

Business plan gold gym marketing essay



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Venturing into starting a Franchise is traditionally assured to yield a guaranteed Return of Investment than venturing into a fresh startup entity. Although Franchise itself is a business, it is considered as a way of doing business.

It is believed by many that Mr. Albert Singer who was the founder of the Singer sewing machine, was the inventor and founder of the concept franchising. He was one of the earliest person known by most as being associated with the concept; however, the franchising really began long time before and has its roots dating all the way back to the Middle Ages (Blair & Lafontaine 2005). As per the definition the work ‘ franchising’ is derived from ancient French which means “ holding a particular privilege or right”.

Over the years, franchising business models have been evolved and proven to result in high growth businesses. Although there are various large business entities in UK that offer franchising opportunities, only few business segments result in lucrative ROI. After analysing various business analysis reports and market survey statistics, I have identified ‘ fitness and wellness’ healthcare segment as highly futuristic franchise opportunity considering various factors including my current financial capabilities and business goals.

Proposed Business

Gold Gym – Franchise

Objective and Description

As a fitness franchise of Gold Gym, we will provide an innovative health care, wellness and fitness services. The modern premises will be equipped with the state of the art fitness equipments and provide facilities such as steam

bathing and swimming. The place of the business will be chosen in the heart of the town to provide fitness services to local community, besides outbeating the competition.

Market Outline & Summary

In recent times people are getting more and more health conscious as they are more educated about health hazards involved due to unhealthy lifestyles, establishing a franchise business like Gold Gym's is very profitable as well as it can serve the local customers who want to avoid buying very expensive health equipments in their houses. It can in contributing to the society as healthy lifestyle would ensure less unwell people. As per a recently conducted market survey and the report by the Fitness Industry Association (FIA) and accumulated by leisure & fitness market analysts, the UK's fitness and wellness business is a 4 billion GBP revenue industry and is seeing the fastest growth of its 20 year history with many more members eager to avail such services & facilities than ever before. The comprehensive audit and the market intelligence report published by FIA covers national overviews of both the public and private sectors.

Currently, 15 % of the total UKs population are members of a health club or government-owned fitness services and there is an untapped market potential of around 60% and its growing stably at 3 to 4 per cent an year. Besides this, the increased obesity risk levels are compelling large number of people approach fitness and wellness centres. (Fitness: freebie fitness, 2009)

These factors clearly indicate that starting a fitness and wellness club or gym will yield a lucrative revenue and guaranteed profits. However, starting a

gym franchise is a better idea rather than starting a own gym because of the following factors:

Starting a own gym is very expensive and requires minimum of a million pounds investments because of increased equipment costs and the soaring rates of premises leasing.

Building own brand (rather than running a franchise) requires higher upfront investment for marketing and brand building efforts that eventually impacts the customer acquisition rate.

Employee training and management orientation is easy in a franchise.

Investing in a franchise business is usually safer than venturing into a completely new startup due to proven business strategies.

Business Model

The primary source of revenue of the proposed business will be earned from the various types of memberships offered to the customers. Ideally the member ships will be offered at a predetermined price which would include certain benefits and services that the customer can avail. As the benefits increase the price of the membership would also increase. In the initial stages of the business, the proposed fitness franchise will earn revenues in the following streams:

Membership Types

1. Basic memberships (without trainers) : Pricing will be between £15 to £25 and will vary time to time because of special promotional offers. Initially, it is

proposed to set at £15 per month. This would provide accesses to very basic facilities and services, ideally to attract the lower income group of people.

2. Gold memberships (with special guidance from trainers): This special membership pricing will be set between £25 to £45 because of seasonal-special offers and initially will be set at £25 per month. This would include more number of facilities and services, more suitable for customers with a higher disposable income.

Apart from the above mentioned standard monthly memberships, we will offer weekly and Pay as you go memberships as well which will target people looking for flexible paying options.

Membership Duration

Membership pricing will be offered attractive based on the following durations:

1. Monthly membership – the payments would be taken on monthly basis
2. Weekly membership – this will work on week on week basis
3. Pay and Use membership would be a prepaid service

Target Customers

Customers of varied types including individuals, groups and businesses will be targeted to acquire strong customer base. It is listed as below:

1. Individuals
2. Family group memberships will be offered at reduced fee pricing.

3. Corporate memberships will be offered at reduced pricing.

The proposed membership fee structures and the revenue projections have been described in the ‘ Financials’ and ‘ Projections’ section in the later part of the text below.

