie in with any tracking devices? If so, how does that work?

**CM** - We have mapped out the zones where we touch a member, and not only in-club but outside the four walls, as well. We've identified various technologies that will help enhance those experiences. Those areas are:

- Of course, mobile. Mobile really plays outside the four walls as well as in-club.
- We are working with our three vendors testing next generation connected equipment, which will provide more enhanced, personalized experiences.
- Heading into next year, we are working with wearable companies to learn how to integrate wearables into the experience.
- We are looking at software and even some artificial intelligence capabilities so that, once we've created a connected experience inside and out of the club, we leverage it to provide further personalization.

(See *An Interview With Craig Miller* Page 16)





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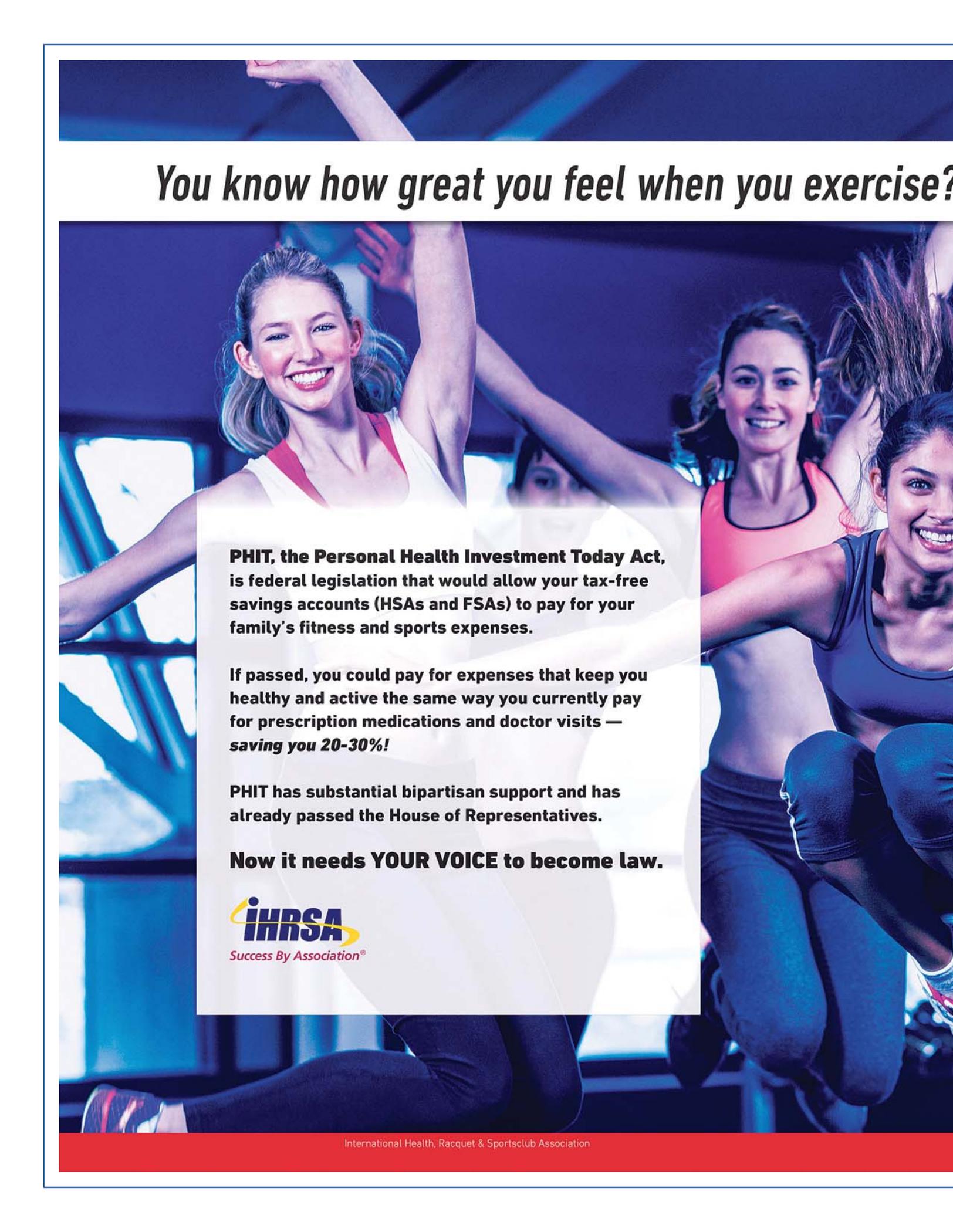
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## ...Planet Fitness

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**C.I.** - The growth of Planet Fitness has been explosive to say the least. What is on the horizon for the company over the next 3 - 5 years? Do you have any more international expansion planned?

