

MKT 6301: MARKETING MANAGEMENT

TERM PROJECT

PERCH Fitness



Group 4

Abhishek Patil - AXP170025

Rushikesh Narhare - RMN180000

Janak Patil - JSP170630

Soham Bhalerao - SWB170030

Chinmay Karandikar - CSK180002

Table of Contents

Introduction.....	3
Problem & Solution.....	3
Company Overview	4
Product Details.....	5
Product Features	6
Need for the Product.....	6
Costs Involved	7
Competition.....	7
SWOT Analysis	8
Strengths	8
Weakness.....	8
Opportunities.....	8
Threats	8
Market Segmentation.....	9
Novice Lifters.....	9
Advanced Lifters	9
Physiotherapy.....	10
College Athletes	10
Target Market	11
Colleges/Universities (College Athlete Program).....	11
Gyms, Health and Fitness Clubs	12
Market Potential	13
Marketing Objectives	15
Build Brand Awareness	15
Creating Awareness of Proper Strength Training	15
Marketing Strategies.....	16
Market Research.....	16
Online Marketing	16
Offline Marketing	17
Marketing Budget Allocation	17
Limitations	18
Future Scope.....	18

Introduction

Over 54 million Americans paid gym membership fees in 2016, and for the second year in a row actual visits to the gyms exceeded 5 billion! The average member visited their club over 100 times, an all-time high. Memberships have grown 18.6% between 2008 and 2017, and the trend continued in 2018. Where are all these people going? In the United States, there were 34 thousand fitness centers – an increase of 6.4% over 2017. 2018 revenue of \$24.2 billion was also a sharp 7.4% increase over \$22.4 billion in 2017.

Improving performance in the weight room is critical to improving performance on the field. Strength and conditioning exercise increases strength, enhancing playmaking ability, and improves mobility and motor control, decreasing the likelihood of injury. Strength and conditioning coaches are actively looking for technology that can quantify the speed, power, and form of their athletes in the weight room, ensuring efficient and safe strength gains. Perch uses 3D cameras attached to weight racks to collect this data without changing the weight room workflow.

Problem & Solution

Varsity coaches and athletes expect strength coaches to run a strength program that leads to fast, efficient, and safe strength gains, putting these athletes in the best position possible to win games. However, it is difficult to optimize workouts and ensure safety when coaches have an incomplete view of the athlete's health. Confounding variables and unknowns such as sleep, nutrition, academic workload, playing time, looming injuries, and more make it difficult for these coaches to design and implement

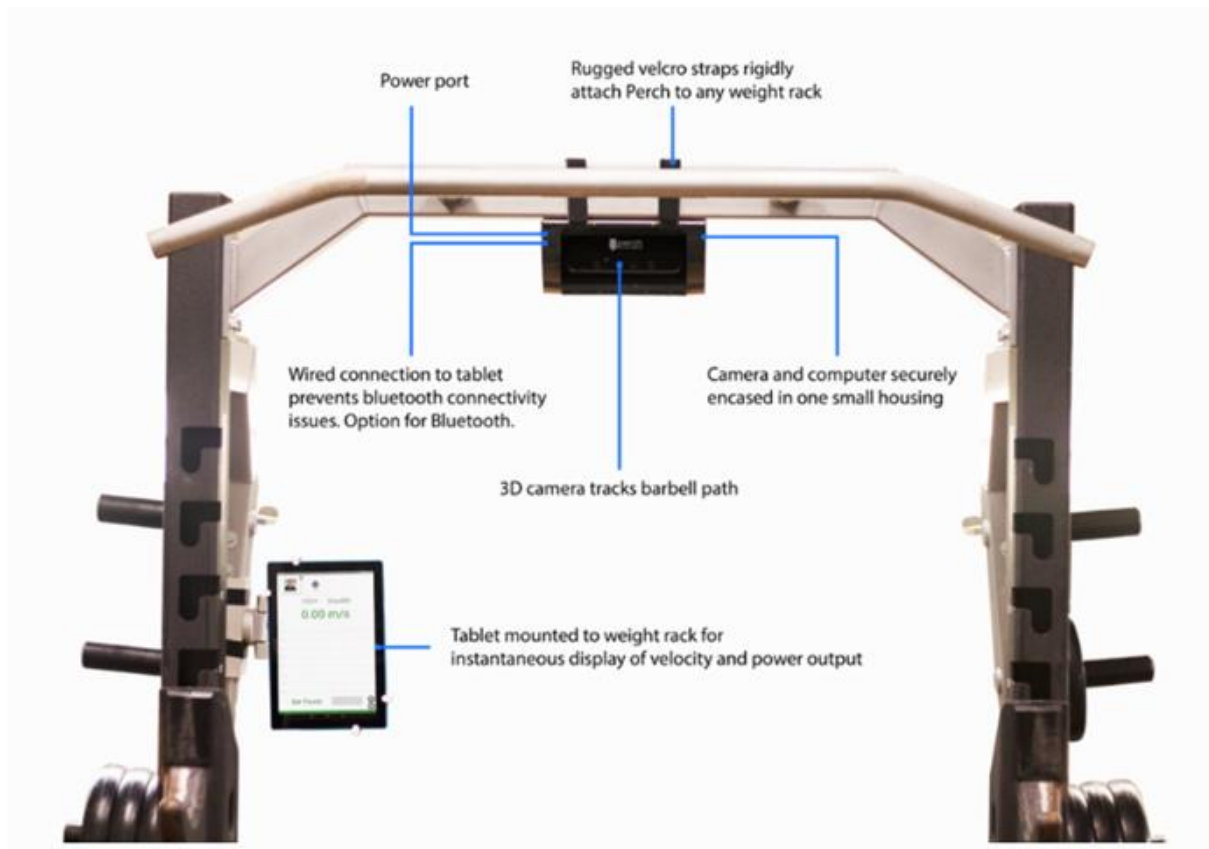
an optimal program for each athlete. How do these coaches maximize an athlete's physical potential and keep them safe while controlling for these external stressors?