Competitive Advantage

The proposed fitness business centre will offer variety of advantages to outbeat the competition in the market. We will provide special memberships for people undergoing obesity treatment and special price caps to attract different age groups such as 35 to 49 and 28 to 34. Moreover, the proposed fitness centre will be in the heart of each town and within reachable distance from the nearby health services. Gym equipments in the facility will be made up of state of the art technology and will have electronic sensors and displays to accurately measure and monitor physical and health parameters. (More details of the equipments have been described in the Equipments Provision section). Multiple number of steam bath facilities and swimming pool facilities will be provided. Free car parking facility will be provided for limited number of hours.

Competition

In UK, at present, there are very few (less than 3) fitness chains are available in most places, apart from public facilities and many towns are yet to have a gym with sophisticated equipments and services delivery. Therefore, the competition for Gold’s Gym franchise is moderate and we have a clearly defined business model and strategy to outbeat the competition.

Premises and Equipment

The proposed gym premises will house various fitness and wellness facilities. There are mainly two different types of equipments which will be available in the proposed gym, firstly free weights and secondly high-tech machines.

Free weights are a simple form of bodybuilding equipment with no real use of technology. They are generally cheaper and more easily available. They consist normally of things like barbells, dumbbells, bars, weight plates etc.

In the proposed gym, we will facilitate and provide the following equipments:

The Barbell

Which is a long iron bar that is around 4 and 7 feet long on which multiple weight plates can be placed as per the required weight.

Weight Plates

Weight plates mostly range from 500 gms to 75 kgs. They are usually made of iron as it is a heavy metal.

Dum-bells

A dumbbell is a shorter form of a barbell, generally 10 – 15 inches in length. Dumbbell exercises are performed with a dumbbell in each hand.

Tricep Bar

An oval shaped long bar which has 2 parallel placements for the hand. Although it is commonly called as a tricep bar, one can use it to workout other different parts of the body besides the triceps.

EZ Curl Bar

It is ideally designed for building the biceps & triceps. It is much shorter than a barbell and has angled placements for the hands. It is very useful for building one's muscles from a variety of angles and for reducing the levels of stress (caused by weight) which a straight barbell normally can place on one's wrists.

Benches

This most common piece of equipment which is seen in every gym. There are mainly 3 different types of benches that are popular – flat one, an inclined, and decline. Some high-tech benches are adjustable. Some bespoke benches have the facility of racks on one end which hold a barbell, while some benches don't have any such racks.

The Arm-Blaster

It is a 2 foot in length and 6 inch in width, very flat, curvy metal bar. It has a strap that goes from back of one's neck to grasp the metal bar is flat from corner to corner of your mid section. It works a lot like a preacher bench by eradicating any body momentum and allows the person using it to isolate the biceps.

Stability Ball (Swiss Ball)

All exercises that one would ideally do on a bench can also be done on the stability ball. The trainee can do a variety of exercises like bench press, shoulder press, dumbbell flies, lateral raises, pullovers, reverse crunches, so on and so forth. This is one of the best piece of equipment and is very popular with fitness conscious people.

Abdominal Bench

Is simply just a decline bench that is used for doing exercises that focus on the abdomen. It has rollers that a person can hook their feet into so that the person does not slide off the bench.

Chin Up/pull up Bar

The chin up or also known as a pull up bar is a iron bar that is either bolted on to a wall or any part of any exercise machine. Pull ups are good for working out the upper back, biceps, and forearms.

Dip/Push ups Bars

This is a set of two similar parallel bars. Dips is the best exercise for working the upper chest, shoulders, biceps and triceps.

Leg Press Machine

Most people believe that squats are the best overall exercise to build up the leg muscles. Most of the press machines are set on a 45 degree angle which provides excellent movement of legs. With the leg press the trainee can safely lift weights without having to worry about sliding or falling over. It gives less stress on the lower back which can help people with back problems and knees then squats.

The Hack-Squat Machine

This is a innovative variation of the traditional and popular barbell squat that is commonly used. This is excellent and very useful for developing the outer muscles of the thighs and for toning up.

