MATRIX
TAISPO

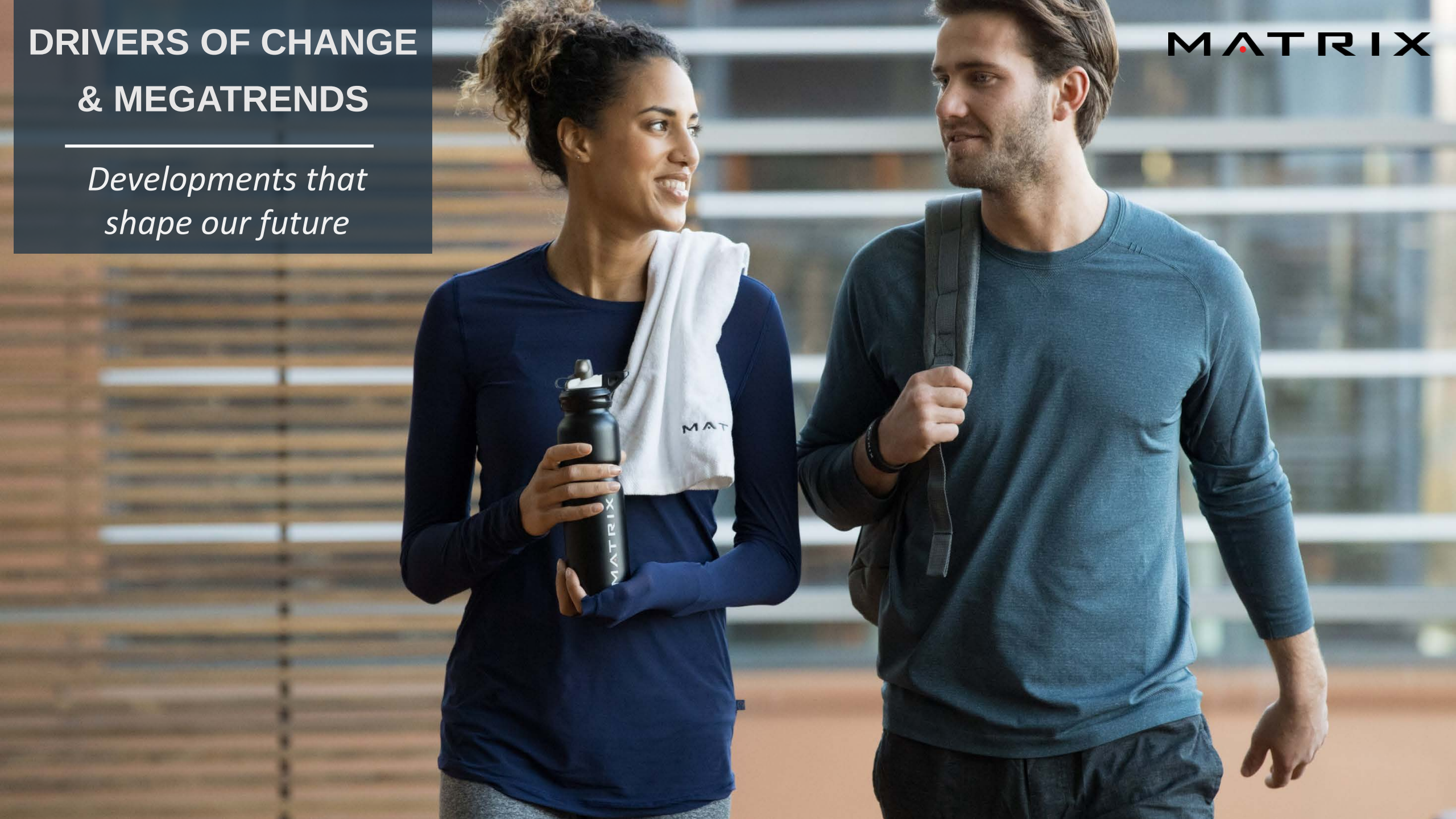
MATRIX

TODAY'S PRESENTATION

- Global Trends
- European Fitness Trends
- Focus: Low Cost vs the Boutique Model
- The Way Forward – User Experience & Technology

DRIVERS OF CHANGE & MEGATRENDS

Developments that shape our future



AMERICAN COLLEGE of SPORTS MEDICINE
LEADING THE WAY

MATRIX

Top 10 Fitness Trends for 2018

Members are looking for more than a space to exercise. They are seeking motivation.

Hence, the rise of even more personalized, exercise and activity solutions such as wearable technology.

1. High-intensity interval training (HIIT)
2. Group training
3. Wearable technology
4. Body weight training
5. Strength training
6. Educated / experienced fitness professionals
7. Yoga
8. Personal Training
9. Fitness Programs for Older Adults
10. Functional Fitness

WORLDWIDE SURVEY OF FITNESS TRENDS FOR 2018: The CREP Edition Thompson, Walter R. Ph.D., FACSM
ACSM's Health & Fitness Journal: November/December 2017 - Volume 21 - Issue 6 - p 10–19 31% PTs, 12% work in Commercial Fitness

Drivers of Change

Three broad drivers of change are likely to shape the fitness industry:

1. **Permanent connection** via the internet is transforming how people do business, socialize and, potentially, manage their health and fitness

2. **Personalization** is increasingly required by discerning and demanding consumers, and is being made ever more available by advancing technology

3. **Convergence and blending** are breaking down and reshaping existing categories of products and services (digital, medicine, wellness, gaming, nutrition, body mapping, VR)

The Future Space of Health Offering

- More creative with space, ***fluid*** and ***adaptable*** to new ideas & training protocols
- ***Modular approach*** allowing operators to switch offering quickly and cost effectively
- Technology can easily replicate ***real life interaction*** but is not a replacement
- ***Motivation*** and ***communication*** is still the most important attributes of a fitness professional. Help consumers integrate with new ways of delivering health, entertainment and sociability – not just 'exercise'
- Expect ***in-house PTs*** will return – one of our greatest assets to improving retention
- Revert to low-tech experiences like a 'village square' – providing the heart of the community with the focus on wellness and mindfulness, **Tech Free Zones**

