Business Plan: Aradia Fitness London

Group 2

Joy Thao, Deven Khanna, Kyle Petroboni, Liam Thomas, and Melissa Villegas

Company Summary - Joy Thao:

Aradia Fitness was founded by Tracy Gray and Christine Boyer. In 2003, the first location was opened in Vancouver, British Columbia. They had been the first primary health membership within the global to provide a physical-health application for all women. Since 2003, Aradia Fitness has opened twenty-one franchise locations throughout North America and provided service to more than 100,000 women. Many of their clients valued their services due to the expanded cognizance of fitness and the enjoyment and secure form of health they could offer others. In 2005, a company associate Andrea Tierney opened Aradia Fitness London (AFL) in London, Canada. Andrea introduced more pole programs to the area. However, potential clients complained that they lacked the strength and flexibility to perform the moves consistently. Tierney realized that opening a TRX fitness program would complement AFL's pole programs.

Industry Summary - Deven Khanna:

Fitness in Canada

Due to heightened awareness of increasing obesity rates across the country, total health club membership jumped over 20 percent from 2005 to 2010 (Caims & Grasby, 2014, p. 1). In 2012, the Canadian fitness industry generated approximately $2.2 billion in revenue; an estimated five million Canadians belonged to over 10,000 fitness clubs in Canada (Caims & Grasby, 2014, p. 1). The Canadian Society for Exercise Physiology (CSEP) recommends 150 weekly minutes of moderate to vigorous activity for adults (Caims & Grasby, 2014, p. 1). Only a little over half of Canada's population meets that criterion.

The Opportunity: TRX Suspension Training

Aradia Fitness London (AFL) seeks to offer TRX programs to supplement the already-offered pole and fitness programs. TRX programs will allow interested pole clients to develop their strength and agility until they feel ready to participate in the pole programs. They should be publicly advertised as separate from the pole program to maximize customer appeal.

TRX suspension training was introduced by a former U.S. Navy SEAL, Randy Hetrick. The program uses suspension systems to help athletes perform a variety of multi-planar, compound movements. The advantage of this system is its flexibility; it can

be set up anywhere. Athletes claim that benefits include improvements in core and bodyweight strength and joint and muscular stability.

Key Competitors

The TRX industry is already established across Canada. A few critical competitors near AFL stand out in the TRX program industry.

- **The Athletic Club** has two locations in London: one north and one south. The Athletic Club charges members $60 per month, providing members with full unlimited access to all fitness programs. Both locations have TRX programs every day of the week with varied restrictions. The south location is coed only three days a week. The north location is women only two days a week.
- **GoodLife Fitness** has 300 locations across Canada. Their gyms charge $40-$60 monthly for access to general fitness programs. However, GoodLife Fitness requires an additional $199 payment for a six-week TRX program.
- **Just Sweet Fitness Inc. Studio** offers a course consisting of 1-hour, indoor, coed classes three times a week for eight weeks. Each course is $360.

Mission Statement - Kyle Petroboni:

At Aradia Fitness London (AFL), we aim to allow all individuals to discover themselves through health and fitness. There is no goal we cannot achieve together! Everything we do here at AFL reflects our mission and the values that make strong-fit-confidence

possible. With our services and consumer products, we seek to offer alternative fitness in a fun, safe, supportive, and non-judgmental environment worldwide.

Major Goals - Melissa Villegas & Liam Thomas

1. Expand age groups for specific programs. (example: target age 40 for pole dancing)
2. Offer other fitness programs (ex: TRX) alongside pole dancing to better prep the client for sustainability at each level.
3. Through effective marketing campaigns, to break through the “pole dancing” stigma associated with pole fitness.
4. Continue to expand and grow within North America.

Situational Analysis:

SWOT Analysis

Strengths - Joy Thao & Deven Khanna

- **AFL studio setup**: The AFL studio can easily accommodate 12 TRX systems. The TRX systems can be easily set up or taken down in a couple of minutes. AFL could purchase a carabineer and sturdy wire to attach each training unit to the ceiling. The wire and carabineer could be tucked away in the ceiling rafters to clear space for the pole classes. The TRX program and pole programs can coexist. AFL’s studio also features a lounge and a full kitchen and bar. The soft

lighting and spacious layout create a more intimate atmosphere than the larger setups from GoodLife Fitness or The Athletic Club.

