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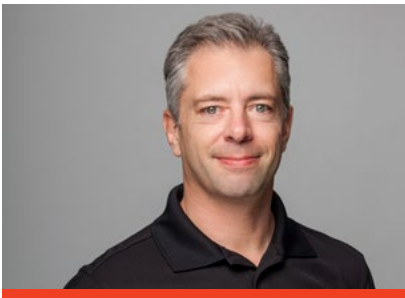
“What role will franchises have in further developing Asia-Pacific’s fitness and wellness marketplace, and what challenges must they overcome to establish and grow their market share?”

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**Craig Sherwood**  
Chief Development Officer  
Gold's Gym

Franchising is the ideal model for growing a brand as it leverages the strong local knowledge of an operator. Gold's Gym has partnered with regional franchisees around the world to tap into this local expertise and grow the brand in a way that is culturally relevant to members in that country. The Asia Pacific fitness market is still early in its development, which means there are exciting opportunities for the right concepts and its franchisees. The biggest obstacle will be to truly understand the consumer uniqueness in each country and tailor the gym and fitness offering to meet those needs. Brands in a variety of industries have made the mistake of launching a concept in the Asia Pacific market "as is" without trying to modify the concept to the diverse needs of their customer. This modification includes a flexible footprint, ranging from 600m2 to 3,000m2, in order to accommodate the space availability within that country. With over 700 locations in 29 countries, Gold's Gym has been successful in understanding these differences and working closely with its franchisees to ensure a highly impactful and relevant customer experience. We look forward to expanding our brand in Asia Pacific given our success in Japan, Indonesia, and the Philippines.



**Carlos Vidal**  
President, International  
Development  
Orangetheory Fitness

If we look at the fitness industry in the US and other mature markets around the world, we clearly see that the role of franchises has been a big factor in the development of branded networks, just as it has happened in sectors like food service and many others. In parallel we are witnessing a still growing trend of consolidation between operators and grouping of brands from different segments of fitness specializations that is also very connected to this. A well-engineered fitness franchise makes it easier and less risky for an operator to narrow their focus and effort to execution and customer service, while benefitting from the obvious established systems, synergies, franchisor support and training, and brand awareness. The brands which are able to establish clear brand personality and find a unique differentiated offering through innovation, technology, customer results orientation, community building, etc, and separate themselves from the average crowd will start or continue to grow very fast thanks to the franchising system. The key to success, however, no matter how replicable and scalable the brand systems are, is finally very much connected to sustained operational excellence and service. Consistency in those areas leads to happy members and profit, unit growth, incremented brand awareness and market domination, in that order. Ultimately the franchise model long term success relies on the franchisee and the quality of their operation, and therefore it is of paramount importance to have a well-developed matchmaking process (note that I am not calling it "franchise sales" on purpose) which ensures the right profiles are selected for the right brands.



**Justin McDonell**  
Chairman  
Collective Wellness Group

(the leaders in health and fitness franchising in Australia, operating over 550 locations under the brands of Anytime Fitness, Orangetheory Fitness and XTEND Barre.)