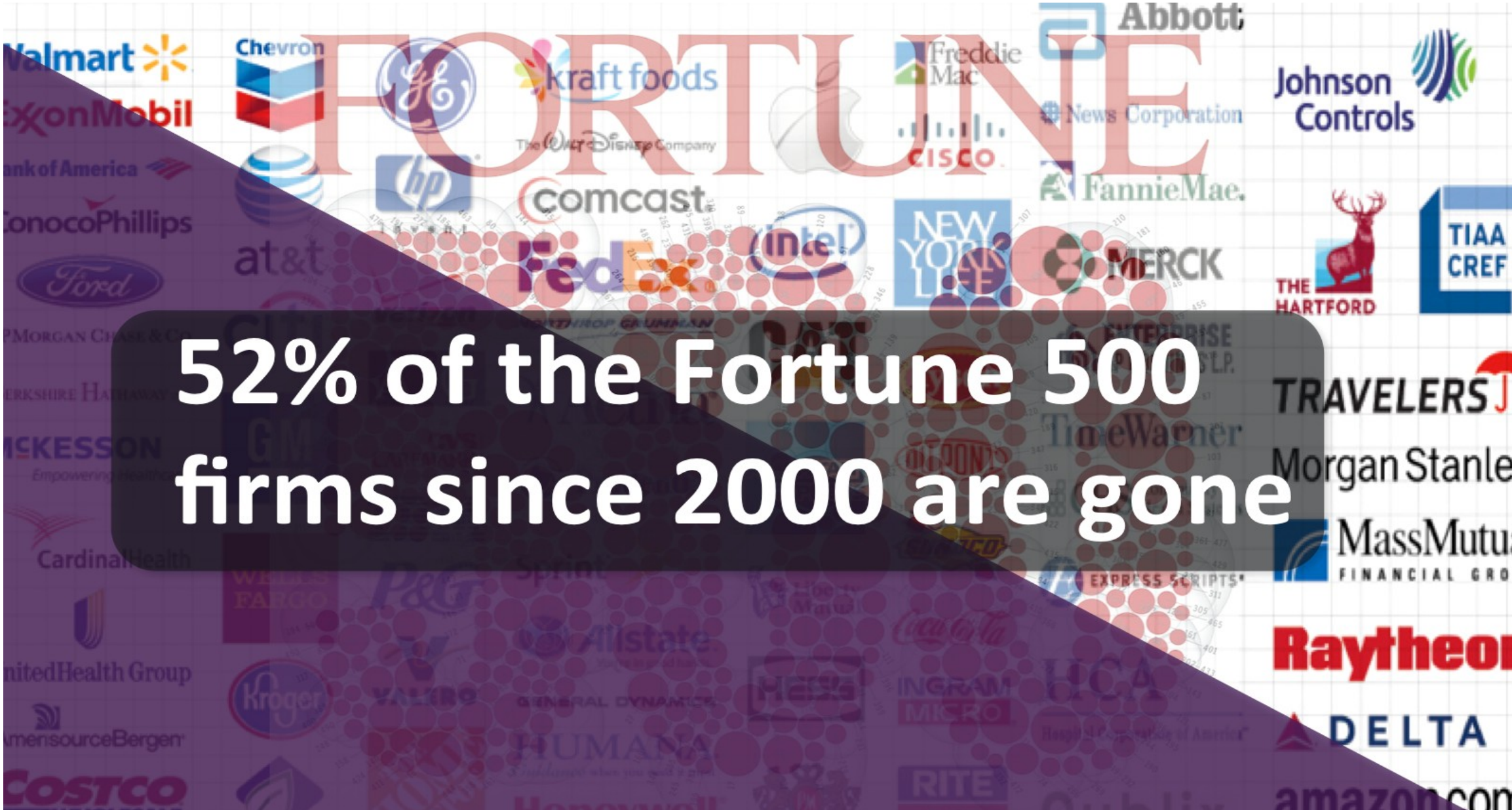
Create more Exertaining Environments

SGPT is the weapon to:

- Win Retention War (reported up to 30% improvement)
- Improve Member Engagement
- Offer Superb Value Tool
- The social aspect cannot be replicated by tech

EUROPEAN FITNESS INDUSTRY TRENDS

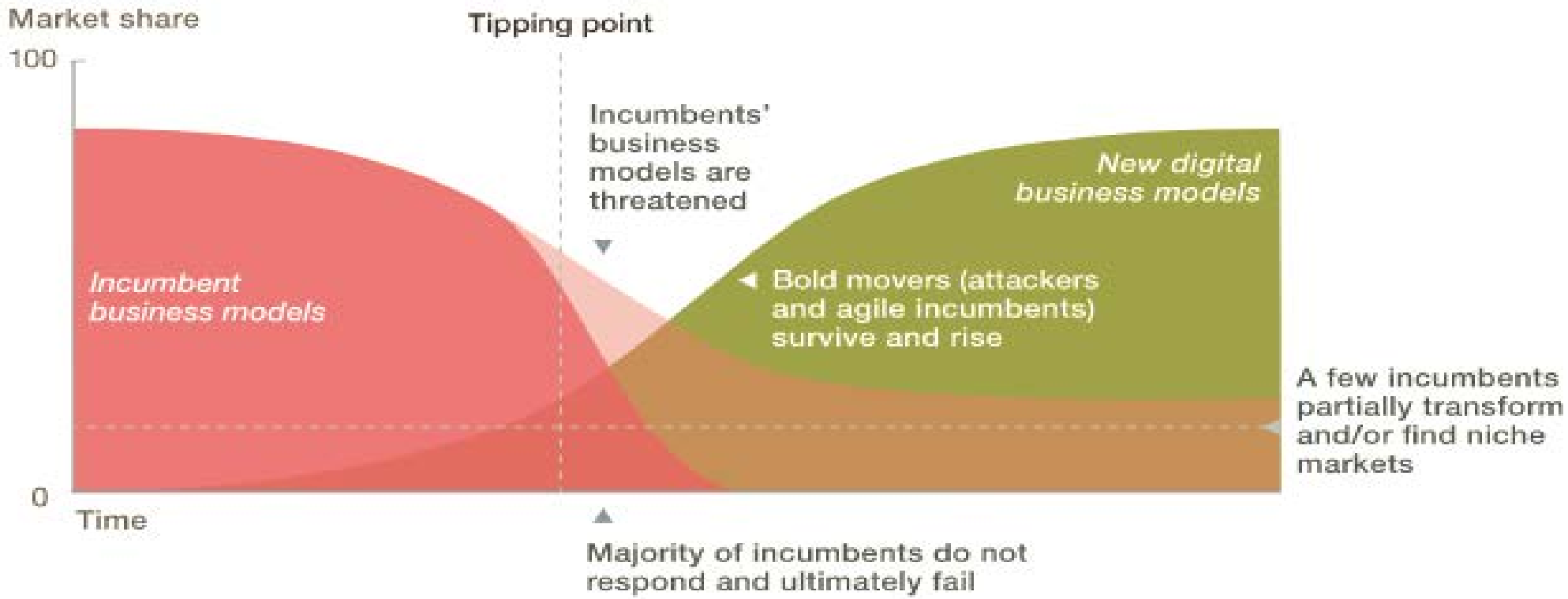
Ref. EuropeActive and Deloitte market research, European Health & Fitness Market Report 2018


FORTUNE
Walmart
Chevron
kraft foods
Abbott
Freddie Mac
Johnson Controls
ExxonMobil
News Corporation
CISCO
Bank of America
FannieMae
ConocoPhillips
comcast
at&t
Ford
FedEx
Intel
NEW YORK LIFE
MERCK
THE HARTFORD
TIAA CREF
JPMorgan Chase & Co.
Berkshire Hathaway
McKESSON
TRAVELERS
Morgan Stanley
CardinalHealth
MassMutual
FINANCIAL GROUP
UnitedHealth Group
AmerisourceBergen
Raytheon
COSTCO
DELTA
amazon.com
52% of the Fortune 500 firms since 2000 are gone

