

ARADIA FITNESS LONDON

Jaclyn Cairns wrote this case under the supervision of Elizabeth M.A. Grasby solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was October 23, 2012, and Andrea Tierney was reflecting on a very exciting weekend. Tierney had just completed her TRX instructor's course and was contemplating how she could bring the TRX suspension program¹ to her fitness studio, Aradia Fitness London, in London, Ontario. Tierney knew the TRX program would be a perfect complement to her studio's classes, but how would she implement the new program? She wanted to start TRX classes in January 2013, and she knew she had some major decisions to make soon.

THE FITNESS INDUSTRY IN CANADA

Aware of increasing obesity rates across the Canadian population, more Canadians were becoming conscious of their physical fitness levels. Total health club membership jumped over 20 per cent from 2005 to 2010. In 2012, the Canadian fitness industry generated an estimated \$2.2 billion in revenue, and approximately five million Canadians belonged to over 10,000 fitness clubs in Canada. The fitness industry was expected to grow at an annual rate of 2.3 per cent over the next five years as more Canadians strove to lead a healthful lifestyle.

A few major fitness centres dominated the Canadian fitness industry. These centres ranged in service offerings from boxing clubs, yoga facilities, dance studios, and classic gym facilities to many other activities for fitness. In addition to fitness centres, Canadians benefited from a variety of technological developments that allowed at-home physical exercise plans. Canadians tracked their physical activity and results using smartphone applications, online websites, and various other electronic devices, resulting in a new form of at-home personal training.

The Canadian Society for Exercise Physiology (CSEP) recommended a minimum of 150 minutes per week of moderate to vigorous activity for adults. Fifty three per cent of Canadians meet the criteria of being physically active. It was estimated that physical inactivity cost Canadian taxpayers \$7 billion in 2009, representing 3.7 per cent of the country's health-care costs. The fitness industry attempted to encourage

¹ TRX Suspension Training utilized suspension equipment aided by gravity and body weight to increase strength and flexibility.

more Canadians to be active by offering a variety of different types of fitness programs. The most popular new programs offered by the industry included small group training, demographic-specific programs, and dance-focused group exercise classes.

ARADIA FITNESS

In 2003, founders Tracy Gray and Christine Boyer opened the first Aradia Fitness (Aradia) location in Vancouver, British Columbia. Aradia Fitness was the first pole-dancing fitness studio in Canada. Gray and Boyer were inspired by the fitness levels of female pole dancers and decided to develop a pole-dancing and sensual-fitness program for women. This fitness program offered all women a fun and safe alternative form of fitness, incorporating yoga, Pilates, and dance elements into the fitness routine. Aradia's fitness program helped women build strength, flexibility, and conditioning while simultaneously allowing women to explore their sensual sides. Since opening in 2003, Aradia had opened 21 franchise locations across North America, 14 of which were in Canada, offering instruction to over 100,000 women.

Aradia's program strove to increase women's physical strength, flexibility, and conditioning, as well as to give its students a sense of wellness as they learned to celebrate their bodies. The pole program was a unique and challenging fitness activity with 10 levels of progression; each level built on the skills mastered in the previous level. Women progressed at their own speed and would advance to the next difficulty level when they felt comfortable and confident that they had mastered the previous level's strength and skill requirements. Levels became increasingly difficult as women progressed, demanding greater strength and flexibility to master the poses in each level. Each level could be mastered in a six-week program.

A typical class was one hour in length and built on the skills learned in the previous class. The class began with a five- to 10-minute warm-up, followed by hip mobilization exercises to engage the body's core muscle groups. The majority of the exercises were based on yoga and Pilates movements, allowing women to build their core strength to be able to master the pole positions. These warm-up exercises incorporated sensual moves to let the women connect with their bodies and feel confident in the poses. Following their conditioning exercises, students progressed to learning new pole positions, utilizing primarily core and upper body strength (see Exhibit 1). After the strengthening activities, the class focused on increasing flexibility with stretching routines that also incorporated sensual movement. Classes ended with the building of a pole routine, where the movements learned and mastered in previous sessions were linked together in a choreographed routine using the pole.