Franchising has been instrumental in growing the fitness industry in Australia. Since 2008, the face of the fitness industry has changed, with the rapid expansion of over 1000 health clubs in the 24/7 space, across Australia. Championed by Anytime Fitness with 506 franchised locations (and growing), this expansion is supported by other franchise brands such as Jetts and Snap Fitness, operating 209 & 202 locations respectively. In addition to the 'club' model, boutique training studios have also exploded under the franchise model. Brands such as F45, Orangetheory Fitness, Vision Personal Training, KX Pilates and XTEND Barre all operate franchise models in Australia, collectively representing over 600 locations nationwide. Franchising is a great way to equip new business owners, typically passionate fitness enthusiasts, with an effective business framework. It gives franchisees an opportunity to run stable, successful small businesses in a competitive market, by utilizing the marketing and operational support provided by the franchisor. As the fitness sector is undoubtedly a "people business", having a positive & supportive human interaction between club staff and end consumers is critical for a compelling customer experience. Franchising paves the way for this by allowing local investor-owners to be directly in touch with their communities and members, which fosters genuine connections in a way that's difficult to achieve in traditional, hierarchical corporate models. Despite these positives, it's no secret that franchising is a challenged sector in Australia right now, and the fitness cohort is not exempt. In light of the recent parliamentary inquiry into franchising, and the corresponding media scrutiny, all franchisors must keep their franchisees' best interests at the front of mind at all times, as well as their ethical & legal obligations. Commercially, access to lending for prospective franchisees is becoming increasingly difficult as lenders tighten their practices following the Financial Services Royal Commission. This shift impacts franchise recruitment & network growth speeds for many franchisors. Lastly, the fitness sector itself is rapidly evolving, with a sharp rise in the number of consumers seeking innovative, technology-powered workout experiences. Franchisors, like all fitness organisations, must continue to reimagine their consumer propositions, as well as their business models & structures, to remain ahead of the game & its challenges - this is true for all businesses!



**Andrea Rogers**  
Creator and Owner  
Xtend Barre

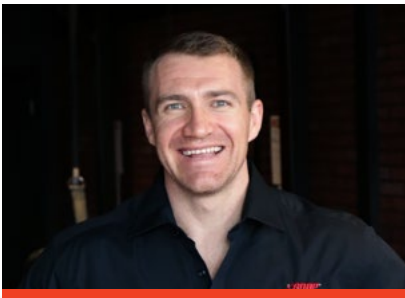
Evolution in fitness and wellness is often known to start in the west and travel east. An IHRSA report on the Asia Pacific market put out in July 2018 sites the Asia Pacific fitness market at \$16.8b in revenue in 2017, the highest level ever. This market continues to grow rapidly while member penetration rates remain at glaringly low levels. Such characteristics make the Asia Pacific market ripe with opportunity for the franchised fitness models that have been proven in the highly discerning US markets. We expect US fitness franchises play a major role in the growth of the Asia Pacific fitness and wellness market, and they already have begun to. Critical to success will be franchisors ability to identify master franchisees in these markets to scale fitness brands born in the US. The strategy of partnering with master franchisees with local knowledge will help to ensure compliance with local regulations and customs. The main challenge will be identifying the right partners and trusting these local partners to adhere to brand and quality standards and ensure that product delivery is not diluted in the franchising process.





**Andrea Bell**  
Director  
Anytime Fitness Singapore

Fitness Franchising works to develop the fitness and wellness marketplace by offering fitness services in areas where traditional gyms can't go, largely due to their size and pricing structure, thereby bringing fitness services to areas not previously catered to. These areas need, and want, our services and franchising allows the ability to expand quickly into these areas by offering smaller clubs in more locations. By keeping small it means less operational costs for the franchisee, and higher personal service for the member. With operational break even and ROI met relatively quickly, franchisees are able to duplicate their business and expand at a faster rate than company owned gyms. Once the market starts seeing more fitness options within the area where they work or live then this naturally encourages consumer curiosity and opening doors to more opportunities for us all, helping grow the relatively low penetration doors throughout APAC. The challenge to the rate with which a franchise can expand depends on two key factors, franchisees and property. There is no shortage of budding entrepreneurs throughout APAC that are ready to take the leap from their 9-5 job, for instance, and into any number of the well-established fitness franchises within the region that will support them on their journey to success. The key for a successful franchise is to choose the correct franchisee, those with the entrepreneurial spirit but who also understands the importance of following the brand guidelines. The property challenge is crucial to our franchisees success, and a great franchising model helps franchisees get this right.



