

Project background



- Local gyms in Argentina are highly fragmented and dominated by individual “mom-and-pop” owners



- Gym interest in Argentina is at an all-time high given rising health awareness, growing obesity rates and an expanding middle-class



- SmartFit, the low-cost subsidiary of Brazilian gym chain Bio Ritmo, is planning to enter Buenos Aires in mid-2018. SmartFit is known for aggressive growth and is anticipated to capture large market share in Buenos Aires

Megatlon's key challenge

How can Fiter (new low-cost gym chain) maximize members and profits while balancing the needs of a diverse set of customers?

Our Deliverables

1 Market research

NEED

As there were no existing low-cost gym chains in Argentina, Megatlon wanted to know about success stories of low-cost gyms in other countries

DELIVERABLE

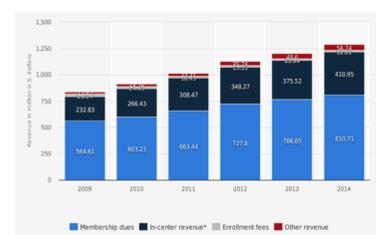
Extensive market research into business models of multiple low-cost gyms and benchmarking against low-cost segments of other industries (e.g. airlines)

Budget airlines need to make trade-offs between customer experience and profits

MANAGER

In-center revenue is a key component for gym chains

- Low customer costs
 - Low investment
 - Minimal rigid fees (e.g. bag)
- Lower operating costs
 - 82% of revenue from membership
 - 46% of revenue from beverage
- Lower customer acquisition costs
 - 22% rate
 - 3/5 for S
 - Beverage



- In-center services include personal training, sales of products and services
- For Life Time Fitness, In-center revenue share grew from 28% to 32% from 2009-2014
- CAGR for membership dues 7.5%, as compared to 12.03% for in-center revenue

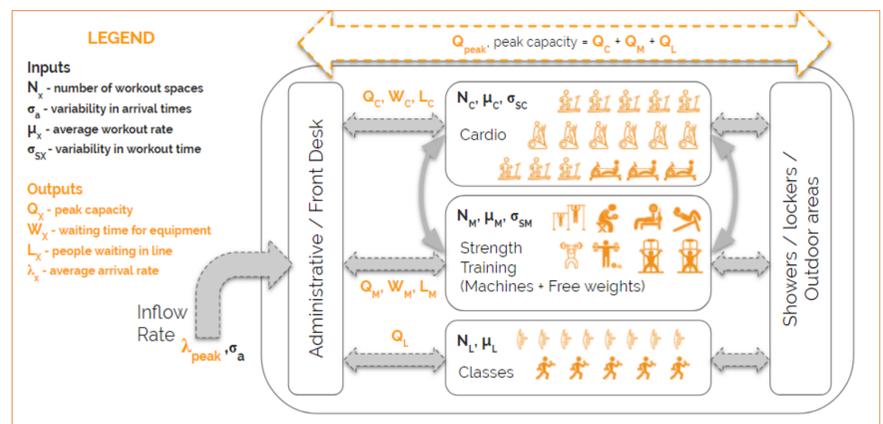
2 Operations Model

NEED

Method of predicting when a gym would reach capacity, which would allow them to build an optimal layout of the new Fiter gyms

DELIVERABLE

Formal model to predict and compare the impact of gym layouts (equipment, space breakdown etc.) on waiting times and gym capacity



3 Financial Model

NEED

Megatlon did not have a formal, structured process to evaluate the different pricing structures they were considering for Fiter

DELIVERABLE

Dashboard where user can input prices, cost structure, payment models etc. and then compare impact on ROI, NPV and other key metrics analyzed



4 Marketing Strategy

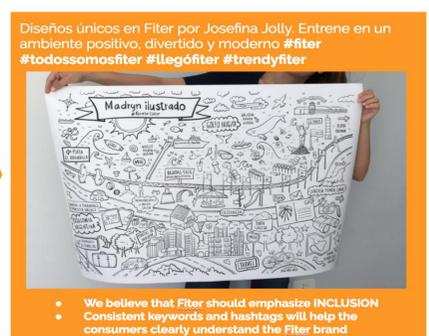
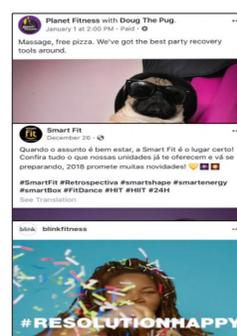
NEED

The concept of a “low-cost gym” does not exist in Argentina, hence Megatlon was looking for guidance on approaching their launch marketing strategy

DELIVERABLE

(1) Comparison of other gyms' social media strategies
(2) Social media playbook that detailed short-, medium- and long-term strategies for Fiter

We defined a unique sentiment for Fiter aligned with the company's vision and service offerings: **Inclusión**



- We believe that Fiter should emphasize INCLUSION
- Consistent keywords and hashtags will help the consumers clearly understand the Fiter brand