**CR** - Yes, we have over 1,600 stores open, and on top of that, we have over 1,000 more units in the pipeline with our Franchisees Area Development Agreements. We plan to open about 200 stores a year. We think that's the right pace. We could open more, but I think 200 is the right number. 'Responsible growth' is what we call it. We don't want to just open a unit to open a unit; we want to make sure it is successful. When you see what's happening in retail, you need to be thoughtful about expansion. And, we are 'UN-Amazonable,' so landlords love us.

**C.I.** - Would you say that again, Chris?

**CR** - We are UN-Amazonable. When you see what's happening with retail, with Toys 'R Us now gone and others on their way right down the chute, we're able to be a lot more selective with real estate and take the A+ locations. There might be a C location that's available now, but I'd rather hold out, not open a store and wait until we have that Main and Main Street Store.

**C.I.** - What about your plans for the next 3 to 5 years and your plans for international development?

**CR** - We just opened our first store in Monterey, Mexico. So, we'll focus on Mexico, and Panama as well, even though it is a small country. Canada is already up and running with 26 or 27 clubs open there now and about 100 units via Area Development Agreements signed. That said, there is so much potential right here in the United States. We think we can do about 4,000 units here in the U.S. alone! We're barely in the third inning here in the states.

**C.I.** - Chris, please tell us about the increased use of technology at Planet Fitness.

**CR** - When you look at technology, Norm, you know this industry is pretty archaic compared to the rest of the world, honestly. Now, you look around and every third person has a wearable on that didn't exist even five years ago! I think that has gotten manufacturers asking themselves how they can leverage technology. How can we design an app that helps expand and enhance the member's experience? What's unfortunate for this industry, when you think about it, when somebody checks into a gym, is that we don't know a lot about their actual experience in the gym. We don't have ANY idea what people really do except for check in at the front door! *How can we, as an industry, service our customers and get them better results without really knowing more about what they are doing and what they are liking?* Once we are able to access that information, we will be able to better serve them on a personalized level, which will result in better retention and gets better results. We can do a better job of using technology and using data to enhance members' experience and to get better results, which can only lead to better retention. And, you could do it and replicate it nationwide and not have to rely on trainers or payroll and staff to have a customer experience that is uniform. 'The Big Mac they get is the Big Mac they expect,' so to speak. That's the problem. We must leverage the customer experience to make sure the customer experience stays the same regardless of if you have 600 stores or 3,000.

**C.I.** - Are there any other Planet Fitness initiatives that you can tell us about today? How about loyalty programs? New deals with equipment manufacturers? Or, any other news you can share with us?

**CR** - One exciting initiative we just completed in New Hampshire was the Teen Summer Challenge. All New Hampshire

teens, ages 15 - 18, were able to work out for free at one of our 17 locations in the state. Our goal with the program was to give back to the communities we serve and encourage teens throughout New Hampshire to embrace regular physical activity into their lifestyles. In addition to improving their health, studies have shown that exercise and physical activity will also increase self-esteem and body positivity. The program was extremely successful, and we saw more than 2,500 teens sign up, totaling nearly 12,000 workouts from June 26 to September 1.

**C.I.** - What are you most proud of in terms of key accomplishments you have achieved since you became CEO?

**CR** - It's quite the rewarding feeling when I walk into the office of a Planet Fitness shareholder, the fund manager is managing \$50 billion in capital, and he's thanking you for being one of the best portfolios he has. But, to answer your specific question, the pinnacle of any entrepreneur's career is the

day when you take a company public. From its inception to its growth over the years, I'll never forget the morning of the IPO... walking down Wall Street, looking up and seeing the New York Stock Exchange with a giant Planet Fitness flag hanging in front of it! You're almost speechless looking at it. Whoever thought that I would be there, and it would be a gym company!? Nowadays, Norm, it's the people. When I see our staff and our employees, and our Franchisees and their employees, people that have started by taking out a home equity loan to open their first gym, now owning 30 Planet Fitness locations and taking millions of dollars off the table; it's just great to see their success first hand.

**C.I.** - Chris, to wrap up this really special cover story interview, is there anything else you'd like to say?

**CR** - I think this industry, as a whole, is on the verge of being better than the last three decades. When I look at just the general (See *Planet Fitness* Page 18)

## An Interview With Craig Miller

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So, those are the macro areas we are looking at to enhance the club experience.

**C.I.** - From the corporate point of view, how is technology used to forecast, track and improve performance across your 1,600+ locations?

**CM** - Like many companies, we have a pretty healthy data-browse that collects metrics from all the clubs, every single day. Operationally, that gives us a view of the clubs, particularly around members, and to a certain level, how they use the club. So, we have a central repository, so to speak, that gives a certain level of optics across all stores that we can then view using analytical tools here at corporate.