ARADIA FITNESS LONDON

History

Andrea Tierney opened Aradia Fitness London (AFL) in London, Ontario, in 2005. Initially, she rented space at a Pilates studio and offered classes once a week. As pole fitness classes grew in popularity, Tierney moved her studio to a new location in downtown London, which allowed Tierney greater flexibility in scheduling classes and accommodating customer demand. The larger studio had 10 poles and was designed to feel spacious, yet intimate, with feminine décor and soft lighting so as to enhance students' ability to feel their sensuality while in class. The studio also offered full-height mirrors, a lounge and a full kitchen and bar. Pictures of the studio's interior are shown in Exhibit 2.

The Pole Program

AFL had 41 students currently enrolled in a variety of classes that ranged from introductory pole Level 1 programs to advanced Masters Level pole classes. Participants ranged in age from 16 to 60 years old, although the majority of women were in their late 20s or early 30s. The women who participated in pole classes valued non-traditional forms of fitness. Students started pole dancing for a variety of reasons, ranging from weight loss, to increased fitness levels, to feeling an increased level of sensuality, to feeling a sense of community and forming new friendships.

Among the students at Aradia, there was no typical starting fitness level. Some women had been active and fit their entire lives, whereas others were just starting their fitness journey. The progressive pole program allowed all students to feel comfortable, confident, and challenged in their workouts while maintaining a sense of community in the class. The majority of AFL's students lived in London.

Class Sizes and Pricing

AFL's studio could accommodate up to 10 women per class; class size was capped by the number of poles. Customers typically attended pole fitness classes as a complement to their existing fitness programs. The pole program was six weeks in length and was priced at \$159.99 for the six weeks. AFL offered an early-bird discount price for students who registered and paid for a class a minimum of one week prior to the session's start date. The early-bird price was \$139.99 for the six-week program. Women who did not wish to commit to a six-week program could drop in to any class at their level for \$29 per class.

In addition to group classes, AFL offered private sessions where one or two students could work one-on-one with the instructor. These classes appealed to students who had schedules that conflicted with regularly scheduled class times or who were having difficulty with specific moves and wanted more instruction.

Other Offerings

In addition to offering pole fitness classes, AFL hosted bachelorette parties and dance sessions. Bachelorette parties were hosted on demand. Tierney had experienced little overlap between AFL's pole dance students and AFL's bachelorette parties, so she viewed the parties as a separate component of her business. Dance sessions were held when there was sufficient demand, as these were typically offered around major holidays. Students who had enrolled in pole classes often attended the dance sessions to explore another element of sensual fitness. Students praised AFL's unique dance workout and viewed the programs as complementary to their pole fitness, because these sessions focused primarily on lower body strength, whereas pole classes focused predominately on upper-body strength and core workouts.

A NEW FITNESS OFFERING OPPORTUNITY

The Opportunity

A number of Tierney's clients had complained about not possessing the flexibility or strength to advance to the next pole dancing levels. AFL's typical client completed three, six-week sessions, to a maximum of a Level 3 progression. Tierney was concerned that her students believed that they did not have the physical

capabilities to handle the next level in the progressive schedule. For this reason, students dropped out, contributing to AFL's attrition rate.

Tierney saw this trend as an opportunity to introduce a TRX suspension training fitness program at the studio as a complement to Aradia's pole programs. Tierney believed that the program could be tailored to focus on building upper body and core strength, as well as enhancing flexibility. The increased strength and flexibility would allow students to build the necessary strength to progress further in the pole program and feel more confident when attempting more difficult poses. Additionally, Tierney hoped that the program would help decrease attrition rates.

TRX Suspension Training

TRX suspension training was a form of resistance training developed by former U.S. Navy SEAL Randy Hetrick. The program used suspension systems to help students to perform a variety of multi-planar, compound exercise movements that used gravity and the student's bodyweight as resistance.² The suspension system offered many modifications so students at all fitness levels could benefit from the program. TRX's major advantage was that it could be set up almost anywhere. The TRX suspension kit consisted of a TRX suspension trainer and a door anchor (see Exhibit 3). The suspension trainer was made from high quality nylon with handles at the bottom. The suspension trainer could be attached to any stable surface — door, tree, playground equipment, ceiling, etc. — effectively making the TRX program a mobile gym (see Exhibit 4).

Athletes who used the TRX training system claimed it developed core body strength and joint and muscular stability. Participants claimed that results were almost instantaneous and that they enjoyed how the TRX training system had progressed with their fitness levels (due to simple modifications that increased the difficulty level of the exercises, such as increasing the angle of the body relative to the TRX trainer). The system also required athletes to be constantly "engaged" and "stable," resulting in an intense core workout.

