



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

Market research As there were no existing low-cost gym chains in NEED Argentina, Megatlon wanted to know about success stories of low-cost gyms in other countries Extensive market research into business models of DELIVERABLE 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 In-center revenue is a key component for gym chains Low custome Low inve Minimal In-center services include Rigid fee personal training, sales of (e.g. bag products and services Lower operat For Life Time Fitness, In-center • 82% of revenue share grew from 28% • 46% of to 32% from 2009-2014 Lower custor CAGR for membership dues 22% rate 7.5%, as compared to 12.03% • 3/5 for S for in-center revenue Beverag ■ Membership dues ■ In-center revenue* ■ Enrollment fees ■ Other revenue Revenue of Life Time Fitness from 2009 to 2014

Operations Model Method of predicting when a gym would reach NEED capacity, which would allow them to build an optimal layout of the new Fiter gyms Formal model to predict and compare the impact of **DELIVERABLE** gym layouts (equipment, space breakdown etc.) on waiting times and gym capacity **LEGEND** Inputs N_o - number of workout spaces $N_{c}, \mu_{c}, \sigma_{sc}$ σ_a - variability in arrival times Front Desk μ_ω - average workout rate σ_{cv} - variability in workout time Outputs Q_o - peak capacity W_v - waiting time for equipment Administrative L, - people waiting in line λ_{j} - average arrival rate (Machines + Free weights) Inflow Rate

Financial Model Megatlon did not have a formal, structured process to NEED evaluate the different pricing structures they were considering for Fiter Dashboard where user can input prices, cost structure, DELIVERABLE payment models etc. and then compare impact on ROI, NPV and other key metrics analyzed Financial Dashboard Add-on: Class access % members on single access 6 members on multiple acces % single access members paying lumpsum 6 multiple access members paying monthly Net Cash Flows Kev Financial Performance Indicator 4.000.000 FRITDA Positive in month iscount on lumpsum payment (%) Pre-tax Net Income Positive in month tevenue / Customer Growth + Financial inputs Average EBT Margin in year 5 40% Average Net Income Margin in year 5 40% Discount Rate ROI Positive in month Tax Rate on profit 0.322453 Net Present Value 9,953,475 Area of gym Total Cash Inflows
Post tax Cash Profits # of cardio machines

Marketing Strategy The concept of a "low-cost gym" does not exist in NEED Argentina, hence Megatlon was looking for guidance on approaching their launch marketing strategy (1) Comparison of other gyms' social media strategies DELIVERABLE (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 os únicos en Fiter por Josefina Jolly. Entrene en un ambiente positivo, divertido y moderno **#fiter** #todossomosfiter #llegófiter #trendyfiter reparando, 2018 promete muitas novidades! 🤍 🌇 🌠 #SmartFit #Retrospectiva #smartshape #sma #smartBox #FitDance #HIT #HIIT #24H