There is quite a bit of data over a period of years that really gives us good trending. The other area we are using this data for is with development, so our development team uses a platform that gives them insights into different markets and other areas that have good potential for growth. So, not only do we use it to see how existing clubs are doing, but we are leveraging it to identify opportunities for new club growth and development. We have a lot of data, but it's not even a fraction of what we will see when we start collecting more member and experiential data from the connected equipment.

**C.I.** - We'd be remiss if we didn't discuss the gamechanger of social media. How are social media channels used, performance quantified and adjustments made to improve results across all platforms?

**CM** - We are just scratching the surface on social. The two predominant platforms we use are, of course, Facebook, and then, Instagram. We do use Twitter, but it's more for customer service and feedback. We leverage social on both sides of the equation: Acquisition and Retention. With acquisition, we use Facebook pretty heavily as another channel of acquisition. Then, in combination with Instagram and Facebook, because we are so community-based in terms of our membership, we use it to build out communities across different segments of our member base. That helps us to deepen the engagement with our members, and ultimately, drive more retention. We review that on a monthly and quarterly basis and work with our agencies and partners to make adjustments as we would for any other channel. Any sort of campaigns or content, we work with them to adjust as needed. We are also constantly enhancing and watching all the communities built on these social platforms, again using them to deepen those relationships and provide a better experience. And, over the next few years, we are working to expand these communities to some of the other prevalent social media platforms.

**C.I.** - At the franchisee level, what freedom do they have to create their own campaigns and content?

**CM** - We certainly control and manage the brand equity, and they leverage that. But, they do have flexibility locally, so it's really a two-tiered approach, national campaigns and local campaigns that they have flexibility with. It's a pretty good balance.

**C.I.** - What is the goal for the next 12 months of Planet Fitness technology implementation?

**CM** - The next 12 months is to build out the foundational platform, so to speak, that really provides what I call the 'connected plumbing.' It will allow us to connect all aspects of how we connect with and engage our members, from prospect to acquisition through retention and loyalty to the brand. Building out that digital plumbing allows us to first build a connected foundation so we can build our strategies for the coming years and to achieve the vision Chris has been talking about. So, the next 12 months will be really focused on that and working with our vendors on next generation connected equipment, and we are beginning to form and build relationships with social media and wearable companies. We are building all of that out to serve as a launching point beyond 2019.



Workout Floor at Planet Fitness

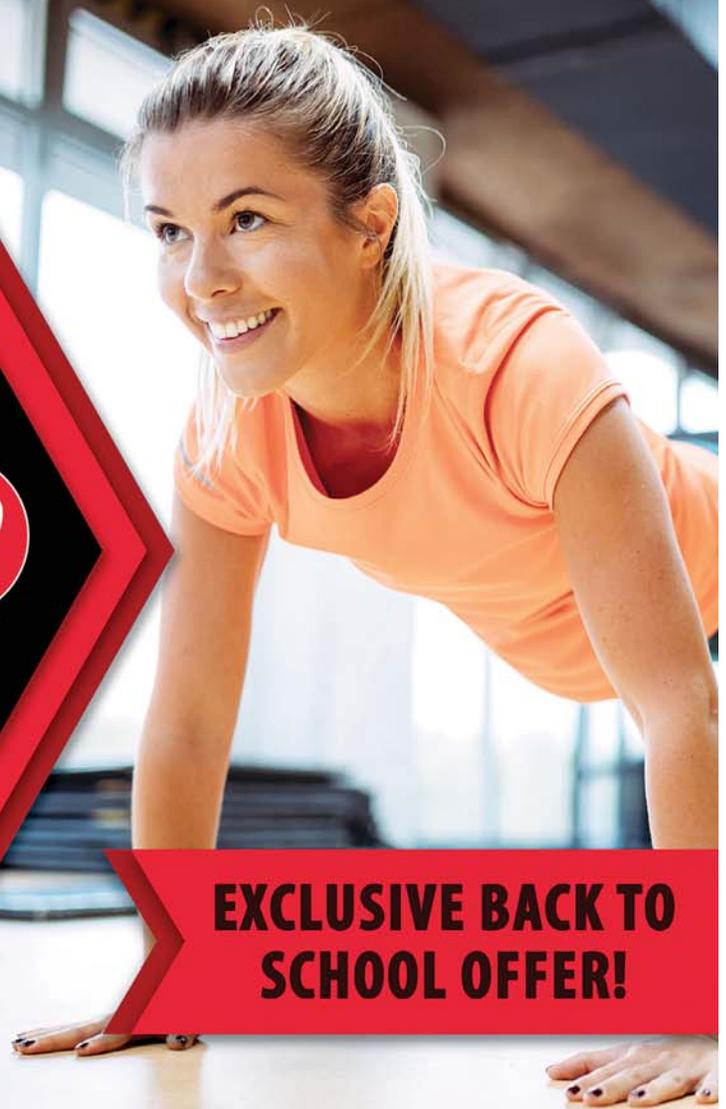
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**...Planet Fitness**

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awareness of wellness, with the popularity of wearables, fitness apps and retailers getting rid of tobacco, you see a growing trend that is not slowing down... My parents never worked out, but I've always worked out. Now, my 11-year-old daughter is working out, and my son wants to do it, too, and he's just five! The world is changing. When you look at our 12 million members, Norm, half of them are millennials. When we came up with this business model, half of them had just been born! Now, we have

Generation Z, which is barely turning 21, so we have a whole new group comprised of tens of millions of people who are going to be fitness-oriented. It's almost like we're in the cell phone business in the 1990s (laughing)!