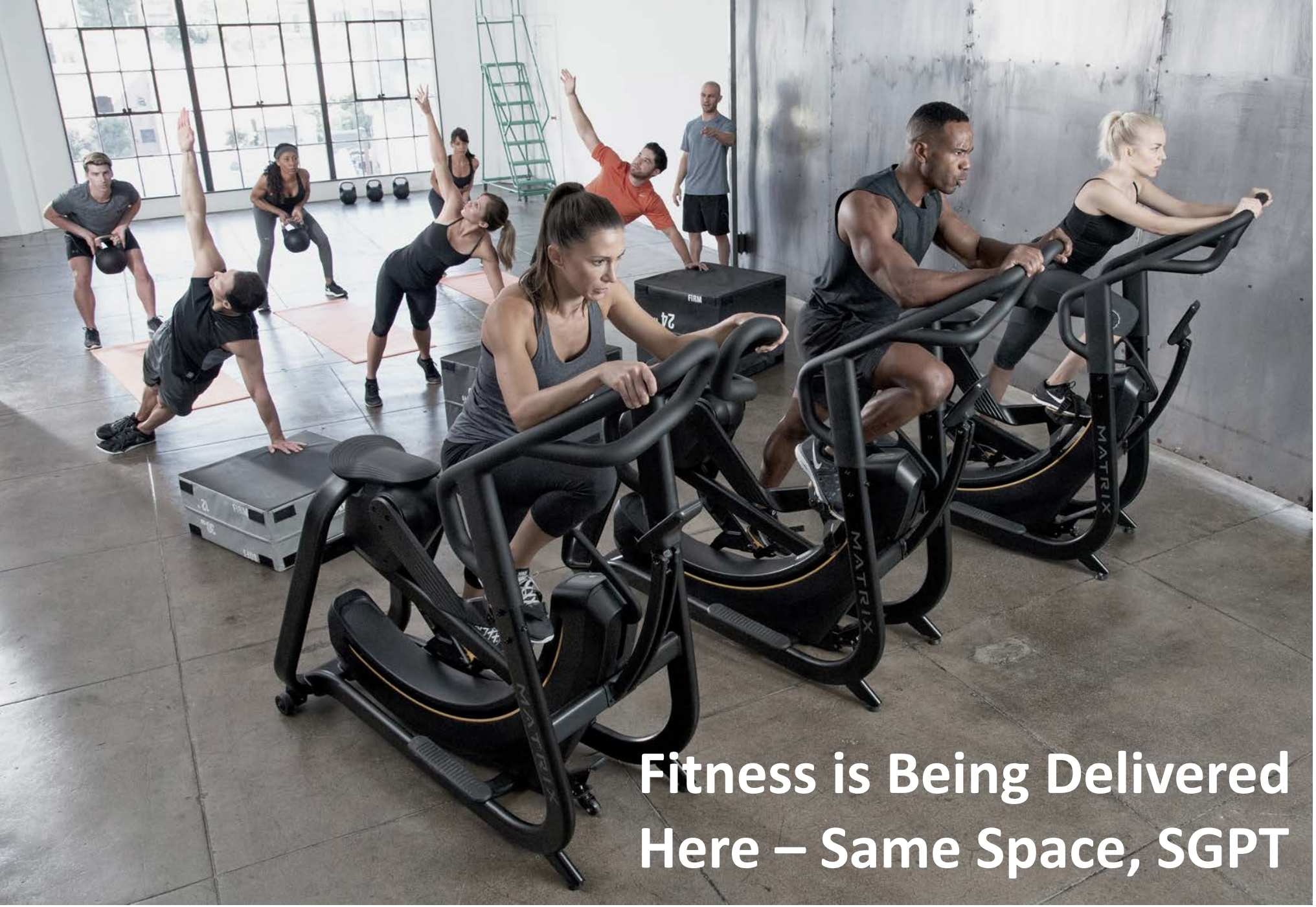
Fitness Industry is Changing Rapidly

Disruption is always dangerous

But digital disruptions are happening faster than ever



Source: McKinsey Digital Global Survey, 2016 and 2017; McKinsey analysis



Fitness is Being Delivered Here – Same Space, SGPT

Fitness is Being Delivered Here

and Here…

FORTNIGHT BATTLE ROYALE 200 MILLION USERS
NEW
EPIC | BACK BLING
BACK PLATE
Put your back into it.
Part of the Spandex Squad set
R2

European Fitness Industry Key Market Trends

Average revenue per member (exc. VAT) of top 10 operators in 2017

- **Market polarization** between premium & LC operators
- Premium operators generate **€69-96 per month**. Facility rich facilities, personalized services with a high ratio of personnel to members
- Top 5 LC operators report **€17-29 average monthly** revenues/member
- Focus on **maximizing value for money** largely through organic growth
- Only **one group** in mid $ range

Rank	Operator	EUR /year
1	Virgin Active	1,146
2	Nuffield Health	916
3	David Lloyd Leisure	833
4	Migros Group	832
5	**Health & Fitness Nordic**	623
Average of Top Ten operators		**412**
6	Fitness World	351
7	Clever Fit	256
8	Pure Gym	235
9	Basic Fit	214
10	McFit Group	201

Sources: EuropeActive, Deloitte 2018

Top 10 by membership in 2017

		Total Members		Mship Growth		
Rank		2016	2017	Absolute	In %	Rank Change
1	McFit Group	1,620,000	1,730,000	110,000	6.8%	0
2	Basic Fit	1,210,000	1,520,000	310,000	25.6%	0
3	Pure Gym	820,000	923,000	103,000	12.6%	0
4	Clever Fit	545,000	620,000	75,000	13.8%	0
5	The Gym Group	448,000	607,000	159,000	35.5	+4
6	David Lloyd	486,000	580,000	94,000	19.3%	0
7	HealthFit Nordic	542,000	560,000	18,000	3.3%	-2
8	FitX	442,000	550,000	108,000	24.4%	+8
9	Fitness World	457,000	476,000	19,000	4.2%	-2
10	Migros Group	451,000	466,000	15,000	3.3%	-2

Sources: EuropeActive, Deloitte 2018

RANK	COMPANY	2009
1	Snap Fitness	1,012
2	Anytime Fitness	959
3	24 Hour Fitness	425
4	Powerhouse Gyms	327
5	LA Fitness	324
6	Planet Fitness	310
7	EXOS	203
8	Town Sports	158
9	ClubCorp	154
10	Plus One	112
11	Life Time Fitness	85
12	Club One	83
13	American Leisure Corp	68
14	Lifestyle Family Fitness	55
15	Equinox	50
//		
~19	CorePower Yoga	33
~30	Pure Barre	14

COMPANY	growth 2016	
Anytime Fitness	3,443	259%
Snap Fitness	1,911	89%
Planet Fitness	1,303	320%
LA Fitness	689	113%
Orangetheory	570	n/a
9Round	449	n/a
EXOS	439	116%
24 Hour Fitness	425	-
Powerhouse Gyms	315	(4%)
Pure Barre	400	2,757%
Plus One	300	168%
ClubCorp	206	34%
Equinox	200	300%
Crunch	175	821%
CorePower Yoga	150	355%
Town Sports* *Strategic shift in Q1:15 to increase HVLP mix of clubs*	150	(5%)