- **Qualified staff**: Three AFL employees, including Andrea Tierney, are certified to teach TRX classes. Once the appropriate TRX equipment is purchased, AFL will open the courses to customers.

Weaknesses - Melissa Villegas, Liam Thomas, & Deven Khanna

- **Retaining members**: Many members dropped the pole programs before the end of classes. This not only affects members but the entire business. It gives AFL a reputation for being unsuccessful. This may result in a loss of sales and may discourage others from joining.
- **Instructor turnover**: AFL's business model is dependent on the experience it provides to its customers. Instructors provide face-face interactions. These instructors, according to AFL's website, "are trained via Corporate Trainers, who specialize in safe instruction and well-researched curricula." A challenge for AFL will be to adequately compensate its instructors at a level that would discourage them from branching off on their own, starting new and similar businesses, and possibly even taking some AFL clientele with them.
- **AFL studio setup**: The current AFL studio can only accommodate 12 TRX systems. While this makes for more interactive classes, it limits the number of customers the company can take to 12 individuals per class. This puts a cap on sales and revenue until the studio can be adjusted to accommodate larger class sizes.

Opportunities - Kyle Petroboni, Joy Thao, & Deven Khanna

- **Social media**: The opportunity to grow worldwide is just a few viral clips away. Nowadays, most companies use social platforms to try and grow their brands. AFL is trying to bring its positive outlook on fitness and society to everyone who needs something different in their lives. Thanks to social media and other forms of awareness, many individuals have taken advantage of AFL's service/product to feel better about themselves mentally and physically.
- **Changes in social patterns**: Changes in social patterns and people's lifestyles provide an excellent opportunity for AFL. After all, while AFL is looking to move into TRX, the changes in social attitudes about gender roles enable the pole program to reach an audience beyond women.
- **Overlap between pole customers and TRX customers**: While AFL is attempting to move into a market with existing competitors, AFL has an established following. Significant overlap exists between AFL's pole audience and the TRX customers.
- **Past partnership with Campus Recreation at London's Western University**: AFL studio used to have a partnership with Campus Recreation at London's Western University. The students were offered classes at discounted rates for specific time slots. This promotional partnership was terminated because of AFL's then-limited promotional budget. However, Andrea Tierney's connection to the campus could enable AFL to reopen this partnership. The newly-added TRX program's potential to appeal to a broader fitness audience would help AFL reach even more students.

Threats - Liam Thomas & Deven Khanna

- **COVID-19**: COVID-19 continues to devastate the world. Monkeypox cases are on the rise. This causes health and economic threats for everyone. Countries with strict pandemic-related quarantine procedures may have to initiate such programs, forcing fitness centers to suspend in-person operations. If AFL was required to transition to online instruction, the pole programs would be crippled because few individuals possess the equipment to practice pole exercises at home.
- **Competitors**: The Athletic Club and GoodLife Fitness are established competitors in the TRX industry. Several smaller gyms in London, Ontario, also offer TRX classes. However, The Athletic Club and GoodLife Fitness are the largest threats to AFL's ability to participate in the TRX market in London, Ontario, Canada. GoodLife Fitness is Canada's largest health club, with hundreds of locations across the country. While Aradia Fitness has brand power, it does not compare. GoodLife Fitness and The Athletic Club also have inherent advantages over AFL Studio in that they are gyms while AFL is a pole program studio at heart. General gyms automatically reach more customers. AFL cannot compete with The Athletic Club's pricing model. The Athletic Club's basic membership plan ($60/month) gives members full access to all of the club's fitness programs. AFL charges $140-160 for a six-week pole program. AFL will need to find other ways to stand out from these juggernauts.

Marketing Strategy Report:

Group 2 Attendees:

Deven Khanna (leader), Kyle Petroboni, Joy Thao, Melissa Villegas, & Liam Thomas

Segmentation – Kyle Petroboni & Joy Thao:

Aradia Fitness London would employ a hybrid of demographic and behavioral segmentation strategies. Demographic segmentation will allow AFL to target specific groups of people by age, gender, income, and availability. After all, AFL's pole program already utilizes this strategy. Behavioral segmentation will help AFL maintain a large group of recurring customers. AFL will divide customers into groups based on their attitudes toward TRX and pole dancing. AFL will also consider behavioral variables such as usage rate and user status.