Perch enables Velocity Based Training (VBT), which allows coaches to put these unknowns (sleep, nutrition, workload, etc) in a black box and utilize velocity as a feedback mechanism. VBT improves safety, preventing athletes from lifting the weight that is too heavy for a given day. It gives the coach a metric that he or she can utilize to analyze day to day fluctuations in athlete performance, enabling quick actionable insights. It increases motivation by providing immediate feedback and a platform for daily competition. It ensures that every rep is a quality rep, being performed in a way that will bring success on the field. Perch is providing an affordable, accurate, reliable, and easy-to-use system that every coach and athlete can utilize to realize the benefits of velocity based training.

Company Overview

Perch is a start-up founded by MIT student-athletes, Jacob Rothman and Nate Rodman in 2016. The company is based in Cambridge, Massachusetts. It is a smart system that uses camera vision and machine learning in the gym to create connected workouts and aid athletic development. At Perch, the mission is to change the way athletes interact with fitness technology, a market fraught with over-hyped devices that don't deliver the value they promise.

Product Details



Perch's product is composed of a 3D camera, display, and small computer that are all effortlessly attached to any weight rack. While the athlete lifts, the 3D camera tracks the athlete and barbell. It records and instantaneously displays important metrics such as sets, reps, velocity, power output, and form. Athletes and coaches can access the data via a web and mobile application after the workout. Competition-wise, there exists no other such product in the current market.

Product Features

- Improve strength performance
- Monitor lifting form
- Immediate feedback
- Analyze trends in lifting data
- Share data with coaches and friends
- Host and facilitate competitions with other athletes

Need for the Product

In the US alone, 12 million people regularly participate in weightlifting, while only 11 million regularly run. Yet, fitness technology continues to be designed and manufactured for the purpose of counting steps, distance, and heart rate. Without technology that can solve the problems of those strength training and looking to diversify their workout, a huge part of the fitness market is being underserved. Poor posture can overwork certain muscles which will lead to more fatigue and pain during and after a workout.

Costs Involved

High-Quality Research using Artificial Intelligence, Computer Vision require hiring smart tech-people. Also, since domain expertise is important here, hiring part-time fitness consultants are required.

Besides this, the equipment cost is on a higher scale with 3-D Camera costing around \$150, a tablet for displaying results costing around \$200. The total product cost would roughly be somewhere in between \$500 and \$750.

Competition

There is no direct competition for Perch's product. Naked Mirror is the closest competitor. But its product focuses on using Computer Vision to assess body parameters.



SWOT Analysis

Strengths

The biggest strength of Perch would be its unique and innovative concept. It facilitates performance monitoring on a daily, weekly or monthly basis. Easy result interpretation and real-time output is another strength.