MATRIX

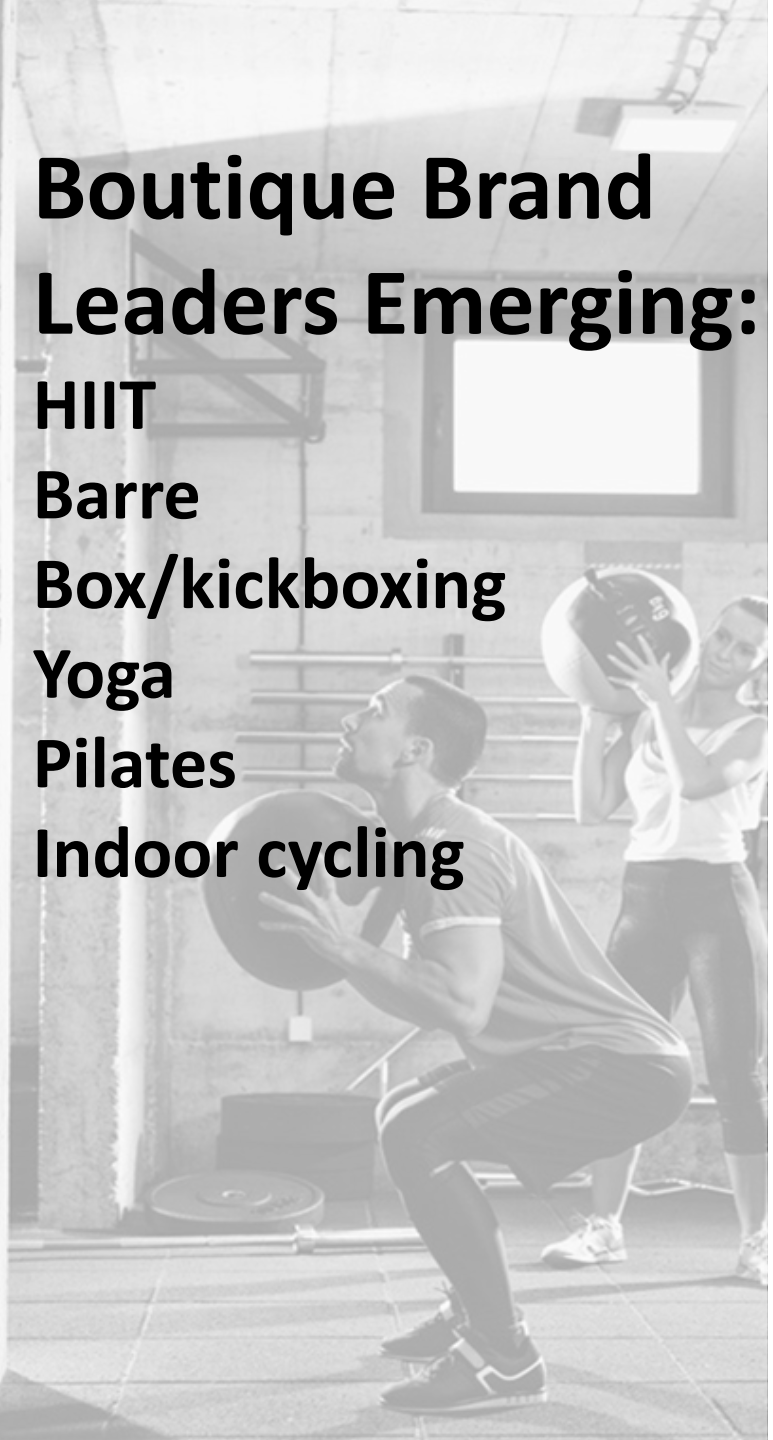
Rise of Boutiques & HVLP clubs in USA

Top 15 Fitness Brands by # Units – Now six of the top 15 vs. two in 2009

High Value Low price

Boutique Studio

Source: Piper Jarray Consumer Survey 2017



Boutique Brand Leaders Emerging:

HIIT
Barre
Box/kickboxing
Yoga
Pilates
Indoor cycling

Rise of Boutiques – Boutique Studio View

A Definition

- Typically small, stylish spaces
- 20+ classes/week led by high class instructors (mon-thur)
- Average 24 per class
- No contract
- Premium price tag
- +8 per class (avge 24) with individual attention; a unique vibe
- Strive towards the feeling of an "experience" rather than just being "another exercise class"
- Exclusive and personalised
- A designer logo, an impressive website and a significant social media presence, particularly on Instagram.

Source: Piper Jarray Consumer Survey 2017

Four Key Characteristics of Boutique Clubs

MATRIX

Distinctive brand and clear consumer proposition

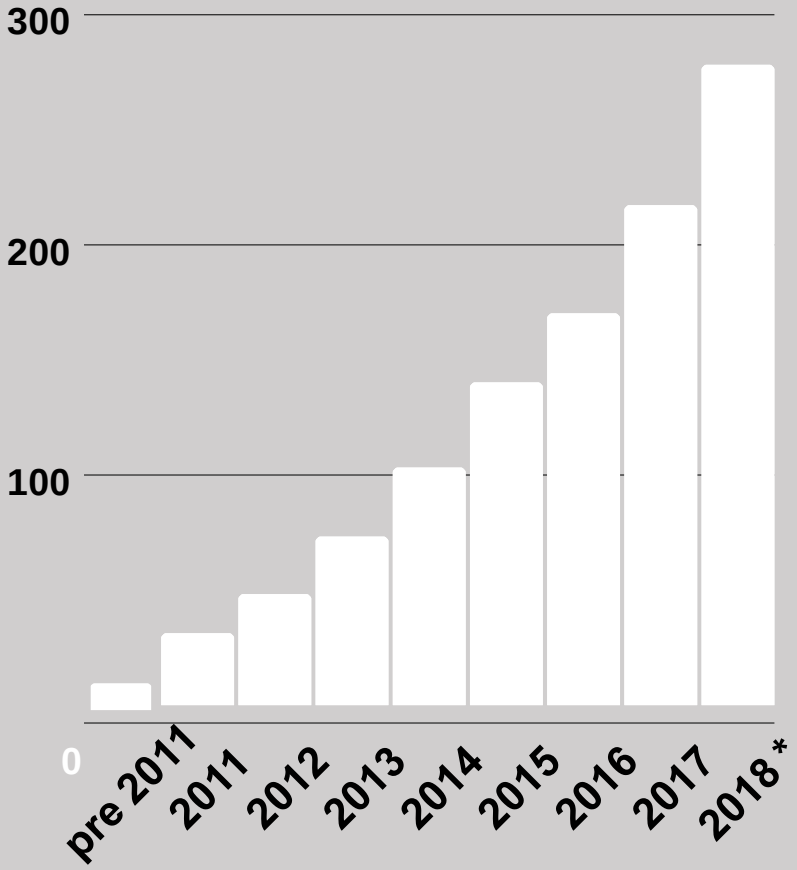
ATHLETE
LEGEND
WARRIOR
RENEGADE
ROCKSTAR
SOULCYCLE