Targeting – Melissa Villegas, Deven Khanna, & Liam Thomas

AFL will employ a differentiated marketing strategy. A mass marketing approach fails to help AFL distinguish itself from larger health clubs like GoodLife Fitness. The concentrated approach fails to capitalize on the opportunity presented by TRX. The differentiated strategy will allow AFL to strengthen its already-established following and reach other customers.

The primary target for AFL's TRX program is people of all ages and genders interested in the pole program. However, AFL's TRX program is open to everyone. The beauty of

TRX suspension training is that anyone can pick it up regardless of fitness level. AFL's target customers value non-traditional forms of fitness, community, and environments free from discrimination.

Positioning Statement – Kyle Petroboni, Joy Thao, & Deven Khanna

To people of all ages and body types that wish to reach their health goals through non-traditional means of fitness, Aradia Fitness London provides an all-inclusive revolutionary fitness program in a warm and judgment-free environment.

To people of all ages and body types that wish to learn pole-dancing, Aradia Fitness London's TRX suspension course will help build up their strength and core stability so they can achieve their goal at a comfortable pace.

Marketing Mix:

Product – Kyle Petroboni

The TRX program for Aradia Fitness London will be divided into two TRX classes. The first class is a general class that is open to all skill levels. AFL will recommend this course for beginners. The other class will be for individuals with intermediate or advanced fitness levels. Structuring the TRX courses this way will allow higher-skilled individuals to push themselves while newcomers can grow and achieve their goals in a

less pressured system. AFL will also offer a hybrid course package for clients who wish to participate in both TRX and pole instruction.

Price – Deven

AFL's pricing model will follow Andrea Tierney's original model for the pole program. The pole program charges $159.99 for a six-week course, $139.99 for a six-week early-bird period, and $29 per class. However, the first class for each newcomer will be free of charge. The same will apply for the TRX program: $159.99 for a six-week course, $139.99 for a six-week early-bird period, and $29 per class with the first class free of charge. For clients that wish to take the TRX and pole courses concurrently, AFL will offer a hybrid package: $169.99 for a six-week program, $149.99 for a six-week early-bird program, and $29 per class. The first class will be free.

This pricing model gives AFL a cost advantage over GoodLife Fitness and Just Sweat Fitness. Their TRX programs cost around $180 monthly, while AFL's most expensive hybrid course package would only cost $113 monthly. Unfortunately, AFL loses the price war to the Athletic Club, which only charges $60 monthly for access to all programs. Since AFL already has a decent following, the cost-cutting required for AFL to match the Athletic Club is too heavy a strain on AFL's already-limited budget. The TRX system installation will only cost around $2,016.

Place – Joy Thao, Liam Thomas

Aradia Fitness should open its next location in San Francisco. The city is very diverse and inclusive. San Francisco, known for its inclusivity and openness towards new and challenging perspectives and ideations, would welcome a revolutionary business such as Aradia Fitness. San Francisco has a massive fitness culture. Of all significant metropolitan areas in the United States, only in New York City do people spend more per year on fitness. San Francisco residents spend roughly $380 in this industry annually. Yoga, CrossFit, dance, and similar sectors are popular, suggesting openness to exercise techniques that are “new and trendy.” Aradia Fitness has these features, making San Francisco an excellent strategic decision for expansion.

Promotion – Melissa Villegas

Per recommendations from the Small Business Administration, AFL should set aside 7-8% of its gross revenue for marketing and advertising. The company will look to more innovative promotional strategies because AFL’s budget is tight compared to larger competitors.

Online marketing can be used at a low cost and sometimes even be free. Social media profiles such as Facebook, Instagram, and Twitter will be great for spreading the word about AFL’s new TRX courses. Content can easily be shared by others who currently participate in the TRX classes or by those who are gaining interest. Another option is to offer the first class free of charge to newcomers. This option is at almost no cost to the company and increases the chance of acquiring more clients. It was mentioned that

AFL formerly partnered with Campus Recreation at London's Western University. The university students were offered classes at discounted rates for specific time slots. AFL will look to reopen this promotional partnership.