To close, I would like to tell you that you should not stop here, as viewing the fabulous Planet Fitness website at [www.planetfitness.com](http://www.planetfitness.com) would certainly be worth your time. Sincere Thanks and appreciation to **Chris Rondeau, McCall**

**Gosselin, Candace Couture and Craig Miller** for their time and effort spent on interviews and helping us produce this special cover story on Planet Fitness. We wish them and everyone at Planet Fitness all the best.  
*(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider,*

*now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com))*

**An Interview With Candace Couture**

**An Interview With Candace Couture, VP of Franchise Sales**

**Club Insider (C.I.)** - Planet Fitness has a territorial system. Are there any franchise territories in the United States that are not now taken, and if so, what territories are they? Conversely, some franchisees own five or six different territories. How do you decide if an existing franchisee gets a territory over a newcomer?

**Candace Couture (CC)** - While there are available territories throughout the U.S., these generally fall within or just outside of larger designated marketing areas (DMA) that are currently owned by existing franchisees. We are so fortunate that our existing Franchisees are excited to continue growing with us, and any open territories will be offered to them first, barring an instance where they aren't approved from an Operational or Financial standpoint. More than 90% of our growth over the last few years has been with our existing franchise base, and we see this trend continuing.

**C.I.** - What are the financial and other qualifications for a potential franchisee? Do you prefer those who hold franchises in other industries?

**CC** - Our minimum financial requirements for one store is \$600K liquid and \$1.5M Net worth. We look for individuals or franchise groups with multi-unit operational experience. Generally, as mentioned, our growth will continue to be with our existing franchise base. Even with the introduction of private equity groups, our franchisees, for the most part, stay on board and remain active in development and operations.

**C.I.** - How much does a Planet Fitness Franchise cost in terms of fees? How about the build-out?

**CC** - Per the 2018 Franchise Disclosure Document (FDD), the total investment to begin the operation of a Planet Fitness facility ranges from \$969,600 - \$3,181,500. The Franchise Fee is \$20K.

**C.I.** - About how many private equity firms now own Planet Fitness Franchises?

**CC** - The number of private equity firms interested in partnering with our existing franchisees continues to increase. For example, TSG Consumer Partners, our initial sponsor, recently became a franchisee after selling all their shares as the majority owner of the company. This is a testament to the strength of our brand.

**An Interview With McCall Gosselin**

**An Interview With McCall Gosselin, VP of Public Relations & Communications**

**Club Insider (C.I.)** - How many Planet Fitness facilities are there in operation as of today, and how many of them are franchisee-owned?

**McCall Gosselin (MG)** - As of June 30, 2018, Planet Fitness had approximately 12.1 million members across 1,608 stores (68 of which were corporate stores) in 50 states, the District of Columbia, Puerto Rico, Canada, the Dominican Republic, Panama and Mexico.

**C.I.** - The growth and management of over 1,600 locations is a monumental task. How does Planet Fitness go about communicating with, learning from and implementing improvements created by its franchisees? Are there any policies or programs in place to fuel innovation by your franchisees?

**MG** - Internal communications with our Franchisees and team members is extremely important, particularly as we continue to expand. We have several ways we communicate system-wide, including ongoing weekly and monthly newsletters, webinars and trainings. We also share best practices and ideas from the field on a regular basis.

**C.I.** - From a PR perspective and point of view, what are the greatest challenges Planet Fitness faces, and what are the prospective solutions to those problems?

**MG** - Planet Fitness has been so successful over the years because we have a niche, and we know who we are: We cater to first-time or casual gym users and provide them with a welcoming and non-intimidating high-quality experience they can't find anywhere else, all for just \$10 a month. We've also stayed true to our streamlined operating model. As new fitness fads come and go, we must continue to focus on what we do best, stay true to who we are and deliver what our customers want.

**C.I.** - What is the key messaging you use to differentiate Planet Fitness from all of the national and regional HV/LP clubs?

**MG** - While there are other low-price fitness options in the market today, what differentiates Planet Fitness, first and foremost, is the non-intimidating, judgement-free environment we provide, combined with a great value.