Weakness

The high cost of the product is a weakness. Equipment requirements are high as the product requires a squat rack and barbell. It only works on exercises that can be done using a barbell limiting it to exercises like squats, chest press, deadlifts.

Opportunities

Creating a mobile application to target the large market of individual fitness enthusiasts would be an opportunity. Scaling the same product for other exercises would be a huge opportunity.

Threats

A negative response to the main concept can be a threat. Perceiving the product as being the replacement for Personal Trainers is a threat. The product is not a replacement for Personal Trainers. Instead, it is in a way, assisting the Personal Trainer in monitoring his client's performance to adjust workouts accordingly.

Market Segmentation

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits. The following market segments have been identified:

Novice Lifters

People who want to start getting fit and have problems getting good form can use this technology to analyze their workouts daily and progress with time.

Advanced Lifters

If you are experienced/advanced gym user, you will probably want to start keeping track of your daily progress just like you track your cardio on your smart-watch. Perch will give you an edge over others by giving you real-time feedback and analysis about the time you are taking to complete one set of repetition. It will advise you when it tracks that you are getting tired and might need rest before starting the next set.

When installed in a commercial weight room setting, Perch can be used to improve the performance and safety of experienced and novice lifters alike.

Physiotherapy

When recommended by a physiotherapist to avoid injuries, Perch can help people with common problems like back pain and to avoid poor form and get better form.

College Athletes

Perch can be used in strength and conditioning in the sports performance market.

There are over 1,000 college athletic programs, over 120 professional programs within the top major professional sports (NFL, NBA, MLB, NHL), and over 25,000 high schools nationwide.

Target Market

A target market is a group of consumers or organizations most likely to buy a company's products or services. Targeting a specific market does not mean we are excluding people who do not fit our criteria. Rather, target marketing will allow us you to focus our marketing dollars and brand message on a specific market that is more likely to buy from us. This will prove much more affordable, efficient, and effective way to reach potential clients and increase business.

Colleges/Universities (College Athlete Program)

Our main target customers are college athlete programs. It is important to have good posture during resistance training as it help's one activate the targeted muscle group better during an exercise and reduces the risk of injury. One way is to have a fitness trainer watch you do a couple of exercises to make sure good posture is maintained through each exercise movement.

However, according to survey the Personal Trainer to Athlete's ratio in universities athlete program is 24:1. This is where Perch will play a vital role that will notify athletes about their posture and maintain a track that will help PT's to record their progress over time. According to NCCA, this market segment will give us around 8 million customers to target.

Gyms, Health and Fitness Clubs

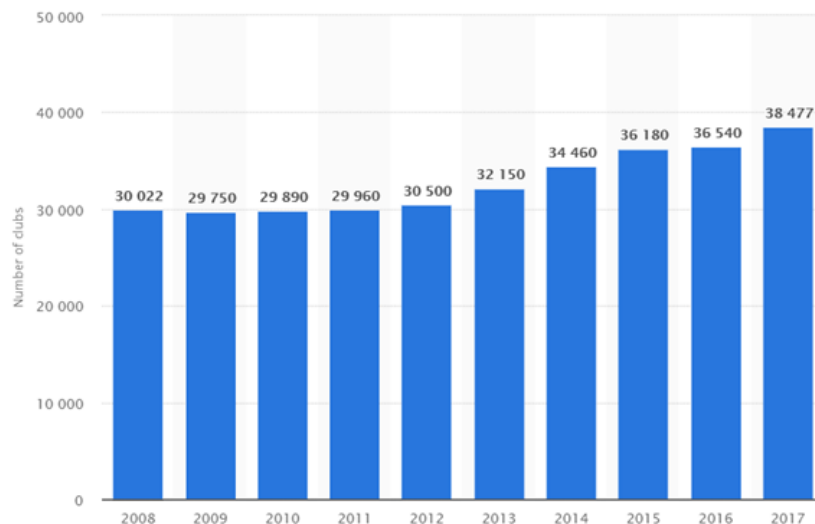
Our second target customers are people going to gyms, health and fitness clubs. Currently, 60m people go to gym and the market is growing at a rate of 7% per year. This gives us huge market to target. This market segment can be classified in two groups:

1. Novice Users : These customers might not afford personal trainers but still want to improve their posture and keep track of their routine.
2. Advance Users : These customers are advanced trainers with or without Personal trainers who might require tracking weekly, monthly progress.