The Competition

The Athletic Club

The Athletic Club offered TRX classes to members as part of its regular membership. There were two Athletic Club locations in London. Exhibit 5 shows these two locations and their proximity to AFL. Both clubs were open 24 hours, Monday to Friday, and closed at 8 p.m. on Saturdays and Sundays. The Athletic Club opened at 5 a.m. on Monday mornings and at 8 a.m. on Sunday mornings. Co-ed TRX classes were offered three times each week at the London South location. The London North location did not offer co-ed TRX classes, but it did run women-only TRX classes twice each week. Exhibit 6 gives the times of these classes at both locations. Classes were given on a drop-in, first-come, first-served basis.

A basic membership at the Athletic Club cost approximately \$60 monthly, depending on the various promotions offered at the time of sign-up. Membership gave members unlimited access to all fitness classes at the Athletic Club.

² www.trxtraining.com/suspension-training, March 24, 2013.

Goodlife Fitness

GoodLife Fitness (Goodlife) was Canada's largest health and fitness company, with over 300 locations across Canada. Goodlife offered a six-week TRX training program. Goodlife's TRX program was based on a progressive learning structure: each class had the same participants as the previous week and built on the skills mastered in earlier classes. Due to the nature of the TRX system, instructors could modify exercises to meet an individual's fitness needs while participating in a group atmosphere.

A membership at Goodlife ranged from approximately \$40 to \$60 per month, again depending on the membership package and promotions available at the time of sign-up. TRX classes were in addition to the membership fee and cost \$199 for a six-week program. TRX classes were offered at eight of the 11 Goodlife clubs in London at different times during the week. Trainers running the TRX program at Goodlife did not expect students to attend the same training sessions for six consecutive weeks, allowing participants flexibility to attend their six-week training program around their work schedules.

Other TRX Program Offerings

Several smaller London gyms offered TRX classes. Just Sweat Fitness Inc. Studio offered a one-hour, indoor, co-ed TRX Bootcamp Program. The program cost \$360 and was eight weeks in length, with three classes each week. A number of small, independent gyms had TRX suspension systems available for their members to use; however, these gyms did not offer TRX-specific workout classes or claim to specialize in TRX training.

AFL'S TRX PROGRAM

Classes

Tierney's vision for AFL's TRX program was to build on the atmosphere she had created with the pole classes. Initially, she planned to offer one six-week TRX program to slowly introduce the program to the studio. Tierney was uncertain whether she should create a progressive TRX program to mimic the progression experience with the pole levels or whether one common TRX class would be sufficient. She anticipated the majority of pole students who joined the TRX classes would have reached at least Level 2 in pole classes, but the fitness range of the interested students could vary widely. Tierney wanted to ensure her new program provided maximum results for all students.

Costs

AFL's studio could accommodate 12 TRX training systems. Each TRX unit would cost \$158, including HST.³ Tierney would also need to purchase a carabineer and sturdy wire to attach each training unit to the studio's ceiling. Tierney estimated these costs would total \$120 (\$10 per unit), including HST. The TRX units could be put up and taken down as needed to accommodate pole classes. The wire and carabineer could be easily tucked away in the ceiling rafters when pole classes were offered, using a pole to push the wire up into the ceiling. The TRX training systems would need to be taken down to accommodate pole classes. As the system attached to the ceiling with a carabineer, Tierney estimated it would take less than

³ Ontario's harmonized sales tax (HST) was 13 per cent in 2012.

two minutes to set up and take down all systems before and after every TRX class. The TRX training systems would be placed strategically around the poles in the studio to allow TRX students full range of motion when completing the TRX exercises.

Tierney employed eight part-time staff; two were certified to instruct TRX classes. Tierney estimated she paid \$2,500 a month for all overhead costs,⁴ and she did not expect these costs to change if she added TRX classes.

Marketing Strategy

Tierney knew TRX would be a great benefit to her current pole students, but the classes would also be an opportunity to bring new students into the studio who might also want to try pole dancing classes. How should she position the new TRX classes? Tierney could promote the TRX classes as a complement to the current pole dancing program or as a new fitness class that stood on its own, with the intent of attracting new clients to the studio. Both positioning alternatives had challenges in attempting to get students to convert from pole dancing to TRX classes or vice versa. Tierney's ultimate goal was to offer both classes as complements to one another.