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## Balancing Customer Service, Customer Loyalty & Business Profit Optimization "Unused Resources to Create Wow & Build Loyalty"

By: **Bill McBride**

### A United Airlines Service Example

I recently presented at the **FitLife 2018 Conference** in Bend, Oregon. It is an amazing conference with participants from throughout the Pacific Northwest. These are undoubtedly some of the best operators in the country. They have true values and a

genuine authenticity. They care about doing it the right way and give their members the benefit of the doubt as their members are truly their friends and neighbors. We should all follow FitLife's example on authenticity. These club operators are the real deal, and I've seen a lot of clubs and operators over the years. In this article, I want to share my experience from the airline trip back from Bend, Oregon to Phoenix, Arizona.

I arrived at the airport well in advance of my flight with some other friends and colleagues leaving the FitLife conference. I discovered my Alaska Airlines flight was delayed, and this was going to cause me to miss my connection, thereby not allowing me to get home that night. Alaska Airlines graciously re-booked me on a United Flight that would allow me to make my connection, and eventually, get me home to my kids in Arizona that night. I got out of Bend, but then, my connection with United was also delayed until very late into the night/early morning. Much to my surprise, United upgraded me to First Class (granted First Class on this particular flight amounts to a few more inches in seat room and more proximity towards the front of the aircraft), but I was humbly impressed and appreciative.

After all passengers had boarded, I noticed a full empty row of "first class seats" across the aisle. I had industry friends on the flight from the conference, so I asked a flight attendant if a friend (a good guy) could come up to the first class section and sit next to me to chat. She said "NO, I cannot upgrade anyone to first class in flight, but you can go back and sit with him if you'd like..." So, as a Silver Premiere United Passenger with over 224,000 miles, I can go back and sit in economy to be with my friend, but my friend cannot come up to "first class" on a very small jet and sit in an empty seat... *I was baffled by the absurdity of taking care of a loyal customer and winning favor of a less frequent passenger to protect the potential for abuse that a*



Bill McBride

*passenger might not buy first class in hopes of sneaking into first class with an employee as a willing co-conspirator in this dastardly deed.*

I contemplated this absurdly from every angle and tried to come up with all the reasons the executives at United might have thought of when making this decision to limit their flight attendants from using good judgment.

In their eyes, "if we allow flight attendants to allow passengers to move to first class, we might:

1. Be accused of discrimination;
2. Be accused of favoritism; or
3. Reduce passengers from paying full fare for first class passage."

(See **Bill McBride** Page 21)

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"His approach was thorough and the implementation plan resulted in a dramatic increase in performance including, membership, personal training, member experience (NPS of 58.4%), retention, operations and net income. The team responded well to Bill's collaborative leadership approach and delivered. The result was a ten-fold increase in net income. Under his leadership, we surpassed our budget and were extremely pleased with the results he and our club teams accomplished. I highly recommend Bill as a consultant and operator."

- Private Health Club Owner Client of Two Sites in the Midwest, U.S.

"I highly recommend Bill McBride/BMC3 on all challenges club operators face with their business. He relates well with the on-site team, ownership and is collaborative in delivering best practices. His expertise, authenticity, integrity and follow-through are beyond reproach. I trust him greatly."

- Private Health Club Owner Large Commercial Club in the Pacific Northwest, U.S.



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## ...Bill McBride

continued from page 20

All of these might be valid reasons for the policy of NOT ALLOWING Flight Attendants to allow passengers to move to first class after boarding. But, to allow a passenger to sit next to a first class passenger already ticketed as first class when seats are available seemed extreme, as there were valid business reasons:

- A first class passenger requested a guest to join them in an "empty seat."

- The Staff/Flight Attendants didn't have anything to do with the selection of the economy passenger; it was predicated by a request from a first class passenger.

- Or, even if there were a random selection for economy passengers to utilize unused First-Class seats, wasting roomier, better seats on a small plane with passengers in smaller less comfortable seats seems like an odd play for an airline to build brand loyalty.

I know this is a tough issue with regards to equity and non-discrimination, but there should be a way for common sense to play a role in political correctness and risk management. Truth be told, it was

the comment, "You can go back and sit in economy if you'd like," that really irked me. Rather than explain why she couldn't accommodate my request, had she shared the thoughts I came up with later, I would have been much more understanding at the time.

Since then, I have relaxed my position as I get all the reasons this might not be a good idea in flight. In hindsight, I should have requested my friend to be upgraded once I realized I was automatically upgraded. So, while this might not be the best example of a wasted service opportunity, it did spark my thinking...