**Ty Menzies**  
CEO, Asia Pacific  
Lift Brands

When we consider the health and wellness sector there is no doubt that franchising has played a huge role in the enormity of growth throughout Western countries. In particular, the emergence of 24/7 gym chains such as Snap Fitness 15 years ago and now boutique opportunities such as 9Round Kickboxing studios have allowed strong investment into our industry from people who ordinarily would not have considered investing into a health and fitness business previously. Fundamentally, the building blocks for success remain the same in our industry regardless of the global region however what possibly presents the largest challenge to an established franchisor's growth is the cultural sensitivities that need to be considered whilst conducting business in the Asian market. Carefully selecting local partners' who are on the ground and can assist with navigating cultural norms whilst staying true to the brand will be instrumental in future growth. Typically, Asia has always been somewhat behind Western countries when it comes to adopting health and fitness. However, with the strength and growth of the middle class and general economic growth in many of these emerging and already well-established Asian countries, the social stature and consideration given to health & fitness is certainly on the increase and in turn presents an increased opportunity for those to invest in a fitness franchise. Couple the timing and opportunity with track record of strong international franchise brands the opportunity for growth in these countries who have some of the fastest growing economies and strongest populations is honestly limitless and having a network of dedicated owner-operator/ investors driving these clubs at club level presents an opportunity that corporate investment will never be able to match. There has never been a better time to consider investing in a health & fitness franchise throughout Asia than right now.



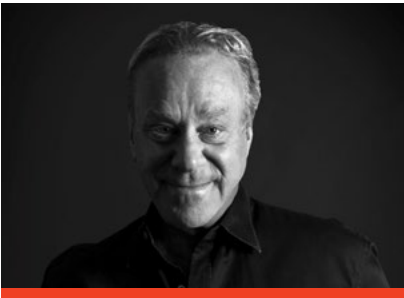
**John Holsinger**  
Director, Asia Pacific  
IHRSA (International Health  
Racquet & Sportsclub  
Association)

Franchising is now a strong option for many operators in Asia, following similar successes in the US and Canada in continuing to be a hot fitness category. Asian-based Franchising models are also growing in popularity and bring good local-recognition with their brands. Franchising should be differentiated from the entrepreneurial “boutique” concepts which hopefully create a unique experience to current business models in the marketplace. Besides a passion for fitness, franchisors will be looking for good entrepreneurs who know how to run and influence a business, are able to execute the basic business fundamentals well, can build their local team to compliment the brand's objectives through good leadership, and be successful long-term. Barriers to entry are usually lower cost and smaller footprint, and potential franchisees should identify a business with strong local brand awareness, a good reputation, includes a professional and complete franchising package with explicit instructions and objectives and easy connection with the Lead Franchisor for regular business growth support, delivering real added value over the long term. Consider the strength and growth of the brand globally (brings added brand caché), the financial strength, stability and reputation of the parent company, as well as the reputation of other local franchisees (if any). There are 21 fitness franchisors on the 2019 Entrepreneur Magazine's 40th Franchise 500 list. Prominent on the list are 10 IHRSA-member companies: Planet Fitness (#7); Anytime Fitness (#20); Orangetheory Fitness (#25); 9Round (#112); Club Pilates (#134); Crunch Franchise (#148); Workout Anytime (#263); Pure Barre (#267); CycleBar (#492); and Title Boxing Club (#500). Other familiar brands included: Jazzercise (#94); The Little Gym (#118); Snap Fitness (#327) and Retro Fitness (#402).