Authentic , refined studio environments

Social "Experience" based exclusively around GX or Team Training

Premium and Flexible Pricing

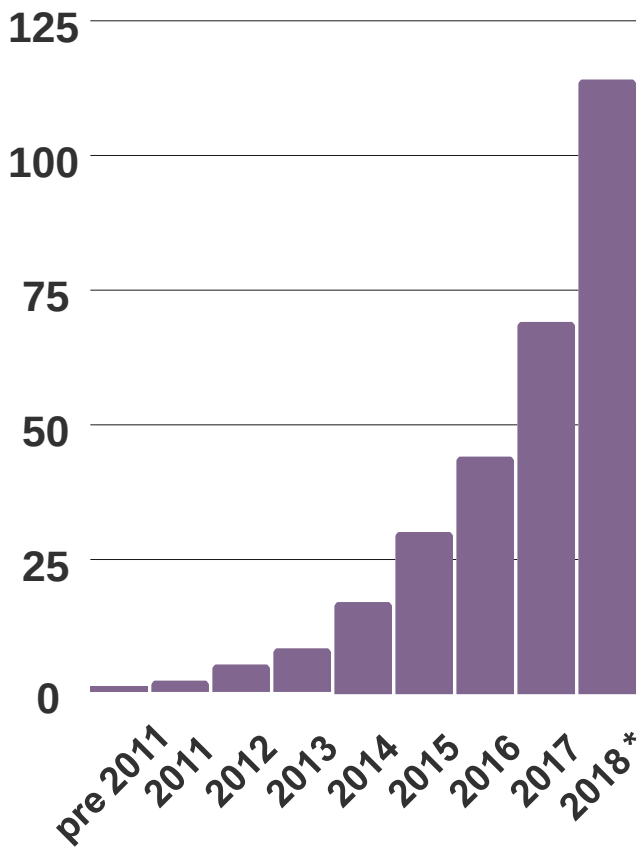
The London Scene



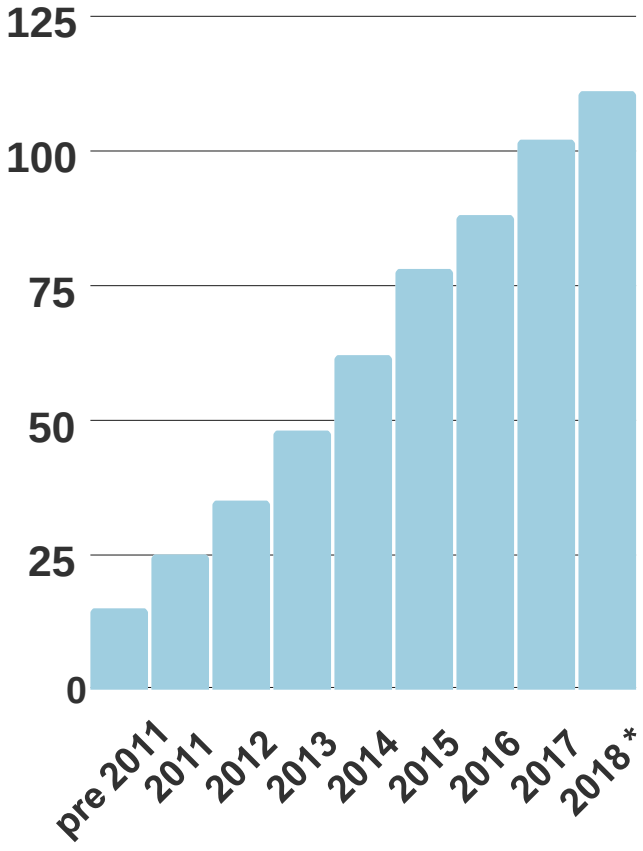
- There are 278 boutique fitness studios in London:
  - 114 HIIT studios
  - 111 Mind & Body studios
  - 53 CrossFit studios.
- Studios has grown by 28% over 2017 & 281% over the last 5 years.
- Growth largely being driven by HIIT studios
- Brands represent 55% of the total boutique market in London. F45 Training, with 21 sites in London, is the top boutique operator (by number of sites).