### What opportunities do we have to create positive surprises for our customers?

Surprises that are random, specific to members and fair-based on no bias or judgment are pleasant surprise acts of goodwill. I'm sure there are hundreds of possibilities each day in our facilities... Here's a few I came up with (just scratching the surface):

- Someone looking stressed coming in - Offering them a complimentary 10 - 15-minute HydroMassage;

- Looking for folks sweating a lot on cardio without a towel and bringing them a

workout towel;

- Looking for folks working out hard with no water bottle and bringing them a bottle of water;

- Doing impromptu exercise tutorials on the workout floor, personally inviting members working out to join in;

- Offering a free body scan (Fit 3-D / Skyku) once in a while when members are checking in;

- Offering Protein Bars (cut up with toothpicks) as samples to try the various flavors when members check in;

- Providing fresh fruit for the early morning customers once in a while;

- Having Personal Trainers send handwritten Thank You Notes to their clients on special accomplishments: Birthdays, milestones, etc.; The same thing applies for Tennis Pros, Massage Therapists, Swim Coaches, Camp Directors, Registered Dieticians, etc; and

- Having your Membership Department send a personalized handwritten note to every new member (with two guest passes).

While none of these are

necessarily "brilliant," the idea is to build a "Team of Life Changers" (to steal a term from the Newtown Athletic Club). Create unexpected appreciation, or if possible, WOW customers whenever you can. Look for WOW opportunities to show personal care and appreciation for our customers.

*(Bill McBride is a health club industry veteran with over 25 years of experience leading and managing all aspects of commercial health clubs, medical fitness centers, residential, community, multi-tenant and corporate fitness sites. He co-founded Active Wellness, LLC and owns a health club consultancy: BMC3. Bill has served as Chairman of the IHRSA Board of Directors, as President of MACMA and on Industry Advisory Board for the American Council of Exercise. He is actively engaged as an author on industry education, serves on several fitness related technology company Advisory Boards, serves on the Medical Wellness Association as a Faculty Member and The Medical Fitness Network Advisory. Bill is also a long-time Club Insider Contributing Author. He's also currently serving on the ACSM Facility Standards and Guidelines 5th Edition Committee. Bill consults and speaks regularly on industry topics throughout the world. Connect with Bill at [www.linkedin.com/in/billmcbride](http://www.linkedin.com/in/billmcbride).)*

# Designing the New “Sales Experience”

By: **Bruce Carter**

Sales has been one of the dominate foundations of the health and fitness club industry. It has evolved from “sales or selling” to terms such as membership, fitness consultant, and even, fitness trainer.

With the advent of low-price clubs, selling memberships in many

facilities became minimized; the art and science of convincing people to join a club evolved into filling out the paperwork for \$10 memberships with the individual joining filling out most of the agreement themselves (in person or online).

Yet, as more and more low-priced clubs came into the marketplace, it became clear that getting “more revenue per member” was the evolving goal. This need

has once again put productive selling at the forefront of club operations. However, many clubs, often larger and with higher dues, continued to sell as always. But, even with those clubs, there seems to be a new format, that of selling memberships and non-dues programs.

## Now... “the Upsell”

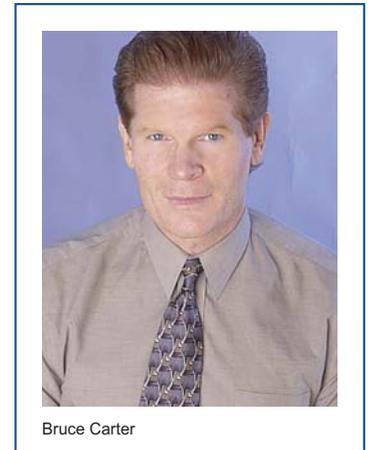
Now, the “upsell” is becoming the new norm for many facilities. No matter what the initial price of admission is, the new business plan calls for providing a variety of different programs and facilities not available as part of the base membership. The *good news* is that there is an upward trend in the percentage of people willing to pay considerably more than a base membership to participate in a better club experience that gives personal results.

Yet, most people don't just add \$10 to \$99 (and more) to their monthly dues just by coming in and asking to do so. Trained, sincere and committed professionals using proven systems of operations are needed to maximize revenues in these areas, and state-of-the-art sales areas are integral part of a successful process.

From a design perspective, the key components of a successful sales experience are two-fold. The first is the location in the club, and the second is the immediate sales environment. Here is how to be successful with both.

Decide if your plan calls for one or two points of sales and one or two different people selling. One would be for sales of basic memberships and another for the upselling of additional programs. You may decide to do both at the same point and by the same sales person. Other clubs will break this down into a sales area and a separate fitness trainer desk. The fitness desk is for working with members on their training programs and to sell additional programs. For the purpose of moving forward, we will refer to these areas as sales area and trainers' desk.

Typically, any sales area is near the front desk. However, it should not be one of the first things you see when you enter a club. It should be off to the side, but its location should allow for potential



Bruce Carter

members to see the areas that are part of the experience they are considering purchasing. If a club decides to use the “bull pen” (a number of desks grouped together) up approach, having it too close in proximity to the front entrance makes the statement the club is more about “selling” than it is about fitness.