**Linda Tan**  
Co-Founder  
WeBarre

Whilst in the past, fitness franchise brands predominately originate from the US, there is an opportunity for Asia-born brands to start spreading their footprint in this part of the world. Asian genetics & wellness needs are unique in their own way, so the advantage of having the Asian consumer at the forefront of their concept design will be a key advantage when looking to franchise in the region. As there is an exponential rise in boutique fitness studios over the last year or so, it may only be a matter of time before this bubble bursts and there is a consolidation of studios, thus having fewer brands with multiple locations. Franchising can be complex, with different industry readiness, cultures, leadership styles and a long list of variables to consider in each market. The biggest challenge first of all will be to find the right person to franchisee with. Someone who believes in the same vision, exudes the values of the brand that you want to bring to life and has the hustle to see it all through. Next would be to educate and cascade a standard operating procedure for all aspects of the business so that it can be replicated, true to the original brand whilst taking into consideration each market's differences. If you don't have big budgets to hire franchise consultants & lawyers, develop thick franchisee manuals and send the right representatives to quality check the execution, this could be an area that would be quite challenging to uphold and manage. Otherwise, this is the time for brands in Asia to grow and show their strengths, bringing what they do exceptionally well in a single market, across the region and represent!



### Eric Levine

Co-Founder

HITT by Manny Pacquiao

Franchising is an ideal place to begin investing in our industry, for those that want to get started, and maybe don't have the experience necessary to go it alone. However, I'm not saying that you don't need, or shouldn't invest your time in a similar fit, BEFORE investing your money. It's crucial you learn the basics, for obvious reasons, and also see if you have the passion for it. Franchising will continue to accelerate throughout Asia, as it's a way to get worldwide best practices given to you by your new brand. The amount of details you are given, increase your success chances tenfold! Throughout my years in fitness on a global footprint I have seen many instances where a "fitness hobbyist" jumps into owning a fitness centre with too little knowledge / experience to make it a success. Franchising is the answer. There will be a dramatic increase in franchising throughout Asia, and I think it's great for everyone. Let's not forget, there are many fantastic brands in Asia that should be franchised all over the world. Asia can be a definite leader in franchising!