London Boutique Scene

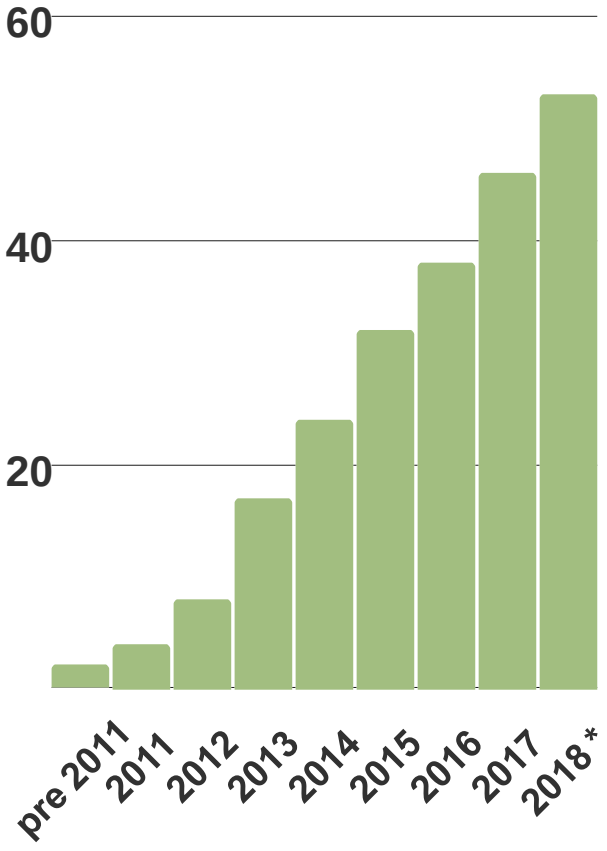
HIIT

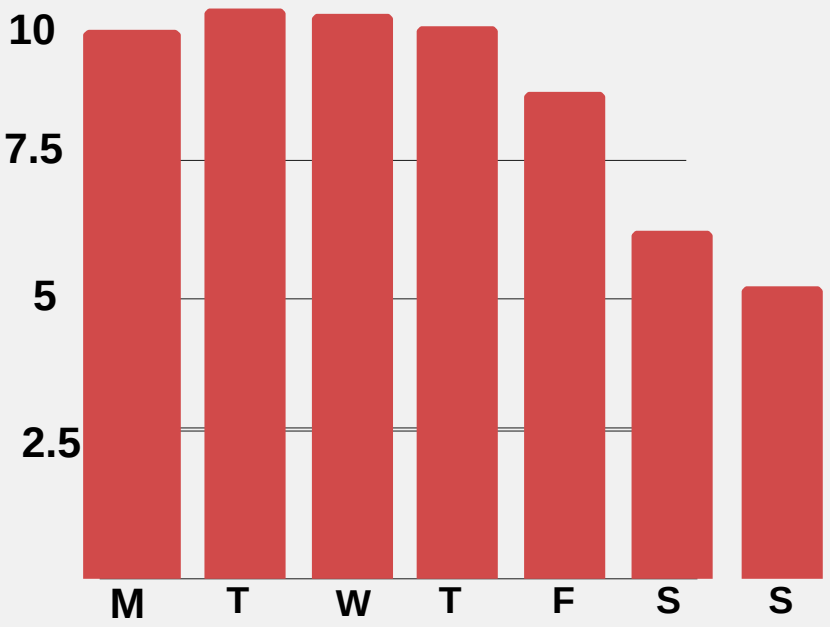


MIND & BODY

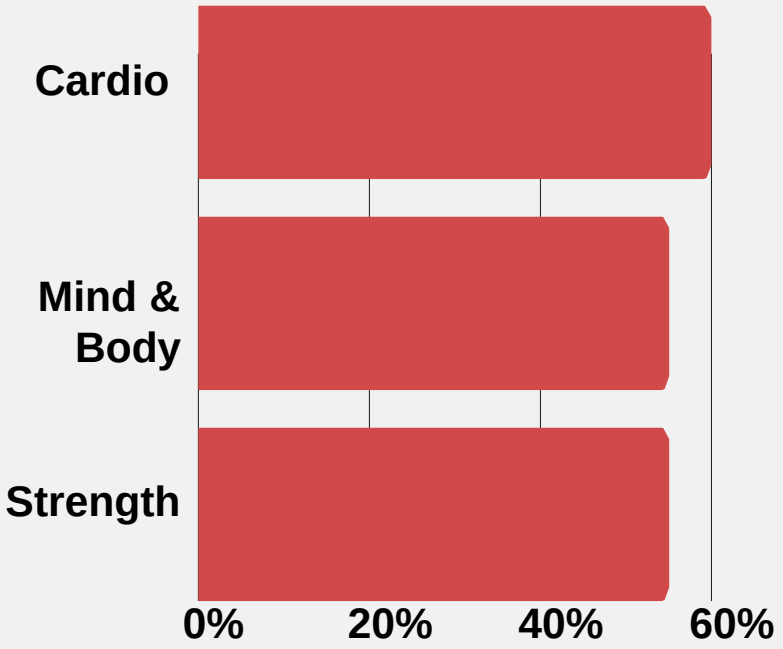


CROSSFIT





Number of Classes



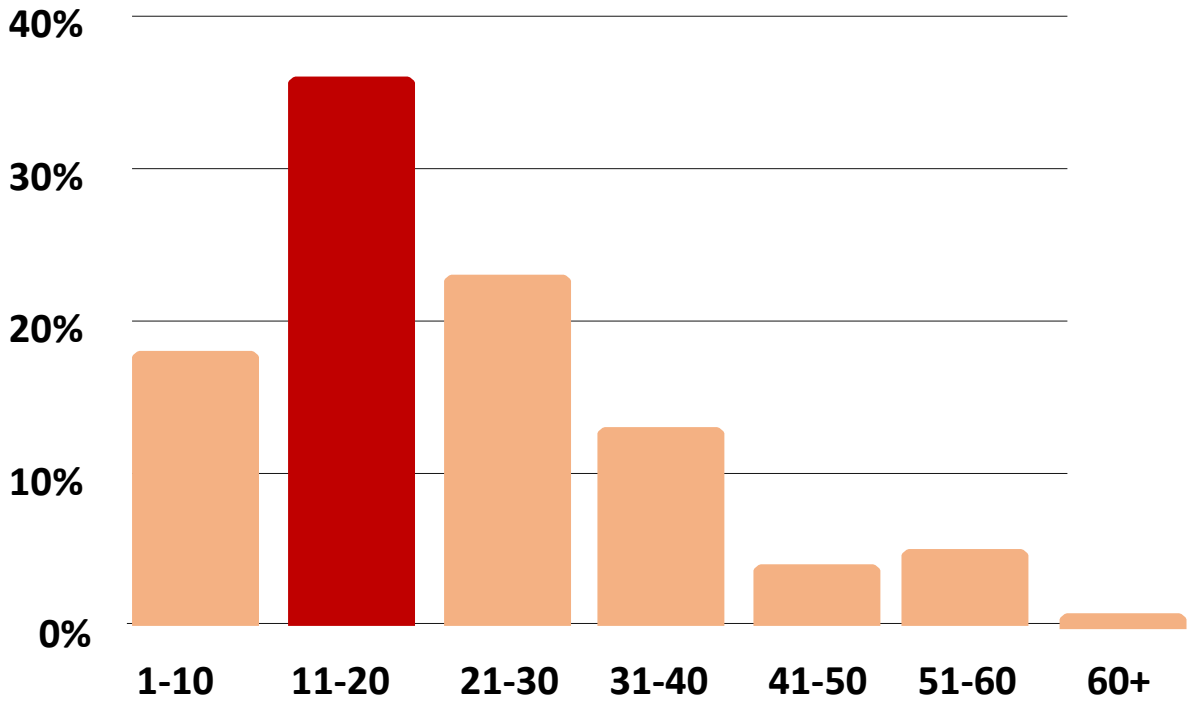
Types of Classes

Boutique Studio Specs

Studios per site

1	67%
2	23%
3	8%
4	1%
5	0.7%
6	0%
7	0.4%

Studio Capacity

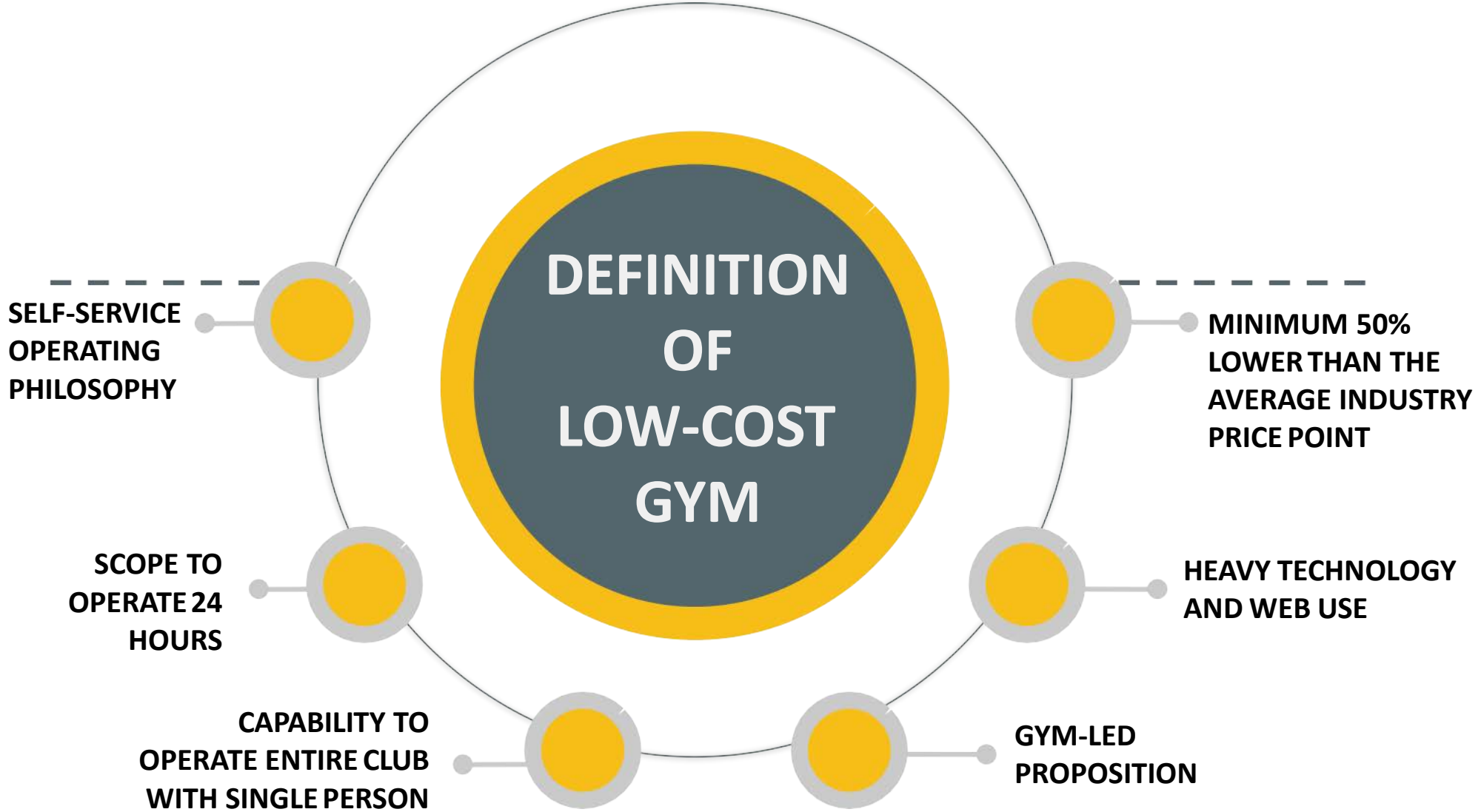


- The average capacity per individual studio is 24 people.
- A third of the sites have more than 1 studio.