Trainers' desks can be at one of two places. It may be near or part of the reception desk (possibly on the back side of the reception desk). Or, it may be out on the exercise floor. If out on the floor, ideally, it should be visible to most of the club. An attractive well-designed trainer's desk supported with the proper signage will contribute to members seeing other members interacting with trainers, and therefore, potentially increase the numbers of those wanting to have that same experience.

There are a number of ways to set up a sales area. Some clubs have made the sales area a casual Starbucks-style area with comfort seating and café table type seating. Both sales consultants and trainers may use the area. This is casual and inviting, but it may necessitate the need to have a backup office for sales calls, etc.

Another option is to have sales cubicles, which are 3-sided offices with the front being open to the club. The side walls can be half walls or glass walls.

(See **Bruce Carter** Page 23)



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**...Bruce Carter**

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The major rule with sales areas is to create environments that are non-intimidating. Don't think about what is best for your sales process without thinking about what will intimidate a guest/member. Most people coming into a club dread a potential stress-oriented sales process, so everything should be done to minimize the intimidating feeling. For example, any type of sales area down a hallway or in an office behind closed doors (even a glass door) is not recommended, and this also applies

to upselling.

Often, traditional sales desks where one person sits on one side and the potential member(s) on another side (perceived to be a psychological barrier) have changed more into round or half-round desks where everyone "sits together." The trainer's desk is usually a millwork type desk where the trainer is on one side and the client on the other. Clients can sit or stand, but sitting is better if any length of time is involved. One of the newer concepts for trainers is to have the trainer sit next to the client in a trainer's desk setting. Sitting together side by side is more inviting and

seemingly helpful. Another newer trend is smaller kiosk type trainers' desks, which tend to be more personal, and there are good options available on the internet.

All points of sales should be kept neat and clutter free. All furniture should match, be of good quality and comfortable. Colorful graphics or motivational sayings in the area work well. Lighting should be soft and not overly bright. Architectural things such as a water feature, stacked stone or wooded walls can be more inviting.

Helping people make decisions that will improve their life by joining a club and also adding important specialized

fitness programs is the primary mission of most clubs. Investing in attractive and professional looking sales and trainers' areas is money well spent, and it will result in more revenue. The goal of the member is to be the best they can be, and the goal of the club should be to be the best they can be in helping people make the best decisions for making the positive changes they desire.

*(Bruce Carter is the Founder and Owner of Optimal Design Systems International, and he can be reached at [bruce@optimaldsi.com](mailto:bruce@optimaldsi.com).)*

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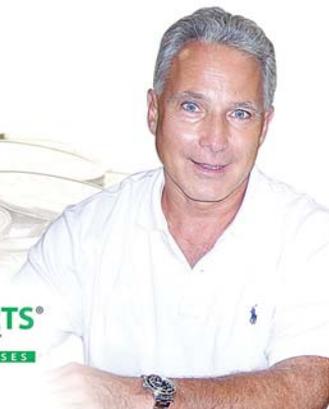
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# Trend Wisdom

## Why It's Important To Be Part of The Dialogue in 2018

By: Stephen Tharrett & Mark Williamson

Trends are one of the quintessential truths of mankind and one of the core truths of capitalism. Trends influence how we think, what we want to believe or not believe, how we act and how we react. From a business perspective, trends can inform us of where the market is headed, what competitors are doing, what consumers are embracing, what business leaders are thinking and what opportunities there are for the taking. Jason Canton summed this up nicely when he said, "Those who are ill informed will be at risk for a rough future."

The health and fitness industry may be one of the most fickle, along with fashion design, when it comes to the impact trends can have on the way players do business. In this era of the 4th Industrial Revolution, change often occurs at warp speed. Against this backdrop of hastened business disruption, trends can very often become the accelerant for informed or misinformed strategy. Consequently, it behooves health and fitness operators to be able to discern between those trends that are opinion-driven and those that are data-based, and then, act on them appropriately.

Opinion-based trends are typically statements of opinion regarding what's happening in the marketplace. These opinion-based trends can be the result of discerning observations, the gathering of qualitative opinions from the crowd and possibly even the consequence of gas-lighting from those with something to gain from these trend proclamations. Data-based trends, think BIG DATA, are founded in statistics and metrics pertaining to actual behavior patterns: what people and businesses are actually doing and have been doing over time.

Health and fitness operators who want a competitive edge in understanding today's trends and tomorrow's trends, should be focused on discovering the truths provided by data-based trends. To accomplish this, operators need to take two steps. First, they should contribute to trend studies that collect data-driven information about trends, such as levels of adoption and changes in the levels of adoption for various practices. By contributing to these studies, it brings forward more data. Second, operators should study the results of data-driven trend studies to obtain an understanding of what is being adopted and how those adoption practices are changing over time. By taking these two steps, operators can avoid the rough future that comes from being ill-informed about trends.