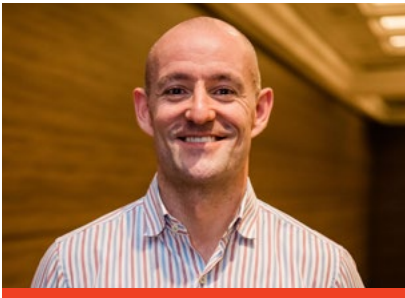


### Sasidharan Unnithan

Founder & Managing Director

Flightzone Singapore

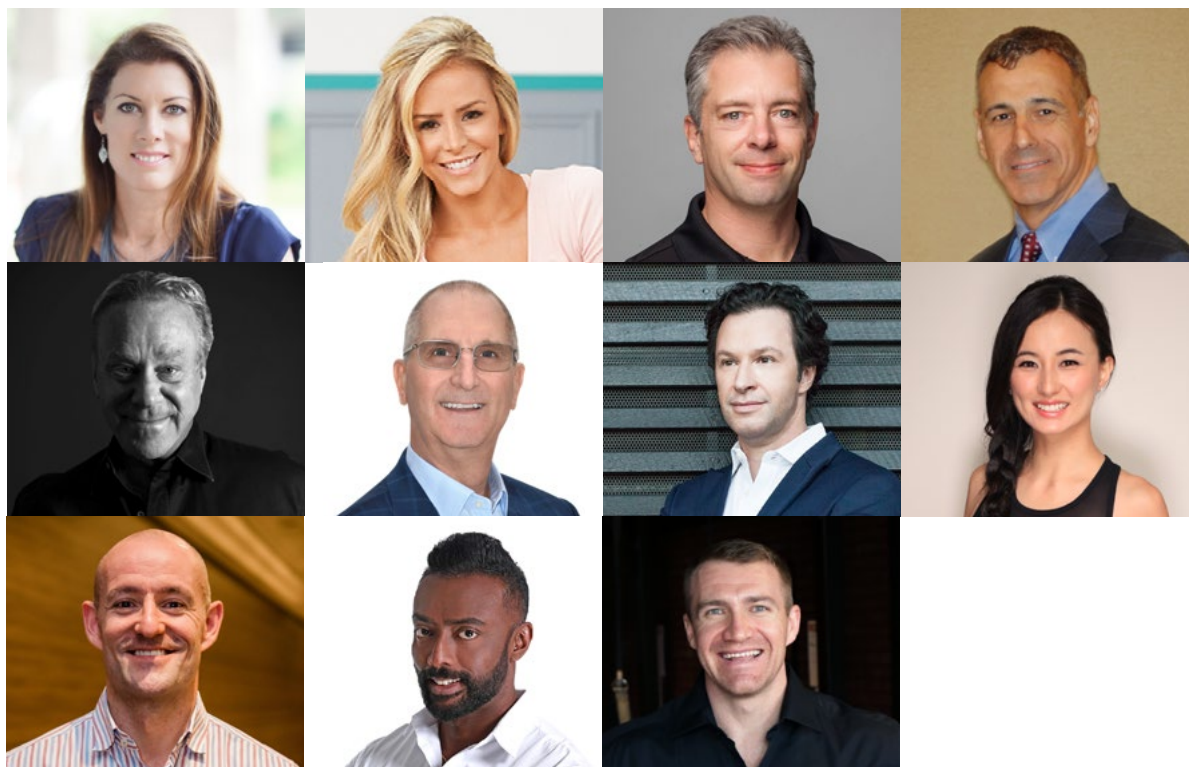
Being in the fitness industry and based in Asia for the past 16 years, I have actually seen times evolve in the fitness industry massively. From the one big chain to the 24hr fitness network setting up base in Hong Kong and Singapore, to multiple chains forming and enveloping the entire Asian market. Asia is now entering a phase where many excellent trainers who are previously from the big box gyms are setting up their own small boutique fitness facilities. The competition they face however are not from the big chains, but by the many fitness franchises that have sprung up offering customers convenience, a completely different workout system and most importantly choices. The franchises make it attractive for someone to own a business, as usually it's a proven model which has already tasted success, in turn, franchisees are attracted by the promise of following a proven fitness business formula. For a brand to expand, franchising seems to be a very viable option without the need for massive cash outlay. In fact, in the past five years fitness franchises have constantly knocked on the door of the top franchise business list for a reason, as we are in an age where its widely deemed as a necessity. Thus, I believe the outlook for the Asian market is that more brands and more choices will be prevalent in the coming years. With this the fitness market will continue to grow and it will be common to see an individual customer owning multiple fitness memberships. Some brands will survive some will not but new brands coming in will be a constant.



**Ross Campbell**  
Founder and CEO  
FIT Summit

We are currently in a transformational time for Asia's fitness landscape and franchisees are playing a major role in how tomorrow's landscape will look like. International brands are now moving in force on Asia as they expand their portfolios. Experienced and ambitious master franchisees are now being brought on and sought out to deliver this new level of growth. The growth of franchise businesses in Asia's has taken sizeable market share away from independent operators/studios and this will continue as their brands, systems, processes and marketing powers prove too much for smaller businesses to compete with. The recent wave of high profile, celebrity backed investments into franchised fitness is also an interesting new dynamic. Aside from Anytime Fitness's huge success in Asia you are now seeing F45 and UFC Gyms convert recent openings to profitable businesses and the likes of Orangetheory, Barry's Bootcamp, Snap Fitness, 9Round, Tapout Fitness and Gold's Gym now eyeing up more opportunities across Asia. What is also exciting is seeing local businesses (from Singapore) now franchising to expand their regional and international presence, such as Ritual Gym, WeBarre and most recently Spartans Boxing and FightZone. Several others are also now looking at their franchise potential. Two main challenges await each of them. Firstly, converting their already successful models and replicating these into and across a huge number of unique cultures and communities in Asia. One size does not fit all here, it never as and it never will, but having the flexibility and ability to mould their value proposition and message to market into each community and targeted demographic, will be the key between their success and failure, there really is no middle ground. Secondly, choosing the right location. Already we have seen some franchises stumble because they gambled badly on location, location, location.

## A big thank you to this month's contributors



To be involved in future question's of the month please contact:

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