One of the limitation of this market will be comparison with Personal Trainers. However, Perch's motive is not replacing Personal trainers rather enhance PT's understanding of his/her trainee through technology and data analytics.

Market Potential

The number of gyms in the US has shown a steady and consistent rise in numbers.



This product can help gym owners to publicize their gym by using this high-tech product and increase the customer base and provide better facilities to the customers. Additionally, they can monitor workout progress and improve customers performance which will enhance customer satisfaction. Gyms can use the product for a trial period and then considering the client's interest they can go for premium memberships which will have a positive impact on the profits.

Gyms can charge a Premium Membership with some additional costs. Perch will get a 75% margin from the difference between the regular and premium membership.

For example, a gym charges \$40 per month for a customer for regular membership. For \$50, the customer can get premium membership and access to Perch's product.

$$\begin{aligned}\text{Perch gets} &= 75\% \text{ of } (\$50 - \$40) \\ &= \$7.5 \text{ per user}\end{aligned}$$

Let's say, we get 10 monthly premium subscriptions i.e. \$75 per month.

Device Production Cost = roughly \$750

So it will take 10 months to recover the cost of the device. After the first 10 months, the profit starts generating.

This is a win-win situation for both the gym and Perch as both the parties get benefited at the same time. In fact, the gym gets an added brand advantage with modern equipment that they possess paying \$0!

Similarly, with over 1000+ college athletic programs in the United States, this market has great potential.

Marketing Objectives

Build Brand Awareness

Creating brand and product awareness by using different mediums of marketing. The main focus would be promotional marketing with stall setups outside Gym areas to showcase the new product and its benefits to users. It also provides a great opportunity to receive feedback from users to promote the sale of Perch to gym owners.

Creating Awareness of Proper Strength Training

Poor form has been cited by physiotherapists as one the major reason for chronic back pain. Proper strength training is therefore very important to be injury free and for overall performance improvement.

Marketing Strategies

Market Research

Market research is the use of surveys, product testing, and focus groups to assess the viability of a new product. Getting initial feedback from customers by using feedback survey forms during the promotional events will help us not only promote Perch but also get the initial customer feelings about the product. Other Surveys can be conducted as necessary to evaluate or judge the customer perception of Perch.

Online Marketing

Online marketing moves at the speed of light. Using Web Analytics to track the marketing campaigns effectively rather than using paper/news marketing strategies seems a more viable option for a product like Perch.

Focusing on Display Advertising during the initial stages of marketing to create brand and Product Awareness. We can later on during the maturity stage change this focus towards Search advertising.

A promotional message like “See More, Train Smarter” can be used. One idea can be using Hashtags or create a ripple effect of social media challenges among the young crowd. Another idea will be using “Influencers” on Youtube, Instagram, Facebook who have a huge fan following who will want to follow their ideals. Getting influencers onboard to promote the product is a really good and impactful way to have more brand awareness.

Offline Marketing

While online marketing has been rising very fast in today's scenario, offline marketing has its own advantages. Together both these strategies can have a very extensive and wide reach.

Using flyers, newspapers ads, articles in fitness magazines can be used. Further collaborating with Sports Physiotherapists and Personal Trainers to promote the importance of proper training can be an effective way. Keeping in mind, this product does not replace the Personal Trainer but is an added advantage for them.

Marketing Budget Allocation

Budget allocation is an important step in utilizing your funds towards different areas of marketing. As shown in the table below more stress would be on promotional events that can have a real impact.

Online Marketing

Google Ads (Display/Search)	25%
Social Media (Instagram, Facebook, YouTube)	20%
Influencers	10%

Offline Marketing

Promotional Events	40%
Flyers, Brochures, Fitness Magazines	5%

Limitations

High cost restricts the product to be used for personal use and is affordable to only gyms and other fitness institutions.

Also, the current product is limited to only the exercises that can be performed using a squat rack. With some product improvements, if this product can be used with other exercises then the target market widens increasing the scope by a large margin.

Future Scope

Mobile application replacing the 3D Camera-based equipment software would be able to target a larger audience including those working out at home. The research for this is under progress and the product trials will begin in early 2020.

References

- <https://www.perch.fit/>
- <https://www.f6s.com/perchfitness>
- <https://www.sporttechie.com/>
- <http://entrepreneurship.mit.edu/news/mit-startups-3-d-cameras-analyze-performance-health-athletes/>