Company	% franchised	Category	Pricing	# of Studio	Remarks
Orangetheory Fitness	98%	HIIT	$99 month Unlimited $160	749	47%, growth. Opened 200th in 15. PE invest '16
pure barre lift · tone · burn	97%	Barre	$25/class $225/month	510	PE investment 2015
9ROUND 30 MIN KICKBOX FITNESS	98%	Kickboxing	$15/class	475	21% growth, Snap invest '14
iLoveKickboxing.com	96%	Kickboxing	$27/class $225/month	237	46% growth
TITLE BOXING	98%	Boxing	$59/month	172	12% growth,
corepower YOGA	40%	Yoga	$25/class $205/month	180	13% growth,
CLUB PILATES	96%	Pilates	$199/month	156	103% grow +300, TPG invest
CYCLEBAR	99%	Cycling	$18-20/month	139	124% growth, TPG invest '17
the bar method	98%	Barre	$27/class $225/month	114	16% growth
SOULCYCLE	0	Cycling	$34 class $320/10 classes	82	28% growth, Equinox '11, delayed IPO
F45 Training	100%	HIIT	$240/month	635 (570)	210% growth, 800 sold 27 countries
BARRY'S	<20%	HIIT	$22-40/class	28	25% growth, NC invest '15

6 Characteristics

To create a new and exciting consumer proposition that fundamentally ‘Disrupts’ the rules upon which the industry was first built



Health Club Models

8 Distinct Fitness Delivery Channels

High End Full Service

LIFE TIME℠
THE HEALTHY WAY OF LIFE COMPANY

EQUINOX®

Full Service, Full Amenities, Higher Prices, Digital Integration

Middle Market

LA FITNESS

Fitness First

Financially Challenged, Low Pricing Power, Legacy Burden

Low Price HV

planet fitness

McFIT
Einfach gut aussehen.

Hi-Growth Space, Low-Cost, Low-Service, Upcoming Digital, Lower Markets

Boutique

SOULCYCLE

Program Focused, Cross Over Lifestyle, Multiple Monetization, Omni-Channel

Health Club Models

8 Distinct Fitness Delivery Channels

Lifestyle Community

Outdoors, Indoors, Lifestyle. Connection,

Pure Digital

Data Driven, Streaming Content, Anywhere Anytime,Home Market and More

Medically Integrated

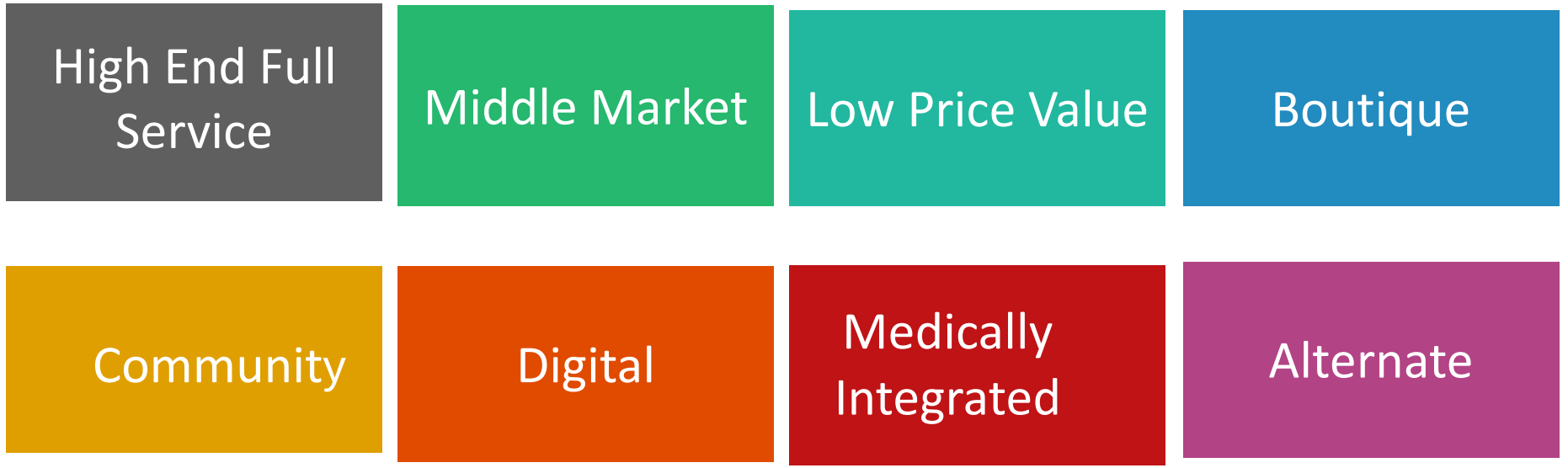
Outcomes Based, Integrated, Population Health

Alternative Models

Corporate, Multi-Family, Alternative Models

Merging of Offerings – Key is Digital

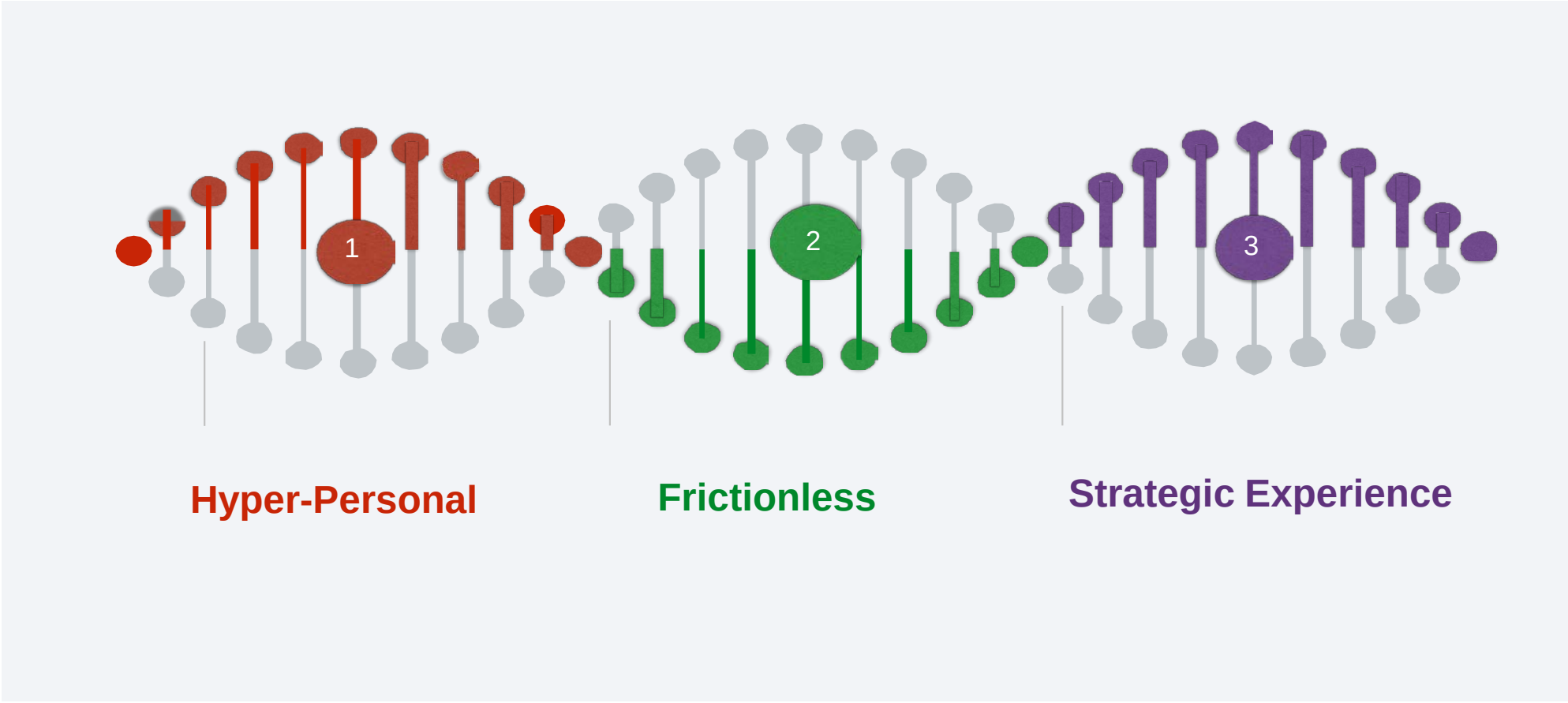
Business Models will merge different aspects of each of these style clubs but most important the future clubs – ***all will include strong digital components***