Since 2015, ClubIntel, in collaboration with various international partners in the health and fitness industry, has facilitated a global study of data-based trends in the health and fitness industry. This annual study collects data on adoption levels for over 90 different industry practices across four broad categories: programs/services, equipment, facilities and technology. Now entering its fourth year, the study is able to pinpoint the level of adoption for each trend measured and the degree of movement in that trend since it was first measured. Some trend facts from the 2017 study, in which the practices of over 14,000 global health and fitness facilities were represented, include:

- HIIT group exercise was the sixth most popular trend of 2017 with 62% of facilities offering it, but it had garnered the largest increase in adoption over the past five years at over 30% absolute growth.

- Barre, with adoption growth of 30% over the past five years is second only to HIIT group exercise over that time period.

- In 2017, the most highly adopted fitness equipment was traditional functional fitness equipment with 76% of all facilities indicating they offered it. Interestingly, non-traditional functional training apparatus,



Stephen Tharrett



Mark Williamson

such as battle ropes and sandbags, was the fourth most adopted type of equipment with 64% of facilities indicating they offered it.

- Only 26% of operators reported having a mobile app for their business in 2017.

- The most popular technology in the industry in 2017 was the use of social media with 57% of operators adopting this marketing practice.

The 2018 International Fitness

**Industry Trend Study has launched**, and it will remain open until November, with the final report ready for distribution by year-end. If you want to be a part of the dialogue and share the practices your business is embracing, **please go to: [www.research.net/r/2018AllTheRage](http://www.research.net/r/2018AllTheRage)**. Your data will be combined with that of others who participate to bring forward the data-driven trends in the health and fitness industry, and in return, you will receive a complimentary copy of the report for your use.

## Rookie Brands Take a PR Cue From Established Fitness Brands

By: Nancy Trent

All PR is good PR. *Maybe*. Any PR is a start. Even the cookie cutter approach of submitting a press release to a wire service and waiting for it to generate pickup can have some benefit. Smart startups need to be more proactive than that.

You shouldn't rely on a press release to generate buzz in the fitness industry's competitive landscape where "me-too" products are being introduced daily. Here are a few PR strategies often neglected by early stage fitness companies:

**Communicate with the trades** - Reaching for the stars is great. Try to get on the *Today* show, it will do your workout good. In the meantime, trade publications like **Club Insider** are respected and read by the buyers making decisions at the retail level. Stay top of mind by staying

in the trades. Read them to know what your competitors are circulating and what retailers are trying to achieve.

**Leverage industry conferences for press** - 90% of the work that goes into a trade show should happen before you set foot on the show floor; it's a year-round effort. Media relations needs to be a focal point for trade show success.

**Start reaching out to local media before national** - Most trends start on the coasts, West or East, and then spread across the U.S. Start by owning your own backyard. You can soon take a brand from local obscurity into mainstream consciousness.

**Support your clubs and retailers before expecting them to support you** - Mass merchants take on brands that are successful in independents. With a



Nancy Trent

PR push, your brand will be even more successful, and retailers will see you are  
 (See **Nancy Trent** Page 26)



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## ...Nancy Trent

continued from page 24

supporting them.

**Seed products to celebrities that you know you can reach because you have a strong ideological or real connection**

- It's not what you say about your fitness products and facilities that counts. It's what *other people* say. Often, perception is more important than reality, and celebrities are perceived to be experts. Seeding products to them anyway you can, whether directly or through gift bags and events, will help get your client's products in the right hands. Getting celebrity connections is the first step. Working them for press coverage is a skill.

**Have an expert on board** - You don't need to have a paid spokesperson, but you do need someone other people trust to answer questions about why your fitness brand is

better than others.

Try these low budget, big brand PR tactics, and you might just be able to fake it 'til you make it.

*(Nancy Trent is a writer and speaker, a lifelong health advocate, a globe-trotting trend watcher and the Founder and President of Trent & Company, a New York-based marketing communications firm. Trent & Company grew out of Nancy's personal commitment to helping people live longer and healthier lives. A former journalist for New York Magazine, Nancy has written seven books on healthy lifestyles, serves on the editorial boards of several magazines and travels around the world speaking at conferences and trade shows on trends in the marketplace. She is a recognized expert in PR with more than 30 years of experience creating and managing highly successful campaigns. Nancy can be reached at 212-966-0024 or by email at nancy@trentandcompany.com. You may also visit www.trentandcompany.com.)*

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## Thanks and Appreciation

At **Club Insider**, we are excited to be in our **25th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 25-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **297** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 25 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

Last, but surely not least, this writer who refused to fear failure when many told him he didn't have a chance of surviving the publishing business for even a year did survive. And, he would like to give sincere **Thanks and Appreciation** to the power that made that survival happen: **God**.

Very sincerely, with love in my heart for you all,

*Norm Cates, Jr.*

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