Tierney also struggled with how to price the new TRX class. She wanted the price to be comparable to the current pole classes, but she was uncertain of the appropriate price points for both one class and for the six-week program. Tierney recognized that, initially, the majority of her TRX students could be current pole students, so she wanted to ensure that the price for the TRX classes was affordable for these students.

Promotion Options

Tierney knew her promotional strategy for the TRX classes would be critical to its success. The challenge would be two-fold: first, Tierney had to "sell" potential students on what TRX was and why it would be beneficial to them; second, she had to attract others to her TRX classes to fill enrollment. Tierney wondered how to best position the TRX class to ensure its successful launch.

Historically, Tierney had done little to no traditional marketing. Currently, she had no paid advertising, having relied on free Kijiji advertisements. The Aradia Fitness franchise paid for Google search advertisements that ensured Aradia would be a top search result for potential clients searching for pole dance classes in Canada.

Beyond online advertising, Tierney had tried several traditional marketing efforts, including print advertisement in a local London newspaper. Tierney found print advertising ineffective for her pole classes, but she wondered whether it would be effective for the TRX program classes. Exhibit 7 provides traditional advertising prices for different mediums.

Tierney believed non-traditional marketing efforts could be a better fit for her non-traditional fitness studio. AFL had utilized "teaser" classes for beginner pole dance classes, allowing women to explore the first class of Level 1 of the pole program without committing to a six-week program. Teaser classes were priced at \$29 per visit and were offered the week prior to a Level 1 pole program's start date. Tierney wondered whether teaser classes made sense for the TRX program classes and, if so, what should be the appropriate price point?

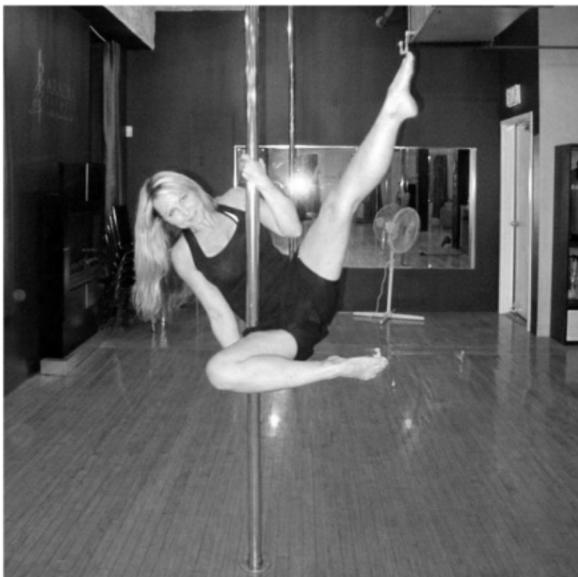
⁴ Includes rent, insurance, utilities, etc.

As a way to spark interest with her current students, Tierney was also considering offering free sample TRX program workshops during current pole classes. AFL had once had a partnership with Campus Recreation at London's Western University wherein the university's students were offered discounted class fees for select, non-popular class times. Tierney wondered whether reaching out to Campus Recreation again would attract new students for her TRX classes. Tierney's promotional budget was limited, and she wanted to tailor her advertising plan to maximize AFL's reach to those women who would value non-traditional exercise.

DECISION TIME

Tierney had a lot of decisions to make in a very short period of time. She had to select an appropriate price point and a promotional strategy to ensure success of the TRX program. Once students started the TRX classes, Tierney knew the results of the program would speak for themselves; however, she needed a comprehensive plan to maximize her potential to fill the classes.

EXHIBIT 1: SAMPLE POLE FITNESS POSITIONS



Sources: Company files.

EXHIBIT 2: ARADIA FITNESS LONDON STUDIO



Source: Company files.