Source: Bryan O'Rouke, IHSRA presentation 2017

Focus on the User Experience (UX)

Three Interconnected Keys to Excellent UX –



Don’t Make Your
Product 100% Better

Make Your Experience
100% Lighter & Easier

Frictionless Convenience

Convenience is the New Currency

(Bryan O’Rourke)

Use Technology to Deliver on Your Member's Expectations

MATRIX

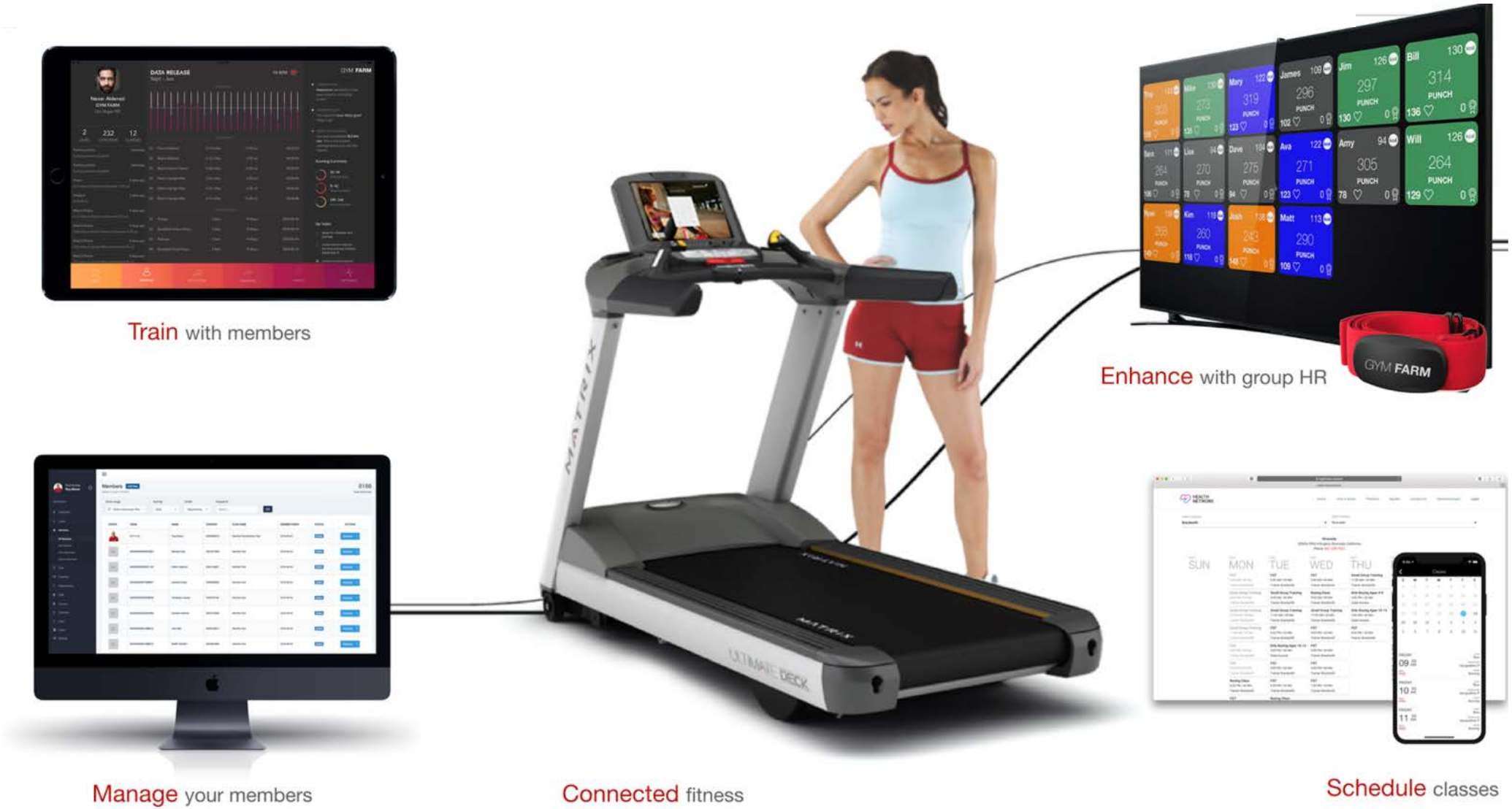
Seamless integration with the internet
RFID enhances member check-in across all products
Members track their Workouts
Share their Achievements & Experiences across social media

Hyper-Personal

Custom Integration with Club Software

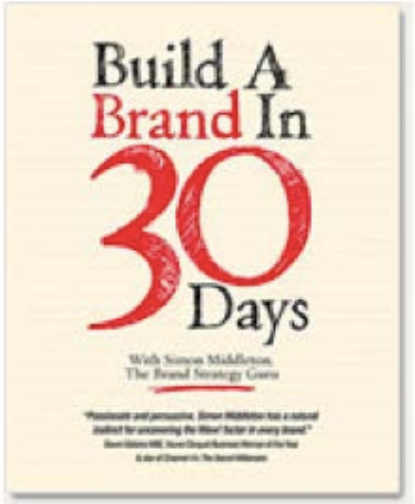
MATRIX CONNECTED SOLUTIONS

- Connect & Share Data with Facility Digital Ecosystem



Value proposition and Brand Promise

Simon Middleton Build a Brand in 30 days (2010) identifies *Four Attributes of your Brand Promise:*



- **Be Compelling (engage people emotionally)**
- **Be excellent at something**
- **Be Authentic**
- **Be Distinctive**

Many thanks for your time & interest

MATRIX

JOHN YOUNG, Matrix Fitness
johnyoung@johnsonfitness.com

TAIPEI INT'L SPORTING GOODS SHOW