Leg Extension Machine

This machine is ideally suitable for isolating the quadriceps muscles and focusing on leg muscles. Most trainees find this exercise useful for pre-exhausting their quadriceps or for warming up the knee joints (which are normally tight) before proceeding to do squats or leg press exercises.

Calf Machines

There are mainly 2 different types of calf machines, one is the standing calf raise and second is the seated calf raise. The former raise focuses the upper calf muscles (gastrocnemius) while the later is used to work out the lower calf muscles (soleus).

Leg Curl Machine

This machine is ideal hamstring exercises which is very popular with athletes. Some gyms nowadays may have a leg extension and leg curl machine built in together into one machine, to maximise utilisation of space

Financials: Capital Funds and Budget Plan

The capital investment and operational costs of the proposed business is as given below:

(1) Short term part-investment: Angel investment of £25, 000 towards franchise fee. This includes employee(includes training and management staff) training and management orientation. Brochures, documents and other books and manuals such as fitness and wellness guides, marketing materials such as standard pamphlets.

(2) Short term part-investment: Bank loan of £30, 000 towards premises rental and day to day maintenance for the first 12 months.

(3) Short term: Angel investment of £10, 000 towards marketing and promotional expenses.

(3) Short term: Bank loan of £30, 000 towards staff costs for first 12 months.

Therefore, the capital cost of the business upon starting is £95, 000. This is raised as a combined collective-capital as described above in parts of Angel Investment of £25, 000 and £10, 000 in addition to the £30, 000 of bank loan.

Financials: Cash flow and Forecast (Projections)

The cash flow for day to day operations for the initial twelve months will be incurred from the capital investment as explained in the above section. As per the projections explained below, the break even point (of £95, 000) is expected to cross in the month of nine from the starting day of the business. Upon achieving the break even the excessive funds (as in the figures below) will be used partly for the operational cost and the rest will be accumulated as retained profits, which is estimated to be approximately £25, 000 (after achieving break even).

The proposed membership fee will be between £5 and £49 for various services. The average monthly membership fee is proposed to be £15 to ensure competitive advantage over other fitness centres. As a conservative estimate, the membership is expected to grow at 140% in the initial stages at averagely 25 new members a day. Therefore, the projected earnings over

the period of initial 9 months (£15x£25x£9) is around £101, 250 and the breakeven will be achieved in 7th month of starting the business. In a modern estimate (if promoted through freely available internet and ecommerce services), membership base is expected to grow at 265% in the initial stages and break even can be achieved quickly and steady flow of revenue can be ensured.

Financials: Future Expansion Plans

The long term investment capital funds of £450, 000 will be raised as mentioned below, to grow the business in steady pace for adding more number of gym equipments with advanced features. More facilities including 24x7 access to the gym will be offered:

The long term investment funds will be raised as given below,

(1). Listing the business in AIM-Cash shell list in association with external fund raising companies (Projected to raise around £200, 000).

(2). Additional capital will be raised through low end venture capital firms to raise the capital of around £225, 000.

The total of £450, 000 will be raised as explained above for expanding and ensuring the organic growth of the business.

Marketing and Promotions Strategy

In the total of £10, 000 allocated marketing budget the advertisement campaigns within the proposed budget will be carried out in co-operation with the parent Gold Gym entity with an estimated cost of £3400. The printed pamphlets will be circulated to local community with special-seasonal
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offers as well as special membership offers. Low cost advertisements will be published for the budget of £2500 in local community news magazines.

Advertisement displays will be considered in the second phase of the business upon reaching breakeven point.

Conclusion

Fitness and wellness care is becoming essential part of life style. With fast life styles, stress full working conditions, growing competitions and unhealthy eating habits, many people have realised the importance of fitness and health to lead a quality life. More and more people are now keen to improve their fitness levels, some for feel good about themselves, some to look better and feel confident, and some to reduce mental stress levels. The brand of the Gold Gym is a proven and time tested that could result in increased customer base. Over the time gold gym has seen growth and succeeded in providing excellent fitness and health services. The brand name backed by the reputation makes gold gym franchise a low risk business model. In a traditional estimate, the proposed Gold Gym franchise is expected to cross break even in around 7 months and yield steady profits from 8th month onwards. Further to the 8th mark growth opportunities can emerge with market conditions improving disposable income of individuals getting back to normal levels. After carefull evaluating all financial aspects and growth prospects we can conclude starting the Gold Gym franchise will be a lucrative and profitable business.