EXHIBIT 3: TRX TRAINER SYSTEM



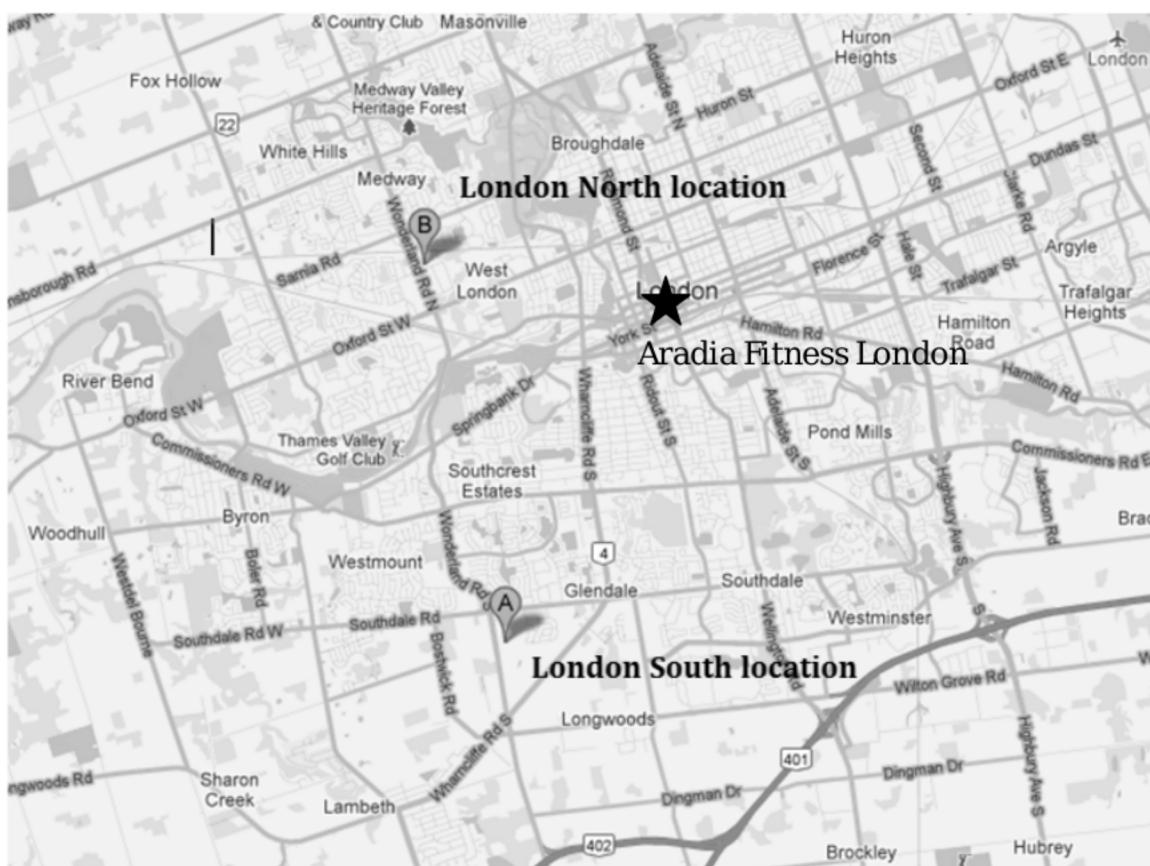
Source: Company files.

EXHIBIT 4: TRX SYSTEM



Source: Company files

EXHIBIT 5: THE ATHLETIC CLUB — LOCATIONS



Source: My Maps (Google.com).

EXHIBIT 6: THE ATHLETIC CLUB -TRX CLASS SCHEDULES

The Athletic Club: London North (Women Only)	The Athletic Club: London South (Co-ed)
Thursday: 9:30 a.m. – 10:30 a.m.	Tuesday: 5:30 p.m. – 6:30 p.m.
Sunday: 10:00 a.m. – 11:00 a.m.	Thursday: 5:30 p.m. – 6:30 p.m.
	Saturday: 8:00 a.m. – 9:00 a.m.

Source: The Athletic Club.

EXHIBIT 7: SELECT TRADITIONAL ADVERTISING COSTS

Medium	Cost
Radio spots:	
BX 93 (Country)	\$60 per 250 spots
Virgin Radio (Top 40)	\$50 per 250 spots
Newstalk 1290 AM	\$25 per 250 spots
Print Advertising:	
The London Free Press	
London Community News ⁵	\$302 per 1/4-page ad, 4 spots
Yellow Pages listing	\$240 per year
Direct mail flyers (500 advertisements)	\$550
Facebook advertisements	\$0.35 per click ⁶

Source: Telephone conversations, January 2013.

⁵ Weekly publication, Thursday distribution.

⁶ Facebook's average cost per click (CPC).